

**Gross to Net Product Sales**  
US pharmaceuticals

	2023 \$m	2022 \$m	2021 \$m
Gross Product Sales	36,568	32,100	23,970
Chargebacks	(3,075)	(2,401)	(2,095)
Regulatory – Medicaid and state programmes	(2,417)	(1,879)	(1,488)
Contractual – Managed care and Medicare	(11,035)	(8,821)	(7,121)
Cash and other discounts	(428)	(359)	(312)
Customer returns	(222)	(132)	(14)
US branded pharmaceutical fee	(124)	(150)	(57)
Other	(1,306)	(1,104)	(883)
<b>Net Product Sales</b>	<b>17,961</b>	<b>17,254</b>	<b>12,000</b>

**Movements in accruals**  
US pharmaceuticals

	Brought forward at 1 January 2023 \$m	Provision for current year \$m	Adjustment in respect of prior years \$m	Returns and payments \$m	Carried forward at 31 December 2023 \$m
Chargebacks	233	2,743	(22)	(2,709)	245
Regulatory – Medicaid and state programmes	771	2,468	(59)	(2,194)	986
Contractual – Managed care and Medicare	2,426	11,166	(92)	(10,373)	3,127
Cash and other discounts	27	428	–	(424)	31
Customer returns	205	204	–	(136)	273
US branded pharmaceutical fee	137	133	(5)	(93)	172
Other	162	1,303	–	(1,183)	282
<b>Total</b>	<b>3,961</b>	<b>18,445</b>	<b>(178)</b>	<b>(17,112)</b>	<b>5,116</b>

	Brought forward at 1 January 2022 \$m	Provision for current year \$m	Adjustment in respect of prior years \$m	Returns and payments \$m	Carried forward at 31 December 2022 \$m
Chargebacks	181	2,103	(13)	(2,038)	233
Regulatory – Medicaid and state programmes	510	1,953	(79)	(1,613)	771
Contractual – Managed care and Medicare	2,031	8,971	(141)	(8,435)	2,426
Cash and other discounts	21	359	–	(353)	27
Customer returns	196	112	–	(103)	205
US branded pharmaceutical fee	79	138	16	(96)	137
Other	154	1,036	–	(1,028)	162
<b>Total</b>	<b>3,172</b>	<b>14,672</b>	<b>(217)</b>	<b>(13,666)</b>	<b>3,961</b>

	Brought forward at 1 January 2021 \$m	Additions through business combinations \$m	Provision for current year \$m	Adjustment in respect of prior years \$m	Returns and payments \$m	Carried forward at 31 December 2021 \$m
Chargebacks	178	2	2,117	(21)	(2,095)	181
Regulatory – Medicaid and state programmes	495	46	1,548	(50)	(1,529)	510
Contractual – Managed care and Medicare	1,937	29	7,204	(83)	(7,056)	2,031
Cash and other discounts	20	–	313	–	(312)	21
Customer returns	253	18	13	–	(88)	196
US branded pharmaceutical fee	115	–	77	(28)	(85)	79
Other	128	4	882	–	(860)	154
<b>Total</b>	<b>3,126</b>	<b>99</b>	<b>12,154</b>	<b>(182)</b>	<b>(12,025)</b>	<b>3,172</b>

# Financial Review

## *continued*

### Section 172(1) statement

The Board is required to promote the success of the Group for the shareholders and wider stakeholders who interact with and are impacted by our business.

Throughout the year the Directors have had regard to the factors set out in section 172(1) (a)-(f), as well as other factors relevant to the decision being made. The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our Purpose and Values, together with our strategic priorities, the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success.

The Group engaged with key stakeholders throughout the year to understand the issues and factors that are significant for these stakeholders, and a number of actions were taken as a result of this engagement. The interaction, and impact of these interactions, are set out in the Connecting with our stakeholders section on pages 84 to 86 and throughout the Strategic Report.

We are committed to being a great place to work for the global workforce. Details on engagement with employees can be found on pages 43 to 45 of the Business Review, from page 84 of the Corporate Governance Report, page 97 in the Audit Committee Report and page 121 to 122 of the Remuneration Committee Report.

We are committed to employing high ethical standards when carrying out all aspects of our business globally. Our Code of Ethics (the Code) is based on our Values, expected behaviours and key policy principles. More information on the Code can be found in the Business Review on page 49.

AstraZeneca recognises patients as people first and puts them at the heart of what we do. Information on the importance of patients to the business can be found on page 84, with further information throughout the Business Review.

The consideration and impact of the Group's operations on the environment and how the Group has considered other factors, such as communities and suppliers, can be found throughout the People and Sustainability section from page 43.

Details of how the Board operates and matters considered by the Board are set out in the Corporate Governance Report from page 75. Details on the Board and SET composition and gender diversity can be found on pages 78, 91, and 229. Examples of how Directors discharged their duties and considered stakeholders when making Principal Decisions during 2023 are set out from page 84. Principal Decisions are decisions and discussions which are material or strategic to the Group, but also those that are significant to any of our stakeholder groups.

### Strategic Report

The following sections make up the Strategic Report, which has been prepared in accordance with the requirements of the Companies Act 2006:

- > Chair's Statement
- > Chief Executive Officer's Review
- > AstraZeneca at a Glance
- > What science can do: artificial intelligence
- > Healthcare in a Changing World
- > Our Purpose, Values and Business Model
- > Our Strategy and Key Performance Indicators
- > Therapy Area Review
- > Business Review
- > EU Taxonomy Disclosure
- > Task Force on Climate-related Financial Disclosures Summary Statement
- > Risk Overview
- > Financial Review

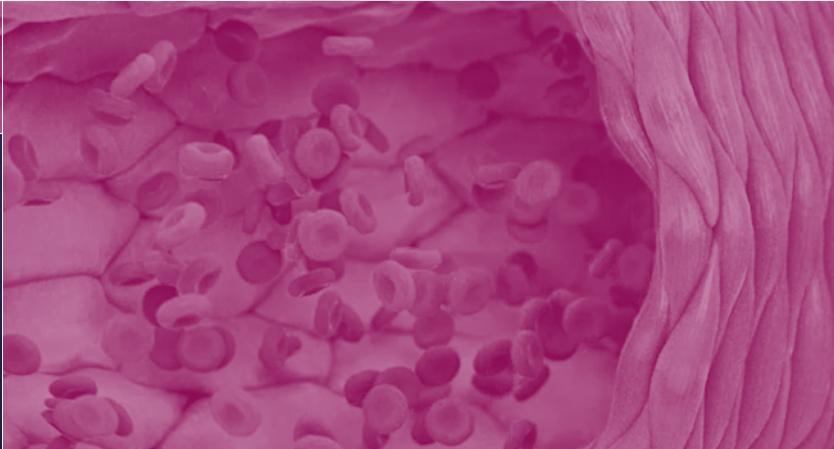
and has been approved and signed on behalf of the Board.

**A C N Kemp**  
Company Secretary  
8 February 2024

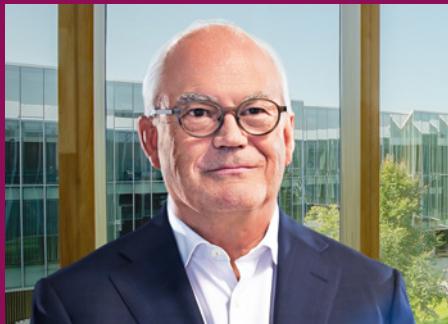
# Corporate Governance

## Contents

- Chair's Introduction **76**
- Corporate Governance Overview **77**
- Board of Directors **78**
- Senior Executive Team (SET) **80**
- Corporate Governance Report **81**
- Nomination and Governance Committee Report **90**
- Science Committee Report **92**
- Sustainability Committee Report **93**
- Audit Committee Report **94**
- Directors' Remuneration Report **102**
- Remuneration Policy **127**



# Chair's Introduction



**"Good governance underpins any successful enterprise..."**

**"This Report reviews AstraZeneca's governance and the work of the Board's Committees."**

It's a pleasure to be introducing AstraZeneca's Corporate Governance Report for the first time as Chair.

Our Strategic Report provides an update on how AstraZeneca is delivering its Growth Through Innovation strategy, including how we attract, retain and develop talented people as our employees. This Report reviews AstraZeneca's governance and the work of the Board's Committees.

I would like to begin by thanking my fellow Directors for the support they have given me in my first year as Chair and welcoming Anna Manz who became a Non-Executive Director and member of the Audit Committee in September. She brings extensive cross-sector business skills and knowledge to the Board, having held international roles in North America and Asia Pacific and served as an executive and non-executive in large, listed companies.

I also want to recognise the role that all the Directors play in carrying out their responsibilities as members of our Board Committees. I am particularly grateful to the chairs of the Committees for the diligent and committed way in which they carry out their duties, especially Philip Broadley who, in addition to his important role as Chair of the Audit Committee, performs the role of our senior independent Non-Executive Director. Finally, I would like to thank Euan Ashley who assumed the role as Chair of the Science Committee during the year.

I would urge readers to read the reports from the individual Committee Chairs that give an indication of the depth and breadth of their work on behalf of shareholders. This Governance Report also reports on how we consider the interests of our stakeholders and engage with them in determining our strategy.

The Audit Committee has a key role in monitoring the integrity of our financial reporting and management of risk. Cyber risk and cyber security have been, and continue to be, a particular focus of their activity in recent years. During 2023, the Audit Committee as

well as the Sustainability Committee, had an important role considering the potential and enacted regulations by the US, EU and UK on sustainability reporting, as well as the ongoing assessments of double materiality topics for AstraZeneca under EU regulations, to ensure that we are prepared for new sustainability reporting regulations which you will see reflected in AstraZeneca's 2024 Annual Report. The Sustainability Committee also reviewed progress against our Ambition Zero Carbon targets and programmes.

Euan and the Science Committee had a particularly busy year in reviewing our R&D strategy and science capabilities as well as studying the scientific case for the numerous acquisitions and licensing opportunities that were undertaken during 2023.

A particular responsibility of the Remuneration Committee in 2023 was to review and update our Remuneration Policy, which can be found from page 127 and will be proposed for approval by our shareholders at the AGM in April. In doing so, we are introducing some changes the Board believes are in the best interests of the Group and its shareholders, and which will incentivise management to deliver our ambitious strategy.

Good governance underpins any successful enterprise and I look forward to continuing my role in ensuring that AstraZeneca's future growth and prospects are accompanied and enabled by good governance overseen by a skilled and diverse Board of Directors.

A handwritten signature in black ink that reads "Michel Demaré".

**Michel Demaré**  
Chair

# Corporate Governance Overview

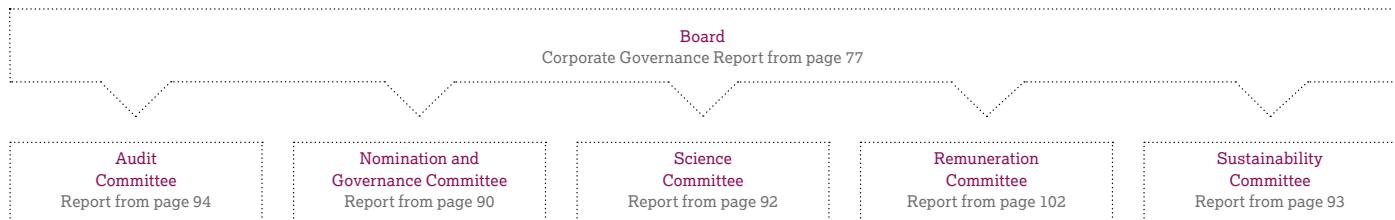
The Directors are collectively responsible for the success of the Group. The Board maintains and periodically reviews a list of matters that can only be approved by the Board. Matters that have not been expressly reserved to the Board in this way are delegated to the CEO or one of the Board's five Committees. The diagram below illustrates this governance structure.

The Board's responsibilities include setting our strategy and policies, overseeing risk and corporate governance, and monitoring progress towards meeting our objectives and annual plans. It is accountable to our shareholders for the proper conduct of the business and our long-term success, and seeks to represent the interests of all stakeholders.

The CEO, CFO and SET take the lead in developing our strategy; proposals are reviewed and constructively challenged by the Board, before the strategy is approved.

## Governance structure

The Board has delegated some of its powers to the CEO and operates with the assistance of five Committees:



## Attendance in 2023

### Board Committee membership and meeting attendance in 2023

Director	Board or Committee Chair	Appointment date <sup>1</sup>	Board <sup>2,8</sup>	Audit Committee	Remuneration Committee	Nomination and Governance Committee	Science Committee	Sustainability Committee
<b>Non-Executive Chair and Executive Directors</b>								
Michel Demaré <sup>3</sup>	01/09/2019	● 8/8	4/4	6/6	● 6/6			
Leif Johansson <sup>4</sup>	26/04/2012	2/2		1/1	4/4			
Pascal Soriot	01/10/2012	8/8						
Aradhana Sarin	01/08/2021	8/8						
<b>Non-Executive Directors</b>								
Euan Ashley <sup>5,8</sup>	01/10/2020	7/8			5/6	● 9/9		
Philip Broadley	27/04/2017	8/8	● 7/7	6/6	6/6			
Deborah DiSanzo <sup>8</sup>	01/12/2017	7/8	7/7					
Diana Layfield <sup>8</sup>	01/11/2020	7/8				9/9		
Sheri McCoy <sup>8</sup>	01/10/2017	7/8	6/7	● 6/6	6/6		2/2	
Tony Mok <sup>8</sup>	01/01/2019	7/8				9/9		
Nazneen Rahman <sup>6</sup>	01/06/2017	8/8		3/4	6/6	9/9	● 2/2	
Andreas Rummelt	01/08/2021	8/8						2/2
Marcus Wallenberg <sup>8</sup>	05/04/1999	7/8				5/9		2/2
Anna Manz <sup>7</sup>	01/09/2023	4/4	2/2					

<sup>1</sup> Date of first appointment or election to the Board.

<sup>2</sup> Four Board meetings in 2023 were held by videoconference and four were held in person at the Company's sites in London, UK; Tokyo, Japan; and Gaithersburg, MD, US.

<sup>3</sup> Michel Demaré succeeded Leif Johansson as Non-Executive Chair of the Board and Chair of the Nomination and Governance Committee on 27 April 2023.

<sup>4</sup> Leif Johansson retired as Non-Executive Chair of the Board and as a Director on 27 April 2023.

<sup>5</sup> Euan Ashley succeeded Nazneen Rahman as Chair of the Science Committee and became a member of the Nomination and Governance Committee on 1 June 2023.

<sup>6</sup> Nazneen Rahman became a member of the Remuneration Committee on 1 May 2023.

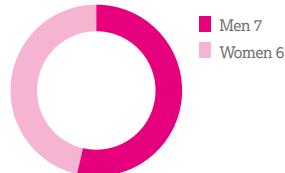
<sup>7</sup> Anna Manz joined the Board and the Audit Committee on 1 September 2023.

<sup>8</sup> One ad hoc videoconference Board meeting in 2023 was called at short notice. Due to this and the timing of the meeting, several Board members' prior commitments or their time zone prevented them from attending. They received and reviewed the papers for the meeting and their comments were relayed to the Chair ahead of the meeting.

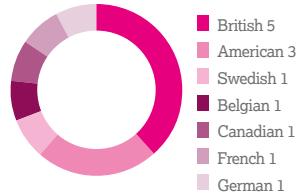
# Board of Directors as at 31 December 2023

## Board composition as at 31 December 2023

### Gender split of Directors



### Directors' nationalities



### Length of tenure of Non-Executive Directors

**0-3 years**

**2**

Andreas Rummelt  
Anna Manz

**3-6 years**

**4**

Euan Ashley  
Michel Demaré  
Tony Mok  
Diana Layfield

**6 years plus**

**5**

Marcus Wallenberg  
Philip Broadley  
Deborah DiSanzo  
Sheri McCoy  
Nazneen Rahman



**Michel Demaré** **NG R**

Non-Executive Chair of the Board

**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 to 2005. Prior to that, he spent 18 years at The Dow Chemical Company, serving as CFO of Dow's Global Polyolefins and Elastomers division between 1997 and 2002.

**Other appointments:** Michel is a Non-Executive Director of Vodafone Group plc and Louis Dreyfus Int'l Holding BV and Chairman of IMD Business School.



**Pascal Soriot**

Executive Director and CEO

**Skills and experience:** Pascal brings a passion for science and medicine, significant experience in established and emerging markets, 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 and, prior to that, as CEO of Genentech. Pascal has worked in senior management roles in several major companies around the world. He is a Doctor of Veterinary Medicine and holds an MBA from HEC Paris. In 2022, Pascal received a knighthood for services to life sciences and leadership in the global response to the COVID-19 pandemic.

**Other appointments:** Pascal is on the Board of Sustainable Markets Initiative Limited.



**Aradhana Sarin**

Executive Director and CFO

**Skills and experience:** Before joining AstraZeneca, Aradhana was CFO for Alexion, responsible for driving strategic growth, financial performance and business development. She brings operational experience in biopharma, plus more than 20 years of professional experience at global financial institutions and extensive knowledge of global healthcare systems. This includes tenures at Citi Global Banking, UBS, and JP Morgan. Aradhana trained as a medical doctor in India and spent two years practising in both India and Africa. She completed her medical training at the University of Delhi and received her MBA from Stanford Business School.

**Other appointments:** Aradhana is on the Board of Governors of the American Red Cross and an independent director of Anheuser-Busch InBev.

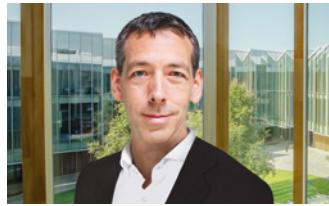


**Philip Broadley** **A NG R**

Senior independent Non-Executive Director

**Skills and experience:** Philip was previously Group Finance Director of Prudential and Old Mutual. He has served as chairman of the 100 Group of Finance Directors and as a member of the Takeover Panel. He is a Fellow of the Institute of Chartered Accountants in England and Wales. Philip graduated in Philosophy, Politics and Economics from the University of Oxford, where he is a St Edmund Fellow, and holds an MSc in Behavioural Science from LSE.

**Other appointments:** Philip serves as a Non-Executive Director of Legal & General and Non-Executive Director of Lancashire Holdings where he will assume the role of Chair following its 2024 AGM. He is Treasurer of the London Library and Chairman of the Board of Governors of Eastbourne College.



**Euan Ashley** **NG Sc**

Non-Executive Director

**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, 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, to advance translational and clinical research. Euan's awards include recognition from the White House for contributions to personalised medicine and the American Heart Association's Medal of Honor for precision medicine.

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



**Deborah DiSanzo** **A**

Non-Executive Director

**Skills and experience:** Deborah has more than 30 years' experience in healthcare and technology. She is currently President of Best Buy Health, which provides digital health solutions in active aging, virtual care and consumer health. Deborah teaches Artificial Intelligence in Health at the Harvard TH Chan School of Public Health. Until December 2018, she served as General Manager of IBM Watson Health. Prior to IBM, Deborah held multiple senior executive positions at Philips Healthcare where she also was Chief Executive Officer. Deborah has been honoured by multiple organisations as a top health influencer. She holds an MBA from Babson College and is a Harvard University Advanced Leadership Initiative 2019 Fellow.

**Other appointments:** Deborah is President of Best Buy Health.

**Diana Layfield** Sc

Non-Executive Director

**Skills and experience:** Diana has broad global business experience including in the pharmaceutical and biotech sector. She has held senior leadership roles 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 General Manager, International Search at Google and was also President, EMEA Partnerships and Vice-President, 'Next Billion Users'. She is the Chair of British International Investment plc and a Council Member of the London School of Hygiene & Tropical Medicine.

**Anna Manz** A

Non-Executive Director

**Skills and experience:** Anna joined London Stock Exchange in 2020 as CFO, ahead of its acquisition of Refinitiv. Prior to this, she was an Executive Director and the CFO of Johnson Matthey Plc and, before that, spent 17 years at Diageo plc in a number of senior finance roles. She brings extensive expertise in accounting, corporate finance and M&A, as well as experience of business diversification, transformation and strategy. Anna was previously a Non-Executive Director of ITV plc and served on its Audit Committee and Remuneration Committee during most of that period.

**Other appointments:** Anna will step down from her role at London Stock Exchange in 2024 to join Nestlé S.A. as CFO and a member of Nestlé's Executive Board.

**Sheri McCoy** R A NG Su

Non-Executive Director

**Skills and experience:** Until February 2018, Sheri was CEO and a Director of Avon Products, Inc. and, prior to that, had a 30-year career at Johnson & Johnson (J&J), latterly serving as Vice-Chairman of the Executive Committee, responsible for the Pharmaceuticals and Consumer business segments. Sheri joined J&J as an R&D scientist and subsequently managed businesses in every major product sector. She holds a BSc in Textile Chemistry from the University of Massachusetts Dartmouth, an MSc in Chemical Engineering from Princeton University and an MBA from Rutgers University.

