

Trusted... to deliver responsibly

How we are ensuring that what we do and the way we do it has a positive impact on the world and people who our business touches.

What we stand for

We continue to align our desire to act responsibly with our strategic business objectives. Our core values remain:

Honesty, integrity and the highest ethical standards

A focus on quality in all aspects of our business

Dedication to the welfare and education of our employees

Investment in the communities in which we work

Care and preservation of our environment

Respect for all people, regardless of race, religion, gender or background

Corporate and social responsibility report

The CSR programme we established in 2007 has continued apace, and is a key part of our strategic commitment to our core values.

Introduction

Acting responsibly has been a core value of Hikma since its foundation and a value we strive to bring to life in our day-to-day work. In 2008 we continued to formalise our CSR programme and reporting, and remained focused on working to integrate sustainable behaviour into our business.

This report demonstrates how we continue to extend our engagement with the communities in which we operate, support our people, develop our business practices, and improve awareness of how to minimise our impact on the environment. Acting responsibly exists at the core of the way Hikma does business, with the ultimate intention of improving the well-being of the patients using our products and building strong relationships with other stakeholders.

Aligning business and CSR

The year ended with a significant review of our CSR governance structure in line with our ongoing aim of embedding CSR throughout the Hikma group and driving the CSR programme from the Board and senior management, to operational functions. The changes seek to ensure that our CSR activities are consistently aligned with the Company's ongoing business objectives.

This new structure provides for a Board-level Steering Committee and an expanded Working Committee. The Steering Committee, is chaired by Hikma's Vice Chairman, and comprises an independent Non-Executive Director (Ronald Goode) the Corporate Vice President of Finance and the General Counsel. It is responsible for oversight of the Group's CSR activity, its strategic direction and implementation and reporting to the Board of Directors. The Working Committee is composed of key executives – covering VP Regional Operations, supply chain and finance – together with the Director of Investor Relations, the Director of Corporate Communication, and the Group CSR Manager.

These new committees will bring consideration of social, economic and environmental issues to a wider audience within Hikma, deliver implementation of CSR policies and practice throughout the Group and improve feedback from business units to ensure the continued relevance of the CSR programme. The committees have set goals for Hikma's 2009 CSR programme in the areas of reporting, the Hikma Volunteering Day and the appointment of CSR Champions.

In 2008 we saw increasing levels of activity from our CSR Champions. Based in six of Hikma's manufacturing units, the Champions play a critical role in implementing CSR practice within the operating units and attaining employee engagement for our growing number of initiatives. In early 2009 we appointed CSR Champions at our manufacturing sites in Egypt, APM (Jordan), Italy and Thymoorgan (Germany).

Reporting

We are guided by the Global Reporting Initiative's (GRI) G3 guidelines, in particular focusing on data gathering on:

- community investments;
- environmental impacts; and
- employee and labour practices.

Hikma responsibility structure



“Responsibility has been one of Hikma's core values since its foundation in 1978.”



Number of CSR champions

10

This year we have selected a number of champions at our plants in Egypt, APM (Jordan), Italy and Thymoorgan (Germany) and are seeking to raise awareness of the work the champions do in promoting the CSR agenda.

Community

\$350,000

In 2008, we donated a total of \$350,000 to the King Abdullah Fund to fight poverty in Jordan.



Through GRI reporting, we have started to identify performance improvements on some key metrics. Measurement of this data will not only help to identify the benefits derived in our targeted units but also to benchmark good performance between business units.

2008 was our second year of GRI data gathering. We saw improvements in both the quality and consistency of data gathered, but with only two data points available, establishing trends remains at a preliminary stage. During 2009 we will implement a dedicated software system to improve data gathering and analysis, to gain better and more consistent data and enable analysis of trends in our business.

We continue to review the need for additional indicators – for example, on emissions – to ensure that reporting is aligned with our overall business strategy.

People

We value our employees as our most important asset, ensuring that we recruit and retain the quality of people that distinguishes us from our competitors. We aim to be recognised as a leading employer and repay our employees' loyalty by investing in their future.

With our commitment to GMP (Good Manufacturing Processes), technical training has always been very strong across the business. GRI data has shown that non-GMP training represents approximately 25% of all training, helping us identify areas of need for further non-technical training. In 2009 this will include additional training for the CSR Champions and employee training on CSR Policies and the Code of Conduct. In 2008, we also continued our Continuing Education Scheme which supports employees in fully funded further education programmes.

