

# What science can do

AstraZeneca Annual Report and Form 20-F Information 2020



## Welcome

We are a global, science-led, patient-focused pharmaceutical company. We are tireless in seeking to realise the potential of...

# ...what science can do.

In this Annual Report we report on the progress we made in 2020 in pushing the boundaries of science to deliver life-changing medicines.

### Our Strategic Report

How our therapy areas and business performed in delivering our strategic priorities in 2020, including our response to the COVID-19 pandemic.

☐ See our Strategic Report from page 2.

### Our Corporate Governance Report

How we are managed and take decisions, including our report on Directors' remuneration.

☐ See our Corporate Governance Report from page 101.

### Our Financial Statements and Additional Information

Detailed information on our finances, our marketed medicines and medicines in development, as well as information for shareholders.

☐ See our Financial Statements from page 169 and Additional Information from page 245.

#### Use of terms:

In this Annual Report, unless the context otherwise requires, 'AstraZeneca', 'the Group', 'we', 'us' and 'our' refer to AstraZeneca PLC and its consolidated entities.

#### Front cover image: Clinical innovation

Digital technologies are creating never-seen-before opportunities to capture real-time data from patients.

AstraZeneca is growing its digital capabilities across R&D to explore how we can better inform our clinical trials and help patients prevent, manage or treat their disease.

#### Inside front cover image:

Data science & AI are transforming drug discovery and development.



## Be a Great Place to Work

### What this means:

- > Contributing to the enterprise, with a focus on inclusion and diversity, as well as lifelong learning and development.
- > Contributing to society by improving access to healthcare, environmental protection, and ethics and transparency, as well as delivering our Ambition Zero Carbon programme.
- > Living our Values and behaviours.

### How our strategy responds to market trends

Aiming to be a great and sustainable organisation, trusted by all our stakeholders:

- > Empowering employees through our Code of Ethics to make decisions in the best interests of the Group and society.
- > Refusing to tolerate bribery or any other form of corruption.
- > Recruiting the best talent which underpins our innovation and growth.
- > Living our Values and engendering a high-performing team and lifelong learning.
- > Harnessing different perspectives, talents and ideas to be inclusive, as well as ensuring that employees reflect the diversity of the communities in which we operate.

- > Contributing to society in support of the United Nations Sustainable Development Goals.
- > Broadening access to healthcare solutions for life-changing treatment and prevention.
- > Addressing the environment's impact on human health.

### How we progressed in the year

- > We continue to invest in our people to ensure we recruit, retain and develop a talented workforce.
- > In 2020, we delivered a strong performance across the key priorities of our People and Sustainability strategies.
- > We continue to score highly in our Pulse surveys for questions relating to our Purpose, direction, patient centricity and employee commitment to our success.
- > We achieved a 'Green' rating for performance across our three sustainability pillars
- > COVID-19: Now & Next – Future of R&D: how we use our office and lab spaces; what flexibility and working practices look like and how we can keep ahead of technology advancements; assessing whether we could bring more flexibility to how we work as well as advancing other ways to continue to evolve our organisation.

“Our Great Place to Work strategy is built around two priorities: contribution to the enterprise and contribution to society.”

For more information, see Performance in 2020 from page 24 and People and Sustainability from pages 68 and 72.

## Key Performance Indicators

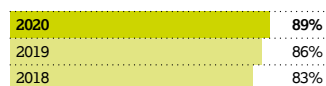
Our Great Place to Work strategy is built around two priorities: Contribution to the enterprise and Contribution to society.

Our Contribution to the enterprise KPI is based on our Pulse survey measure of those employees who believe that AstraZeneca is a great place to work.

Our new Contribution to society KPI is based on our Sustainability scorecard. It measures progress on annual and long-term targets across our three pillars of sustainability: Access to healthcare, Environmental protection, and Ethics and transparency.

### Employee belief that AstraZeneca is a great place to work<sup>1</sup>

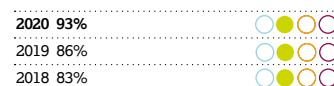
89%



<sup>1</sup> Source: December Pulse survey for each year. 2020 and 2019 were a full census survey, 2018 surveyed a 50% sample of the organisation.

### Sustainability scorecard performance<sup>2</sup>

93%



<sup>2</sup> A Green rating = more than 70% of our categories are rated green. Each category consists of several key performance indicators.

Blue  
Green  
Amber  
Red

# Business Review

## Research & Development

### *continued*

#### Pioneering new approaches to engagement in the clinic

We continue to design and conduct our clinical trials to support better experiences for patients and increase efficiencies in clinical practice. Our digital transformations include new tools to improve the way we work, such as Control Tower which provides real-time access to trial information at a site level, Merlin to enable rapid and effective decisions for clinical trial recruitment, and Clinical Supply Chain to monitor global stocks of clinical-grade material. The expedited launch of eConsent in 2020 enabled remote sharing and review capabilities of informed consent with patients and is further helping to get new trials under way safely and quickly. We have also ensured continuity for clinical trial patients by facilitating the shipments of study drugs direct to patient homes, replacing some site visits with home visits to maintain patient safety, and accelerating remote data collection and home-based measurements wherever possible during the pandemic.

These advances have led to the launch of some of the fastest clinical trials in our history. For example, first patients in the Phase II CALAVI trial to assess the potential of the BTK inhibitor, acalabrutinib, in COVID-19 disease were dosed in under three months, representing a new standard for engagement in the clinic.

During the year, we also initiated our first fully virtual trial in patients with mild-to-moderate asthma, decentralising both study recruitment and support. Working closely with regulatory authorities, we designed and initiated a trial that integrated high-quality patient data from routine clinical care and registries, with the requirements of a rigorous clinical trial. This approach has the potential to deliver robust safety and efficacy data, while reducing patient burden and streamlining trial delivery.

For more information, see Therapy Area Review from page 30.

#### Bioethics BV

'Bioethics' refers to the range of ethical issues that arise from the study and practice of biological and medical science. We are committed to working in a transparent and ethical manner across all our bioethics subject matter areas. Our Global Standard on Bioethics sets out our principles which apply to all our scientific activities, whether conducted by us or by third parties acting on our behalf. The following sections summarise our activities in the main areas, and our Global Standard on Bioethics is available on our website, [www.astrazeneca.com/sustainability](http://www.astrazeneca.com/sustainability).

Our Bioethics Advisory Group (BAG) is sponsored by the Chief Medical Officer and oversees the operation of the Global Standard on Bioethics. BAG met eight times in 2020. BAG continued to be involved with ethical discussions on traditional topics, for example, animal research and human biological samples as well as emerging topics, for example, Artificial Intelligence. In 2020, BAG expanded its scope to include guidance on employee testing for SARS-CoV-2, potential employee screening for early cancer detection, employee participation in AstraZeneca clinical trials and governance decisions in the exception process for payments to participants for involvement in AstraZeneca research.

#### Clinical trials

We believe that transparency enhances the understanding of how our medicines work and benefit patients. We publish information about our clinical research, as well as the registration and results of our clinical trials – regardless of whether or not they are favourable – for all products and all phases, including marketed medicines, drugs in development and drugs where development has been discontinued. In February 2020, AstraZeneca was recognised as a leader by *The Lancet* as having 100% compliance to registration and results, posting laws on [clinicaltrials.gov](http://clinicaltrials.gov) for a cohort of studies analysed (March 2018 to September 2019).

