

**Reporting of Transfers of Value to HCPs and HCOs
Methodological Note for Reporting of 2017 Data in 2018**



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1. Introduction

1.1 Approach to disclosure at AZ

Collaborative working between medical professionals and healthcare organisations has long been a positive driver for advancements in patient care and the development of innovative medicine. Medical professionals and the organisations with whom they work provide the pharmaceutical industry with valuable, independent and expert knowledge derived from their clinical and disease management experience. Furthermore, as the primary point of contact with patients, the medical professional can offer invaluable expert knowledge on patient outcomes and therapy management. This helps to adapt our products to better suit patients and thereby improve patient care overall.

Healthcare professionals and organisations should be fairly compensated for the services they provide to pharmaceutical companies. The EFPIA Disclosure Code provides accuracy and transparency in disclosing the scope and value of such collaborative work, and it will become an important step towards building greater trust between the pharmaceutical industry, medical community and patients.

As a member company of the Association of the British Pharmaceutical Industry and as a full corporate member of EFPIA, AstraZeneca (“AZ”) is committed to transparency around interactions with Healthcare Professionals (HCPs) and Healthcare Organisations (HCOs) and that these are captured and reported in line with all applicable local transparency requirements.

The aims of the EFPIA Disclosure Code and its local interpretation in the ABPI Code of Practice for the Pharmaceutical Industry – to promote ethical and transparent interactions with the Healthcare community – are fully aligned with AZ’s own policies. Interactions with HCP/HCOs are governed by the AZ Ethical Interactions (EI) Policy and supporting Standards, including zero tolerance for giving or receiving anything of value that is intended or could be seen as improper influence.

Producing transparency reporting is an opportunity for AZ to demonstrate its commitment to the values and principles behind the EFPIA Disclosure Code and other transparency requirements in Europe.

The objective of this note is to explain AZ’s approach to disclosure, to include key definitions, the scope of disclosed activities and key elements of the process followed to capture and report data.

At a high level, there are three main tenets that characterize the AZ approach:

(1) Affiliate accountability and regional consolidation

Affiliates are responsible for capturing the Transfers of Value (ToVs) made in their affiliates and for validating the accuracy of the data. A global reporting solution consolidates the ToVs, providing consistency and automating inclusion of cross border payments within Europe. Other cross border payments are collected through a payment system (US) or manually (rest of world).

(2) Compliance with local codes

Unless there are strong legal mandatory requirements, affiliates have transposed the Code in full, that is, without deviations. In each country, AZ will comply with applicable local disclosure requirements. There may be variations (stricter than the provision in the Code) or deviations (where because of mandatory national regulations the code cannot be transposed in full).

(3) One disclosure per market, including all ToVs paid directly through entities belonging to AZ or indirectly through third parties acting on behalf of AZ

The report for the United Kingdom of Great Britain & Northern Ireland includes all disclosable transfer of values made by AstraZeneca UK Ltd and by any of our affiliates across the world.

2. Definitions

2.1 Recipients

2.1.1. Definition of an HCP

The term 'health professional' includes members of the medical, dental, pharmacy and nursing professions and any other persons who in the course of their professional activities may administer, prescribe, purchase, recommend or supply a medicine.

Disclosure will also apply to 'other relevant decision makers' (ORDMs), this includes those with an NHS role who could influence in any way the administration, consumption, prescription, purchase, recommendation, sale, supply or use of any medicine but who are not health professionals.

Payments and transfers of value provided to non-HCP PhDs, Students, and Retired HCPs (with no active license) will be included in the aggregate spend.

2.1.2. Definition of an HCO

The definition of an HCO in United Kingdom of Great Britain & Northern Ireland is:

The term 'healthcare organisation' means either a healthcare, medical or scientific association or organisation such as a hospital, clinic, foundation, university or other teaching institution or learned society whose business address, place of incorporation or primary place of operation is in Europe or an organisation through which one or more health professionals or ORDMs provide services.

2.2 Kinds of ToVs

2.2.1 Donations and Grants

AZ provides support for medical or scientific education, advances in medical or scientific research, health or healthcare systems or disaster relief through financial or non-financial ToVs to legitimate, established organisations.