**Other appointments:** Sheri serves on the boards of Stryker, Kimberly-Clark, and Sail Biomedicines. She is also an industrial adviser for EQT, and in connection serves on the boards of Galderma, Parexel and is Chair of Dechra.

**Tony Mok** Sc

Non-Executive Director

**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 the Past President of the International Association for the Study of Lung Cancer and a past Board member of the American Society of Clinical Oncology. He has achieved numerous awards including the European Society for Medical Oncology (ESMO) Lifetime Achievement Award, Giant of Cancer Care, and the Bronze Bauhinia Star.

**Other appointments:** Tony is Non-Executive Director of HUTCHMED (China) Limited, member of the Scientific Advisory Board of Prenetics Global Limited and serves on the board of Insights.

**Nazneen Rahman** Sc Su NG R

Non-Executive Director

**Skills and experience:** Nazneen has significant experience in rare disease and cancer genomics and sustainable healthcare. She qualified in medicine from Oxford University, is an accredited specialist in medical genetics and has a PhD in molecular genetics. Nazneen was Professor of Genetics at the Institute of Cancer Research, Head of Cancer Genetics at the Royal Marsden NHS Foundation Trust, and founder and Director of the TGLclinical Genetic Testing Laboratory until 2018. In 2020, Nazneen founded YewMaker to build science-based sustainable healthcare solutions. Nazneen has a strong commitment to open science and has garnered numerous awards, including a CBE in recognition of her contribution to medical sciences.

**Other appointments:** Nazneen is CEO of YewMaker and Director of the Sustainable Medicines Partnership.

**Andreas Rummelt** Su

Non-Executive Director

**Skills and experience:** Andreas joined the Board following the acquisition of Alexion, where he had been a Director since 2010. Previously he was at Novartis Pharma AG, where he served on the Executive Committee from 2006 to 2010. He had been Group Head of Technical Operations and Quality from 2009 until 2010. He was Global CEO of Sandoz, the Generics Division of Novartis from 2004 to 2008, having originally joined in 1985. Andreas earned his PhD in pharmaceutical sciences from the University of Erlangen-Nuremberg and received his executive training in general management and leadership from IMD in Lausanne, INSEAD in Fontainebleau and Harvard Business School.

**Other appointments:** Andreas is Chairman and Partner of InterPharmaLink AG since 2011 and a director of various privately-held biotech and pharmaceutical companies.

**Marcus Wallenberg** Sc Su

Non-Executive Director

**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 Chair of Skandinaviska Enskilda Banken AB, Saab AB and FAM AB. He is Vice-Chair of Investor AB and Vice-Chair of EQT AB. Marcus is also Chair of the Royal Swedish Academy of Engineering Sciences and a Board member of the Knut and Alice Wallenberg Foundation.

**Leif Johansson** NG R

Formerly Non-Executive Chair of the Board (retired in April 2023)

# Senior Executive Team (SET) as at 31 December 2023

The Senior Executive Team, or SET, is the body through which the CEO exercises the authority delegated to him by the Board. The CEO leads the SET and has executive responsibility for the management, development and performance of the business. The CEO, CFO and SET also take the lead in developing the strategy for review, constructive challenge and approval by the Board as part of the annual strategy review process.

SET members who sit on the Board:

- > Pascal Soriot  
CEO
- > Aradhana Sarin  
CFO

 Further information about SET members is available on our website, [www.astrazeneca.com](http://www.astrazeneca.com).

 See Board of Directors biographies from page 78.



**Sharon Barr**

Executive Vice-President,  
BioPharmaceuticals R&D

Sharon joined in 2021 and is responsible for discovery through to late-stage development across CVRM and Respiratory & Immunology. Previously, Sharon was SVP, Head of Research and Product Development of Alexion. Sharon undertook a PhD in molecular biology from NYU and a postdoctoral fellowship at Stanford University.



**Pam Cheng**

Executive Vice-President,  
Global Operations, IT and Chief  
Sustainability Officer

Pam joined in 2015, after 18 years with Merck/MSD in Global Manufacturing. Pam has also worked for 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 and an MBA from Pace University.



**Ruud Dobber**

Executive Vice-President,  
BioPharmaceuticals Business Unit

Ruud is responsible for the CVRM, Respiratory & Immunology, neuroscience and infection business units. Ruud joined AstraZeneca in 1997 and held various executive roles externally before this. Ruud was previously a research scientist in immunology and ageing, holding a doctorate in immunology from the University of Leiden.



**Marc Dunoyer**

CEO, Alexion and Chief Strategy Officer,  
AstraZeneca

Marc served as AstraZeneca's Chief Financial Officer until 2021. 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.



**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. Before joining AstraZeneca, Dave worked at Roche/Genentech, where he served in several functions and leadership positions. Dave is a graduate of Georgetown University in Washington DC.



**Susan Galbraith**

Executive Vice-President,  
Oncology R&D

Susan has global accountability for Oncology R&D from discovery through to late-stage development.

Susan joined AstraZeneca in 2010, having previously worked at BMS. She graduated in medicine from Cambridge University, has a PhD from the University of London and qualified as a Clinical Oncologist in 2001.



**Menelas (Mene) Pangalos**

Executive Vice-President  
(formerly Executive Vice-President,  
BioPharmaceuticals R&D and SET  
member 2013-2023)

Mene will retire from  
AstraZeneca in early 2024.



**Jeff Pott**

Chief Human Resources Officer, Chief  
Compliance Officer and General Counsel

Jeff is responsible for all aspects of AstraZeneca's People strategy and leads our HR, Compliance, and Legal and IP functions. Jeff joined in 1995, before which he specialised in pharmaceutical product liability and antitrust litigation. He holds a Bachelor's degree from Wheaton College and a Juris Doctor Degree from Villanova University.



**Iskra Reic**

Executive Vice-President,  
Vaccines & Immune Therapies

Iskra is Head of the Vaccines & Immune Therapies business unit. Established in 2021, during AstraZeneca's industry-leading response to the COVID-19 pandemic, Vaccines & Immune Therapies is focused on developing transformative vaccines and immune therapies to prevent infectious diseases globally. Iskra trained as a doctor of Dental Surgery at the Medical University of Zagreb and has an MBA from the IEDE-Bled School of Management.



**Leon Wang**

Executive Vice-President,  
International and China President

Leon is responsible for driving sustainable growth across the International region, including China. China is now AstraZeneca's third-largest market, and AstraZeneca is its largest pharmaceutical company. Leon holds an EMBA from China Europe International Business School, and a BA from Shanghai International Studies University.

**Katarina Ageborg**

Formerly Executive Vice-President,  
Sustainability and Chief Compliance  
Officer; President AstraZeneca  
AB Sweden

Katarina retired in January 2023.

# Corporate Governance Report

## Compliance with the UK Corporate Governance Code

### Statement of compliance

Our statement of compliance below describes how we applied the principles in the 2018 UK Corporate Governance Code (the Code) for the year ended 31 December 2023. A copy of the Code can be found on the Financial Reporting Council's (FRC) website, [www.frc.org.uk](http://www.frc.org.uk). Throughout the accounting period we have complied with all the provisions of the Code other than provision 21, which relates to the Board's annual performance evaluation. Our approach to the Board's performance evaluation for 2023 is described on page 89.

### Additional information for Swedish shareholders

The Company is incorporated under the laws of England and Wales and its shares are listed on the London Stock Exchange, Nasdaq Stockholm and the Nasdaq Global Select Market in the US. In accordance with the Company's listing on the London Stock Exchange, it applies the principles set out in the Code. As a result of its listing on Nasdaq Stockholm and in accordance with Swedish regulations, the Company is required to disclose the material ways in which its corporate governance practices differ from those applied by Swedish companies following the Swedish Corporate Governance Code (the Swedish Code). The Company has made available on its website [www.astrazeneca.com/investor-relations/corporate-governance.html](http://www.astrazeneca.com/investor-relations/corporate-governance.html) a summary of the material ways in which the corporate governance practices applied by the Company differ from the principles of the Swedish Code. In addition, as required by Swedish regulations, the Company has also made available on its website a general description of the main differences in minority shareholders' rights between the Company's place of domicile (the UK) and Sweden, where the Company's shares are also admitted to trading.

### 1. Board leadership and Company purpose

#### A. Board's role

The Board's role is to promote the long-term sustainable success of the Company. The Directors' diverse range of skills, experience and industry knowledge, and ability to exercise independent and objective judgement, help the Board to operate effectively in its oversight of delivery of the Group's strategy, generation of shareholder value and contributions to wider society.

The Board's effective operation is underpinned by a sound governance structure, described on page 77. Through a programme of regular Board and Board Committee meetings, Directors receive information on AstraZeneca's financial performance, the R&D pipeline and critical business issues. The Board is accountable to our shareholders for the proper conduct of the business and our long-term success and seeks to represent the interests of all stakeholders.

#### B. Purpose, culture and strategy

The Board believes that our Purpose, to push the boundaries of science to deliver life-changing medicines, positions AstraZeneca for long-term sustainable success.

Our Code of Ethics and our Values underpin the behaviours that support our culture.

The Board is responsible for setting our strategy and policies, overseeing risk and corporate governance, and monitoring progress towards meeting our objectives and annual plans. The Board conducts an annual review of the Group's overall strategy.

#### C. Resources and controls

The Board ensures that the necessary resources are in place to help the Company meet its objectives and measure its performance against them.

The Group Internal Audit and Compliance functions provide quarterly reports to the Audit Committee on their activities and annual reviews of key themes, processes and systems (including arrangements for whistleblowing). The Board has full oversight of these matters by way of the Audit Committee Chair's reports to the Board after each Committee meeting. Board members are also able to access the information provided to the Audit Committee.

The Board has a formal system in place for Directors to declare a conflict, or potential conflict, of interest.

#### D. Stakeholder engagement

The Board aims to ensure a good dialogue is maintained with shareholders, so that their views are understood and considered. The Board also engages with and considers wider stakeholder groups, including the workforce, in its decision making.

#### E. Workforce policies

Based on our Values, expected behaviours and key policy principles, the Code of Ethics empowers employees to make decisions in the best interests of the Group, the Company, society and the patients we serve. It is applicable to the Group worldwide, including the Board.

### 2. Division of responsibilities

#### F. Chair of the Board

Michel Demaré, our Non-Executive Chair, is responsible for the Board's overall effectiveness in directing the Company. Mr Demaré was first appointed to the Board in 2019 and was considered to be independent on his appointment as Chair in April 2023.

#### G. Board composition, independence and division of responsibilities

The composition of the Board is set out on pages 78 and 79. The majority of the Board consists of independent Non-Executive Directors. Directors' independence is considered annually by the Board, as described on page 83.

The Directors are collectively responsible for the success of the Group. The roles of the Board, Board Committees, Chair, senior independent Non-Executive Director and CEO are documented, as are the Board's reserved powers and delegated authorities. The Board's responsibilities and the governance structure by which it delegates authority are outlined in the Corporate Governance Overview on page 77.

The Board maintains a list of matters that are reserved to, and can only be approved by, the Board. These include: the appointment, termination and remuneration of any Director; approval of the annual budget; approval of any item of fixed capital expenditure or any proposal for the acquisition or disposal of an investment or business which exceeds \$300 million; the raising of capital or loans by the Company (subject to certain exceptions); the giving of any guarantee in respect of any borrowing of the Company; and allotting shares of the Company. Matters that have not been expressly reserved to the Board are delegated to the Committees of the Board or the CEO.

#### H. Non-Executive Directors' role and time commitment

The Non-Executive Directors exercise objective judgement in respect of Board decisions, providing scrutiny and challenge and holding management to account. Non-Executive Directors offer strategic guidance and specialist advice based on their breadth of experience and knowledge. The Non-Executive Directors regularly meet without the Executive Directors or other management present.

 For more information on:

Our Purpose, our Values and our Business Model, see page 10.

Our Code of Ethics, see page 49.

Our resources and controls, see the Audit Committee Report from page 94.

Conflicts of interest, see page 225.

Stakeholder engagement, see pages 84 to 86 and throughout the Strategic Report. Our section 172(1) statement is set out on page 74.

The Board's performance evaluation, see page 89.

# Corporate Governance Report

## Compliance with the UK Corporate Governance Code *continued*

The Company's senior independent Non-Executive Director serves as a sounding board for the Chair and as an intermediary for the other Directors when necessary. The senior independent Non-Executive Director is also available to shareholders if they have concerns that contact through the normal channels of Chair or Executive Directors has failed to resolve, or for which such contact is inappropriate. Philip Broadley was appointed senior independent Non-Executive Director on 1 March 2021.

As well as their work in relation to formal Board and Board Committee meetings, Non-Executive Directors commit time throughout the year to meetings and telephone calls with various levels of executive management and other key stakeholders, visits to AstraZeneca's sites throughout the world (whether in person or virtually) and, for new Directors, induction sessions and site visits. The Chair and individual Board members ensure that Board members' time commitment to the Company is sufficient to fulfil their duties as Directors and fully discharge their obligations to shareholders, particularly in the case of the Chairs of Board Committees. For the Chair of the Board, generally, as a basic commitment, it is expected that they would need to devote about 40% of their time or the equivalent of not less than 90 days per annum in the fulfilment of their duties.

When contemplating taking up additional appointments, Non-Executive Directors consult the Chair to ensure thought is given to any potential impact on their time commitment to AstraZeneca. Careful consideration is given to the nature of the potential appointment and the type of company involved (for example, whether the company is a public listed company or privately held), to help assess the likely time requirement. For significant additional appointments, the full Board would typically be involved in this process.

### For more information on:

The Nomination and Governance Committee Report, see from page 90.

External audit, see page 96 and Note 31 to the Financial Statements, on page 210.

Internal Audit, see page 96.

The ways in which we manage our business risks, our procedures for identifying our emerging risks, how we describe our Principal Risks and uncertainties, and our Viability statement, see Risk management and controls on the following page, and the Risk Overview from page 54.

The Remuneration Committee's work, see page 102.

In 2023, Aradhana Sarin was appointed as an independent director of Anheuser-Busch InBev and Philip Broadley was appointed as a Non-Executive Director and Chair-designate of Lancashire Holdings Limited. These appointments were considered and approved by the Board on the basis that they would not prevent or reduce the ability of either to perform their roles for AstraZeneca to the required standard.

The performance of the Non-Executive Directors is assessed annually as part of the Board's performance evaluation, as described on page 89.

Subject to specific Board approval, Executive Directors and SET members may accept external appointments as non-executive directors of other companies and retain any related fees paid to them, provided that such appointments are not considered by the Board to prevent or reduce the ability of the executive to perform his or her role within the Group to the required standard.

### I. Company Secretary

The Company Secretary is responsible to the Chair for ensuring that all Board and Board Committee meetings are properly conducted, that the Directors receive appropriate information prior to meetings to enable them to make an effective contribution and that governance requirements are considered and implemented. The 2023 Board performance evaluation set out on page 89 provides details of the effective operation of the Board.

### 3. Composition, succession and evaluation

#### J. Appointments and succession planning

The Nomination and Governance Committee and, where appropriate, the full Board, regularly review the composition of the Board and the status of succession to both SET- and Board-level positions. Directors have regular contact with, and access to, succession candidates for SET positions. The Committee also recognises the importance of diversity when considering potential appointments.

There is a formal, rigorous and transparent procedure for appointments to the Board. The Nomination and Governance Committee Report details changes in Board composition during the year, and the appointment and induction processes, from page 90.

In accordance with Article 66 of the Articles of Association of the Company (the Articles), all Directors retire at each AGM and may offer themselves for re-election by shareholders. The Notice of AGM will give details of those Directors seeking election or re-election.

#### K. Skills, experience and knowledge

When the Nomination and Governance Committee reviews the composition of the Board and its Committees, it uses a matrix that records the skills and experience of current Board members and compares 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 Committee is also mindful of Directors' lengths of tenure and the need to refresh Board membership over time.

### L. Board evaluation

In 2023, the Board undertook an internal Board performance evaluation. More information on the evaluation process, including the results and actions taken, can be found on page 89.

### 4. Audit, risk and internal control

#### M. Internal and external audit

The Audit Committee is responsible for reviewing the relationship and independence of our external auditor, PricewaterhouseCoopers LLP (PwC). The Committee maintains a policy for the pre-approval of all audit services and audit-related services undertaken by the external auditor, the principal purpose of which is to ensure that the independence of the external auditor is not impaired. A tender of audit services will be conducted in 2024 with any change taking effect from 2027. More information can be found on page 101.

The Audit Committee also reviews the independence and effectiveness of Group Internal Audit.

#### N. Fair, balanced and understandable assessment

The Board considers this Annual Report, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess AstraZeneca's position and performance, business model and strategy. The Board's assessment is described on page 100.

The Board and the Audit Committee review the Company's quarterly financial results announcements to ensure they present a fair, balanced and understandable assessment of the Company's position and prospects to shareholders.

### O. Risk management

The Board is responsible for the Company's risk management system and internal controls, and their effectiveness. The Board delegates some responsibilities for risk management oversight to the Audit Committee, such as quarterly reviews of the Company's principal and key active risks. During 2023, the Directors continued to review the effectiveness of our system of controls, risk management (including a robust assessment of the emerging and principal risks) and high-level internal control processes. This included an annual Governance and Assurance Report to all Directors, which is considered in detail by the Audit Committee and reviewed by the Board.

Any areas of concern are highlighted in the Audit Committee Chair's update to Directors at the relevant Board meeting and discussed by the Board. The Report is based on a full year-end review of the Company's risk and control processes (incorporating financial, operational and compliance controls) and findings from assurance processes.

The Directors believe that the Group maintains an effective, embedded system of internal controls and complies with the FRC's guidance entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

## 5. Remuneration

### P. Remuneration policies and practices

The Remuneration Committee is responsible for determining, approving and reviewing the Company's global remuneration principles and frameworks, to ensure that they support the strategy of the Company and are designed to promote long-term sustainable success.

### Q. Developing executive remuneration policy

The Remuneration Committee routinely reviews the Directors' Remuneration Policy and executive remuneration arrangements to ensure they continue to promote the delivery of the long-term strategy and support the Company's ability to recruit and retain executive talent to deliver against that strategy. The Committee also considers remuneration arrangements in the context of corporate governance best practice and arrangements for the wider workforce, and regularly consults with its major investors on remuneration proposals. No Director is involved in determining their own remuneration arrangements or outcomes.

### R. Remuneration outcomes and independent judgement

To ensure it maintains independent judgement when determining remuneration outcomes, the Remuneration Committee considers a range of data including detailed business and individual performance information. The Committee also consults with other Board Committees to utilise their expertise when determining performance outcomes.

### Further information on Directors' appointments

#### Chair of the Board

Mr Demaré was appointed as Chair of the Board at the conclusion of the 2023 AGM, following Mr Johansson's retirement, and he was considered independent upon appointment.

### Non-Executive Directors' independence

In December 2023, the Board considered the independence of the Non-Executive Directors, other than the Chair of the Board, for the purposes of the Code and the Nasdaq Listing Rules. Taking into account the recommendations set out in the Code and the Nasdaq Listing Rules, the Board considers that all the Non-Executive Directors except Marcus Wallenberg are independent. Marcus Wallenberg was appointed as a Director of Astra in May 1989 and subsequently became a Director of the Company in 1999. He is a Non-Executive Director of Investor AB, which has a 3.33% interest in the issued share capital of the Company as at 7 February 2024. For these reasons – his overall length of tenure and relationship with a significant shareholder – the Board does not believe that he can be determined independent under the Code. However, the Board believes that he has brought, and continues to bring, considerable business experience and makes a valuable contribution to the work of the Board.

As well as being a Non-Executive Director of AstraZeneca and Chair of the Board's Sustainability Committee, Nazneen Rahman is the Director of the Sustainable Medicines Partnership (SMP), a multi-stakeholder, not-for-profit collaboration with the aim of advancing the environmental sustainability of medicines. AstraZeneca is a strategic collaborator in the SMP. Dr Rahman has recused herself from acting as the lead contact for the SMP in its relationship with AstraZeneca, and this relationship, including project work and overall programme management, is handled by other members of the SMP team.

### Risk management and controls

#### Global Compliance and Group Internal Audit (GIA)

Through our compliance programme and three lines of defence risk management framework (line management; Risk and Compliance functions; GIA), Global Compliance helps the Group achieve its priorities and do business the right way. It takes a global approach that addresses key risk areas, including those related to third parties and anti-bribery/anti-corruption. Its work helps us to reinforce compliant behaviours through our Code of Ethics, policies, training, advice and guidance. We also conduct risk assessment activities and foster a culture where individuals can raise concerns.

We take alleged compliance breaches and concerns seriously. We investigate and take appropriate disciplinary and remediation action to address and prevent reoccurrence through internal functions and external advisers. Depending on breach severity, the Group may need to disclose and/or report the incident to a regulatory or government authority.