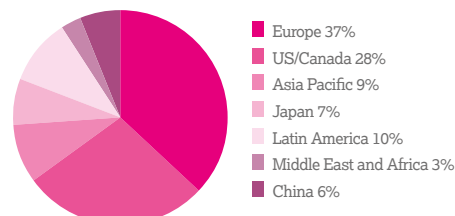
In 2020, we conducted a range of clinical trials across regions as shown in the charts on the right. This broad span helps to ensure that study participants reflect the diversity of patients for whom our medicines are intended and identifies the patients for whom the medicine may be most beneficial. Our global governance process provides the framework for ensuring a consistent, high-quality approach worldwide. Protecting participants throughout the trial process is a priority and we have strict procedures to help ensure that participants are not exposed to unnecessary risks.

All our clinical trials are designed and finally interpreted in-house. Some are conducted by contract research organisations (CROs) on our behalf and we require these organisations to comply with our global standards.

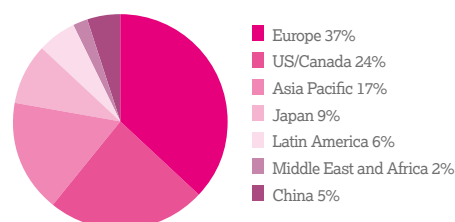
As of 31 December 2020, we shared anonymised individual patient-level data from 160 studies with 59 unique research teams and responded to 199 requests from external researchers using our portal, [www.vivli.org](http://www.vivli.org) to request our clinical data and reports to support additional research. We publish Anonymized Clinical Data Packages for products in compliance with regulations in Canada and the EU, as well as share them with approved qualified researchers where they contribute to successful data-sharing

#### Clinical trial active sites by region\*

##### BioPharmaceuticals



##### Oncology



\* Percentages have been rounded to the nearest whole number.

needs. In 2020, we continued to participate in the industry-wide portal, [www.trialssummaries.com](http://www.trialssummaries.com) where we publish Trial Result Summaries in easy-to-understand language and translate these to the local language for all sites where a study is conducted. As of 31 December 2020, we published Trial Result Summaries for 173 AstraZeneca trials.

For more information, see our website, [www.astrazeneca.com](http://www.astrazeneca.com), or our clinical trials website, [www.astrazenecaclinicaltrials.com](http://www.astrazenecaclinicaltrials.com).

#### Clinical trial diversity

Our belief is that increasing the diversity of principal investigators and site staff will foster trust between healthcare providers and their communities, and that this will help to increase patient diversity within our clinical trials. In support of this belief, in 2020 we launched an educational programme globally to train staff at clinical research sites with limited experience of clinical trials.

BV Denotes sustainability information independently assured by Bureau Veritas

## Business Review

### People

#### *continued*

recruitment standards to ensure diverse candidate lists and selection panels. To help ensure that our people feel safe and empowered to speak their mind, we introduced 'Meeting of Minds', a framework for conducting meetings that enables constructive challenge and active listening.

Our Inclusion and Diversity (I&D) Council, chaired by the CEO, continues to inform our strategy. In 2020, we held our first global 'Power of Diversity' week, a series of events aimed at emphasising and celebrating the importance of inclusion, diversity and creating an environment where our differences are recognised and our uniqueness is valued, across our entire workforce.

#### Gender diversity

Our commitments include a goal to increase the number of women on our leadership teams. As shown in the gender diversity figure on this page, women comprise 50.5% of our global workforce. With the appointment of Diana Layfield in November 2020 there were five women on our Board (36% of the total) at the end of 2020. Below Board level, the representation of women in senior roles (i.e. roles at Career Level F or above which constitute the six highest bands of our employee population) increased to 46.9% in 2020 (2019: 45.4%), which exceeded our scorecard target of 46.2% for this measure and compares favourably to external benchmarks. Women are also currently promoted at a higher rate than men across all levels of seniority, positively impacting the gender balance.

Our improved representation of women on the Board (36%) and women on the SET and direct reports (43%) exceeds the Hampton-Alexander review target of 33% by 2020. The 2020 Hampton-Alexander review rankings will be published in February 2021. We also retained our position in the Bloomberg Gender Equality Index in 2020.

#### Racial and ethnic diversity

Diversity is integrated into our Code of Ethics and its associated Workforce Global Policy as described on page 61. In addition to the two diversity metrics tracked in the AstraZeneca scorecard (representation of women in senior roles and senior leadership country of origin that is an Emerging Market or Japan), on a bi-annual basis, the Senior Executive Team (SET) and Board are provided with a comprehensive overview of the AstraZeneca workforce, covering a wide range of metrics and measures (including trends around gender diversity, leadership ethnic diversity and age profile). The SET is also provided with a quarterly summary of key workforce metrics, including gender diversity and leadership ethnic diversity. Within the US, we track overall ethnic minority representation, ethnic minority representation in senior roles and ethnic minority representation in succession plans.

In support of our commitment to racial equity, our I&D Council has developed a comprehensive plan to ensure that the actions we take are meaningful and sustainable with long-term impact. Our commitments are aligned to our I&D strategy, and see us making contributions both to our company and society more broadly. They include ensuring that our workforce is representative of the communities in which we operate, taking action at each stage of our talent pipeline to increase representation, and driving change beyond our company by ensuring that we reflect the diversity of the communities we serve. Within the UK, AstraZeneca has signed up to the Race at Work Charter (working with the Business in the Community organisation) to address the recommendations of the McGregor-Smith Review and the UK Government's response to the review.

To ensure that our senior leadership reflects our diverse geographic footprint, we track the country of origin of senior leaders and reflect this in our diversity targets. In 2020, 18.4% of employees who are either members of the SET, or their direct reports, have a country of origin that is an Emerging Market or Japan (an increase from 5% in 2012, although slightly below our 2020 scorecard ambition of 20%).

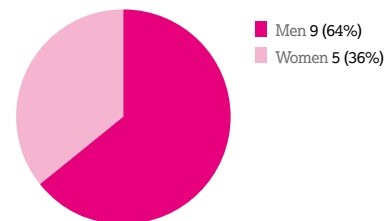
The Parker Review (which was set up by the UK Government in 2017 to focus on the ethnic diversity of FTSE 100 Boards) set a target to have at least one Board member from an ethnic minority background by 2021. AstraZeneca currently has two Board members who identify as belonging to an ethnic minority.

We are committed to hiring and promoting talent ethically and in compliance with applicable laws. Our Code of Ethics and its supporting Standards are designed to help protect against discrimination on any grounds (including disability) and cover recruitment and selection, performance management, career development and promotion, transfer, training, retraining (including retraining, if needed, for people who have become disabled), and reward. Our Global Standard for Inclusion and Diversity sets out how we foster an inclusive and diverse workforce where everyone feels valued and respected because of their individual ability and perspective. More information on our Standards and Global Policy framework can be found on our website, [www.astrazeneca.com/sustainability](http://www.astrazeneca.com/sustainability).

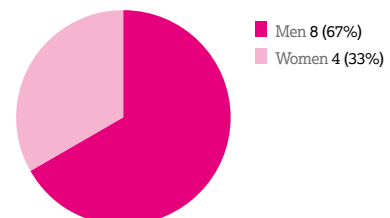
In addition to our Global Standard on Inclusion and Diversity, we recently launched two further Global Standards on sexual harassment, and harassment and bullying. Drawing on our commitment to respect each other and uphold equal opportunity, we aim to build a culture where everyone feels safe to speak up. These Standards are reinforced by training and education on the importance of speaking up (which includes challenging

#### Gender diversity

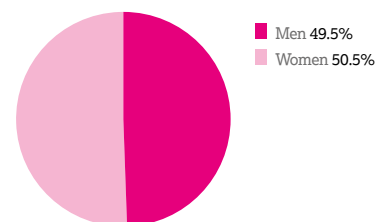
##### Board of Directors of the Company



##### Senior Executive Team



##### AstraZeneca employees



All numbers as at 31 December 2020.