AZ can provide this support through:

- Contributions or Sponsorships (or referred to as Grants) to support initiatives in HCP Education, including education about healthcare systems and practices, Medical or Scientific Research, or Partnerships.
- Donations to a non-profit or public-sector healthcare organisation (HCO) intended to support their charitable mission and activities. Donations and Grants to Patient Organisations or as part of Community Investments to charities and other non-profit non-HCOs are subject to separate disclosure and thus excluded.
- Medical Education Goods & Services.
Medical and educational goods and services that enhance patient care, or benefit the NHS and maintain patient care, can be provided subject to the provisions of Clause 18.1. They must not be provided to individuals for their personal benefit. Medical and educational goods and services must not bear the name of any medicine but may bear the name of the company providing them.

Donations to HCOs can be both monetary and donations in kind. Product Donations are given in circumstances of national emergency, international or national disaster relief or other genuine public health need. AZ charitable product donations and processes are aligned to the World Health Organisation (WHO) Guidelines for Drug Donations.

2.2.2 Sponsorship agreements

AZ gives contributions, through financial or non-financial support to legitimate, established organisations for medical or scientific education of external stakeholders, organizing or hosting educational or scientific events (including independent congresses). These contributions aim to increase the scientific or educational quality of the event and/or support with logistics in modest venues or with incidental hospitality, in line with AZ's own ethical principles. The mandatory Sponsorship Agreements will describe the purpose of the sponsorship and for what the funds are to be used.

Sponsorship packages may also include satellite symposia and the sponsoring of speakers or faculty.

ToVs are made to either the HCO directly or to an event organizer or other third party appointed by the HCO to manage the event. In all cases, ToVs are disclosed against the HCO that ultimately benefits.

Where contributions made to HCOs include support for travel & accommodation for HCPs to attend Independent Congresses and the HCPs benefitting from this support are unknown, this payment will be assigned to the EFPIA category "Sponsorship Agreements".

2.2.3 Joint working

The Department of Health defines joint working between the NHS and the pharmaceutical industry as situations where, for the benefit of patients, one or more pharmaceutical companies and the NHS pool skills, experience and/or resources for the joint development and implementation of patient centred projects and share a commitment to successful delivery.

All ToVs relating to Joint working in the UK are captured in this report. The executive summaries of these Joint Working Agreements can be accessed via the links provided in the Report. These executive summaries are also available on AstraZeneca UK's website - www.astrazeneca.co.uk

2.2.4 Registration fees

As part of support to continuous medical education, AZ provides support to HCOs or HCPs to cover the costs of registration fees for HCPs to attend selected independent congresses and where provided to HCOs, also for other educational/scientific events.

Where these are provided to HCOs, AZ is not involved in the selection of the HCPs.

Where these are provided to individual HCPs, the purpose of the support is to enable delegates:

- to attend presentations or participate in scientific exchange on significant developments related to AZ products or uses or related to AZ's scientific research; or,
- to support the performance of a contract for services.

AZ will support up to a maximum of 2 attendances per individual HCP per year. All arrangements are generally paid directly to travel and or /accommodation providers or the event organiser.

2.2.5 Travel and Accommodation

As part of support for continuous medical education, AZ provides support to HCOs or HCPs to cover the costs for Travel and Accommodation for HCPs to attend selected independent congresses and/or AZ Organised Meetings and where provided to HCOs for other educational/scientific events.

These costs can include costs of flights, trains, hotel accommodation, taxis, bus transfers, and other travel costs.

Costs for ground transportation (for example, bus or taxi) that are organised for group transportation and not assigned to certain HCPs are reported in aggregate, but where the identity of the HCPs is known, these are split by HCP.

2.2.6 Fees for service and consultancy and related expenses

AZ engages an HCP/HCO for services when there is a genuine and legitimate business need and where the HCP/HCO is qualified and appropriate to provide the services. These services are paid with a Fee for Service at Fair Market Value.

These services can include among others:

- Speaking at and chairing meetings
- Training services
- Participation at advisory board meetings
- Medical writing
- Data analysis
- Development of education materials
- General consulting/advising
- Services performed as a contractor in one of the marketing companies
- Services performed in connection with a third party congress
- Retrospective Non-interventional studies
- Participation in market research where such participation involves remuneration and/or travel. Payments for these services are only disclosed if AZ is aware of the identity of those participating in the market research.