Global Compliance provides assurance insights to the Audit Committee on compliance matters. GIA carries out a range of audits and periodically reviews the assurance activities of other Group functions.

The results from these activities are reported to the Audit Committee. Global Compliance and GIA share outcomes and coordinate reporting on compliance matters throughout the organisation. GIA is established by the Audit Committee on behalf of the Board and acts as an independent and objective assurance function guided by a philosophy of adding value to improve the operational control framework of the Group. The scope of GIA's responsibilities encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in relation to the Group's defined goals and objectives.

Among others, internal control objectives considered by GIA include:

- > Compliance with significant policies, plans, procedures, laws and regulations.
- > Consistency of operations or programmes with established objectives and goals, and effective performance.
- > Safeguarding of assets.

Based on its activity, GIA is responsible for reporting significant risk exposures and control issues identified to the Board and to senior management, including fraud risks, governance issues and other matters needed or requested by the Audit Committee. It may also evaluate specific operations at the request of the Audit Committee or management, as appropriate.

 For more information on the Remuneration Committee, see the Directors' Remuneration Report, from page 102.

# Corporate Governance Report

## Connecting with our stakeholders

Considering the interests of our stakeholders is fundamental to our Group's strategy. The following table identifies our most strategically significant stakeholders and summarises the engagement that has been undertaken by management during 2023.

	Patients and patient networks	Payers
<b>Overview</b> Significance of the stakeholder to the business	<p>Patients are at the heart of what we do. Our stakeholders include individual patients, caregivers and patient advocacy organisations. We listen to their experiences, embedding these insights into every aspect of our work, and partner with them to enable access to high quality, resilient healthcare systems, ensuring that the medicines and services we develop have the greatest impact on their lives.</p>	AstraZeneca works closely with payers, which includes governments and medical insurance companies among others, to understand the impact of pricing medicines on public and private budgets.
<b>Interests</b> Issues and factors which are most important to the stakeholder group	<ul style="list-style-type: none"><li>&gt; Diverse insights gathered and incorporated throughout the drug development process to minimise patient burden and measure outcomes they care about most.</li><li>&gt; Ensuring healthcare systems are designed and delivered with the patient in mind.</li><li>&gt; Providing transparent, accessible information.</li><li>&gt; Ensuring the safety, efficacy and affordable accessibility of our medicines.</li></ul>	<ul style="list-style-type: none"><li>&gt; Sustainable access to safe and effective innovative medicines.</li><li>&gt; Pricing of medicines, including breakthrough therapies and impact on public budgets.</li><li>&gt; Containing reimbursement expenditure.</li><li>&gt; Attracting business investment.</li><li>&gt; Investing in research and scientific collaborations.</li></ul>
<b>Engagement</b> Examples of engagement in 2023	<ul style="list-style-type: none"><li>&gt; Increased number of diverse patient engagements throughout drug development and commercialisation.</li><li>&gt; Patient Partnership Program expanded into new disease areas and evolved across novel initiatives to support end-to-end patient engagement.</li><li>&gt; Involved patients and caregivers in co-creation of multiple programmes.</li><li>&gt; Expanded patient support and affordability programmes.</li><li>&gt; Collaborated with patient advocacy organisations on key healthcare system transformation projects, enabling access to improved healthcare and medicines across the globe.</li></ul>	<ul style="list-style-type: none"><li>&gt; Engaged governments and policymakers to increase understanding of the AstraZeneca business model, to support investment in life sciences and to improve access to new medicines.</li><li>&gt; Engaged in discussions on evolving the current reimbursement system for medicines in the US.</li><li>&gt; Hosted site visits and tours at our manufacturing and R&amp;D facilities for international and local politicians.</li></ul>
<b>Outcomes</b> Actions which resulted	<ul style="list-style-type: none"><li>&gt; Delivery of impactful and actionable insight to drive patient-focused drug development and commercialisation.</li><li>&gt; Increased patient support programmes across therapy areas.</li><li>&gt; Driven global consensus and brought about tangible healthcare system changes at a country level.</li></ul>	<ul style="list-style-type: none"><li>&gt; Established working relationships with key government stakeholders.</li><li>&gt; Regular meetings and events organised to increase understanding about how governments can better support life sciences investment and improve patient access to new medicines.</li></ul>

	<b>Investor community</b>	<b>Healthcare professionals</b>	<b>Academic and R&amp;D partners</b>	<b>Commercial collaborators and partners</b>
<b>Overview</b> <b>Significance of the stakeholder to the business</b>	The Board and management maintain regular and constructive dialogue with investors to communicate our strategy. We provide objective information about performance to enable investors to put a fair value on the Company and ensure our continued access to capital.	Healthcare professionals (HCPs) are the interface with patients. They provide insights into clinical trial design and prescribing, advising patients on administering medicines, providing safety reports, collaborating in clinical studies and assisting with the ethical and transparent distribution of medicines.	We collaborate with academic institutions and non-profit R&D partners globally to access the best science, to stimulate innovation and to deliver life-changing medicines to patients.	Partnering is an increasingly important part of our business. By combining forces, AstraZeneca and our partners can accelerate innovative science to bring life-changing medicines to patients.
<b>Interests</b> <b>Issues and factors which are most important to the stakeholder group</b>	<ul style="list-style-type: none"> <li>&gt; Financial and commercial performance.</li> <li>&gt; R&amp;D strategy, resource allocation and pipeline development.</li> <li>&gt; Culture, values and behaviours.</li> <li>&gt; Exposure to geopolitical and macroeconomic risks.</li> <li>&gt; ESG matters.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development of medicines for unmet medical need.</li> <li>&gt; Education and information on advances in medical science.</li> <li>&gt; Accurate and balanced information on licensed medicines, including up-to-date safety data.</li> <li>&gt; Uninterrupted supply of quality medicines.</li> <li>&gt; Ethical and transparent interactions with industry.</li> </ul>	<ul style="list-style-type: none"> <li>AstraZeneca had more than 1,500 active academic collaborations during 2023:</li> <li>&gt; To advance innovative technology and science.</li> <li>&gt; To address key scientific challenges.</li> <li>&gt; To access the next generation of science leaders.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Shared vision and values.</li> <li>&gt; Development of innovative medicines and improving access to them.</li> <li>&gt; Trust and transparency in research, disclosures and relationships with stakeholders.</li> <li>&gt; Willingness to collaborate with industry peers to optimise outcomes for common stakeholders, e.g. patients, physicians, policymakers and healthcare systems.</li> </ul>
<b>Engagement</b> <b>Examples of engagement in 2023</b>	<ul style="list-style-type: none"> <li>&gt; Ongoing communications including quarterly results calls, in-person and virtual meetings, and roadshows.</li> <li>&gt; Regular events at medical conferences and periodic updates on portfolio and pipeline developments.</li> <li>&gt; Receptions hosted by the Chair of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Engaged in HCP educational events, advisory boards and in clinical trials.</li> <li>&gt; Responded to more than 199,000 HCP enquiries and processed over 100,000 adverse event reports from HCPs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; We support more than 900 early career positions in R&amp;D globally, including graduates, placement students, sponsored PhDs, and postdoctoral researchers.</li> <li>&gt; Worked side-by-side with academic researchers in dedicated university laboratories.</li> <li>&gt; Through our Open Innovation programme, we openly share molecules, data and challenges with academic researchers; we currently have four ongoing clinical trials, over 100 pre-clinical studies and three new collaborative research projects aimed at addressing key scientific challenges.</li> <li>&gt; Joint seminars, education sessions and consortia with research institutions, e.g. Royal Society and Partner of Choice Network.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Regular alliance leadership meetings established to enhance collaboration and create a 'One Team' mentality across organisations.</li> <li>&gt; Joint responsibility for deliverables and outcomes across functions at all levels.</li> <li>&gt; Multiple discussions with regulators, policy makers, patient groups and clinicians, to inform development and commercial strategy to best meet patient needs.</li> </ul>
<b>Outcomes</b> <b>Actions which resulted</b>	<ul style="list-style-type: none"> <li>&gt; Maintained access to senior and next-level/operational management, including increased virtual engagement.</li> <li>&gt; Continued to streamline external-facing materials to provide increased transparency, following discussion with shareholders.</li> <li>&gt; Increased focus on ESG matters within results announcements and shareholder engagements.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Advisory boards informed clinical research and product strategy.</li> <li>&gt; Clinical studies have led to new products.</li> <li>&gt; Exchange of information supported HCP clinical decision making.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Enabled innovative solutions through research collaboration.</li> <li>&gt; New technology, new targets and new biomarkers.</li> <li>&gt; Publications.</li> <li>&gt; Capability to offer studentship and post-doctoral programmes to facilitate scientific discovery.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Optimisation of outcomes through combined skillssets and use of technologies/platforms to research new medicines, enabling faster delivery of medicines to patients.</li> <li>&gt; Multiple late-stage trials initiated across multiple disease/patient types.</li> <li>&gt; Accelerated launch of new medicines in unique areas.</li> <li>&gt; Greater collaboration and relationships with industry partners and stakeholders.</li> </ul>

# Corporate Governance Report

## Connecting with our stakeholders

### continued

In addition to the principal stakeholders described on pages 84 and 85, the Board considers the following stakeholder groups important for the business operations and strategic direction of the Company.

#### Community

Wherever we work in the world, we aim to make a positive impact on people and the communities in which they live through our community investment.

We aim to advance patient health, increase access to care, drive science innovation and build healthy and resilient communities for all.

#### Employees

Successfully acquiring, retaining and developing a talented and diverse workforce is critical to achieving our 2030 Bold Ambition. Our employees are a key part of our strategy and we are committed to being a great place to work. More information is included on pages 44 and 45.

#### Health authorities

We engage regulators globally about the manufacture, development, review, approval and marketing of our products.

#### Governments

AstraZeneca partners closely with governments around the world to promote health, support healthcare research and innovation, facilitate equitable access to innovative care solutions, and build resilient and sustainable healthcare systems.

#### Multilateral and non-governmental organisations (NGOs)

AstraZeneca partners with multilateral organisations and NGOs to deliver science-based health programming that addresses global health issues and supports the delivery of the UN Sustainable Development Goals. AstraZeneca's commitment to reduce health inequity has also been demonstrated by donations to support patients in medically underserved communities and humanitarian settings through disaster relief efforts.

#### Media

An active and constructive relationship with the media is important to build trust with the Company's key stakeholders by transparently reporting on the Group's activities, including the results of key trials and business updates, as well as seeking to enhance and protect the reputation of the organisation.

#### Suppliers and third-party providers

AstraZeneca collaborates with a broad range of partners to support the development, manufacturing and delivery of life-changing medicines to patients across the world. Data led and technology driven, the Global Procurement function facilitates collaboration with diverse and ethical suppliers, pursuing some of the most ambitious sustainability targets in the industry to dramatically reduce carbon emissions throughout the supply chain.

### How the Board engages with stakeholders

The stakeholder table on pages 84 and 85 sets out management's main interactions with certain key stakeholders. Feedback from these interactions is provided to the Board in a variety of ways, which allows the Board to understand the key interests of stakeholders and consider them in its decision-making process.

The Board undertakes additional direct engagement with stakeholders to better understand their interests and concerns, so these can be factored into its decision making.

Examples of the Board's engagement are set out in the following columns. Information on how stakeholders and other factors were considered in the Board's principal decisions in 2023 is set out on the following page.

#### Full Board/Other

- > During 2023, a number of Directors, including the Chair, the CEO and the CFO, met investors at roadshows and in one-on-one meetings.
- > The Chair hosted receptions focused on shareholder engagement, including events in the UK and Sweden.
- > The 2023 AGM was held in London, which allowed those shareholders able to attend to interact with, and ask questions of, the Board. All Directors were present at the meeting.

- > Investor reports and financial analysts' consensus data are made available to the Board. Feedback is regularly provided to the Board by management on their interactions with investors. The Chair also hosted an annual reception focused on investor engagement.
- > The CEO and the CFO, along with other members of management, met governmental agencies and regulators to discuss matters including the pricing of medicines and equitable access.
- > The Board held one of its scheduled meetings during 2023 at AstraZeneca's site in Tokyo, Japan and another at its site in Gaithersburg, MD, US. During the meetings, the Board met employees, including scientists and commercial teams, and hosted 'townhall' meetings. During the visits, the Chair also met with external stakeholders, including patient advocacy groups, NGOs and US government staff and officials through a series of meetings and roundtable discussions.
- > The CEO attended a number of scientific conferences in 2023, relevant to the Company's main areas of R&D and Commercial activity.
- > Members of the Audit Committee visited the Speke, UK site where they met with the site leadership team, branding team, AstraZeneca Speke graduates and apprentices and hosted a 'townhall' meeting. The Committee also visited the AstraZeneca and Alexion UK marketing company site in 2023.
- > The CEO and senior leaders met with 15 governments and engaged at 40 events at COP28, highlighting the interconnection between climate action, health resilience and equity, and demonstrating the action at scale the Company is taking on this agenda.

- > The Chair of the Audit Committee took part in the following visits during 2023: a virtual visit to the AstraZeneca marketing company in Taiwan; in-person visits to the Gulf Cooperation Council (GCC) cluster in Dubai to meet with the MEA area leadership and GCC leadership teams; visit to the Chennai Global Innovation & Technology Centre which included meetings with the site leadership team and an employee 'townhall' meeting; and finally, a visit to the AstraZeneca India marketing company which also included meetings with senior leadership and an employee 'townhall' meeting.
- > Members of the Science Committee visited the AstraZeneca site in Cambridge, UK for a two-day meeting which included a lab visit to the Functional Genomics Centre on the first day. This was followed by a poster session with UK scientists from AstraZeneca and one-to-one meetings with global R&D leaders. In the evening, Science Committee members had informal discussions with meeting presenters from R&D. The second day included a lunch with the Directors, with each Science Committee member hosting a table of AstraZeneca scientists, including rising stars nominated by functions.
- > The Chair of the Remuneration Committee met with investors who hold approximately 50% of the Company's issued share capital and with three proxy advisers to discuss the proposals for the 2024 Directors' Remuneration Policy and its implementation for the Executive Directors in 2024. For further information, see the Remuneration Report on page 102.
- > The CEO, CFO and the Chair, regularly engaged with employees through in-person and online events, including 'Ask me anything' and 'fireside chats' sessions. Employees had the opportunity to ask questions in advance or during sessions.

 For more information on how the Management and the Board have considered Modern Slavery, see the Audit Committee report from page 94, Human Rights on page 45 and AstraZeneca's Modern Slavery Act Statement, which is available on our website, [www.astrazeneca.com](http://www.astrazeneca.com).

# Corporate Governance Report

## Principal Decisions

Set out below are examples of how key stakeholders, Section 172(1) duties and other matters are considered by the Board when making its Principal Decisions in 2023.

### Principal Decisions in 2023

#### 2023 Group Funding Plan

In January 2023, the Board reviewed and approved the Group's 2023 funding plan.

**The Board considered:** investors; and the long-term success of the Company.

#### How the Board had regard to these matters:

- > Reviewed the expected funding requirements for the year ahead as well as the medium- and long-term funding and liquidity prospects.
- > Discussed the Group's capital allocation priorities, the long-term strategy and the measures required to deliver the strategy, including investment in the pipeline and potential external acquisitions to further strengthen the pipeline. The Board considered the benefit of these investments for patients and investors, alongside the potential impact of acquiring debt.
- > Considered the Group's liquidity position and the expectations of investors regarding the progressive dividend policy.

#### Board Committees' composition and succession planning

During 2023, the Board reviewed and made the following appointments:

- > Appointment of Michel Demaré as Chair of the Nomination and Governance Committee.
- > Appointment of Nazneen Rahman as a member of the Remuneration Committee.
- > Appointment of Euan Ashley as Chair of the Science Committee.
- > Appointment of Euan Ashley as a member of the Nomination and Governance Committee.
- > Appointment of Anna Manz as a Non-Executive Director and member of the Audit Committee.

**The Board considered:** investors; the long-term success of the Company; and maintaining high standards of business conduct.

#### How the Board had regard for these matters:

- > Engaged with a number of AstraZeneca's largest shareholders for them to hear about the search processes and to understand their views.
- > Considered the Board's diversity, time commitments of the candidates and other relevant UK Corporate Governance Code provisions, as well as other Board-level succession planning considerations.
- > Reviewed the experience of potential candidates and met those who were shortlisted to evaluate which individuals had the skills required to support management in the continued delivery of value to shareholders and life-changing medicines to patients, while also maintaining high standards of business conduct.

- > Considered the succession requirements of the Board, the length of tenure of the current Non-Executive Directors and the independence requirements as set out in the UK Corporate Governance Code, and the importance of ensuring a smooth and orderly transition.
- > Considered the continuity and reassurance the appointments provided to management and investors, and had regard to the likely consequences of the decision in the long term and the interests of those most affected.

#### Acquisitions and collaborations to strengthen the pipeline

During 2023, the Board considered, and approved, a number of transactions to strengthen the Group's pipeline and accelerate the development of potentially life-changing medicines. These included the acquisition of CinCor Pharma; the acquisition of a rare disease gene therapy portfolio and technologies from Pfizer; the research and collaboration agreement with Quell Therapeutics; the approval of the equity investment and global research and collaboration agreement in cell and gene therapy with Celllectis; the approval of the in-licensing of AZD5004 from Eccogene; the acquisition of Gracell Biotechnologies; and the acquisition of Icosavax.

**The Board considered:** investors; the long-term success of the Company; employees; patients; and maintaining high standards of business conduct.

#### How the Board had regard to these matters:

- > Reviewed the unmet medical need and considered how the transactions would further strengthen the Group's pipeline.
- > Considered the benefits to patients if the Group was able to accelerate the development of novel treatments, which could potentially deepen clinical responses and improve patient outcomes.
- > Considered the financial impact of the transactions on the Group's viability and capital allocation priorities, alongside the financial benefits from the acquisitions if the technologies were successful.

#### Divestment of Pulmicort Flexhaler in the US

During 2023, the Board approved the divestment of Pulmicort Flexhaler in the US to Cheplapharm.

**The Board considered:** investors; the long-term success of the Company; patients; and maintaining high standards of business conduct.

#### How the Board had regard to these matters:

- > Considered the Company's long-term strategy, the status of *Pulmicort* intellectual property in the US and the potential impact this may have on revenue, as well as the investment required in the pipeline to ensure the development of further life-changing medicines.
- > Recognised the importance in ensuring that appropriate arrangements were in place to ensure the continued supply of medicines to patients.
- > Considered the financial benefit of the divestment and how this could be reinvested, to further benefit patients and shareholders.

#### Settlement of patent litigation

In July 2023, the Board approved the settlement of the patent litigation with Bristol-Myers Squibb and related parties relating to *Imfinzi* and *Imjudo*.

**The Board considered:** investors; the long-term success of the Company; and maintaining high standards of business conduct.

#### How the Board had regard to these matters:

- > Reviewed the financial impact of the settlement and the potential benefits and risks of continuing with the litigation.
- > Considered the settlement value compared to the cost of continued litigation and the potential size of damages which were being sought.
- > The time and efforts required from management in continuing to defend the litigation and the potential distraction this could create.

#### Board's reserved powers and delegation of authority to the CEO

In May 2023, the Board reviewed its reserved powers and delegation of authority to the CEO, and made the following changes:

 For the Section 172(1) statement, see page 74.

For more information on funding, see Note 28 to the Financial Statements from page 195.

For more information on committees' composition and succession planning, see the Nomination and Governance Committee Report from page 90.

For more information on acquisitions and collaborations, see Business development from page 42.

For more information on patent litigation, see Patent litigation in Note 30 to the Financial Statements from page 204.

# Corporate Governance Report

## Principal Decisions

### continued

- > Increased the CEO's limit for business development transactions.
- > Introduced a new reserved power covering significant restructuring programmes.
- > Introduced a new reserved power covering the settlement of major litigation.
- > Introduced new references to approving material capital structure changes (including reductions of capital and share buybacks) and approving any changes to AstraZeneca PLC's stock exchange listings or status as a public limited company.

**The Board considered:** the long-term success of the Company and the need to maintain high standards of business conduct.

#### How the Board has regard for these matters:

- > Considered that decisions should be made efficiently and at the appropriate level within the Company.
- > Considered the results of a high-level benchmarking exercise carried out in respect of those FTSE 20 companies that publish this information.
- > Considered the Group's total revenue, operating profits and net cash flow from operating activities which have increased significantly since the last review.
- > Considered the governance implications of potential changes, particularly that the change would reduce the number of projects reviewed by the Science

Committee prior to Board approval. The Board agreed that the Science Committee would be free, if it wished, to continue to be briefed on relevant transactions with a value exceeding the previous threshold but below the newly approved threshold.

- > Considered the overall Group materiality threshold applied by AstraZeneca's auditors, PwC, in its audit work when setting the new thresholds.
- > Considered comparisons with peers and best practice.
- > Reviewed updates to the proposed role of the Board (including adding a reference to the Board's role to safeguard and enhance AstraZeneca's reputation), the Chair and CEO.