# Board of Directors as at 31 December 2020

## Committee membership key

- Committee Chairman
- NG Nomination and Governance
- A Audit
- S Science
- R Remuneration

\* Date of first appointment or election to the Board.

## Changes to the composition of the Board and its Committees for the year ended 31 December 2020

**Euan Ashley**  
Appointed as a Non-Executive Director and became a member of the Science Committee on 1 October 2020.

**Michel Demaré**  
Appointed as a member and Chairman of the Remuneration Committee on 1 August 2020.

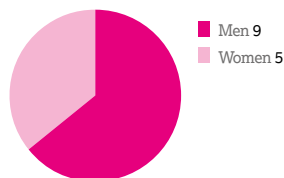
**Graham Chipchase**  
Stepped down as Chairman of the Remuneration Committee on 1 August 2020.

**Diana Layfield**  
Appointed as a Non-Executive Director on 1 November 2020.

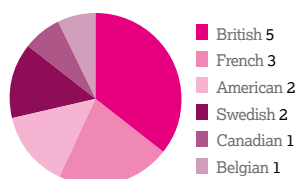
For full biographical details of our Board members see, [www.astrazeneca.com/our-company/leadership](http://www.astrazeneca.com/our-company/leadership)

## Board composition as at 31 December 2020

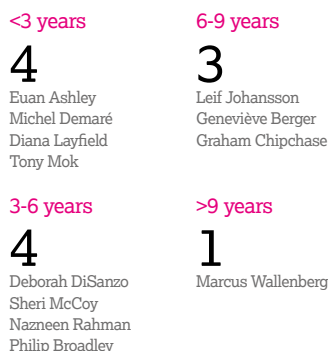
### Gender split of Directors



### Directors' nationalities



### Length of tenure of Non-Executive Directors



**Leif Johansson** ● ● ●

Non-Executive Chairman of the Board  
(April 2012\*)

**Skills and experience:** From 1997-2011, Leif was Chief Executive Officer of AB Volvo. Leif served at AB Electrolux as Chief Executive Officer from 1994-1997. He was a Non-Executive Director of BMS from 1998-September 2011, serving on the Audit Committee and Compensation and Management Development Committee. Leif was Chairman of LM Ericsson from 2011-2018. He holds an MSc in engineering from Chalmers University of Technology, Gothenburg.

**Other appointments:** Leif holds board positions at Autoliv, Inc. and Ecolan AB. Leif has been a member of the Royal Swedish Academy of Engineering Sciences since 1994 (Chairman 2012-2017), is a member of the European Round Table of Industrialists (Chairman 2009-2014) and also of the Council of Advisors, Boao Forum for Asia.



**Pascal Soriot**

Executive Director and CEO  
(October 2012\*)

**Skills and experience:** Pascal has a passion for science and medicine, and significant experience in established and emerging markets, together with a strength of strategic thinking and execution, a successful track record of managing change and executing strategy, and the ability to lead a diverse organisation. He served as COO of Roche's pharmaceuticals division from 2010-2012 and previously as CEO of Genentech in San Francisco, where he led its successful merger with Roche. Pascal joined the pharmaceutical industry in 1986 and has worked in senior roles in major companies around the world. He is a doctor of veterinary medicine (École Nationale Vétérinaire d'Alfort, Maisons-Alfort) and holds an MBA from HEC Paris.



**Marc Dunoyer**

Executive Director and CFO  
(November 2013\*)

**Skills and experience:** Marc's pharmaceutical career includes periods with Roussel Uclaf, Hoechst Marion Roussel and GSK, which has given him extensive industry experience in: finance and accounting; corporate strategy and planning; research and development; sales and marketing; business reorganisation; and business development. Marc is a qualified accountant and joined AstraZeneca in 2013 serving as Executive Vice-President, Global Product and Portfolio Strategy (GPPS) from June-October 2013. Previously, he served as Global Head of Rare Diseases at GSK and (concurrently) Chairman, GSK Japan. He holds an MBA from HEC Paris and a Bachelor of Law degree from Paris University.

**Other appointments:** Marc is a Director of Orchard Therapeutics Plc.



**Graham Chipchase** ● ●

Senior independent Non-Executive Director  
(April 2012\*)

**Skills and experience:** Graham is Chief Executive Officer of Brambles Limited, a global supply chain logistics company listed on the Australian Securities Exchange that operates primarily through the CHEP brand. Graham was Chief Executive Officer of Rexam PLC from 2010-2016 after serving as Group Director, Plastic Packaging and Group Finance Director. Previously, he was Finance Director of Aerospace Services at GKN PLC from 2001-2003. After starting his career with Coopers & Lybrand Deloitte, he held various finance roles in The BOC Group PLC (now part of The Linde Group). He is a Fellow of the Institute of Chartered Accountants in England and Wales and holds an MA (Hons) in chemistry from Oriel College, Oxford.

**Other appointments:** Chief Executive Officer of Brambles Limited.



**Euan Ashley** ● ●

Non-Executive Director  
(October 2020\*)

**Skills and experience:** Euan studied physiology and medicine at Glasgow University, trained as a junior doctor at Oxford University Hospitals NHS Trust, and gained a DPhil in cardiovascular cellular biology and molecular genetics at the University of Oxford. In 2002, Euan moved to Stanford University, California where his research focuses on genetic mechanisms of cardiovascular health and disease. His laboratory leverages AI and digital health tools, alongside biotechnology and technology partners in Silicon Valley, to advance translational and clinical research. Euan's awards include recognition from the Obama White House for contributions to personalised medicine and the American Heart Association's Medal of Honor for precision medicine.

**Other appointments:** Associate Dean and Professor of Biomedical Data Science and Professor of Cardiovascular Medicine and Genetics at Stanford University in California.



**Geneviève Berger** ● ●

Non-Executive Director  
(April 2012\*)

**Skills and experience:** Geneviève was Chief Science Officer at Unilever PLC & NV, and a member of the Unilever Leadership Executive from 2008-2014. She holds doctorates in physics, human biology and medicine, and was appointed Professor of Medicine at Université Pierre & Marie Curie, Paris in 1995. Previous positions include Professor and Hospital Practitioner at Hôpital de la Pitié-Salpêtrière, Paris; Director General, Centre National de la Recherche Scientifique; Chairman, Health Advisory Board of the EU Commission; and Non-Executive Director of Smith & Nephew plc. During 2020, Geneviève oversaw sustainability matters on behalf of the Board.

**Other appointments:** Chief Research Officer at Firmenich SA and Director of Air Liquide SA.





### Philip Broadley A R NG

Non-Executive Director  
(April 2017\*)

**Skills and experience:** Philip has significant financial and international business experience. He was previously Group Finance Director of Prudential plc for eight years and Old Mutual plc for six years. He has served as Chairman of the 100 Group of Finance Directors in the UK and as a board member of Stallergenes Greer plc. He graduated in Philosophy, Politics and Economics from St Edmund Hall, Oxford, where he is now a St Edmund Fellow, and holds an MSc in Behavioural Science from London School of Economics.

**Other appointments:** Philip is a Non-Executive Director of Legal & General Group plc, where he chairs the Audit Committee. He is Treasurer of the London Library and Chairman of the Board of Governors of Eastbourne College.



### Michel Demaré R A

Non-Executive Director  
(September 2019\*)

**Skills and experience:** Michel was previously Vice-Chairman of UBS Group AG (2010-2019), Chairman of Syngenta and Syngenta Foundation for Sustainable Agriculture (2013-2017) and Chairman of SwissHoldings (2013-2015). Between 2005 and 2013, Michel was CFO of ABB Ltd and interim CEO during 2008. He joined ABB from Baxter International Inc., where he was CFO Europe from 2002-2005. Prior to that, he spent 18 years at The Dow Chemical Company, including as CFO of Dow's Global Polyolefins and Elastomers division between 1997-2002.