As part of the written Fee for Services Agreement, related expenses can be paid for and can include costs of flights, trains, car hire, tolls, parking fees, taxis, bus transfers, hotel accommodation and any visa costs. All costs are paid by AZ to travel and or /accommodation providers or meeting organizers (where relevant) or reimbursed supported by appropriate receipts.

2.2.7 Research and Development

All ToVs related to the planning or conduct of non-clinical studies, clinical trials and non-interventional studies performed by AZ (including services performed by contractors) or by Clinical Research Organisations on AZ's behalf that are prospective in nature are considered Research & Development ToVs and are reported on an aggregate basis.

Retrospective non-interventional studies or other studies that are not submitted to authorities as per local drug law do not fall under the category of R&D activities. The ToVs related to those studies will be reported as Fee for Service under name of the individual recipient.

3. Scope of disclosure

3.1. Products concerned

AZ is a science-focused company, developing innovative medicines that are prescription only medicines and interactions with HCPs/HCOs are focused on the development and promotion of prescription medicines. Consequently, only ToVs relating to prescription medicines are being disclosed.

3.2. Excluded ToVs

3.2.1. Hospitality costs

As per Section 1.02 of the Disclosure Code, hospitality costs are not disclosable if in line with the limits set within the national association following Art 10 of the HCP Code. AZ applies these limits for AZ Organised & Sponsored Meetings, and therefore costs of meals & drinks are excluded. However, where meals and drinks make up an integral and inseparable part of contributions to the cost of events or sponsoring as part of Sponsorship Agreements with HCOs, they have been included in Contributions to Cost of Events.

3.2.2. Informational and Educational Materials

Items for HCPs information and patient educational material are not disclosed within this report.

3.2.3. Logistical costs

Logistical costs related to AZ Organised Meetings (for example, room hire, technics, personnel) are excluded. However, ToVs to participants, such as support for travel and accommodation or speaker fees to HCPs are included in the relevant cost category.

3.2.4. Donations to charitable organisations & Patient Organisations

All ToVs to non-HCO organisations are out of scope and excluded for example, charitable organisations.

All ToVs to Patient Organisations are out of scope as separate reporting requirements provide transparency on ToVs to these organisations. These requirements are outlined in the EFPIA Code of Practice on Relationships between the Pharmaceutical Industry and Patient Organisations.

3.3. Date of ToVs

Where the ToV is a payment, values are reported on the date of the payment. Payments made in 2017 for activities related to 2016 are included. If consent to disclose these has been obtained, they are reported against the individual. If not, they are reported in aggregate.

Where ToVs relate to multi-year contracts, only the ToVs made in the reporting year are included.

Where the ToV is a benefit in kind, values are reported on the date the recipient received the benefit.

3.4. Direct ToVs

The natural or legal person that holds the bank account on which the money is transferred is considered the recipient of the ToV and will be disclosed.

Direct ToVs are captured in SAP and flow into the AZ transparency reporting system. They are then mapped to the appropriate EFPIA disclosure activity category for reporting.

3.5. Indirect ToVs

3.5.1. Indirect ToVs through Third Parties for R&D Activities

Where a third party providing services for R&D activities acts on behalf of AZ to make ToVs to HCPs/HCOs, these are within scope and are reported at an aggregate level under R&D (as long as their activities fall within the scope of the definition of R&D activities).

3.5.2. Indirect ToVs through other third parties

Where third parties are appointed by an HCO to manage an event, and where the HCO ultimately benefits from that ToV, these ToVs are disclosed against the HCO. Where an event is organised on behalf of multiple HCOs without clarity on allocation, the value is divided equally between the HCOs.

Where third parties are appointed by AZ to make travel and accommodation arrangements for HCPs who are providing services or who are supported to attend events, these ToVs are disclosed against the HCP.

Any additional administration fees charged by agencies are not included, as these are not ToVs to HCPs or HCOs.