### Engaging with our workforce

AstraZeneca is committed to being a great place to work. Engagement with employees is an important element in ensuring an environment in which all employees are respected, where openness is valued, diversity celebrated and every voice heard. We rely on our global workforce to uphold our Values, deliver our strategic priorities and work to sustain and improve short- and long-term performance. For AstraZeneca, 'global workforce' includes our full-time and part-time employees, fixed-term workers and external contractors working full- or part-time, anywhere in the world.

The Directors believe that the Board as a whole should be responsible for engaging with and understanding the views of the workforce. Consequently, the Board has chosen not to implement any of the three methods set out in the Code. Instead, it uses various mechanisms and long-standing communication channels in place across the Group that enable and facilitate engagement with the global workforce. These include the Board's review of the global workforce Pulse survey and the biannual Workforce Culture and Employee Engagement Report; Board members hosting 'townhall' meetings for the workforce, including Q&A sessions; and review of data relating to talent, development, inclusion and diversity initiatives, and online social media channels. Directors also visit our sites and carry out virtual engagements, which facilitate understanding of business operations and also provide opportunities for interactions between Directors and the workforce, including engagement with high-potential employees. Where required, issues or concerns raised by the workforce are fed back to management and discussed by the Board. Whenever relevant, the Board considers the views of the workforce and the potential impact on the workforce when it makes key decisions.

Engaging with the wider workforce can present challenges due to the size of the workforce and the global footprint, as well as the variety of roles throughout the organisation. In addition to in-person engagements, virtual engagements help to ensure that individual Directors, as well as Board and Board Committees, have the opportunity to meet with a range of employees from across the global workforce, and to hear and understand their views.

The Board believes that this alternative approach continues to be the best model of engagement for the Group and ensures that the Board has access to the views of the workforce regardless of location and provides meaningful information and data that the Board can use when considering the impact of strategic decisions on employees. Additionally, the chosen mechanisms allow all Directors to engage with a wider cross-section of the global workforce.

#### Workforce culture

During 2023, the Board reviewed the biannual Workforce Culture and Employee Engagement Report, which demonstrated how our Values and behaviours are embedded throughout all levels of the workforce. The report contains a summary metric dashboard which is divided into categories reflecting AstraZeneca's Values and behaviours. Where the Board has concerns that the culture does not reflect our Values, the Board seeks assurances from management that remedial action has been taken and, where necessary, requests senior management's attendance at Board meetings to discuss corrective actions.

**92%**

of employees took part in the November 2023 Pulse survey.

#### 'Townhall' meetings, 'fireside chats' and 'Ask me anything' discussions

Both Non-Executive Directors and Executive Directors regularly participate in meetings with sites, or large groups of the workforce – either virtually or in person. These enable

direct engagement between the Board and employees, including Q&A sessions, such as the Chair 'fireside chat'. During the year, among other events, the Board hosted in-person 'townhall' meetings for employees in Japan and US sites, which were also broadcast to other sites in the region to increase reach and participation.

#### Employee opinion surveys (Pulse)

Twice a year, employees are invited to take part in an opinion survey, which seeks their views of the business. The results are reviewed by management and trends are monitored. The results are shared with the Board, which enables the Directors to understand the views and sentiments of the workforce.

**89%**

of employees stated they believe strongly in AstraZeneca's future direction and key priorities in the November 2023 Pulse survey.

#### Site visits

During 2023, Directors visited various Group sites across the world, including those in India, Dubai, Japan, the US, the UK and the Alexion campus in Dublin, Ireland. The majority of visits were in person but, to maximise engagement opportunities, some were virtual, including those to the AstraZeneca businesses in the Nordics, Spain and Taiwan.

**>10**

AstraZeneca Group sites around the world visited by Directors during 2023.

#### Wellbeing

Where appropriate – for example in relation to recent humanitarian events – the Board receives regular updates on the steps taken by management to create safe working environments and support the mental and physical wellbeing of the workforce.

# Corporate Governance Report

## Board performance evaluation

As part of the Board performance evaluation, Directors were asked to consider the following areas:

- > Board composition
- > Stakeholder oversight
- > Board dynamics
- > Board Committees
- > Strategic oversight
- > Risk oversight
- > Succession planning and people oversight
- > Priorities for change

### 2023 overview

The UK Corporate Governance Code states that there should be an annual evaluation of the performance of the board, its committees, the chair and individual directors and that, for larger listed companies such as AstraZeneca, this should be externally-facilitated at least every three years. The Company was due to have an externally-facilitated evaluation in 2023.

The Board elected to postpone the externally-facilitated review until 2024 and instead run an internal performance evaluation in 2023. This was considered to be a proportionate approach in light of the change in Chair during the year. Given the 27 April 2023 effective date of appointment of Michel Demaré as Board Chair, the Board concluded that it would be a better use of time and resources for the next externally-facilitated annual performance review to take place in 2024, so that at least the first 12 to 18 months of the Board's work under the new Chair could be taken into account.

The internal evaluation was run via a web-based survey covering a wide range of topics that were broadly similar to topics from previous evaluations. A report was prepared using the answers to this survey which was discussed by the Board at its meeting in December 2023, and was used by the Chair as the basis for individual conversations with each Board member prior to the full Board discussion.

As part of each Director's individual discussion with the Chair during the Board evaluation, 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.

The Nomination and Governance Committee also reviews the composition of the Board to ensure that it has the appropriate expertise, while also recognising the importance of diversity. For more information on the Nomination and Governance Committee's work, see the Nomination and Governance Committee Report from page 90.

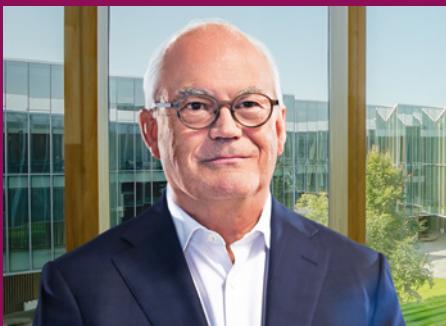
### 2023 outcomes and actions against prior year recommendations

- > The Board continues to operate effectively with an atmosphere that enables candid discussion. Its relationship with management, including the CEO, CFO and SET, was highly rated.
- > Each Director continues to perform effectively and demonstrate commitment to their role, as does the Chair (whose evaluation by Board members, absent the Chair, was led by the senior independent Non-Executive Director).
- > The composition of the Board was highly rated.
- > The Board has a good understanding of the views and requirements of its key stakeholders.
- > All of the Board's Committees continue to operate effectively.
- > The Board's contribution to strategy development, oversight of the R&D pipeline and effectiveness in monitoring and considering key external developments were highly rated. The Board oversees risk effectively.

Succession planning and people oversight continues to be a key area of focus. Key priorities for 2024 included strategy, financial performance and capital allocation, monitoring the R&D pipeline, market-specific and geopolitical issues, and Board and SET succession planning. To address areas highlighted by the 2022 annual Board performance evaluation, various steps were taken during 2023, including:

- > The re-establishment – following the COVID-19 pandemic – of a strong programme of in-person Board meetings, including site visits, balanced with some Board meetings being held virtually to reduce the Board's carbon footprint and the need for Directors to undertake intercontinental travel.
- > Focusing the Nomination and Governance Committee's work regarding Non-Executive Director succession planning on addressing the needs of the Board in the period to 2026, when four current Non-Executive Directors will reach nine years' tenure, with the appointment of Anna Manz in September 2023 being the first tangible outcome of this work.
- > Continued routine work by the Nomination and Governance Committee to plan for future CEO succession, including reviews of both internal and external potential candidate options.
- > Arranging a session to enable the Board to review how management was approaching drug pricing legislation in the US.

# Nomination and Governance Committee Report



“The Nomination and Governance Committee works on behalf of the full Board to review the composition of the Board and its Committees and carry out succession planning for all Board positions.”

## Nomination and Governance Committee members

- > Michel Demaré (Chair) (from 27 April 2023)
- > Leif Johansson (Chair) (until 27 April 2023)
- > Philip Broadley
- > Sheri McCoy
- > Nazneen Rahman
- > Euan Ashley<sup>1</sup>

<sup>1</sup> Appointed as a member of the Committee on 1 June 2023.

## Non-Executive Directors' experience, as at 31 December 2023

Business	
Finance	6
Management	8
Sales & Marketing	4
Tech & Digital	5

Geographic	
UK	4
US	3
Europe	3
Asia	1

Industry-specific	
Science	6
Pre-AZ Pharma	7
Medical Doctor/Physician	3

On behalf of the Nomination and Governance Committee (the Committee), I am pleased to present the Committee's report on its activities during 2023.

### Committee's role

The Committee works on behalf of the full Board to review the composition of the Board and its Committees and carry out succession planning for all Board positions, including taking the lead in the search for and recruitment of new Directors. The Committee ensures the Board has an appropriate balance of expertise, experience and diversity. A matrix that records the skills and experience of current Board members is one of the main tools used by the Committee to do this.

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

The matrix is shown in the charts to the left.

Decisions relating to the appointment of Directors are made by the entire Board based on the Committee's recommendations, taking into account the merits of the candidates and the relevance of their background and experience, measured against objective criteria, with care taken to ensure appointees have enough time to devote to the Board's business.

### Board and Board Committee changes during the year

Following the retirement of Leif Johansson from the Board at the end of the AGM on 27 April 2023, I was appointed Chair of the Board. In addition, I also assumed the role of Chair of this Committee. Further details about the Chair succession process are set out in the 2022 annual report.

In April, the Board appointed Euan Ashley as Chair of the Science Committee, in succession to Nazneen Rahman, effective 1 June 2023, with Nazneen remaining a member of the Science Committee. Euan was appointed as a member of the Nomination and Governance Committee, effective the same date. The Board appointed Nazneen Rahman as a member of the Remuneration Committee, effective 1 May 2023.

In May, the Board appointed Anna Manz as a Non-Executive Director and a member of the Audit Committee with effect from 1 September 2023. The appointment process was led by the Committee and involved Anna meeting with multiple Directors. Anna brings extensive cross-sector business skills and knowledge to the Board, having held international roles in North America and Asia-Pacific and served as an executive and non-executive in large, listed companies. Anna's significant financial and strategic leadership experience, including in areas such as risk, treasury and accounting, will enable her to fully contribute to the work of our Audit Committee.

### Inclusion and diversity

The Board views all aspects of diversity among Board members as important considerations when reviewing its composition. The Board also 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, and appropriate scientific and regulatory knowledge. The biographies of Board members set out on pages 78 and 79 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. Although the Board appoints candidates primarily based on merit and the relevance of their background and experience, measured against objective criteria, it recognises that an effective Board, with a broad strategic perspective, requires diversity. The Policy provides a commitment to use at least one professional search firm that 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 inclusion and diversity continues to yield successful results.

As at 31 December 2023, 31% of the Company's full Board identifies as an ethnic minority, 45% of the Company's Non-Executive Directors are women, and women make up 46% of the full Board. The information presented in the following tables was collected on a self-reporting basis. The Board, SET and Company Secretary were provided with the prescribed table, and asked to complete based on how they identify. The Board is pleased that the Company meets the

updated diversity policy targets as specified in the FCA's Policy Statement on Diversity and inclusion on company boards and executive management, which was published in April 2022:

- > 46% of the Board are women, above the target of at least 40%.
- > Following the appointment of Aradhana Sarin as CFO, the Company meets the policy target that at least one of the Chair of the Board, Chief Executive Officer, senior independent Non-Executive Director or Chief Financial Officer be a woman.
- > The Board satisfies the target of at least one member of the Board being from a non-white ethnic minority background.

As well as being considered in decisions about succession and Board appointments, inclusion and diversity is integrated across our Code of Ethics and associated workforce policy for the organisation as a whole. We were named 2nd ranking Healthcare company in the FTSE 100 for women on boards and in leadership in the FTSE Women Leaders Review. For the year ended 31 December 2023, following the retirement of Katarina Ageborg in January 2023 and Sharon Barr's appointment as Executive Vice-President, BioPharmaceuticals R&D in August 2023, women represented 43% of the SET and its leadership teams.

#### Ongoing training and development

On her appointment as an independent Non-Executive Director, Anna Manz commenced an ongoing tailored induction programme to provide an understanding of the Group and which reflects Anna's existing expertise and Committee membership. Key areas of the induction programme include:

- > Meetings with members of the Board, SET and other senior management.
- > Meeting with external legal advisers.
- > Meeting with the external auditors.
- > Access to a digital reading room which provides information on the Group, including financial performance, pipeline information, key Company policies, investor and analyst reports, media updates and guidance on directors' duties and listed company requirements.

In addition to arranging comprehensive induction programmes when new Non-Executive Directors are appointed to the Board, the Committee recognises the

 The Board's Inclusion and Diversity Policy can be read in full 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 People, from page 45.

**Table 1. Reporting table on sex/gender representation as at 31 December 2023**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	54%	3	7	54%
Women	6	46%	1	6	46%
Non-binary	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

**Table 2. Reporting table on ethnicity representation as at 31 December 2023**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	69%	3	9	69%
Mixed/Multiple Ethnic Groups	1	8%	–	1	8%
Asian/Asian British	3	23%	1	3	23%
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

importance of continuing development and training opportunities for all Directors. We are committed to developing a culture of lifelong learning throughout our organisation. Specific sessions with internal and external experts are periodically arranged for the full Board, to ensure that Directors have access to specialist knowledge across a broad range of areas to support their strategic decision making. For example, this year Board members participated in a roundtable event with key external experts in the areas of lung cancer and ATTR during the Board meeting in Tokyo, Japan to discuss the latest science and clinical research in those areas.

At least annually, I discuss with each Director his or her contribution to the work of the Board and personal development needs. 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. Directors are encouraged to visit the Group's sites, providing opportunities to meet local management and tour AstraZeneca facilities. Virtual visits are also arranged to allow further interactions with employees and sites. These visits further Directors' understanding of the Group's business and operations, as well as provide an insight into the particular challenges faced locally and opportunities to engage directly with employees and other stakeholders.

#### Succession planning

The Committee considers both planned and unplanned (unanticipated) succession scenarios. The Committee split the majority of its time on this topic in 2023 between succession planning for Non-Executive Directors, successfully concluding the recruitment of Anna Manz in September and continued routine succession planning for the role of CEO, which included desktop research relating to potential external candidates and reviewing the strengths and areas of development for potential internal candidates. Korn Ferry and Lygon Group assisted the Committee with its succession planning work this year. Korn Ferry undertakes executive search assignments for the Company but has no other connection with AstraZeneca or its individual Directors.

#### Corporate governance

The Committee advises the Board periodically on significant developments in corporate governance and the Company's compliance with the UK Corporate Governance Code. Further information on our corporate governance arrangements, including the Company's statement of compliance with the Code during the year, is set out from page 81.



**Michel Demaré**  
Chair of the Nomination and Governance Committee

# Science Committee Report



“The Science Committee’s core role is to provide assurance to the Board regarding the quality, competitiveness and integrity of the Group’s R&D activities.”

## Science Committee members

- > Euan Ashley (Chair) (from 1 June 2023)
- > Nazneen Rahman (Chair until 1 June 2023)
- > Diana Layfield
- > Tony Mok
- > Marcus Wallenberg
- > EVP, Oncology R&D<sup>1</sup>
- > EVP, BioPharmaceuticals R&D<sup>1</sup>
- > CEO, Alexion<sup>1</sup>

<sup>1</sup> Co-opted member of the Committee.

### Chair's introduction

The Science Committee’s (the Committee) core role is to provide assurance to the Board regarding the quality, competitiveness and integrity of the Group’s R&D activities. Our dialogue with AstraZeneca’s R&D leaders and other scientist employees, as well as visits to our R&D sites throughout the world, allows us to review and assess:

- > The approaches we adopt in respect of our chosen therapy areas.
- > The scientific technology and R&D capabilities we deploy.
- > The scientific strategy for maintaining our pipeline and competitiveness.
- > The decision-making processes for R&D projects and programmes.
- > The quality of our scientists, their career opportunities and talent development.
- > Benchmarking against industry and scientific best practice, where appropriate.

We also periodically review important bioethical issues and assist in the formulation of appropriate policies in relation to such issues, agreeing these on behalf of the Board. The Committee also considers future trends in medical science and technology, and reviews, on behalf of the Board, the R&D aspects of specific business development or acquisition proposals, advising the Board on its conclusions.

### Activities during the year

The Committee met nine times during 2023, both virtually and face to face. Our key areas of focus included:

- > **Company strategy and strategic priorities for R&D:** including key prioritised science platforms across R&D (Oncology, BioPharmaceuticals and Rare Disease) and areas of focus for long-term success, including business development strategy and external trends impacting R&D investment.

- > **AstraZeneca R&D strategic science capabilities:** including multi-omics and bioinformatics, and AI and computational strategies. This was supported by further in-person presentations from AstraZeneca scientists on site at Cambridge, UK covering across all R&D areas.
- > **Acquisitions and in-licensing agreements:** review for the Board the scientific case for acquisition and licensing opportunities, including:
  - Acquisition of CinCor Pharma, Inc., adding baxdrostat (CIN-107) to the cardiorenal portfolio.
  - Exclusive global licence agreement with KYM Biosciences, for CMG901, a potential first-in-class ADC targeting Claudin 18.2.
  - Acquisition of Neogene Therapeutics Inc., a global clinical-stage biotechnology company pioneering the discovery, development and manufacturing of next-generation TCR-Ts.
  - Purchase and licence agreement for a portfolio of pre-clinical gene therapy programmes and enabling technologies from Pfizer Inc.
- > **R&D in China:** The Committee had an in-person meeting with AstraZeneca China R&D and Business Development leadership to discuss external R&D landscape, innovation opportunities and future plans.
- > **Clinical Trials Operations strategies:** a review of Clinical Operations focusing on challenges and opportunities driven by internal changes and external factors.
- > **Corporate scorecard outturn and goal setting:** providing insight and feedback to the Remuneration Committee in support of 2023 achievements and 2024 goal setting relating to R&D.

A handwritten signature in black ink, appearing to read "Euan Ashley".

Euan Ashley  
Chair of the Science Committee

The full role of the Science Committee is set out in its terms of reference, available at [www.astrazeneca.com](http://www.astrazeneca.com).

# Sustainability Committee Report



**“The Sustainability Committee continued its important work during 2023 to oversee the execution of the Company’s sustainability strategy.”**

## Sustainability Committee members

- > Nazneen Rahman (Chair)
- > Sheri McCoy
- > Andreas Rummelt
- > Marcus Wallenberg

Standing attendees at Committee meetings during 2023 included the EVP, Operations, IT and Sustainability and VP, Global SHE and Operations Sustainability.

### Chair’s introduction

The Sustainability Committee (the Committee) continued its important work during 2023 to oversee the execution of the Company’s sustainability strategy. In addition to this important function, the Committee’s other roles are:

- > To oversee the Company’s disclosures relating to sustainability and communication of our sustainability activities with our stakeholders.
- > To monitor developments and best practice and provide input to the Board and other Board Committees on sustainability matters as required.
- > To advise the Remuneration Committee on the Company’s performance against sustainability metrics and targets.

Committee meetings and other informal interactions with employees allow Committee members to engage closely with those charged with executing our sustainability strategy. This helps us develop a deeper understanding of sustainability initiatives, their progress, who executes them, and how this is done, to share with the wider Board.

### Activities during the year

During 2023, the Committee met twice formally. In addition, the Committee facilitated a deep dive session for the full Board focusing on developments in laws and regulations relating to sustainability reporting and progress against our Ambition Zero Carbon (AZC) targets and programmes. To enhance our understanding of the sustainability initiatives in action at AstraZeneca and hear colleagues’ personal perspectives, the Committee invited employees to its meetings who were involved in workstreams and projects from across our sustainability strategy. This included hearing from R&D scientists in Macclesfield, UK about their work to recover and reuse solvents which are a material contributor to our carbon footprint

and a briefing paper relating to the rollout of electronic patient information leaflets.

Our focus areas during the year included:

- > How numerous regulations, including the IFRS Sustainability Disclosure Standards, European Sustainability Reporting Standards and Corporate Sustainability Reporting Directive (CSRD), would impact the Company’s reporting on sustainability matters and the measures being taken to ensure the Company has a single source of sustainability-related data.
- > The establishment and oversight of a new Sustainability Steering Committee comprised of representatives from Finance, Sustainability, Compliance, HR and Government Affairs which will be accountable to both the Committee and the Audit Committee to ensure consistency over all aspects of sustainability across the business.
- > The establishment and development of a health equity strategy which aims to build on existing access to healthcare programmes to enable more equitable health outcomes across the globe.
- > Oversight of the conduct of the CSRD double materiality assessment.
- > Supporting the Remuneration Committee in its consideration of how the delivery of our ESG priorities is incentivised, and reviewing performance against our ESG remuneration targets relating to AZC.
- > Overseeing engagement with investors on sustainability-related matters and reviewing AstraZeneca’s external disclosures.

