

Astrazeneca PLC  
Attn.: Ms Pericleous  
[Mary.Pericleous@astrazeneca.com](mailto:Mary.Pericleous@astrazeneca.com)

The Hague, 9 March 2015

About: questions ASN Bank intends to raise at AGM and request for meeting in

Dear Ms. Pericleous,

We have included AstraZeneca in our investment universe<sup>1</sup> as we regard your company, and the pharmaceutical sector in general, as an important contributor to ensure access to health. This is an important element in the sustainable society that the ASN Bank strives for since our foundation in 1960. We are a Dutch based ethical commercial bank using social and environmental selection criteria in addition to financial selection criteria. ASN Bank is the largest Dutch ethical bank with more than 11 billion of assets under management and more than 600,000 clients.

Our goal is, together with pharmaceutical companies, to achieve better consumer protection which also positively impacts the risk profile and reputation of pharmaceutical companies. At the same time the pharmaceutical industry is unfortunately often associated with unethical behaviour that not only affects their own reputation, but more importantly negatively impacts consumers. Furthermore from a financial perspective these issues are alarming. As it exposes us as an investor to risk and also leads to costly fines, (legal) procedures and settlements.

In this industry we note stringent policies on the one hand, and repetitive controversies on the other. This indicates to us that commitment to ethical behaviour does not always correlate to good ethical performance. Therefore, in the forthcoming years, ASN Bank has decided to mark the ethical performance of the pharmaceutical industry as a top priority in our engagement strategy. Our engagement will focus on the procedures to enforce policies in the area of ethical behaviour and consumer protection.

Based on research that Sustainalytics conducted for us, AstraZeneca proves to be a true leader in providing transparency of its clinical trial data. Particularly the publication of all trial results in peer reviewed journals. We very much applaud this and it is one of the reasons why we selected AstraZeneca for our investment universe. However, there are also points of concern. We intend to visit your AGM to raise the questions below, but we would greatly appreciate the opportunity to discuss these with your company before that time.

### **Safe manufacturing & distribution of products**

At the manufacturing stage, contamination, incorrect dosage or an improper manufacturing climate are risks that the company might be exposed to. Following manufacturing, the distribution stage might also be exposed to either the penetration of counterfeit medicines or to improper handling during storage or transportation.

---

<sup>1</sup> Our funds are managed by ASN Beleggingsfondsenbeheer Beheer.

1. In our research we found that Astrazeneca has limited (external) verification mechanisms in place. We would like to see that AstraZeneca sets product safety objectives & targets and conducts external safety audits. Does AstraZeneca have plans to adopt such measures in the future? We also note that you follow the ISO 9001 certification in some production facilities, but not all. What is the reason for this inconsistency? Do you intend to certify all production facilities?

### **Ethical marketing**

The marketing of pharmaceutical products crucially impacts consumer health. Improper marketing practices can harm society and patients in several ways, such as: prescription of products for which the health risks outweigh the benefits; prescription of products that are not suitable for certain diseases or patient groups; provision of biased and unreliable information to patients; and insufficient patient awareness of potential health risks, including side effects.

2. AstraZeneca discloses payments made to UK Health Care Professionals. To further promote ethical medicine promotion we would like to see AstraZeneca to disclose all payments made to health care professionals. Also we feel it would help if AstraZeneca would regularly monitor compliance through external audits. In our research we did not find evidence of this. Is AstraZeneca developing procedures to achieve this?
3. Furthermore we notice that the marketing budget is much larger than your R&D budget. Respectively USD 7,3 billion and USD 4,3 billion. We would rather see a more balanced allocation of budget, with a heavier focus on R&D. Kindly explain/elaborate the considerations that underline your present allocation?

### **Ethical sales incentives & remuneration**

In recent years, most major pharmaceutical companies have faced public scrutiny and prosecutions over improper and illegal sales. A key driver of improper sales practices is pressure on sales representatives to meet demanding sales targets. This can promote medicine use that is not approved by authorities. This can and has negatively affected the health of consumers.

4. We could not find any publicly available information on ethical remuneration and incentives policies for sales personnel? Do you work with non-volume sales targets? If so, how does this work? And if not, we very much would like to encourage you to start working with non-volume sales targets to promote ethical conduct by sales personnel.
5. Finally, Board level commitment proves to be a strong indication that issues are taken seriously. However, no evidence was found that executive compensation is linked to ethical and sustainability issues. Is AstraZeneca willing to adopt such measures?

We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink that reads "Piet Sprengers". The signature is written in a cursive, slightly slanted style.

Piet Sprengers  
Head Sustainability ASN Bank