3.5.3. Indirect ToVs through HCOs

Where ToVs are made to an individual HCP indirectly via an HCO and where AZ has obtained the consent, these will be disclosed against the HCP in line with local association guidelines.

3.6. ToVs in case of partial attendances or cancellation

Where an HCP/HCO does not receive the benefit due to a no show or a cancellation of event, the associated costs are not reported, such as the cost of cancelling a hotel booking or accommodation. In case of partial attendance, only the benefits actually received are reported.

Where AZ has to pay cancellation fees to HCP/HCOs as per service contracts, due to cancellation of initiatives or events, these payments are reported.

3.7. Cross-border activities

3.7.1. Cross-border activities

AZ employees are required to capture and report all ToVs to HCPs and HCOs with their primary practice in a country with EFPIA Disclosure Code and/or other cross border transparency reporting requirements. The country of disclosure will be determined by the address of principal practice for HCPs and the address of registration for an HCO.

4. Specific considerations

4.1. Country unique identifier

AstraZeneca has a unique identifier for all HCPs or HCOs to ensure that transactions are reported against the correct recipient to facilitate collection of ToVs throughout Europe and across other affiliates. This ID is generated by Binley's/Wilmington Insight.

4.2. Self-incorporated HCP

Where an HCP has set up their own company and they are the sole owner and AstraZeneca has made payments to that company for Services provided by the HCP, the ToVs have been disclosed against that individual HCP.

5. Consent management

5.1. Consent collection

5.1.1. HCO consent

In United Kingdom of Great Britain & Northern Ireland HCOs are reported without the need for consent as they are legal entities.

5.1.2. HCP consent

All efforts have been made at achieve a high level of individual HCP payment disclosure whilst recognising the UK Data Act and the General Data Protection Regulation (GDPR). A consent clause is included in every engagement contract.

5.2. Management of recipient consent withdrawal

The UK has decided that if an HCP withdraws consent once, we interpret this as they have withdrawn consent for the full calendar year.

Where HCPs exercise their right under the Data Protection Act or under the General Data Protection Regulation (GDPR) to withdraw consent, those ToVs are reported in aggregate.

As part of AstraZeneca's pre-disclosure process, HCPs will have an opportunity to verify and/or change their consent status via the AstraZeneca Pre-Disclosure Portal. In accordance with the General Data Protection Regulation (GDPR), AstraZeneca has adjusted its approach for consent to be an "opt in" for YES vs. an "opt out" for NO. Therefore, if an HCP does not verify consent, it will default to "NO" and the payment details will subsequently be included in the aggregate spend. As a result of this change, AstraZeneca expects a significant decline in consent "YES" for the 2017 report. However, the company will continue to apply its best effort to encourage HCPs to give consent "YES" for individual level disclosure.

5.3. Management of recipient's requests

As the UK disclosure data will be hosted on the ABPI central platform, HCPs/HCOs or ORDMs should in the first case raise queries or requests with the ABPI data Partner. If a query cannot be resolved in 14 days the ABPI data Partner will move the queried amount to the aggregated disclosure line until resolved. A fuller explanation can be found on the ABPI disclosure website.

5.4. Partial consent

AZ UK has decided that if an HCP withdraws consent once, we interpret this as they have withdrawn consent for the full calendar year.

6. Disclosure form

6.1. Disclosure platform

6.1.1. Date of publication

The date of publication for United Kingdom of Great Britain & Northern Ireland is 29 June 2018 in line with the ABPI Code of Practice for the Pharmaceutical Industry.

6.1.2. Retention of data

AZ maintains relevant records of the disclosures for a minimum of 5 years.

6.2. Disclosure language

Disclosure is made in English.

6.3. Pre-disclosure

AZ will determine if and the extent to which HCPs may review the ToVs that will be published prior to disclosure. For the 2017 disclosure report, AZ will provide HCPs (who have a verified e-mail address) an opportunity to preview their data prior to submission to ABPI.

7. Disclosure financial data

7.1. Currency

Disclosure will be made in British Pounds. For ToVs made in foreign currencies, the conversion was made at the time of reporting using our standard currency accounting rates.

7.2. Value Added Tax (VAT) and other taxes

VAT is not included in the ToVs included in this report.