**Other appointments:** Michel is Non-Executive Director of Vodafone Group Plc, Chairman of IMD Business School in Lausanne, Deputy Chairman of Louis Dreyfus Company Holdings BV and Chairman of Nomoko AG.



### Deborah DiSanzo A

Non-Executive Director  
(December 2017\*)

**Skills and experience:** Deborah is president of Best Buy Health for Best Buy Co. Inc., where she is responsible for the company's health strategy. Her oversight includes GreatCall, a provider of connected health and personal emergency response services to the ageing population. Most recently, Deborah served as an instructor at the Harvard T.H. Chan School of Public Health. Deborah's previous roles have included General Manager for IBM Watson Health and CEO of Philips Healthcare.

**Other appointments:** Deborah is president of Best Buy Health for Best Buy Co. Inc, continues to teach at the Harvard T.H. Chan School of Public Health, is a Director of Novanta, Inc. and also serves on the board of Project Hope, a global health and humanitarian relief organisation.



### Diana Layfield

Non-Executive Director  
(November 2020\*)

**Skills and experience:** Diana has broad global business experience which began in the pharmaceutical and biotech sector. She has held senior leadership roles in the technology sector and international banking, including senior positions at Standard Chartered Bank, as the CEO of a start-up technology company, and in Healthcare and Life Sciences at McKinsey & Co. Until December 2020, Diana was a Non-Executive Director of Aggreko plc. She has a BA from Oxford University and an MA in Public Administration and International Economics from Harvard University.

**Other appointments:** Diana is President, EMEA Partnerships at Google, driving technology transformation and is also Vice-President, 'Next Billion Users' & Product Management, leading the development of products and services for future Google users, and is also a Council Member of the London School of Hygiene & Tropical Medicine.



### Sheri McCoy A R

Non-Executive Director  
(October 2017\*)

**Skills and experience:** Sheri had a distinguished 30-year career at Johnson & Johnson, latterly as Vice Chairman of the Executive Committee, responsible for the Pharmaceuticals and Consumer business segments. She joined Johnson & Johnson as an R&D scientist and subsequently managed businesses in every major product sector, holding positions including Worldwide Chairman, Surgical Care Group and Division President, Consumer. In 2012, Sheri was recruited by Avon Products, Inc. and served as Chief Executive Officer and a Director until February 2018.

**Other appointments:** Sheri serves on the boards of Stryker, Kimberly-Clark, and Novocure and is an industrial adviser for EQT, in connection with which she chairs Certara and Aldevron, and serves on the board of Galderma.



### Tony Mok S

Non-Executive Director  
(January 2019\*)

**Skills and experience:** Tony is the Li Shu Fan Medical Foundation endowed Professor and Chairman of the Department of Clinical Oncology at the Chinese University of Hong Kong. His work includes multiple aspects of lung cancer research, including biomarker and molecular targeted therapy in lung cancer. Tony is a former President of the International Association for the Study of Lung Cancer and is on the Board of Directors of the American Society of Clinical Oncology. His work has achieved numerous awards including the ESMO Lifetime Achievement Award in 2018 and Giant of Cancer Care in 2020.

**Other appointments:** Tony is a Non-Executive Director of Hutchison China MedTech Limited and co-founder and the Chairman of Sanomics Limited.



### Nazneen Rahman S NG

Non-Executive Director  
(June 2017\*)

**Skills and experience:** Nazneen has significant scientific, medical and data analysis experience. She was Head of the Division of Genetics and Epidemiology at the Institute of Cancer Research (ICR), London, and Head of Cancer Genetics at the Royal Marsden NHS Foundation Trust for 10 years to 2018. Nazneen was also founder and Director of the TGLclinical Genetic Testing Laboratory. She is now working on making healthcare more sustainable. Nazneen qualified in medicine from Oxford University in 1991, gained her Certificate of Completion of Specialist Training in medical genetics in 2001 and completed a PhD in molecular genetics in 1999. She has garnered numerous awards, including a CBE recognising her contribution to medical sciences. Nazneen has overseen sustainability matters on behalf of the Board from January 2021.

**Other appointments:** Nazneen is the founder of sustainable healthcare company, YewMaker.



### Marcus Wallenberg S

Non-Executive Director  
(April 1999\*)

**Skills and experience:** Marcus has international business experience across various industry sectors, including the pharmaceutical industry from his directorship with Astra prior to 1999.

**Other appointments:** Marcus is Chairman of Skandinaviska Enskilda Banken AB, Saab AB and FAM AB. He is a member of the boards of Investor AB and the Knut and Alice Wallenberg Foundation.

# Senior Executive Team (SET) as at 31 December 2020

In addition to the SET, we have two senior-level governance bodies accountable for making key decisions regarding our portfolio and pipeline.

## Early Stage Portfolio Committee (ESPC)

The ESPC is a senior-level, cross-functional governance body with accountability for oversight of our early-stage small molecule and biologics portfolio across all therapy areas, from candidate drug investment decisions to Phase IIb. It is co-chaired by the EVP, Oncology R&D and the EVP, BioPharmaceuticals R&D.

The ESPC seeks to deliver a flow of products for Phase III development through to launch. The ESPC also seeks to maximise the value of our internal and external R&D investments through robust, transparent and well-informed decision making that drives business performance and accountability. This decision making is based on data generated by teams of scientists involved in the discovery and development process up to Phase IIb and who follow well established business processes.

Specifically, the ESPC has responsibility for the following:

- > approving early-stage investment decisions
- > prioritising the early-stage portfolio
- > licensing activity for products in Phase I and earlier
- > delivering internal and external opportunities
- > reviewing allocation of R&D resources.

## Late Stage Portfolio Committee (LSPC)

The LSPC is also a senior-level governance body, accountable for the quality of the portfolio post-Phase III investment decision. It is chaired by the CEO and co-chaired by the EVP, Oncology R&D and the EVP, Oncology Business Unit, and by the EVP, BioPharmaceuticals R&D and the EVP, BioPharmaceuticals Business Unit.

The LSPC seeks to maximise the value of our investments in the late-stage portfolio, also ensuring well-informed and robust decision making based on data that demonstrates the clinical efficacy and safety of the medicine. Specific accountabilities include:

- > approval of the criteria supporting Proof of Concept
- > decisions to invest in Phase III development based on the scientific data, commercial opportunity and our plans to develop the medicine
- > evaluations of the outcomes of development programmes and decisions to proceed to regulatory filing
- > decisions to invest in life-cycle management activities for the late-stage assets
- > decisions to invest in late-stage business development opportunities.



**Pascal Soriot**  
CEO

See page 104.



**Marc Dunoyer**  
CFO

See page 104.



**Katarina Ageborg**

Executive Vice-President, Sustainability and Chief Compliance Officer

Katarina has overall responsibility for the delivery, design and implementation of the Company's sustainability programme, covering three priority areas: access to healthcare; environmental protection; and ethics and transparency. She leads the Global Sustainability function, focusing on Compliance, and Safety, Health and Environment. Katarina was appointed President of AstraZeneca AB (Sweden) in 2018. Prior to these roles, Katarina led the Global Intellectual Property function from 2008-2011, before taking the role as Chief Compliance Officer. Katarina holds a Master of Law Degree from Uppsala University School of Law in Sweden and ran her own law firm before joining AstraZeneca in 1998.