Nazneen Rahman  
Chair of the Sustainability Committee

The full role of the Sustainability Committee is set out in its terms of reference, available at [www.astrazeneca.com](http://www.astrazeneca.com).

For more information about sustainability at AstraZeneca, visit [www.astrazeneca.com/sustainability](http://www.astrazeneca.com/sustainability).

# Audit Committee Report



**“The Committee’s main responsibilities include monitoring the integrity of financial reporting and formal announcements relating to financial performance, reviewing the effectiveness of internal controls and risk management systems, and overseeing the external and internal audit processes.”**

## Audit Committee members<sup>1</sup>

- > Philip Broadley (Chair)
- > Michel Demaré<sup>2</sup>
- > Deborah DiSanzo
- > Sheri McCoy
- > Anna Manz<sup>3</sup>

<sup>2</sup> Member of the Committee until 27 April 2023.

<sup>3</sup> Appointed as a member of the Committee on 1 September 2023.

## Chair’s introduction

On behalf of the Audit Committee (the Committee) I am pleased to present the Committee’s report on its activities and the significant matters we considered during 2023.

In 2023, following his election as Chair of the Board, Michel Demaré stepped down as a member of the Committee immediately following the AGM in April. My thanks go to Michel for his valuable contributions to the Committee’s work over the past few years. We also welcomed Anna Manz as a member of the Committee following her appointment to the Board in September. Anna brings wide-ranging, international experience from a number of industries, and has already begun to make effective contributions to the work of the Committee.

The Committee believes that it has carried out its responsibilities effectively throughout the year, and to a high standard, providing independent oversight. It has had good support from AstraZeneca personnel and PwC, the Company’s auditors.

The Committee’s main responsibilities include monitoring the integrity of financial reporting and formal announcements relating to financial performance, reviewing the effectiveness of internal controls and risk management systems, and overseeing the external and internal audit processes.

The Committee continues to apply appropriate challenge to the Company’s management; for example, the Committee challenged the timing of recognition of provisioning for certain legal items and their presentation as non-core items. This matter was subject to robust discussions and scrutiny from the Committee before it was satisfied with management’s approach.

The Committee’s agenda continues to be driven by the Company’s key active risks and key strategic programmes which are considered at every Committee meeting, and inform the Committee’s agenda of in-depth sessions which, this year, have included sessions on:

- > Our Operations function, as we continue to evolve our supply chain capabilities.
- > Our IT/IS function, to gain a better understanding of how we seek to mitigate cybersecurity threats.
- > The China market environment and healthcare industry trends, the enforcement environment, and how risks are being proactively managed.
- > How the Company seeks to mitigate the impact of inflationary pressures across the business.
- > Organisational activities to support the Company’s 2030 Bold Ambition.

These sessions allowed the Committee to continue exploring specific aspects of risks in their ‘real world’ business contexts, in direct dialogue with people in the business that have responsibility for managing these risks.

The Committee also spent considerable time keeping ourselves updated on developments in the reporting and regulatory environment, including the proposed governance and audit reforms in the UK, SEC updated interpretations on non-GAAP measures reporting, and sustainability-related reporting.

This year, we continued our approach of a combination of in-person and virtual Committee meetings and interactions with colleagues from across the organisation. Of particular note this year were the Committee’s in-person visits to AstraZeneca’s manufacturing site in Speke, UK, and to the AstraZeneca and Alexion UK marketing companies. I also made in-person visits to the marketing companies in India and the Gulf Cooperation Cluster (GCC) in Dubai and a visit to the Global Innovation and Technology Centre in Chennai, India. These interactions, along with the in-depth sessions I refer to above, have allowed Committee members to maximise our engagement with colleagues across the business, deepen our understanding of the priorities and challenges facing many different markets and business areas, and hear a wide range of employees’ views directly.

We hope you find the Committee’s Report useful and informative, and, as ever, I welcome any feedback.

A handwritten signature in black ink that reads "Philip Broadley".

**Philip Broadley**  
Chair of the Audit Committee

The full role of the Audit Committee is set out in its terms of reference, available at [www.astrazeneca.com](http://www.astrazeneca.com).

<sup>1</sup> Routine attendees at Committee meetings include: the CFO; the Chief Human Resources Officer; Chief Compliance Officer and General Counsel; the VP, Ethics & Transparency and Deputy Chief Compliance Officer; the Deputy General Counsel, BioPharmaceuticals; the VP, Group Internal Audit; the SVP Finance, Group Controller & Head of Global Finance Services; and the Company’s external auditor. The Committee, and separately the Committee Chair, also meet privately and on an individual basis with attendees which helps ensure the effective flow of material information between the Committee and management. The CEO and other members of the SET attend when required by the Committee.

## Committee overview

### Committee composition

In December 2023, the Board determined the Committee met the UK, US and Swedish composition requirements by virtue of Philip Broadley and Anna Manz having recent and relevant financial experience for the purpose of the UK Corporate Governance Code (the Code), having competence in accounting and/or auditing for the purpose of the Disclosure and Transparency Rules, being financial experts for the purposes of the Sarbanes-Oxley Act, and having expertise in accounting and auditing for the purposes of the Swedish Corporate Governance Code and Swedish Companies Act. The Board determined that all members of the Committee are independent for the purposes of the Code and that the Committee members as a whole have competence relevant to the sector in which the Company operates, by virtue of their experience of working in science-driven, healthcare and/or pharmaceutical industries, or as a result of their tenure with AstraZeneca. The Committee members' qualifications, skills and experience are detailed in their biographies on pages 78 and 79 and meeting attendance is shown on page 77.

### Role of the Committee

The Committee's main responsibilities include monitoring the integrity of financial reporting and formal announcements relating to financial performance, reviewing the effectiveness of internal controls and risk management systems, and overseeing the external and internal audit processes. The Committee reports to the Board the principal matters it considers and any significant concerns it has or that have been reported to it. Further information about the Committee's role and work during the year is set out in this Audit Committee Report.

## Activities during the year

### Financial reporting

Effective internal controls, appropriate accounting practices and policies, and the exercise of experienced judgement by the Committee and the Board underpin AstraZeneca's financial reporting integrity.

The Committee's activities in this area in 2023 included:

- > Reviewing key elements of the Financial Statements and the estimates and judgements contained in the Group's financial disclosures, as well as considering the appropriateness of management's and the external auditor's analysis and conclusions on judgemental accounting matters. The significant financial reporting issues considered are described in detail in the table from page 98. Further information on the significant accounting matters considered is included in the Financial Review under Critical accounting policies and estimates from page 72 and within our Group Accounting Policies from page 152.
- > Considering the completeness and accuracy of the Group's reported financial performance against its internal and external key performance indicators.
- > Reviewing the preparation of the Directors' Viability statement and considering the adequacy of the analysis supporting the assurance provided by that statement, as well as the going concern assessment and adoption of the going concern basis in preparing this Annual Report and the Financial Statements.
- > Reviewing quarterly updates from both management and PwC on the programme of activities relating to control over financial reporting and the effectiveness of testing that has been performed across the internal control environment.
- > Considering the external auditor's reports on its audit of the Group Financial Statements, as well as reports from management, Group Internal Audit (GIA), Global Compliance and the external auditor on the effectiveness of our system of internal controls and, in particular, our internal control over financial reporting. This included consideration of compliance with applicable provisions of the Sarbanes-Oxley Act – in particular, the status of compliance with the programme of internal controls over financial reporting implemented pursuant to section 404 of that Act.
- > Discussing financial reporting considerations in relation to significant transactions that occurred in the year, the valuation and presentation of the defined benefit pension arrangements, impairment of intangible assets, restructuring programmes and the presentation of collaboration and alliance revenues. The Committee also reviewed developments in sustainability reporting requirements and the Company's activities, governance frameworks and approach in compliance with enacted and emerging regulations in relation to sustainability.

### Risk identification and management

The Committee continued its regular reviews of the Group's approach to risk management, the operation of its risk reporting framework and risk mitigation. This included consideration of the manner in which the risk management process was embedded in the Group such that the Committee could be assured that management's accountability for risks was clear and functioning effectively.

The Company's risk framework, described further from page 54, provides the context for the Committee to consider the Directors' Viability statement which is underpinned by the assurance provided through a 'stress test' analysis under which key profitability, liquidity and funding metrics are tested against severe downside scenarios.

Each of these scenarios assumes that the associated risks crystallise and that management will take mitigating actions against those risks. The Committee considered in detail the validity of each scenario. This included obtaining additional analysis from management as to the indirect or unintended consequences of its proposed mitigating actions including, for example, assessing the likely response of a broader range of stakeholders. The Committee also assessed whether the proposed mitigations were viable.

The Committee is updated on key active and emerging risks facing the Company through a quarterly risk management report from the CFO. The likelihood of each of the risks materialising and its potential impact was monitored by the Committee and the reports from the CFO enabled the Committee to track the trend applicable to each risk compared to the previous quarter. The composition and profile of these risks informs the Committee's agenda of in-depth sessions. For example, an upward trend, in terms of the likelihood and potential impact of the risk, was noted for the key active risk relating to IT, cyber risk and data security, therefore the Committee spent additional time with representatives from the IT function to understand those risks and the actions being undertaken to mitigate them.

 More information on the basis of preparation of Financial Statements on a going concern basis is set out on page 227 and in the Financial Statements on page 152.

Further information on the significant financial reporting issues considered is set out in the table from page 98.

Further information about the Principal Risks faced by the Group and the Viability statement is set out in Risk Overview from page 54.

# Audit Committee Report

## continued

### Cyber risk, digital security and information governance

Our approach to identifying, assessing and managing material cybersecurity risks (including those that result from the use of third parties in business processes and data management) is integrated within our Group-wide approach to managing risk. Failure in information technology or cybersecurity has been identified as a Principal Risk. Mitigations are in place to manage these risks, and these are monitored, and their effectiveness regularly reported, for example in KPI dashboards provided to management and the Committee. Incidents are managed and reported using the cybersecurity incident management framework which in turn is connected to the Group's crisis management framework. Cybersecurity risks are overseen by the Committee, who perform an in-depth review annually. Their reviews are supported by senior management, the VP, Group Internal Audit (GIA) and other assurance or providers as required. Cybersecurity risks (including previous incidents) have not materially affected our business strategy, results of operations or financial condition.

### Sustainability reporting and climate-related risk

The Committee is responsible for overseeing sustainability-related disclosures that are linked to the Financial Statements, which includes the TCFD Summary Statement and the EU Taxonomy disclosures in this Annual Report and the extended TCFD Statement published separately. These statements are also reviewed by the Sustainability Committee, to support the Committee's review.

The Committee received updates in the current year regarding the proposed and/or enacted regulations by the US, EU, UK and the International Sustainability Standards Board (ISSB) on sustainability reporting, as well as the ongoing assessment of potential double materiality topics for the Company under EU regulations.

### Legal and Compliance

The Committee's activities in this area included reviewing:

- > Quarterly reports from the Legal function to monitor the status of significant litigation matters and governmental investigations.
- > Quarterly reports from Global Compliance to provide oversight of key compliance incidents (both substantiated and unsubstantiated), possible trends and the dispersion of incidents across our business functions and management hierarchy. The reports included corrective actions taken so that the Committee could assess the effectiveness of controls, and monitor and ensure timely remediation.
- > Reporting on compliance with AstraZeneca's Code of Ethics to ensure high ethical standards and that AstraZeneca operates within the law in all countries where we operate.
- > The monitoring, review, education and improvements made to support assurance that the risk of modern slavery and human trafficking is eliminated, to the fullest extent possible, from AstraZeneca's supply chain.

### Internal Audit

The Committee reviewed GIA's activities, including:

- > Reviewing quarterly reports of work carried out by GIA, including the status of follow-up actions with management. In 2023, GIA provided assurance over compliance with significant policies, plans, procedures, laws and regulations, as well as risk-based audits across a broad range of key business activities and continued its thematic reporting to the business. The 2023 audit plan was aligned to our key active risks and wider risk taxonomy. Separate meetings are arranged to discuss follow-up actions in more depth with specific teams, when required by the Committee.
- > Carrying out the annual effectiveness review of GIA in late 2023 by considering its performance against the internal audit plan and key activities.
- > Approving the 2024 internal audit plan, which is aligned to our key active risks and wider risk taxonomy.
- > Considering the geographic presence, reach and capabilities of GIA and the appropriateness of the Group's resource allocation for this vital assurance function.

The Committee noted the continued contributions of GIA in supporting and delivering value to the business and the Committee during the year. The Committee supports GIA's continued efforts to deploy its resources in line with the shape and size of the overall organisation and was satisfied with the quality, experience and expertise of the GIA function.

An independent External Quality Assessment of GIA is performed every five years and was last performed in 2021.

### External audit

The Company's external auditor, PwC, provided quarterly reports to the Committee over key audit and accounting matters, and business processes, internal controls and IT systems.

The Committee oversaw the conduct, performance and quality of the external audit, in particular through its review and challenge of the coverage of the external auditor's audit plan and subsequent monitoring of progress against it. The Committee maintained regular contact with PwC through formal and informal reporting and discussion throughout the year, with a continued focus on maintaining audit efficiency and quality. The Committee also sought management's feedback on the conduct of the audit and considered the level of and extent to which the auditors challenged management's assumptions. The Committee also received a formal letter and report from the Financial Reporting Council (FRC) following the joint FRC and Public Company Accounting Oversight Board (PCAOB) inspection of PwC's 2022 audit of AstraZeneca. The FRC's inspection was rated as "Good" (the highest rating possible) and there were no 'Key' or 'Other' findings. The FRC also recognised a number of areas of good practice in relation to the conduct of the audit.

A number of interactions took place between Committee members and PwC during the year, outside of formal Committee meetings, to enhance the Committee's understanding of the audit process including the Committee Chair joining PwC's Account Planning Workshop to meet face-to-face with PwC team members responsible for auditing AstraZeneca's global entities.

For further information, see IT and IS resources on page 41.

For more information on our Code of Ethics, see page 49, and on Anti-bribery and anti-corruption, see page 39.

AstraZeneca's Modern Slavery Act Statement is available on our website, [www.astrazeneca.com](http://www.astrazeneca.com).

The Committee reviewed audit and non-audit fees of the external auditor during the year, including the objectivity and independence of the external auditor through the application of the Audit and Audit-Related Services Approval Policy, as described further on page 100.

#### **Engagement with employees and other stakeholders**

The Committee regularly interacts with members of management below the SET and seeks wider engagement with the Group's employees and other stakeholders, during deep dive sessions at formal Committee meetings and as separate engagements.

Committee members undertook a mixture of in-person and virtual interactions with a wide range of teams from across the organisation, including: Information Technology and Information Security; Operations and Procurement; Human Resources; Global Business Services; the AstraZeneca and Alexion marketing companies in the UK; the Speke, UK manufacturing site; and the marketing companies for the GCC and India.

The breadth of these interactions is crucial as it enhances the Committee's understanding of the business and provides valuable insights into the key issues and challenges relating to, and current and emerging risks associated with, our activities in these areas. The Committee welcomes the opportunity to engage directly with employees in these meetings which provide an opportunity to gauge employee sentiment and hear their views directly. The Committee also uses these interactions to communicate the importance it attaches to compliance and our 'Speak Up' culture.

#### **Reporting and regulatory environment**

The Committee has kept abreast of developments in the reporting and regulatory environment. This has included consideration of the proposed governance and audit reforms in the UK, SEC updates on clawbacks and non-GAAP reporting, consultations on sustainability-related reporting requirements in a number of jurisdictions, and requirements to disclose further information about diversity and inclusion on company boards in the UK from 2023.

The Committee was also briefed on thematic reviews published by the FRC during the year, including those on fair-value-measurement and climate-related metrics and targets.

Ensuring the quality of external financial reporting to shareholders and other stakeholders remains paramount to the Committee. This includes its assessment of the annual reports to ensure that, taken as a whole, they are fair, balanced and understandable (for which the process is described on page 100). External validation of the Annual Report is an important indicator of the quality of our reporting. The Committee was pleased with the feedback from the FRC that it received in 2023 on the 2022 Annual Report:

- > The FRC undertook a routine corporate reporting review of the 2022 Annual Report and did not raise any questions or queries that required further correspondence, which the Committee consider a reflection of the quality financial reporting and compliance undertaken by AstraZeneca. The FRC highlighted some areas where reporting could be further enhanced which management and the Committee have considered in preparing this Annual Report.
- > The FRC also reviewed our reporting in the context of the 2018 UK Corporate Governance Code and raised no significant points in this respect.
- > In the FRC's 2022/2023 Annual Review of Corporate Governance Reporting, the FRC highlighted the following aspects of the 2022 Annual Report as examples of best practice: (i) how the impact of AstraZeneca's learning culture contributed positively to retention and promotion rates and more accurate succession planning; and (ii) how AstraZeneca's strategy and KPIs in relation to scientific measures are linked to remuneration.
- > The FRC Lab's report on business model-focused reporting highlighted our 'Life-cycle of a medicine' text and diagram in the 2022 Annual Report (an updated version of which appears on page 11 of this Annual Report) as a best practice example of how an issuer can better meet investor needs, particularly for a reader who is not a pharmaceutical expert.

#### **Committee performance**

The Committee conducted the annual evaluation of its own performance, referring to the Committee-specific results of a Board performance review survey prepared by the Company Secretary's team. The results were reported to and discussed with the Committee and the Board. The overall results of the survey were positive and noted the Committee's efforts and focus.

 Further information about the audit and non-audit fees for 2023 is disclosed in Note 31 to the Financial Statements on page 210.

# Audit Committee Report

*continued*

## Significant financial reporting issues considered by the Committee in 2023

Matter considered	Committee's conclusion and response
<b>Valuation of intangible assets</b> <p><input checked="" type="checkbox"/> See Financial Review from page 58 and Note 10 to the Financial Statements from page 172.</p>	<p>The Group carries significant intangible assets on its Consolidated Statement of Financial Position arising from the acquisition of businesses and intellectual property (IP) rights to medicines in development and on the market. Each quarter, the CFO reports on the carrying value of the Group's intangible assets as well as the specific assets identified as at risk of impairment. In respect of intangible assets that are identified as at risk of impairment, the Committee receives information on the difference between the carrying value and management's current estimate of discounted future cash flows for these products (the headroom). Products will be identified as 'at risk' because the headroom is small or, for medicines in development, there is a significant potentially adverse event such as the publication of clinical trial results which could significantly alter management's forecasts for the product. The reviews also cover the impact on any related contingent consideration arising from previous business combinations.</p> <p>The Committee considered the impairment reviews of the Group's intangible assets. Impairments of \$17 million arose in relation to launched products, and \$417 million arose in relation to products in development.</p> <p>The Committee assured itself of the integrity of the Group's accounting policy and models for its assessment and valuation of its intangible assets, including understanding the key assumptions and sensitivities within those models. The Committee also considered the internal and external estimates and forecasts for the Group's cost of capital relative to the broader industry. The Committee was satisfied that the Group had appropriately accounted for the identified impairments.</p>
<b>Revenue recognition</b> <p><input checked="" type="checkbox"/> See Financial Review from page 58 and Note 1 to the Financial Statements from page 160.</p>	<p>The US is our largest single market and accounted for 42% of our Total Revenue in 2023. Revenue recognition, particularly in the US, is affected by rebates, chargebacks, returns, other revenue accruals and cash discounts.</p> <p>In 2023, a new category of revenue termed Alliance Revenue was included on the face of the Statement of Comprehensive Income, and comparative information re-presented. Alliance Revenue includes profit shares, revenue shares or royalties from defined collaborative arrangements, and was previously a sub-category of Collaboration Revenue.</p> <p>The Committee pays attention to management's estimates of these items, its analysis of any unusual movements and their impact on revenue recognition.</p> <p>The Committee receives regular reports from management and the external auditor on this complex area. The US market remains highly competitive with diverse marketing and pricing strategies adopted by the Group and its peers.</p> <p>The Committee recognised the close monitoring and control by management of the overall gross-to-net deductions.</p> <p>The Committee was consulted on the proposed update to presentation of Alliance and Collaboration Revenues, and aligned on the usefulness of enhanced disclosures of Alliance Revenues for better visibility and reflect differences in revenue profiles for Alliance and Collaboration Revenues. The Committee also discussed the accounting considerations for key milestones in Collaboration Revenue.</p>
<b>Alternative performance measures (APMs)</b> <p><input checked="" type="checkbox"/> See Financial Review from page 58.</p>	<p>AstraZeneca reports APMs to provide helpful supplementary information to the IFRS measures to enable a better understanding of the Group's financial performance and position.</p> <p>Accounting for the acquisition of Alexion in 2021 resulted in more significant items being classified as non-core, which continue impacting performance in the current year, especially relating to the unwind of fair value uplift of inventory and amortisation of allocated fair value of purchased intangible assets. The fair value uplift of inventory was fully unwound in the year, hence the amortisation of intangibles will remain the material non-core item from the acquisition transaction. There were some significant one-off legal settlements in the year which were classified as non-core items in line with the Group's policy.</p> <p>Management carefully analyses the presentation of various items to ensure it is fair and balanced, and follows guidelines issued by the European Securities and Markets Authority and the SEC, as well as FRC thematic reviews.</p> <p>The Committee carefully considered management's presentation of the non-core items and noted that the presentation was consistent with prior years for the items.</p> <p>The Committee further considered management's assessment and recommendation to present the \$1,020 million legal provision costs as non-core items, and concurred with management that the presentation was appropriate due to their significance and consistent with classification in prior years.</p> <p>The Committee reviewed proposed disclosures for non-GAAP items in line with the various regulatory guidance and concurred with management that the presentation enabled additional helpful guidance.</p>
<b>Litigation and contingent liabilities</b> <p><input checked="" type="checkbox"/> See Note 30 to the Financial Statements from page 204.</p>	<p>AstraZeneca is involved in various legal proceedings considered typical to its business and the pharmaceutical industry as a whole, including litigation and investigations relating to product liability, commercial disputes, infringement of IP rights, the validity of certain patents, antitrust law, and sales and marketing practices.</p> <p>In the current period, net legal provisions of \$1,020 million were recorded for three legal proceedings within non-core items once the criteria for recognising a provision were met.</p> <p>Of the matters the Committee considered in 2023 the more significant included: the settlements in the <i>Nexium</i> and <i>Prilosec</i> product liability litigation, the <i>Imfinzi</i> patent litigation and the Alexion shareholder litigation.</p> <p>The Committee carefully considered the timing of recognition and presentation of these provisions and concurred with management's assessment. The Committee was also satisfied that the Group was effectively managing its litigation risks including seeking appropriate remedies and continuing to defend its IP rights vigorously.</p>