**José Baselga**

Executive Vice-President, Oncology R&D

José has responsibility for our Oncology portfolio from discovery through to late-stage development. He was formerly Physician-in-Chief at Memorial Sloan Kettering Cancer Center, Professor of Medicine at Weill Cornell Medical College, led the Division of Oncology at the Massachusetts General Hospital and was Professor of Medicine at Harvard Medical School. José was also founding Director of the Vall d'Hebron Institute of Oncology and is an international thought leader in innovation in cancer care and research. He is a past President of ESMO and AACR, a member of the National Academy of Medicine, the American Society of Clinical Investigation, the Association of American Physicians, and a Fellow of the AACR Academy.



**Pam Cheng**

Executive Vice-President, Operations & Information Technology

Pam joined AstraZeneca in June 2015, after 18 years with Merck/MSD in Global Manufacturing, Supply Chain and Commercial roles. She was the Head of Global Supply Chain Management & Logistics for Merck and led the transformation of Merck supply chains across the global supply network. Pam also held the role of President of MSD China. Prior to joining Merck, Pam held various engineering and project management positions at Universal Oil Products, Union Carbide Corporation and GAF Chemicals. She holds Bachelor's and Master's degrees in chemical engineering from Stevens Institute of Technology, New Jersey and an MBA from Pace University in New York. Pam serves as a Non-Executive Director of the Smiths Group plc board.



**Ruud Dobber**

Executive Vice-President, BioPharmaceuticals Business Unit

Ruud has responsibility for product strategy and commercial delivery for CVRM, Respiratory & Immunology, neuroscience and infection. Ruud joined Astra in 1997 and has held the roles of Executive Vice-President, North America; Executive Vice-President, Europe; Regional Vice-President, Europe, Middle East and Africa; and Regional Vice-President, Asia Pacific. Ruud was a member of the board and executive committee of the European Federation of Pharmaceutical Industries and Associations and was previously Chairman of the Asia division of Pharmaceutical Research and Manufacturers of America. Ruud holds a doctorate in immunology from the University of Leiden, Netherlands, beginning his career as a research scientist in immunology and ageing.





### David Fredrickson

Executive Vice-President,  
Oncology Business Unit

Dave is responsible for driving growth and maximising the commercial performance of the AstraZeneca global Oncology portfolio. He has global accountability for marketing, sales, medical affairs and market access in Oncology and plays a critical leadership role in setting the Oncology portfolio and product strategy. Previously, Dave served as President of AstraZeneca K.K. in Japan, and Vice-President, Specialty Care in the US. Before joining AstraZeneca, Dave worked at Roche/Genentech, where he served in several functions and leadership positions, including Oncology Business Unit Manager in Spain, and strategy, marketing and sales roles in the US. Dave is a graduate of Georgetown University in Washington DC.



### Menelas Pangalos

Executive Vice-President,  
BioPharmaceuticals R&D

Mene is responsible for BioPharmaceuticals R&D from discovery through to late-stage development across CVRM, Respiratory & Immunology, neuroscience and infection. He previously held senior R&D roles at Pfizer, Wyeth and GSK. Mene is a Fellow of the Academy of Medical Sciences, the Royal Society of Biology and Clare Hall, University of Cambridge. He sits on the Medical Research Council, co-chairs the Life Sciences Council Expert Group on Innovation, Clinical Research and Data. He is on the boards of The Francis Crick Institute, The Judge Business School and Dizal Pharma. In 2019, Mene was awarded a knighthood from The Queen and the Prix Galien Medal, Greece. He oversees the creation of AstraZeneca's new Global R&D Centre in Cambridge.



### Jeff Pott

General Counsel and, effective January 2021, Chief Human Resources Officer

Jeff was appointed General Counsel in January 2009 and has overall responsibility for all aspects of AstraZeneca's Legal and IP function. In addition to his role as General Counsel, he was appointed Chief Human Resources Officer in January 2021 assuming additional responsibilities for the AstraZeneca Human Resources function. Jeff joined AstraZeneca in 1995 and has worked in various litigation roles, where he has had responsibility for IP, anti-trust and product liability litigation. Before joining AstraZeneca, he spent five years at the US legal firm Drinker Biddle and Reath LLP, where he specialised in pharmaceutical product liability litigation and anti-trust advice and litigation. He received his Bachelor's degree in political science from Wheaton College and his Juris Doctor Degree from Villanova University School of Law.



### Iskra Reic

Executive Vice-President,  
Europe and Canada

Iskra has responsibility for BioPharmaceuticals sales, marketing and commercial operations across our businesses in 30 European countries and Canada. She trained as a doctor of dental surgery at the Medical University of Zagreb, Croatia. She joined AstraZeneca in 2001 and has held a variety of in-market, regional sales and marketing, and general management roles, including: Head of Commercial Operations for Croatia; Head of Specialty Care Central & Eastern Europe; and General Manager, Russia and the Eurasia Area. She was appointed EVP, Europe in April 2017. Iskra has an International Executive MBA from the IEDC-Bled School of Management, Slovenia.



### Leon Wang

Executive Vice-President,  
International and China President

Leon Wang is responsible for overall strategy driving sustainable growth across the International region, which includes China. Leon joined AstraZeneca China in March 2013 and was promoted to become President, AstraZeneca China in 2014. Under Leon's leadership, China has become AstraZeneca's second-largest market worldwide and AstraZeneca has become the largest pharmaceutical company in China. Prior to joining AstraZeneca, Leon held positions of increasing responsibility in marketing and business leadership at Roche, where he was a Business Unit Vice-President. In addition, Leon holds several positions in local trade associations and other prominent organisations in China. Leon holds an EMBA from China Europe International Business School, and a Bachelor of Arts from Shanghai International Studies University.



### Fiona Cicconi

Executive Vice-President,  
Human Resources

Throughout 2020, Fiona was Executive Vice-President, Human Resources with responsibility for design and delivery of AstraZeneca's people strategy and ambition to Be a Great Place to Work. She held that role until 31 December 2020, when she resigned to take up a similar role at a global company outside the pharmaceutical industry.

# Nomination and Governance Committee Report

“The Nomination and Governance Committee recommends to the Board new Board appointments and considers, more broadly, succession plans at Board level.”



## Our focus during 2020

- > Composition of the Board
- > Succession planning for the Board
- > Inclusion and diversity
- > Inductions and training

## Composition of the Board

As part of its role, the Nomination and Governance Committee is responsible for reviewing the composition of the Board, to ensure that it has the appropriate expertise while also recognising the importance of diversity. The Committee reviews the composition of the Board using a matrix that records the skills and experience of current Board members, comparing this with the skills and experience it believes are appropriate to the Company's overall business and strategic needs, both now and in the future. The matrix is set out opposite. Any decisions relating to the appointment of Directors are made by the entire Board based on the merits of the candidates and the relevance of their background and experience, measured against objective criteria, with care taken to ensure that appointees have enough time to devote to our business.

## Inclusion and diversity

Diversity is integrated across our Code of Ethics and associated workforce policy, and we promote a culture of diversity, respect and equal opportunity, where individual success depends only on personal ability and contribution. We strive to treat our employees with fairness, integrity, honesty, courtesy, consideration, respect, and dignity, regardless of gender, race, nationality, age, sexual orientation or other forms of diversity. The Board is provided each year with a comprehensive overview of the AstraZeneca workforce, covering a wide range of metrics and measures (including trends around gender diversity, leadership, ethnic diversity and age profile). The latest Hampton-Alexander Report published in 2020 named AstraZeneca PLC as one of the top 10 best performers in the FTSE 100 for representation of women on the combined executive committee and their direct reports.

For the year ended 31 December 2020, women represented 42.5% of senior management and their direct reports.

The Board views gender, nationality, cultural and ethnic diversity among Board members as important considerations when reviewing its composition and has met the recommendations of the Hampton-Alexander and Parker Reviews. Considering diversity in a wider sense, the Board aims to maintain a balance in terms of the range of experience and skills of individual Board members, which includes relevant international business, pharmaceutical industry and financial experience, as well as appropriate scientific and regulatory knowledge. The biographies of Board members set out on pages 104 and 105 give more information about current Directors in this respect.

The Board has adopted an Inclusion and Diversity Policy (the Policy), which is applicable to the Board and its Committees. The Policy reinforces the Board's ongoing commitment to all aspects of diversity and to fostering an inclusive environment in which each Director feels valued and respected. While the Board appoints candidates based on merit and assesses Directors against measurable, objective criteria, the Board recognises that an effective Board with a broad strategic perspective requires diversity.


The Policy sets out the Board's aim to maintain a composition of at least 33% female Directors and at least one Director from an ethnic minority background. The Policy provides a commitment to use at least one professional search firm which has signed up to the 'Voluntary Code of Conduct for Executive Search Firms', to help recruit Directors from a broad, qualified group of candidates to increase diversity of thinking and perspective. The Board's approach to

## Non-Executive Directors' experience, as at 31 December 2020

Name	Business					Geographic			Industry-specific				
	Commercial	Financial	Managerial	Sales & Marketing	Tech & Digital	US	Europe	Asia	Science	Regulatory	Pre-AZ Pharma	Biologics	Medical Doctor/Physician
Leif Johansson	●		●		●		●	●			●		
Euan Ashley	●				●	●	●		●		●	●	
Geneviève Berger	●		●				●	●	●				●
Philip Broadley	●	●	●			●	●	●					
Graham Chipchase	●	●	●			●	●	●					
Michel Demaré	●	●	●			●	●				●		
Deborah DiSanzo	●		●	●	●	●	●		●		●		
Diana Layfield	●	●	●	●	●	●	●	●					
Sheri McCoy	●		●	●		●			●		●		
Tony Mok	●					●		●	●			●	●
Nazneen Rahman					●		●		●			●	●
Marcus Wallenberg	●	●	●				●	●			●		

inclusion and diversity continues to yield successful results. Currently, 42% of the Company's Non-Executive Directors are women, and women make up 36% of the full Board.

This meets the Policy's aim of 33% female representation on the Board, the same target as set out in the report from Lord Davies published in October 2015. The Board also met the recommendations of the Hampton-Alexander and Parker Reviews.

 The Board's Inclusion and Diversity Policy can be found on our website, [www.astrazeneca.com](http://www.astrazeneca.com).

Information about our approach to diversity in the organisation below Board level can be found in the People section from page 68.

### Inductions and training

Newly appointed Directors are provided with comprehensive information about the Group and their role as Non-Executive Directors. They also typically participate in tailored induction programmes that take account of their individual skills and experience. During 2020, two independent Non-Executive Directors, Euan Ashley and Diana Layfield, were appointed and commenced ongoing induction programmes intended to provide an understanding of the Group, as well as their duties as a Director of a listed company. Due to the global COVID-19 pandemic, these induction programmes are taking place virtually, typically by videoconference, until it is possible to recommence face-to-face meetings and site visits. Although elements of their inductions will be adjusted for their existing expertise and Committee membership, key areas covered during 2020 and continuing into 2021 include:

- > meetings with members of the Board, SET and other senior management
- > meeting with external legal advisers
- > meeting with the external auditors

- > when possible after the pandemic, visits to various sites including R&D centres, commercial sites and operations facilities in China, Sweden, the UK and the US
- > access to a reading room which provides information on the Group, including financial performance, pipeline information, policies including the AstraZeneca Securities Dealing Code and rules relating to inside information, investor and analyst reports, and media updates. In addition, the reading room contains guidance on directors' duties and listed company requirements.

### Ongoing training and development

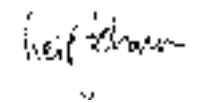
AstraZeneca is committed to developing a culture of lifelong learning, including for Directors. As part of each Director's individual discussion with the Chairman, his or her contribution to the work of the Board and personal development needs were considered. Directors' training needs are met by: a combination of internal presentations and updates and external speaker presentations as part of Board and Board Committee meetings; specific training sessions on particular topics, where required; and the opportunity for Directors to attend external courses at the Company's expense, should they wish to do so. In addition, Directors are encouraged to attend site visits during the year. During these visits, Directors meet with local management and have tours of both AstraZeneca sites and facilities, as well as those of our strategic partners. These site visits further Directors' understanding of the Group's business and operations, as well as providing an insight into the particular challenges faced in those regions. Additionally, such visits provide Directors with an opportunity to engage with key stakeholders. As mentioned elsewhere in this report, the COVID-19 pandemic significantly curtailed Board members' ability to travel for site visits during 2020 but such visits will recommence when possible.

### Succession planning


The Nomination and Governance Committee considers both planned and unplanned (unanticipated) succession scenarios and met five times in 2020. The Committee split the majority of its time between succession planning for Non-Executive Directors and continued routine succession planning for the roles of Chairman, CEO and CFO. The search firms Korn Ferry, MWM Consulting and Spencer Stuart were engaged to assist the Committee with its work. Korn Ferry and Spencer Stuart periodically undertake executive search assignments for the Company.

### Corporate governance

The Nomination and Governance Committee also advises the Board periodically on significant developments in corporate governance and the Company's compliance with the UK Corporate Governance Code. See from page 114 for the Company's statement of compliance with the UK Corporate Governance Code during 2020.



**Leif Johansson**  
Chairman

 The Nomination and Governance Committee's terms of reference are available on our website, [www.astrazeneca.com](http://www.astrazeneca.com).



# Shareholder Information

The principal markets for trading in AstraZeneca shares are the London Stock Exchange, Nasdaq Stockholm and the Nasdaq Global Select Market (Nasdaq). AstraZeneca shares were listed on Nasdaq on 25 September 2020, prior to which they were listed on the New York Stock Exchange. Ordinary Shares of \$0.25 each in AstraZeneca PLC are listed on the London Stock Exchange and the shareholder register is maintained by Equiniti Limited, the Ordinary Share registrar. Shares listed on Nasdaq Stockholm are issued under the Euroclear Services Agreement by Euroclear Sweden AB, the Swedish Central Securities Depository. Shares listed on Nasdaq are in the form of American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs) issued by the Company's ADR depositary, Deutsche Bank Trust Company Americas (Deutsche Bank). Deutsche Bank replaced Citibank, N.A. as the Company's ADR depositary on 6 February 2020. Two ADSs are equivalent to one Ordinary Share. Before 27 July 2015, the ratio was one ADS per one Ordinary Share. Shares are listed on all three markets under the stock symbol AZN.

## Ordinary Share registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA  
UK  
Tel (Freephone in UK): +44 (0)800 389 1580  
Tel (outside UK): +44 (0)121 415 7033

## Swedish Central Securities Depository

Euroclear Sweden AB  
PO Box 191  
SE-101 23 Stockholm  
Sweden  
Tel: +46 (0)8 402 9000

## ADR depositary

Deutsche Bank Trust Company Americas  
c/o American Stock Transfer & Trust  
Company, LLC  
6201 15th Avenue  
Brooklyn NY 11219  
USA  
Tel (toll free in the US): +1 (888) 697 8018  
Tel (outside US): +1 (718) 921 8137  
db@astfinancial.com

## Annual General Meeting (AGM)

The 2021 AGM will be held on 30 April 2021 and further details will be set out in the Notice of Meeting.

If you hold shares listed in Stockholm or hold ADRs, information relating to voting and attendance, will be included in the relevant Notice of AGM.