## Significant financial reporting issues considered by the Committee in 2023 *continued*

Matter considered	Committee's conclusion and response
<b>Tax charges and liabilities</b> <p><input checked="" type="checkbox"/> See Note 4 to the Financial Statements from page 164.</p> <p><input checked="" type="checkbox"/> AstraZeneca's Approach to Taxation, which was published in December 2022 and covers its approach to governance, risk management and compliance, tax planning, dealing with tax authorities and the level of tax risk the Group is prepared to accept, can be found on our website, <a href="http://www.astrazeneca.com">www.astrazeneca.com</a>.</p>	<p>The Group has business activities around the world and incurs a substantial amount and variety of business taxes. AstraZeneca pays corporate income taxes, customs duties, excise taxes, stamp duties, employment and many other business taxes in all jurisdictions where due. In addition, we collect and pay employee taxes and indirect taxes such as value-added tax. The taxes the Group pays and collects represent a significant contribution to the countries and societies in which we operate. Tax risk can arise from unclear laws and regulations as well as differences in their interpretation.</p> <p>The Committee reviews the Group's approach to tax, including governance, risk management and compliance, tax planning, dealings with tax authorities and the level of tax risk the Group is prepared to accept.</p> <p>During 2023, the Committee considered the tax accounting implications of a UK Group company's intragroup purchase of certain intellectual property as well as developments in certain uncertain tax positions in the year. The Committee considered the analysis provided by management and concurred with the presentation and reporting of these items.</p> <p>The Committee was satisfied with the Group's practices regarding tax liabilities, including, most notably, its response to developments in the corporate income tax environment.</p>
<b>Segmental reporting</b> <p><input checked="" type="checkbox"/> See the Key Judgement within Note 6 to the Financial Statements from page 167.</p>	<p>Management has reviewed the developments in the year and determined the Group continues to operate as a single segment based on key decisions on resource allocation and performance monitoring being carried out at a Group level by the SET.</p> <p>There were no significant changes in the Group's business during the year, with the Alexion integration continuing as envisioned.</p> <p>The Committee received reports from management regarding considerations for segmental reporting based on the current operations and management of the business.</p> <p>The Committee considered the analysis provided by management and concurred with management that presenting AstraZeneca's performance under one segment was appropriate.</p>
<b>Retirement benefits</b> <p><input checked="" type="checkbox"/> See Financial Review from page 58 and Note 22 to the Financial Statements from page 183.</p>	<p>Accounting for defined benefit pension and other post-retirement benefits remains an important area of focus. The present value of these liabilities is sensitive to changes in long-term interest rates, future inflation and mortality expectations. The assumptions used to value the liabilities for the Group's main post-retirement benefit obligations are updated every quarter along with asset valuations.</p> <p>The Group is cognisant of the wider regulatory environment and local requirements around funding levels and contributions. In May 2023, the triennial actuarial valuation as at 31 March 2022 for the UK defined benefit pension scheme was agreed with AstraZeneca Pensions Trustee Limited (the Trustee of the UK pension scheme) and submitted to the Pensions Regulator. In December 2023, the Group enacted a charge over the Company's Cambridge Biomedical Campus site, to provide long-term security to the AstraZeneca Pension Fund.</p> <p>Guaranteed Minimum Pensions (GMP) equalisation is now largely complete and most UK retirees were offered flexibility to reshape their benefit through a Pension Increase Exchange option.</p> <p>In May 2023, the Group executed a buy-out of its qualified US Defined Benefit Pension Plan with an external insurer. All Plan liabilities have been discharged and the Plan has been wound-up.</p> <p>The Committee was satisfied that the Group's contribution policy and actuarial assumptions used to value liabilities were appropriate during the year. The Committee monitors the funding level of the Group's defined benefit obligations on a quarterly basis, alongside key developments. The Committee also received a separate update from the Global Pensions team covering key activities over the year.</p> <p>The Committee was reassured by the Group's engaged and balanced approach to managing the risks associated with its defined benefit obligations, noting the completion of the actuarial valuation ahead of the statutory deadline. The Committee reviewed and concurred with management's accounting and presentation of pension balances.</p> <p>The Committee is cognisant of the need to adhere to local funding regulations and noted the security provided by the Group, which underwrites obligations to members.</p> <p>The Committee was satisfied with the progress made on GMP equalisation, noting the additional flexibility offered.</p> <p>The Committee was satisfied with the process and outcome of the US buy-out, noting that it reduces long-term financial risk to the Group and provides security to participants.</p>

# Audit Committee Report

## continued

### Fair, balanced and understandable assessment

As in previous years, at the instruction of the Board, the Committee undertook an assessment of this Annual Report to ensure that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee reviewed the Company's governance structure and assurance mechanisms for the preparation of this Annual Report and, in particular, the contributor and SET member verification process. The Committee received an early draft of this Annual Report to review its proposed content and the structural changes from the prior year and to undertake a review of the reporting for the year, following which the Committee members provided their individual and collective feedback. In addition, in accordance with its terms of reference, the Committee (alongside the Board) took an active part in reviewing the Company's quarterly announcements and considered the Company's other public disclosures which are managed through its Disclosure Committee (the Committee was updated on matters considered by the Disclosure Committee regularly throughout the year). To aid its review further, the Committee also received a summary of the final Annual Report's content, including AstraZeneca's successes and setbacks during the year and an indication of where they were disclosed within the document.

The processes described above allowed the Committee to provide assurance to the Board to assist it in making the statement required of it under the Code, which is set out from page 81.

### Internal controls

Information on the Company's internal controls is included in the Audit, risk and internal control section in the Corporate Governance Report on page 82. During the period covered by this Annual Report there was no change in our internal control over financial reporting that occurred that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

At the January 2024 Committee meeting, the CFO presented the conclusions of the evaluation by the CEO and CFO of the effectiveness of our disclosure controls and procedures that is required by Item 15(a) of Form 20-F as at 31 December 2023. Based on their evaluation, the CEO and the CFO concluded that, as at that date, the Company maintained an effective system of disclosure controls and procedures.

### External auditor

PwC is the Company's external auditor. In April 2023, PwC was reappointed as the Company's auditor for the financial year ended 31 December 2023, its seventh consecutive year as auditor, having first been appointed for the financial year ended 31 December 2017, following a competitive tender carried out in 2015. Sarah Quinn continued as the lead audit partner at PwC for 2023 following her appointment in January 2022.

### Audit, audit-related and other assurance services provided by the external auditor

The Committee maintains the Audit and Audit-Related Services Approval Policy (the Policy) for the pre-approval of all audit services, audit-related services and other assurance services undertaken by the external auditor. The principal purpose of the Policy is to ensure that the independence of the external auditor is not impaired.

The pre-approval procedures permit certain audit and audit-related services to be performed by the external auditor, subject to annual fee limits agreed with the Committee in advance. Pre-approved audit and audit-related services below the clearly trivial threshold (within the overall annual fee limit) are subject to case-by-case approval by the SVP Finance, Group Controller & Head of Global Finance Services.

Pre-approved audit services included services in respect of the annual financial statement audit (including quarterly and half-year reviews), attestation opinion under section 404 of the Sarbanes-Oxley Act, statutory audits for subsidiary entities, and other procedures to be performed by the independent auditor in order to form an opinion on the Group's Consolidated Financial Statements. The pre-approved audit-related services, which the Committee believes are services reasonably related to the performance of the audit or review of the Company's Financial Statements, included certain services required by law or regulation, such as financial statement audits of employee benefit plans and capital market transactions. The Policy prohibits any tax services. Audit-related services included the assurance in relation to tax regulatory certificates required to be issued by the external auditor.

The CFO (supported by the SVP Finance, Group Controller & Head of Global Finance Services), monitors the status of all services being provided by the external auditor. Authority to approve work exceeding the pre-agreed annual fee limits and for any individual service above the clearly trivial threshold is delegated to the Chair of the Committee together with one other Committee member in the first instance. A standing agenda item at Committee meetings covers the operation of the pre-approval procedures and regular reports are provided to the full Committee.

All services other than the pre-approved audit and audit-related services, require approval by the Committee on a case-by-case basis. In 2023, PwC provided audit services including interim reviews of the results of the Group for the period ended 30 June 2023 and audit-related and other assurance services.

The increase to the statutory audit fee for 2023 is largely driven by inflationary increases.

Fees for audit-related and other assurance services amounted to 6% of the fees payable to PwC for audit services in 2023 (2022: 4%). The Committee is mindful of the 70% non-audit services fee cap under EU regulation, together with the overall proportion of fees for audit and audit-related services in determining whether to pre-approve such services. Fees for audit-related and other assurance services payable to PwC in 2023 were 7% (2022: 6%) of average audit fees over 2020 to 2022 (2022: 2019 to 2021).

PwC were better placed than any alternative provider to provide these services in terms of their familiarity with the Company's business, skills, capability and efficiency with which they could deliver the relevant services. All such services were either within the scope of the pre-approved services set out in the Policy or were presented to Committee members for pre-approval and all such services were permitted by the FRC Ethical Standard.

**Audit/audit-related and other assurance services**

<b>2023</b>	<b>\$30.1m</b>
<b>2022</b>	<b>\$29.3m</b>

- Statutory audit fee
- Audit-related and other assurance services

**Assessing external audit effectiveness**

In accordance with its normal practice, the Committee considered the performance of PwC and its compliance with the independence criteria under the relevant statutory, regulatory and ethical standards applicable to auditors. The Committee assessed PwC's effectiveness principally against four key factors, namely: judgement; mindset and culture; skills, character and knowledge; and quality control. As part of that assessment, it also took account of the views of senior management within the Finance function and regular Committee attendees.

As part of the Committee's assessment of the quality of the audit, the Committee focused on the auditor's effective use of experts and technology as well as appropriate challenge of management's judgements especially in relation to areas of significant financial reporting issues (as described in the table from page 98). Areas that were reviewed by the Committee included PwC's extensive and detailed review of the valuations and assumptions related to defined benefit pension valuations and the UK group company intragroup purchase of certain IP, assumptions and calculations over Gross to Net Product Sales, legal settlements in the year, intangible asset assumptions used in cashflow modelling, and the recognition and measurement of uncertain tax liabilities.

The Committee concluded that the PwC audit was effective for the financial year ended 31 December 2023. In February 2024, the Committee recommended to the Board the reappointment of PwC as the Company's auditor for the financial year ending 31 December 2024. Accordingly, a resolution to reappoint PwC as auditor will be put to shareholders at the Company's AGM in April 2024.

In order to comply with UK legal requirements regarding the auditor's tenure and audit tendering, the external audit must be put out to tender before the 2027 financial year. In late 2023, the Committee decided to commence the tender process for the audit mandate for the 2027 financial year. This will ensure sufficient time to carry out the process and, in the event that a new auditor is appointed, clear any conflicts and ensure a new auditor builds up the necessary knowledge and business familiarity to ensure the delivery of an effective audit. PwC is eligible to re-tender for the audit and has indicated its willingness to be one of the firms included in the tender. The Committee will lead the tender process and has approved an inclusive, competitive and transparent process by which the tender will be conducted to determine a high-quality audit delivery provider.

**Regulation**

The Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 in respect of its financial year commencing 1 January 2023.

# Directors' Remuneration Report



“With the approval of three new medicines, over 30 Phase III clinical trials under way and industry-leading revenue growth in 2023, it is clear that AstraZeneca’s remarkable performance trajectory is set to continue to deliver value to shareholders in the years to come.”

We have sought to be clear and transparent in how we link remuneration of our executives to the successful delivery of our strategy and shareholder returns.

The Directors' Remuneration Report contains the following sections:

- > Chair's letter, page 102
- > Remuneration at a glance, page 106
- > How our performance measures for 2024 support the delivery of our strategy, page 107
- > How the Remuneration Committee ensures targets are stretching, page 108
- > Annual Report on Remuneration, page 109
- > Directors' Remuneration Policy, page 127

The role of the Remuneration Committee is set out in its terms of reference, available at [www.astrazeneca.com](http://www.astrazeneca.com).

## Remuneration Committee

### members

- > Sheri McCoy (Chair)
- > Philip Broadley
- > Michel Demaré
- > Leif Johansson<sup>1</sup>
- > Nazneen Rahman<sup>2</sup>

<sup>1</sup> Retired from the Board on 27 April 2023.

<sup>2</sup> Appointed as a member of the Committee on 1 May 2023.

On behalf of the Board, I am pleased to present AstraZeneca's Directors' Remuneration Report for the year ended 31 December 2023.

At the beginning of the year, we announced the launch of our inspiring new 2030 Bold Ambition. Since launch, significant progress has already been made towards delivering on our stretching target of 15 new medicines by 2030, including the approvals of *Truqap*, *Wainua* and *Airsupra*. With strong revenue growth in 2023 and over 30 Phase III clinical trials underway (10 of these expected to have blockbuster potential), it is clear that AstraZeneca's remarkable performance trajectory is set to continue to deliver value to shareholders in the years to come.

### Key Committee activities in 2023

The Committee was pleased to have received a high degree of support for the 2022 Directors' Remuneration Report, with a 94% vote in favour at the Company's 2023 AGM.

An important area of focus for the Committee this year has been reviewing the current Directors' Remuneration Policy (the Policy), which is required to be put to shareholders at the 2024 AGM.

In the period since our Policy was last approved in 2021, we are proud that AstraZeneca has continued to grow and prosper under our CEO's leadership – delivering excellent returns for shareholders, and consistently positioned first or second in the FTSE 100, materially larger in size than other UK listed companies. As a major global organisation, operating within the highly competitive global pharmaceuticals sector, the Committee is very aware of the challenges of providing competitive executive remuneration which balances the genuine pay pressures from a talent market heavily influenced by US practice, and the expectations of UK investors and the corporate governance environment.

During 2023, I spent time meeting with investors who hold over 50% of the Company's issued share capital to discuss the Committee's proposals for the 2024 Policy. The valuable feedback received was discussed with the Committee, and was factored into the Committee's consideration of both executive remuneration in 2024 and the Policy which will be put to shareholders for approval at the 2024 AGM. The new proposals are summarised later in this letter, and our new Policy can be found from page 127.

AstraZeneca has a well-established high performance culture, and we are committed to delivering and rewarding excellent performance. Over the year, the Committee has worked closely with its independent advisor and the Audit, Science and Sustainability Committees to ensure that the financial, science and ESG measures in our incentive plans are appropriate, suitably stretching and accurately assessed in order to enable the Company to achieve the 2030 Bold Ambition and Growth Through Innovation strategy.

In addition to overseeing the reward arrangements in relation to our Senior Executive Team (SET), including those for the appointment of Sharon Barr as EVP, BioPharmaceuticals R&D, we continue to look further into total reward of the wider workforce and are supportive of the Company's efforts to ensure reward decisions are equitable by career level, geography and gender. The Committee is pleased that 35% of the employee population are eligible to participate in AstraZeneca share plans so that employees can share in the Company's performance and align with the experience of shareholders. We are proud that AstraZeneca remains committed to paying a living wage for all employees globally.

## AstraZeneca's 2023 performance

**Science and Innovation:** 2023 saw another year of exceptional performance as we continued to expand and rapidly advance our high-quality portfolio. The scientific progress is essential for our patients who stand to benefit from our medicines and we are delighted that not only did we deliver 30 pipeline progression events, either NME Phase II starts or Phase III investment decisions, but we were also able to exceed our goal for regulatory events by delivering 46 over the year. AstraZeneca also continued to invest for the future and build our scientific leadership, with highlights including the agreement with Quell Therapeutics and proposed acquisition of Gracell Biotechnologies to advance cell therapies across oncology and autoimmune diseases and the new licensing agreement with Eccogene for a novel once daily oral GLP-1RA, adding an exciting early asset with potential as a next-generation treatment for cardiometabolic diseases, diabetes and obesity to the CVRM portfolio.

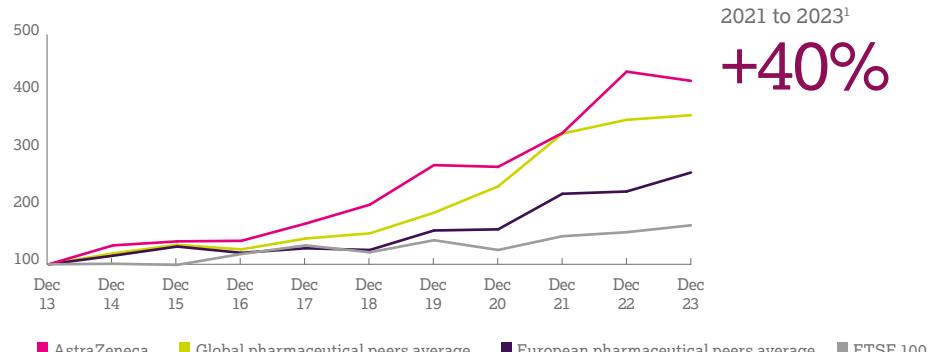
### Growth and Therapy Area Leadership:

In 2023, the commercial and regulatory teams have made great progress driving a 3% (constant exchange rate (CER): 6%) growth in Total Revenue, despite a decline of \$3,736 million from COVID-19 medicines. Excluding COVID-19 medicines, Total Revenue increased by 13% (CER: 15%). Oncology Total Revenue increased by 19% (CER: 21%) to \$18,447 million following approvals of *Imfinzi* for biliary tract cancer and *Imfinzi* plus *Imjudo* for liver and lung cancers. *Tagrisso*, *Imfinzi*, *Lynparza* and *Calquence* were once again all stand out performers. Within BioPharmaceuticals, there was strong growth in all non-COVID-19 therapy areas. CVRM Total Revenue was up 15% (CER: 18%) to \$10,628 million driven by *Forxiga*, *Lokelma*, roxadustat and *Andexxa*. Respiratory & Immunology Total Revenue was \$6,404 million, an increase of 7% (CER: 10%). Rare Disease Total Revenue grew by 10% (CER: 12%) to \$7,764 million, largely driven by *Ultomiris* (up 51% (CER: 52%)), along with marked contribution from *Strensiq*, *Koselugo* and *Kanuma* as they expand into new markets.

**People and Sustainability:** We continue to strive to be a great place to work. We have continued to invest in developing our leaders and nurturing a culture of lifelong learning. In 2023, over 11,000 employees have participated in an immersive development experience and over 1.2 million self-guided learning modules have been completed in our learning platform Degreed. Inclusion and diversity remains an important priority; in 2023 the Company has focused on embedding equity into our talent processes, building inclusive leadership capabilities and engaging our global workforce through quarterly Power of Diversity programming, such as our spotlight on building cultural intelligence. We have continued to make progress to increase the percentage of women at senior levels,

## How we have performed in 2023

### Total shareholder return (TSR)



<sup>1</sup> Calculated using a three-month calendar average, from 1 October to 31 December, prior to the start and at the end of the relevant period.