If you hold your shares through a nominee, your nominee provider will be able to advise you of their arrangements in relation to voting and attendance.

## US corporate governance requirements

Our ADSs are traded on Nasdaq and, accordingly, we are subject to the reporting and other requirements of the SEC applicable to foreign private issuers. Section 404 of the Sarbanes-Oxley Act requires companies to include in their annual report on Form 20-F filed with the SEC, a report by management stating its responsibility for establishing internal control over financial reporting and to assess annually the effectiveness of such internal control. We have complied with those provisions of the Sarbanes-Oxley Act applicable to foreign private issuers.

The Board continues to believe that the Group has a sound corporate governance framework, good processes for the accurate and timely reporting of its financial position and results of operations, and an effective and robust system of internal controls. We have established a Disclosure Committee, further details of which can be found in the Corporate Governance Report on page 118.

The Directors' assessment of the effectiveness of internal control over financial reporting is set out in the Directors' Annual Report on Internal Controls over Financial Reporting on page 169.

We are required to disclose any significant ways in which our corporate governance practices differ from those followed by US companies under the Nasdaq Corporate Governance Requirements. In addition, we must comply fully with the provisions of the Nasdaq Corporate Governance Requirements relating to the composition, responsibilities and operation of audit committees, applicable to foreign private issuers. These provisions incorporate the rules concerning audit committees implemented by the SEC under the Sarbanes-Oxley Act. We have reviewed the corporate governance practices required to be followed by US companies under the Nasdaq Corporate Governance Requirements and our corporate governance practices are generally consistent with those standards.

## Dividends

Dividend dates for 2021 are shown in the financial calendar on page 268. A first interim dividend is normally announced in July/August and paid in September and a second interim dividend is normally announced in January/February and paid in March. Dividends are paid in GBP, SEK and USD, depending on where the eligible shares are listed. Further information on dividends declared can be found in the Shareholder Information section of the website, [www.astrazeneca.com](http://www.astrazeneca.com).

Shareholders holding Ordinary Shares directly may opt for dividends to be paid straight to their bank or building society account, rather than being paid by cheque. To elect for this swift and secure method of payment, contact the Ordinary Share registrar, visit [www.shareview.co.uk](http://www.shareview.co.uk) or fill in the mandate form that will be sent to you with your next dividend cheque. If you hold shares listed in Stockholm, you should contact your personal bank/broker or, if you hold a VP account, contact the bank that services your VP account. If you hold ADRs directly you should contact American Stock Transfer & Trust Company, LLC (the ADR transfer agent). If you hold your shares through a nominee, you should direct any queries relating to your shareholding and dividend payments to the nominee provider.

## Shareholder communications

Copies of shareholder communications and annual reports are available on our website, [www.astrazeneca.com](http://www.astrazeneca.com). If you hold Ordinary Shares directly, currently receive hard copies of shareholder communications and/or the annual report and would rather receive these documents electronically, you can manage your communication preferences at [www.shareview.co.uk](http://www.shareview.co.uk) or by contacting the Ordinary Share registrar. If your record on the Ordinary Share register has been duplicated you may receive multiple copies of shareholder communications. If this is the case, please contact the Ordinary Share registrar so that this can be rectified.

Holders of shares listed in Stockholm should contact Computershare AB, PO Box 5267, 102 46 Stockholm, Sweden (Tel: +46 (0)771 24 64 00) and holders of ADRs should contact the ADR depositary or their personal broker with queries relating to shareholder communications.

## Shareview

Holders of Ordinary Shares may create a portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) to view and manage their AstraZeneca shareholding. Shareview is a free and secure online service provided by the Ordinary Share registrar that allows users to, among other things, update personal details, manage communication preferences, view dividend information and manage direct dividend payments.

## ShareGift

Shareholders that hold only a small number of shares, the value of which makes it uneconomical to sell them, may wish to consider donating them to charity through ShareGift, an independent charity share donation scheme (registered charity number 1052686). Further information about ShareGift can be found on its website at [www.sharegift.org](http://www.sharegift.org) or by calling +44 (0)20 7930 3737.

# Taskforce on Climate-related Financial Disclosures Statement <sup>BV</sup>

We support the Taskforce on Climate-related Financial Disclosures (TCFD) and aim to develop our disclosures in line with its recommendations. This is AstraZeneca's first report that follows the TCFD-recognised framework and it describes our process and actions as of 31 December 2020. All our business operations worldwide are in scope regardless of their function, unless otherwise stated. A full TCFD disclosure will be provided according to the Listing Rule for the 2021 reporting year onwards.

Our CDP response provides further disclosures on our approach to climate change and is available at <https://www.cdp.net/en>.


## Governance

Non-Executive Director, Geneviève Berger, oversees our sustainability strategy on behalf of the Board, including delivery of our Ambition Zero Carbon programme, and evaluates our performance against our targets and commitments.

As outlined on page 6, our CEO is responsible to the Board for the management, development and performance of our business, including AstraZeneca's Ambition Zero Carbon and climate-related risks and opportunities. Reporting to the CEO, the Executive Vice-President (EVP), Sustainability and Chief Compliance Officer (CCO) is responsible for the delivery of the AstraZeneca sustainability strategy, including our climate-related strategy and leads a quarterly update with the Board.

A number of strategic groups have been established to support delivery of our sustainability and climate strategies:

- > An external Sustainability Advisory Board (SAB) advises on strategic direction, recommends opportunities and provides insight. Our SAB comprises five SET members (EVP, Sustainability and CCO; EVP, Operations and IT; EVP, Human Resources; EVP & President, BioPharmaceuticals R&D; and EVP & President, International) and four external sustainability experts (Pankaj Bhatia, Deputy Director, Climate Program, World Resources Institute; Dame Polly Courtice, Director, Cambridge Institute for Sustainability Leadership, University of Cambridge; Louise Nicholls, Managing Director of Susenco and Vice Chair of IEMA; and Rain Henderson, Founder, Elementor Advisors). The SAB met once in 2020 where an update was provided on our climate strategy.

 For more information, see our Sustainability Report available on our website, [www.astrazeneca.com/sustainability](http://www.astrazeneca.com/sustainability).

- > In 2020, we established an Ambition Zero Carbon Governance Group with executive-level ownership, accountable for the delivery of our Ambition Zero Carbon programme. The group meets monthly and includes AstraZeneca's CEO; CFO; the EVP, Sustainability and CCO; and EVP, Operations and IT.
- > In 2020, a TCFD steering group was also established with cross-functional membership to identify and proactively manage the physical and transitional risks and opportunities posed to AstraZeneca by climate change. The Board was updated on progress in September 2020.

The outcomes from the specialist groups are regularly reported to the AstraZeneca Board.

## Identifying and managing climate risk and opportunity

Our overall approach to risk management and a summary of our Principal Risks can be found from page 80. To inform the wider enterprise risk management process of any specific risks and opportunities posed by climate change and/or the transition to a low carbon economy, we have integrated climate assessments into the overall risk management process. In 2020, we conducted physical and transitional risk assessments and the process for these assessments is described below.

### Physical assessment

In 2020, working with environmental resource managements experts, ERM Group, Inc, (ERM), we conducted a screening study of two future climatic scenarios to explore our physical climate-related risks (floods, water scarcity, extreme heat, cyclones and wild fires); Representative Concentration Pathways (RCP) 4.5 (+2°C) and RCP 8.5 (+4°C) were used for this study. These scenarios were applied to 61 AstraZeneca sites with predictions out from 2020 to 2030 and 2050. The sites evaluated included all business-critical operations sites, R&D Hubs, IT centres and other strategic hubs; pure commercial sites were out of scope as they posed a low material risk. The outcome of these screening studies across the 61 sites was combined with a revenue-based assessment for each site to identify medium- to long-term risks.