### Delivery against strategy – 2023 Group scorecard performance<sup>2</sup>

	Target	2023 outcome
<b>Science and Innovation: Annual pipeline progression</b>		
Pipeline progression events	25	30
Regulatory events	35	46
<b>Growth and Therapy Area Leadership</b>		
Total Revenue	\$43.9bn	\$44.8bn
<b>Achieve Group Financial Targets</b>		
Cash flow	\$9.3bn	\$9.5bn
Core EPS	\$6.89	\$7.13

<sup>2</sup> For details of the Committee's consideration of Group scorecard outcomes and a description of performance measures, see from page 111.

advancing to 50.1%, and have strong cultural diversity in our executive cohort, with 40 countries of origin represented in executive levels.

Sustainability is increasingly embedded into everything we do. The expansion of AZ Forest, raising our commitment to plant and ensure the long-term survival of over 200 million trees by 2030, will contribute to Ambition Zero Carbon and remove around 30 million tonnes of carbon dioxide from the atmosphere. Our ground-breaking partnership to deliver renewable natural gas to our US research and manufacturing sites will provide a source of clean heat which will contribute to our science-based target of reducing Scope 1 and 2 emissions (operations and fleet) by 98% by 2026, whilst also contributing to the circular economy. We celebrated AstraZeneca being ranked number 1 among pharmaceutical companies for climate action in a new STAT Report, and we were proud of our strong presence at Climate Week and the UN General Assembly as we continued to drive change at scale.

### 2023 remuneration outcome

The Committee always seeks to ensure that the remuneration of our Executive Directors and our wider workforce reflects the underlying performance of the business. When approving outcomes, we therefore considered the Group scorecard along with wider business and

individual performance over 2023, including other achievements across the enterprise, such as advancing our People and Sustainability priorities. In that context, the Committee believes that the payments outlined below fairly reflect their performance.

### Annual bonus – 79.5% of maximum

When determining bonus outturns, the Committee considered the formulaic outcome from the Group scorecard along with wider business and individual impact and performance in 2023, including ESG achievements. The Committee determined to award an annual bonus equivalent to 79.5% of maximum to Mr Soriot and Dr Sarin (equivalent to 198.75% and 159% of base pay respectively), in line with the Group scorecard outcome. Details of the factors considered to determine the bonuses are provided from page 111.

More information on the TSR peer groups for PSP awards can be found on page 115.

Further detail of 2023 commercial and scientific performance can be found in the Strategic Report from page 12.

# Directors' Remuneration Report

## continued

One half of each Executive Director's bonus for 2023 will be deferred into AstraZeneca shares for three years to ensure further alignment with shareholder interests.

### Long-term incentives (LTIs)

#### 2021 PSP – 88% of maximum

Our approach aims to reward sustainable outperformance and as a result of three very strong years, our 2021 award will vest towards the upper end of the possible range. The three-year performance period for Performance Share Plan (PSP) awards granted to our senior leaders in 2021, ended on 31 December 2023. Awards for all participants will vest at 88% of maximum, as shown on page 115 and reflects strong performance across all measures, as well as delivering a three-year TSR of 40%.

### Policy review and remuneration in 2024

The Policy is due for renewal and we will be seeking shareholder approval for a new version of the Policy at the Company's AGM on 11 April 2024. The new Policy is intended to remain in effect for three years from the date of the AGM.

During 2023, the Committee reviewed the Policy to ensure that it continues to be aligned with corporate governance best practice and promotes the delivery of long-term shareholder value. In shaping the new Policy, we have taken into account the perspectives of shareholders gathered from consultation undertaken during 2023. I met 26 of AstraZeneca's largest shareholders and three proxy advisors to discuss our proposals, and was pleased with the level of engagement, feedback and support received.

The purpose of the new Policy is to:

- > Incentivise the delivery of the Company's 2030 Bold Ambition and Growth Through Innovation strategy.
- > Continue to emphasise the importance the Committee places on performance-related pay.
- > Retain and motivate incumbent Executive Directors to deliver against our strategy.
- > Ensure that sufficient headroom exists to deliver market competitive performance based reward to our executives and down through the organisation.

In developing the new Policy proposals, the Committee noted that AstraZeneca has changed and grown significantly since the introduction of the 2021 Policy. The Company is more complex, with the integration of Alexion and the addition of successful new therapy areas in Rare Diseases and Vaccines & Immune Therapies. TSR of 40% has been delivered in this period, and Total Revenue has increased from \$26.6 billion in 2020 to \$45.8 billion at the end of 2023.

We face increasing external talent market pressure as our employees are rightly viewed as

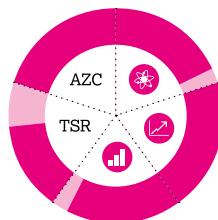
### 2023 Annual bonus scorecard performance<sup>1</sup>



Achieved	
Science and Innovation: Annual pipeline progression	85%
Growth and Therapy Area Leadership	87%
Achieve Group Financial Targets	71%

■ Achieved

### 2021 PSP performance



Achieved	
Science and Innovation: First approvals and NME volume over three years	90%
Growth and Therapy Area Leadership	100%
Achieve Group Financial Targets	88%
Relative TSR	68%
Ambition Zero Carbon (AZC)	100%

■ Achieved

<sup>1</sup> When determining bonus outturns, the Committee considered the formulaic outcome from the Group scorecard along with wider business and individual impact and performance in 2023, including ESG achievements.

market-leading talent. Notably, we experience pay compression challenges under the 2021 Policy, which does not provide sufficient headroom to deploy appropriately leveraged pay for performance compensation across our most senior leadership levels. Independent benchmarking of reward demonstrates that our current remuneration policy risks limiting our ability to compete for key roles below the Board, with heads of R&D being the most highly compensated roles in the industry below CEO level. 40% of our senior leaders are based in the US and over 40% of our revenue derives from the US. The Committee is acutely aware that we must be able to compete for the best talent in the US market.

The Committee recognises that US pay practices differ from the UK, and in particular that US companies may offer a combination of time-based restricted stock, performance-based stock, and sometimes market value options to executive directors. At AstraZeneca we firmly believe that executive pay should be clearly aligned to performance and therefore we are not proposing to alter the design of our incentive plans (annual bonus and PSP) in principle. However, in order to address the challenges of pay compression, and to provide a more competitive package for senior executives, we are proposing an increase to the maximum total incentive opportunity under our Policy, as set out below. The recommended changes will be accompanied by the Committee's continued commitment to setting stretching targets, aligning to the delivery of the 2030 Bold Ambition.

I believe that the proposed Policy reflects our current market position but, more importantly, should set us up for success over the next

three-year cycle of the Policy. It will further engage our executive leadership in the conversion of the strength of our pipeline to commercial success, delivering industry-leading growth and our ambition of launching 15 new medicines by 2030 off the back of our planned material financial investment in future pipeline and partnerships. The importance of retaining and motivating our incumbent Executive Directors and senior leadership team in order to drive our 2030 Bold Ambition has been a key theme in consultation discussions with our shareholders. We seek to be competitive with comparable European pharma market peers and our proposals aim to reflect the performance, market capitalisation and future ambition of the Company in that context.

Proposed changes to the Policy and how it will be implemented are summarised below and in more detail on page 127. The Policy is set out from page 128. The Committee would like to highlight that the key proposed changes are strictly linked to performance-related pay.

- > No Policy changes are proposed in relation to base pay increases (which will not exceed the average of the relevant wider workforce) or pension arrangements (which are already in line with the relevant wider workforce).
- > We propose to increase the target annual bonus opportunity for the CEO, Mr Soriot, to 150% of base pay, resulting in a new maximum bonus of 300% of base pay (currently 250%), in line with the median target bonus opportunity of his global peer group.
- > Target annual bonus for the CFO, Dr Sarin, remains unchanged at 100% of base pay, with a maximum bonus opportunity of 200% of base pay.

- > Half of any earned bonus will be deferred into shares for three years.
- > For awards under the PSP our proposal is to increase the maximum award under the Policy to 850% of base pay from the current 650%, subject to appropriately stretching performance targets. This new maximum would apply to Mr Soriot in 2024 provided that it is approved by shareholders.
- > Dr Sarin's 2024 PSP opportunity would increase to 550% of base pay (from 450%).
- > At the same time, in light of feedback received from investors, the minimum shareholding requirement for each of our Executive Directors will increase to match their maximum variable pay opportunity, being 1,150% base pay for Mr Soriot, and 750% base pay for Dr Sarin.

The Committee recognises that these proposals are material if viewed in a UK context. However, the changes are necessary to increase the competitiveness of the performance-related pay opportunity in the context of the global and European pharma market. Given the size, complexity and global reach of AstraZeneca, the Committee does not consider the constituents of the FTSE 100 to be an appropriate group against which to benchmark remuneration. Our approach is to

look at remuneration opportunity amongst the European and global pharma peers with whom we compete for talent and compare performance and to determine a Policy which is highly weighted towards pay for performance. The charts below show our Executive Directors' on-target and maximum opportunity relative to our defined comparator groups. Our proposed changes will bring Mr Soriot to the lower quartile of our global peer group, but will better reflect AstraZeneca's relative position within the European peer group, moving up one position in the global and European rankings for target compensation and two positions at maximum (due to the higher proportion of pay at risk compared with peers). The increased PSP opportunity for Dr Sarin will bring her compensation into line with the global median of her peers. The importance of being able to offer our impactful and talented CEO a competitive remuneration package, has been a key area of interest raised by shareholders in consultation discussions.

The Committee is not proposing to make any changes to the choice of performance metrics and their weightings for the Annual bonus or the PSP in 2024, as feedback from our shareholders is that the metrics successfully

align pay with performance outcomes. Given the proposed increase in quantum, the Committee has rigorously reviewed the stretch in performance targets for 2024 to ensure they are appropriate and commensurate with delivery of excellent shareholder value.

The Board considers that the proposed changes will enable our remuneration framework to be more competitive as we focus on the delivery of our 2030 Bold Ambition for our patients and shareholders. The emphasis on performance-related pay ensures that outcomes are fully aligned with shareholder interests as we address the need to attract and retain outstanding talent.

The Committee took shareholders' feedback into account on the proposed changes to the Policy, and we would like to take this opportunity to thank all those who took part for their constructive engagement and support for our proposals.

#### Non-Executive Directors' fees

With effect from January 2024, certain of the Non-Executive Directors' fees have been increased. This reflects the continuing increase in workload and responsibilities of non-executive directors of large, global, complex, publicly listed companies, including the importance of the Science Committee and the Sustainability Committee to the Board's work and the workloads of these Committees. AstraZeneca Non-Executive Directors' fees have not been increased since January 2022. No Board member participated in any decisions relating to their own fees. Further detail is provided on page 118.

#### Next steps

I hope that you find this Remuneration Report clear in explaining the 2024 Policy proposals and the implementation of our Policy during 2023. We trust that we have provided the information you need to be able to support the resolution to be put to shareholders on the new Policy and this Remuneration Report at the Company's AGM in April 2024.

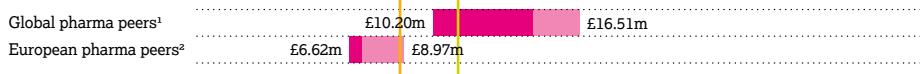
Our ongoing dialogue with shareholders and other stakeholders is valued greatly and, as always, we welcome your feedback on this Directors' Remuneration Report.



**Sheri McCoy**  
Chair of the Remuneration Committee

### Market positioning of Executive Directors' on-target remuneration

#### CEO



#### CFO

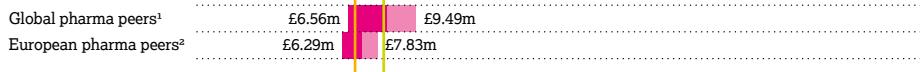


### Market positioning of Executive Directors' maximum remuneration

#### CEO



#### CFO



■ Lower quartile to median

■ Median to upper quartile

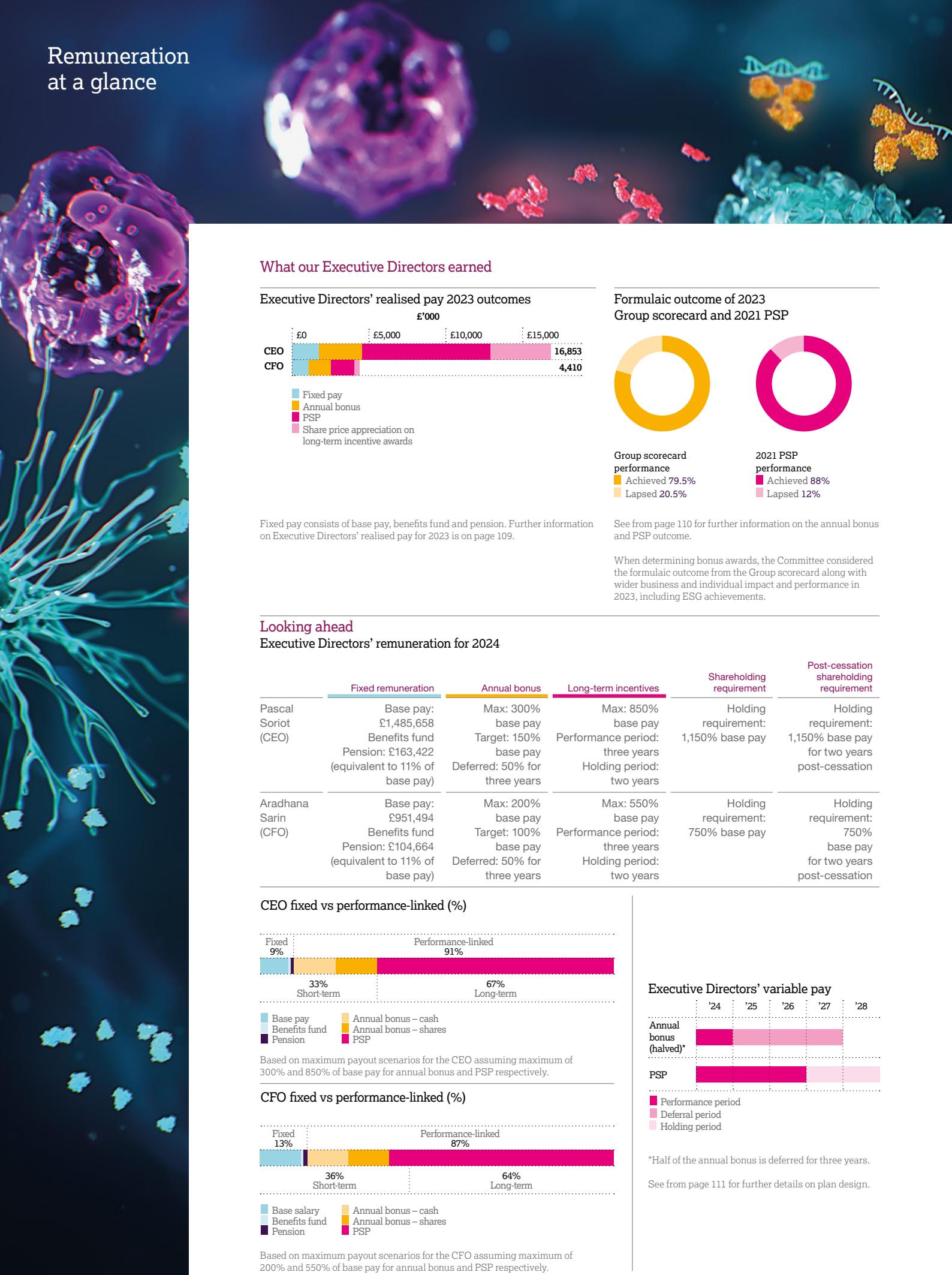
— Current position

— 2024 proposal

<sup>1</sup> Global pharma peer group consists of: AbbVie, Amgen, BMS, Eli Lilly, Gilead, GSK, Johnson & Johnson, Merck, Novartis, Novo Nordisk, Pfizer, Roche and Sanofi (CEO only).

<sup>2</sup> European pharma peer group consists of: Bayer, GSK, Merck KGaA, Novartis, Novo Nordisk, Roche and Sanofi (CEO only).

Remuneration includes base pay, target annual bonus and the expected value of LTI awards. Benchmarking data has been provided by the Committee's independent adviser.



# How our performance measures for 2024 support the delivery of our strategy

AstraZeneca aims to continue to deliver great medicines to patients while maintaining cost discipline and a flexible cost base, driving operating leverage and increased cash generation. To incentivise and reward delivery of great performance over the short and longer term, the Committee carefully considers the balance of science, financial and ESG measures between the Annual bonus and PSP.

Our focus on incentivising innovative science aligns with our patient-centric culture, as we strive to push the boundaries of science to deliver life-changing medicines to patients. The 2024 performance measures are closely aligned with our strategic priorities, as shown below.

 For more information about our strategic priorities, see page 12. For more information about the 2024 performance measures, see from page 111.

## Key

-  Annual bonus
-  PSP
-  KPI

Strategic pillar	Strategic pillar	Financial targets
<b>Science and Innovation</b> <p>Remuneration performance measures</p> <p><b>Science indices</b>   </p> <p>Our science measures incentivise the development of NMEs and the maximisation of the potential of existing medicines.</p> <p>Bonus performance is assessed on pipeline progressions through Phase II and Phase III clinical trials. These reflect the outcome of nearer-term strategic investment decisions, whereas, in contrast, PSP performance is assessed on the volume of NMEs in Phase III and the registration stage, which reflects the outcome of longer-term strategic investment decisions.</p> <p>Additionally, we measure regulatory submissions and approvals for bonus, and regulatory approvals for PSP to drive the conversion of scientific progress into commercial revenue over the short term (bonus) and the longer term (PSP).</p> <p>Together, these science measures incentivise innovation and sustainable success along the length and breadth of the pipeline, leading to commercial growth.</p>	<b>Growth and Therapy Area Leadership</b> <p>Remuneration performance measure</p> <p><b>Total Revenue</b>   </p> <p>Our Total Revenue measure is included in the bonus and the PSP, reflecting the importance of incentivising sustainable growth in both the short and longer term.</p>	<b>Achieve Group Financial Targets</b> <p>Remuneration performance measures</p> <p><b>Cash flow</b>  </p> <p>Ensures that we can sustain investment in our pipeline and Therapy Areas while at the same time meeting our capital allocation priorities. Cash flow is included in both the bonus and the PSP, ensuring a focus on both short- and longer-term cash flow generation and balance sheet strength.</p> <p><b>Core EPS</b>  </p> <p>Incentivises operational efficiency and cost discipline, and remains a key measure of our profitability and a focus for our investors.</p> <p><b>Total shareholder return (TSR)</b> </p> <p>Assessed relative to our peer group of companies, the measure rewards positive performance that our shareholders also directly benefit from. This measure incentivises outperformance versus our peer group, and promotes the delivery of long-term sustainable returns for our shareholders.</p>
<b>People and Sustainability</b> <p>Strategic pillar</p> <p>We are committed to people and making a difference to society. Assessment of performance against this pillar is captured through a holistic review of each Executive Director's individual performance (detailed on pages 112 and 113) as part of the final determination of annual bonus, including consideration of our progress against our ESG aspirations:</p>	<ul style="list-style-type: none"> <li>&gt; Continuing to make our Company a great place to work by delivering our inclusion and diversity strategy and learning and development programmes.</li> <li>&gt; Ensuring we operate in the smartest way and increase the speed of delivery of our life-changing medicines to patients through our Future of Work strategic initiative.</li> <li>&gt; Leading the way in our efforts to improve access to healthcare and build health system resilience.</li> </ul>	<b>Ambition Zero Carbon</b>  <p>This measure incentivises the elimination of our Scope 1 and Scope 2 GHG emissions through 2025 with targets verified in line with the science of climate change, where we will innovate to avoid, reduce and substitute to become zero carbon.</p>

# How the Remuneration Committee ensures targets are stretching

We set stretching targets that incentivise our leaders to deliver exceptional performance, and to drive sustainable results for our patients, our employees and our shareholders. 2024 targets:

- > The Committee has reviewed the proposed targets against internal and external forecasts, including market consensus and peer group performance, and is comfortable that the level of stretch promotes truly exceptional performance in line with the delivery of our 2030 Bold Ambition.
- > In real terms, financial performance goals under the 2024 Group scorecard and PSP would require achievement above prior year outturns and growth in excess of the average expected of the industry, particularly when taking the significant capital investment expected to be made during the performance period.