### Transitional assessment

In 2020, working with ERM we defined the risks and opportunities associated with the transition to a low-carbon economy. To measure these transitional risks, we adopted two scenarios; a base case (~3.5°C) and low carbon (~2°C) scenario with predictions out to 2025, 2030, 2035 and 2040. Risks and opportunities were assessed at an enterprise level and product-specific level for the top ten brands where life-cycle assessment (LCA) data is available, representing approximately 50% of Total Revenue with examples from all therapy areas.


## Outcome of the physical and transitional assessments

As a result of this analysis, a new risk 'Failure to meet regulatory expectations on environmental impact, including climate change' has been added as a standalone risk to the Group's risk landscape. This risk has been shared with the Board and Audit Committee. The risk is not currently assessed to be financially material and does not impact our current business model. In many cases mitigation measures are already in place to address the risks and opportunities presented by climate change, including the transition to a low carbon economy. These risks and opportunities are explained in more detail in the table opposite/overleaf.

## Climate change and our strategy

The nature of the risks and opportunities we face depends not only on the physical aspects of climate change, but also changes in the regulations in the markets in which we operate, pressures to reduce the carbon footprints of specific medicinal products, and our ability to understand and shape a culture of climate action. Our response to the identified climate risks and opportunities requires enterprise-wide action, in addition to further integration of environmental considerations in drug development and manufacture, and a greater focus on responsible procurement and sourcing across the entire value chain.

To mitigate the impact of AstraZeneca's business operations on the environment, the Board of Directors approved a new climate strategy in 2019. Our Ambition Zero Carbon strategy was launched in January 2020 when we disclosed new targets to be zero carbon across our global operations by 2025 (Scopes 1 and 2) and be carbon negative across our entire value chain by 2030 (Scopes 1, 2 and 3). Ambition Zero Carbon goes beyond the verified reduction goals of our existing Scope 1 and 2 Science Based Targets to limit global warming to 1.5°C. To support achievement of Ambition Zero Carbon we will double energy productivity, use 100% renewable energy for both power and heat, and switch to a 100% electric vehicle fleet five years ahead of schedule. Our actions to tackle climate change include plans to launch next-generation near-zero Global Warming Potential (GWP) respiratory inhalers and plant 50 million trees under the 'AZ Forest' programme. Overall, the \$1 billion Ambition Zero Carbon programme brings forward our decarbonisation plans by more than a decade.

 For more information on our GHG footprint, see our Sustainability Report available on our website, [www.astrazeneca.com/sustainability](http://www.astrazeneca.com/sustainability).



## Key

**R** Risk

**O** Opportunity

Risk or opportunity	Potential impact	How it is managed
<b>Physical risks</b>		
<p><b>Increased frequency of extreme weather and climate-related natural disasters.</b></p> <p><b>R</b></p>	<p>In 2020, we conducted a screening study of two future climatic scenarios to explore our physical climate related risks (floods, water scarcity, extreme heat, cyclones and wildfires) across 61 business critical sites.</p> <p>Eight sites were predicted to be exposed to increased risk of severe or very severe climate-related hazards in the next 10 years based on the worst-case scenario.</p> <p>Out of the eight 'at-risk' sites, a deep dive was conducted at the manufacturing site in Wuxi, China to verify the global screening results with help from local climate data and infrastructure. The outcome indicated increased risk of (a) heavy rainfall causing localised flooding, and (b) an extreme heat event in combination with air pollution that could cause increased need of cooling capacity, impact workers' health and potentially impact our licence to operate in the long term.</p>	<p>In 2021, indicative findings of increased risks (extreme heat, floods, drought and wild fires) will be verified by local assessments (based on learnings from the Wuxi study) across other potentially 'at risk' strategic sites (Södertälje, Maihara, Chennai, West Chester, Guadalajara, Gothenburg, Cairo, Canovanas, Mount Vernon, Newark, Frederick, Bensalem, North Ryde and Taizhou). Any climate risks identified will be integrated into our existing risk management processes including local site and business continuity plans to ensure they contain measures to proactively manage any physical climate risks and embed climate resilience in their short-, medium- and long-term planning.</p> <p>Business resilience has also been increased as a result of exposure to extreme weather events like hurricane Maria at Canovanas (Puerto Rico, 2016), an extended period of heat in Södertälje (Sweden, 2018) and water scarcity in Chennai (India, 2019).</p> <p>Our site in Canovanas has taken proactive steps to increase its resilience and mitigate the risks posed to our business operations by installing its own heat and power plant to reduce reliance on the local power network.</p> <p>In 2019, we restored two lakes next to our site in Chennai, together with the local community, to help protect against extremes in water stress and availability.</p> <p>In 2021, physical risk assessments will be conducted on the broader value chain and our critical suppliers for (i) our top ten products, and (ii) our long-term strategic suppliers responsible for bulk drug production.</p>

## Transitional risks and opportunities

<p><b>Increased demand for sustainable low Global Warming Potential (GWP) products and services from healthcare providers in some countries may result in the potential for green substitution of medicinal products with a high GWP (e.g. anaesthetics and respiratory products).</b></p> <p><b>Business opportunities will exist with increased future demand for low GWP alternatives and where earlier diagnosis and clinical intervention can reduce the carbon footprint of healthcare pathways.</b></p> <p><b>R O</b></p>	<p>Some healthcare providers and professionals are actively looking to substitute medicinal products based on their Greenhouse Gas (GHG) footprint in order to reduce their own Scope 3 footprint, as part of their net-zero targets (e.g. UK NHS). This could impact market access and revenue in some countries for high GWP products. Future revenue from our pMDI inhaled medicines portfolio could be 'at risk' should substitution become widespread before the transition to our next-generation low GWP pMDIs. These risks are currently low and limited to a few countries.</p> <p>Transitioning to low GWP respiratory products as part of AstraZeneca Ambition Zero Carbon, and understanding the positive impacts that early diagnosis and clinical intervention can have on the carbon footprint of specific patient care pathways, will provide business opportunities to improve the standard of care and clinical outcomes with a lower environmental footprint.</p>	<p>&gt; AstraZeneca has life-cycle assessments (LCAs) in place for key brands (respiratory and wider) that includes the GHG footprint to help assess and manage risks and target interventions to reduce the environmental footprint of our products.</p> <p> For more information on product environmental stewardship, see our Sustainability Report available on our website, <a href="http://www.astrazeneca.com/sustainability">www.astrazeneca.com/sustainability</a>.</p> <p>&gt; In 2020 we developed a Product Sustainability Index (PSI) as part of our Product Environmental Stewardship strategy. The PSI captures carbon and water intensity metrics per product, per patient, per annum – as well as measures of % renewable power and resource efficiency used to make that product.</p> <p>&gt; As part of our \$1 billion AstraZeneca Ambition Zero Carbon commitment, we will transition to low GWP propellants across our asthma and COPD products between 2025 and 2030.</p> <p> For more information on our GHG footprint, see our Sustainability Report available on our website, <a href="http://www.astrazeneca.com/sustainability">www.astrazeneca.com/sustainability</a>.</p> <p>&gt; Patients whose treatment is optimised are more likely to have a lower carbon impact overall, through reduced reliever pMDI use and fewer unscheduled healthcare interventions.</p> <p>&gt; We are working with academics and healthcare agencies to understand the environmental impact of respiratory care pathways for patients with controlled and uncontrolled asthma and the opportunities for improved clinical care with a lower environmental footprint. The output of these environmental and clinical studies will be communicated at scientific conferences and via peer-reviewed literature in 2021.</p>
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