Consistent with our approach in prior years we undertake the following robust process to setting annual bonus and PSP targets and assessing outcomes:

<b>Stage 1 – Target setting</b>	<p>Science targets are based on a cohort of scientific opportunities specified at the start of the performance period. Opportunities represent potential achievements through the pipeline, from an early stage where our scientists work to discover new molecules, through to ultimately obtaining approvals and getting new medicines to patients. Rewarding success at each stage recognises the importance of creating and maintaining a long-term sustainable pipeline. Stretch of proposed targets is reviewed by the Science Committee taking into account factors such as the expected net present value of the pipeline and the anticipated financial contribution it will make, past performance, the external regulatory environment, and internal resourcing and efficiencies. Targets for realisation of these opportunities are ambitious. The outlook for the delivery of the pipeline is increasingly challenging given the rising proportion of new modalities and innovation, representing previously untested science.</p> <p>Proposed targets for the Ambition Zero Carbon measure are reviewed and endorsed by the Sustainability Committee and exceed the 1.5°C Paris Agreement glide path. Our decarbonisation ambitions are increasingly challenging to deliver in the context of broader enterprise growth, particularly the higher supply volumes required to fulfil demand for our medicines.</p>	<p>Financial Targets metrics align with the Company's Mid-Term Plan (MTP), which sets out the financial framework for delivering our ambitious strategy over a three-year period. The MTP process includes detailed business reviews, during which plans and efficiencies of each unit are challenged, leading to a proposed MTP for the Board to review and challenge. The Committee sets targets based on the Board-approved MTP, considering consensus expectations, independent analytics and anticipated challenges and opportunities. Whilst Total Revenue and Core EPS targets are set at budget exchange rates at the beginning of the performance period and evaluated at those rates at the end of the performance period (so that any beneficial or adverse movements in currency do not impact reward outcomes), the Committee also compares targets against prior plans at constant exchange rates, to ensure that new targets incentivise ambitious levels of growth. Where consensus figures do not align with internal forecasts, the Committee seeks to understand why a difference exists (such as differences in assumed capital expenditure). This range of data is used by the Committee to ensure the stretching nature of performance targets is robustly tested. Additionally, the PSP TSR measure is designed to reward strong performance relative to our peers.</p>
<b>Stage 2 – Committee review and approval of targets</b>	<p>The Committee thoroughly reviews and challenges targets proposed by management, working in partnership with the Science and Sustainability Committees to ensure targets are stretching and robust.</p> <p>The Committee is provided with considerable supporting material for each metric and receives briefings from senior leaders across AstraZeneca. The science measures are reviewed and endorsed by the Science Committee, with a focus on ensuring that the targets will result in long-term sustainable value creation, and the Committee reviews and approves the full cohort of opportunities. The ESG metric within the PSP is aligned to our Ambition Zero Carbon goal and reflects the importance of eliminating GHG emissions in our Scope 1 and Scope 2 operations through 2025.</p>	<p>The Ambition Zero Carbon metric has been reviewed and endorsed by our Sustainability Committee.</p> <p>Committee members participate in the full Board discussions on the strategy, MTP and budget, which form the basis for the targets. The Committee considers how proposed financial targets align with the MTP and budget; prior years' outcomes (in absolute terms and against target); how the ambition has changed from the prior MTP and budget; external guidance the Company has provided or plans to give; consensus from external financial analysts and factors it may be impacted by; and the underlying assumptions. Statistical analysis conducted by the Committee's independent adviser is also used to assess the proposals. This includes an assessment of historical levels of performance volatility.</p>
<b>Stage 3 – Performance assessment</b>	<p>At the end of the period, final performance against each metric is assessed. Outcomes are calculated based on performance against each weighted metric. Each performance measure is assessed on a standalone basis, so that underperformance against one measure cannot be compensated for by overperformance against another. Data for the metrics is taken from the Group's financial reports which are reviewed by the Audit Committee and approved by the Board.</p>	<p>The Science Committee independently considers and informs the Committee whether science achievements represent a fair and balanced outcome, reflecting genuine achievements and pipeline progression. Ambition Zero Carbon outcomes are validated by the Sustainability Committee. Apart from Cash flow, which is set at actual rates of exchange, financial metrics are set at budget rates of exchange and evaluated at those rates at year end, which means they are not directly comparable year-on-year. The Committee is, however, provided with data to allow it to conduct year-on-year analyses.</p>
<b>Stage 4 – Determination of Executive Directors' bonuses</b>	<p>For annual bonus, the fairness of the formulaic Group scorecard outcome is considered in the context of overall business performance and the experience of shareholders. Such considerations include TSR performance and each Executive Director's personal impact on the delivery of the strategy, wider ESG performance and other organisational achievements, such as inclusion and diversity targets and the realisation of technology-based milestones. Each year, there are important individual deliverables beyond the scorecard metrics which are taken into account when determining individual bonuses.</p>	<p>Having considered the Group scorecard outcome, overall business performance, the experience of shareholders and individual performance, as detailed from page 112, the Committee carefully determines a final bonus outcome for each Executive Director that is considered fair and appropriate for the year's performance, and is in the best interests of shareholders.</p>

# Annual Report on Remuneration

## Key:

**Audited information** Audited  
 Content contained within the Audited panel indicates that all the information within has been subject to audit.

**Planned implementation for 2024**  
 Content contained within a grey box indicates planned implementation for 2024.

The elements within the Executive Directors' realised pay are colour coded:

- > Fixed remuneration has a light blue border and is found on page 110.
- > Annual bonus has a yellow border and can be found on pages 110 to 114.
- > Long-term incentives (LTI) has a magenta border and can be found on pages 114 to 117.

## Executive Directors' remuneration

This section of the Directors' Remuneration Report sets out the Executive Directors' remuneration for the year ended 31 December 2023, alongside the remuneration that will be paid to Executive Directors during 2024.

### Executive Directors' realised pay for 2023 (single total figure of remuneration)

Audited

The table below sets out all elements of realised pay receivable by the Executive Directors in respect of the year ended 31 December 2023, alongside comparator figures for 2022. This includes the vesting of PSP awards from 2021 following the three-year performance period. These shares are subject to a further two-year holding period. The significant increase in AstraZeneca's share price over the period of grant to vest has provided the Executive Directors with a significant increase in value of the equity components of their reward. £3,945,583 of Mr Soriot's and £374,506 of Dr Sarin's 2023 realised pay is attributable to share price increases. The benefit of the increased share price has also been experienced by shareholders.

The Committee did not exercise any discretion in relation to the LTI outcomes or the formulaic outcome of the Group scorecard.

		Base pay	Taxable benefits	Pension	Other	Total fixed	Annual bonus	Long-term incentives <sup>1</sup>	Total variable	Single total figure	Share price appreciation as % of single total figure
£'000											
Pascal Soriot	<b>2023</b>	1,429	140	157	–	1,726	2,839	12,288	15,127	16,853	23%
	2022	1,367	136	150	–	1,653	3,127	10,305	13,432	15,085	19%
Aradhana Sarin	<b>2023</b>	915	46	101	–	1,062	1,455	1,893	3,348	4,410	8%
	2022	876	161	96	–	1,133	1,602	– <sup>2</sup>	1,602	2,735	–

<sup>1</sup> Long-term incentive values disclosed in 2022 have been recalculated using the average closing share price for the three months ended 31 December 2023. See page 114.

<sup>2</sup> Dr Sarin was appointed as CFO on 1 August 2021, and had no LTI awards which completed their performance period in 2022.

The following sections provide further detail on the figures in the above table, including the underlying calculations and assumptions and the Committee's performance assessments for variable remuneration.

The Annual bonus section is set out from page 110 and the Long-term incentives section from page 114. Information about the Executive Directors' remuneration arrangements for the coming year, ending 31 December 2024, is highlighted in grey boxes.

# Annual Report on Remuneration *continued*

## Fixed remuneration

### Base pay

When awarding base pay increases, the Committee considers, among other factors, base pay increases applied across the UK employee population. The increase to current Executive Directors' base pay for 2024 will increase in line with the UK all-employee base pay increase budget at 4%.

£'000	Change from 2022	Base pay	Audited	
			2023	2024
Pascal Soriot	4.5%	1,429	4%	1,486
Aradhana Sarin	4.5%	915	4%	951

### Taxable benefits

The totals within taxable benefits include the CEO's allowance under AstraZeneca's UK Flexible Benefits Programme, under which he can select benefits or take his allowance, or any proportion remaining after the selection of benefits, in cash (£115,660 taken as cash). The value of personal tax advice provided to each Executive Director in 2023 was £18,687 and £45,120 for the CEO and CFO respectively.

£'000	Total taxable benefits	Audited	
		2023	2024
Pascal Soriot	140	In line with 2023	In line with 2023
Aradhana Sarin	46	In line with 2023	In line with 2023

### Pension

The Executive Directors receive a pension allowance of 11% of base pay, in line with the wider UK workforce. During 2023, the Executive Directors took their pension allowance as a cash alternative to participation in a defined contribution pension scheme. Neither of the Executive Directors has a prospective entitlement to a defined benefit pension by reason of qualifying service.

£'000	Pensionable base pay	Pension allowance	2023		2024	
			Cash in lieu of pension	Pension allowance	Cash in lieu of pension	Pension allowance
Pascal Soriot	1,429	11% of base pay	157	11% of base pay	157	11% of base pay
Aradhana Sarin	915	11% of base pay	101	11% of base pay	101	11% of base pay

### Annual bonus

£'000	Annual bonus in respect of performance during 2023				
	Target	Maximum	Bonus payable in cash	Bonus deferred into shares	Total bonus awarded
Pascal Soriot	125%	250%	1,419	1,420	2,839 79.5% max
Aradhana Sarin	100%	200%	727	728	1,455 79.5% max

Half of the Executive Directors' pre-tax bonus is compulsorily deferred into Ordinary Shares which are released three years from the date of deferral. Bonuses are not pensionable.

**Annual bonus continued****2023 Group scorecard assessment**

Performance against the 2023 Group scorecard is set out below.

Audited

The Group scorecard is used in the determination of bonus payouts for all AstraZeneca employees. Each metric within the scorecard is assessed on a standalone basis and has a defined payout range.

Performance below the specified threshold level for a metric will result in 0% payout for that metric. 100% of target bonus will pay out for on-target performance, and 200% of target bonus will pay out for performance at or above maximum. Performance between threshold and maximum is assessed on a pro rata basis. Maximum bonus payouts for the CEO and CFO for 2023 were capped at 250% and 200% of base pay respectively. The payout range for each metric is capped in line with each Executive Director's maximum bonus opportunity to ensure underperformance against one metric cannot be compensated for by overachievement against another. The table below shows the scorecard formulaic outcomes for the CEO and CFO as a percentage of target bonus.

2023 Group scorecard performance measures and metrics	Weighting	Threshold (0% payout)	Target (100% payout)	Maximum (200% payout)	Outcome	Formulaic outcome (% of target bonus)
<b>Science and Innovation measures</b>						
 Science and Innovation: Annual pipeline progression						
○ Pipeline progression events	15%	13	25	38	30	21%
○ Regulatory events	15%	25	35	46	46	30%
<b>Subtotal – Science and Innovation measures</b>	<b>30%</b>					<b>51%</b>
<b>Financial measures</b>						
 Growth and Therapy Area Leadership						
○ Total Revenue (\$bn)	30%	42.6	43.9	45.2	44.8	52%
 Achieve Group Financial Targets						
○ Cash flow (\$bn)	20%	7.9	9.3	10.7	9.5	23%
○ Core EPS (\$)	20%	6.55	6.89	7.24	7.13	34%
<b>Subtotal – Financial measures</b>	<b>70%</b>					<b>57%</b>
<b>Total</b>	<b>100%</b>					<b>159%</b>

**Key:** ■ Bar charts are indicative of 2023 performance; scales do not start from zero.

Due to rounding, the total formulaic outcome differs from the arithmetic total of the individual metric outcomes disclosed above.

Pipeline progression events include Phase II starts and progressions, and NME and life-cycle management positive Phase III investment decisions. Regulatory events include NME and major life-cycle management regional submissions and approvals. Further detail on our Science and Innovation strategic priority and these events is included from page 12 of this Annual Report.

# Annual Report

## on Remuneration

### *continued*

#### Annual bonus *continued*

Audited

In 2023, the Growth and Therapy Area Leadership measure was based on Total Revenue. The Total Revenue and Core EPS measures are both set and evaluated at budget exchange rates at the beginning of the year and evaluated at those rates at the end of the performance period, so that any beneficial or adverse movements in currency, which are outside the Company's control, do not impact reward outcomes. The Cash flow measure is set and evaluated at the actual exchange rate and is evaluated by reference to net cash flow from operating activities less capital expenditure, adding back proceeds from disposal of intangible assets, to be fully transparent with all elements easily derived from the Group IFRS Cash Flow Statement.

#### Overall assessment

During 2023, the Executive Directors' individual performance was assessed in the following key areas which align with the Company's objectives.

#### Pascal Soriot

Mr Soriot has skillfully steered AstraZeneca through another successful year. Commercial execution across all therapy areas and regions was very strong, underpinned by robust manufacturing and supply. Scientific performance in 2023 saw several significant positive read outs and regulatory approvals, including the launch of three new medicines that will contribute to the delivery of the Company's 2030 Bold Ambition: *Airsupra*, *Truqap* and *Wainua*. Mr Soriot continues to lead the Company to drive Growth Through Innovation in science, with over a third of our pipeline now representing new modalities in 2023, reinforcing the transformative potential of our industry leading pipeline. Mr Soriot also oversaw the identification and signing of a number of impactful business development transactions during the year, including the licensing of a novel GLP-1 asset from Eccogene for obesity, the transaction with CinCor and proposed acquisition of Gracell Biotechnologies, which are expected to further accelerate delivery in cell therapy and oncology.

Throughout 2023, Mr Soriot maintained a strong financial position for AstraZeneca, delivering yet another year of growth in revenue and profitability. The Committee also considered Mr Soriot's leadership across other dimensions of performance:

Demonstrating leadership to support developments in global life sciences	Mr Soriot has continued to drive change through a diverse set of external engagements with world leaders including senior government officials from the US, Canada, China and Sweden, enhancing strategic partnerships and catalysing innovation, demonstrating his thought leadership, his ability to drive global change and his influence on key issues.  He was the only private sector CEO to deliver a keynote speech at Climate Week in the presence of HM King Charles III and delivered a key note speech on Public – Private Partnerships for Healthcare Climate Action at COP28 in Dubai. He also attended both the American Society of Clinical Oncology (ASCO) and the European Society for Medical Oncology (ESMO) where he had the opportunity to engage with the scientific community, highlighting pivotal data that strengthens our confidence that we will replace conventional chemotherapy for many patients with advanced lung and breast cancers.
Leading in Environmental, Social & Governance (ESG) performance	Mr Soriot continued to advocate for an uncompromising sustainability agenda at AstraZeneca exemplifying, through his leadership, the essential role of ESG within AstraZeneca's strategy and also the important role global leaders have in the direction of global decarbonisation, demonstrated by his leadership of the SMI Health Systems; and advancing climate action through his leadership and involvement in an industry collaboration to increase renewable energy to the industry's supply base. His efforts have been recognised at COP28 and by TIME magazine which named Mr Soriot in its inaugural TIME100 Climate.  Under Mr Soriot's leadership, in 2023 AstraZeneca has improved or maintained its position on the ESG disclosures listings we report on, including receiving a Gold score from Ecovadis (previously Silver) and a step-up in the Corporate Sustainability Assessment (CSA) position to 4th in the sector.  In 2023, AstraZeneca embarked on an extensive expansion of AZ Forest including forest protection and biodiversity for a cumulative 200 million trees. It is estimated that AZ Forest will remove around 30 million tonnes of carbon dioxide from the atmosphere over 30 years, demonstrating our commitment to environmental conservation, made possible by Mr Soriot's leadership.  Healthy Heart Africa (HHA) continued to expand, launching in eight new countries. Over 43 million screenings have been conducted since the programme began, and 11,390 healthcare professionals trained. In total, over 66 million people have been reached by Access to Healthcare programmes.
Making AstraZeneca a great place to work	Mr Soriot has continued to highlight the importance of having a truly diverse workforce, striving to drive a business with an inclusive and equitable environment where people feel that they belong, where they feel valued for the contribution they make, and empowered to push boundaries and innovate. Our Inclusion & Diversity (I&D) strategy, "The Power of Diversity" remained a key focus with topics including Clinical Trial Diversity, Cultural Intelligence, and spotlighting the work of our Employee Resource Groups (ERGs). AstraZeneca celebrated global I&D recognition days throughout the year including International Women's Day, Neurodiversity Celebration Week, World Day for Cultural Diversity, Pride Month, International Day of the Girl and International Day for Persons with Disabilities.  Our progress was recognised externally on the 2023 Bloomberg Gender-Equality Index, Human Rights Corporation Corporate Equality Index, TIME World's Best Companies, Forbes World's Best Employers, Forbes World's Top Companies for Women and Financial Times Leader in Diversity.  Mr Soriot's emphasis on leaders as coaches of our employees, and support for investments in lifelong learning has been key to providing our people with opportunities to perform, stretch, grow and take charge of their development. In 2023 AstraZeneca received several external, highly-respected awards for internal talent management programmes, including 'Diversity by Design' which won the Healthcare Businesswomen's Association (HBA) Advancement. Commitment. Engagement. (ACE) Award and, alongside the Empowerment programme, also contributed to making AstraZeneca the Learning & Development winner of the Personnel Today Awards 2023.

**Annual bonus continued****Aradhana Sarin**

Audited

Dr Sarin continued to demonstrate her skills as a leader across the enterprise, helping to elevate a high-performance culture and driving efficiencies and simplification.

<b>Performance delivery</b>	Under Dr Sarin's leadership, the finance function continued to deliver strong performance and made significant steps in tax planning for the future, along with debt refinancing for the business building in additional flexibility to help support future business development. Dr Sarin was personally involved in the strategic and finance review for five major business development transactions, including CinCor, Pfizer Gene Therapy Portfolio, Eccogene, Icosavax and the proposed acquisition of Gracell Biotechnologies, along with providing guidance on negotiations, resulting in attractive terms for AstraZeneca.
<b>Creating an enterprise-wide impact through Global Business Services (GBS)</b>	Under Dr Sarin's guidance, GBS has maintained a pivotal role in AstraZeneca's transformation. Aligned to the Future of Work, Dr Sarin has emphasised the need for simplifying, standardising, and scaling services so that AstraZeneca can deliver more medicines, faster and to more patients. Guided by Dr Sarin's leadership, significant advances have been made creating efficiencies through clever use of new technology; the introduction of a transformational programme for data management which replaces multiple processes and uses integrated analytics that optimise process performance, and automated checks to ensure that data is right the first time; a new initiative on vendor demand which is transforming the way we search, find and buy goods and services; and an app developed and deployed which assists teams in Oncology Breast Cancer enabling them to make study co-location decisions – allowing studies to progress faster and removing complexities faced by Clinical Operations teams. All of these developments will help AstraZeneca to grow and change at speed.
<b>Great place to work/ employee engagement</b>	Dr Sarin continued to strive for increased diversity in the workplace. In June, she became the executive sponsor of AstraZeneca's Network of Women. Dr Sarin supported several I&D recognition days including World Day for Cultural Diversity and Dialogue, International Women's Day and International Day of the Girl, for which she hosted a discussion panel focussing on the work of the Young Health Programme in driving greater equity for women and girls around the world. Dr Sarin's leadership style and positive influence on the team was reflected with Pulse scores showing that 90% of employees in the Finance function would recommend AstraZeneca as a great place to work and 91% believing that managers are committed to diversity and inclusion.

**Final determination of Executive Directors' bonuses**

Audited

In determining the annual bonus outturn for Executive Directors, the Committee considers the formulaic Group scorecard outcome, as well as the overall business performance, shareholder experience and the personal contribution of the individual Executive Director. A description of the Executive Directors' personal achievements is detailed above.

Given the contributions made by both Mr Soriot and Dr Sarin in 2023 as outlined above, the Committee determined the bonus outturns for both Executive Directors should be 159% of target (or 79.5% of maximum), in line with the formulaic Group scorecard outcome.

**Deferred Bonus Plan (DBP)**

Half of each Executive Director's pre-tax annual bonus is ordinarily deferred under the DBP. In respect of the bonus deferred, the Executive Director is granted a conditional award over shares. No further performance conditions apply to DBP shares. One half of the bonus earned in respect of performance during 2022 was deferred and details of the consequent DBP awards granted in 2023 are shown below. One half of the Executive Directors' bonus earned in respect of performance during 2023 has been deferred and the consequent DBP awards are expected to be granted in March 2024.

	Ordinary Shares granted	Grant date	Grant price (pence per share) <sup>1</sup>	Face value £'000	Audited
					2023 Grant
Pascal Soriot	14,448	4 March 2023	10821	1,563	1,420
Aradhana Sarin	7,403	4 March 2023	10821	801	728

<sup>1</sup> The grant price is the average closing share price over the three dealing days preceding grant.

2024 Group scorecard performance measures and metrics				
	Measure weighting	Underlying metrics (if applicable)	Metric weighting	2024 target
Science and Innovation: Annual pipeline progression	30%	Pipeline progression events	15%	↑ C
		Regulatory events	15%	↑ C
Growth and Therapy Area Leadership	30%	Total Revenue	30%	↑ C
Achieve Group Financial Targets	40%	Cash flow	20%	↑ C
		Core EPS	20%	↑ C

Key ↑ Target increased vs 2023 target

↓ Target decreased vs 2023 target

↔ Target constant

C Commercially sensitive