We continue to focus on employee welfare. In November 2008, we celebrated World Diabetes Day, raising employee awareness by the distribution of posters throughout our business, e-mails to employees and hosting an internal lecture in Jordan. We also undertook a breast cancer awareness day, which alerted employees to issues and preventative screening, and have implemented a life insurance scheme for all employees in Algeria.

Community: A Core Value

We remain resolute in our belief that investment in our communities brings benefit both to us and to those around us. This idea was embedded at the foundation of Hikma as a family-owned company. In many cases, our community involvement focuses on supporting young people with the aim of developing their professional skills, while at the same time providing a broader pool of talented recruits for Hikma.

We have continued to build our university partnerships by providing student scholarships. Following on from our 2007 acquisition in Egypt, 150 students from Egyptian universities were supported through cross-departmental training at Hikma. In 2008 we launched a collaboration with the German Jordanian University in Amman, whereby three students will receive six-month technical training scholarships at Hikma's German plant.

We continue to give significant donations both financial and in kind. In 2008, the total value of our community investments was US\$2,490,632. We also encourage employees to donate their time through volunteering to add capacity to the financial donations made by the Group.

Gifts in kind

\$1.4m

The Company donated \$1,411,000 of medicines in 2008.

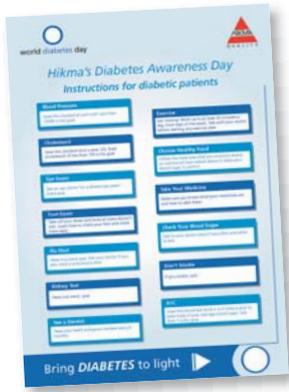


Above: For the first time in 2008 Hikma employees joined together for a volunteering day.

University Partnerships Hikma has continued to build partnerships with universities in MENA, this enables students to engage in valuable work experience whilst encouraging future graduates to consider Hikma as an employer of choice.



Corporate and social responsibility report
continued



We have chosen to focus our community support on helping those with cancer and diabetes, because of the increasing recognition of the effect of these diseases in MENA and in Hikma's developments in therapeutic areas. During the year we:

signed an agreement with the King Hussein Cancer Foundation in Jordan, providing US\$140,000 of funding which has helped with the reprinting of Cancer Awareness Booklets for public distribution.

introduced Hikma's breast cancer awareness day – with more than 50% of our employees being female, we chose to undertake this project to raise awareness and encourage dialogue around the risks that we face.

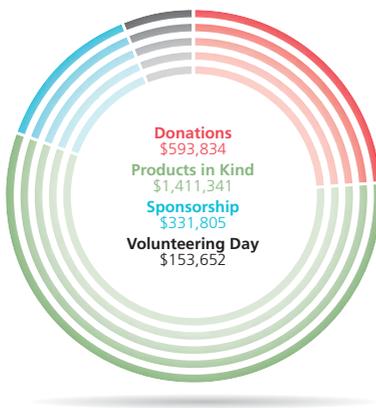
In April 2008 we undertook a group-wide Volunteering Day which focused on raising cancer awareness and supporting patients suffering from cancer. We encouraged employees across the business to spend one day giving their time, and 500 employees were involved in the projects. Activities ranged from assisting a field survey related to early detection of breast cancer, to spending the day at pediatric oncology hospital units with child cancer patients, to renovating and painting a cancer hospital ward.

We also continued to work with charities in our communities helping to fight poverty. In Jordan we:

sponsored an SOS Children's Village home. Our donation of US\$17,000 covered the costs of the home for 12 children.

donated US\$ 350,000 to the King Abdullah 2nd Fund to Fight Poverty, which supports the building of houses for underprivileged people in a number of locations in Jordan.

Value of community investment
\$2.49 million



Hikma Algeria was the key sponsor for Algeria's first Scientific Forum on Health, Sport and Food, which brought together students for sporting events and provided advice on balanced nutrition and awareness-raising of diseases to which young people can be susceptible.

Finally, we continued to use our experience to influence business and social development in the Middle East. Hikma was a regional partner for the World Economic Forum Middle East summit in May and was invited to speak on the panel at sessions focused on identifying and building opportunities to improve the global competitiveness of businesses operating in the Middle East.

Health and Safety

Hikma's dedication to quality extends across all areas of our business. It cannot be upheld without a continued commitment to providing a safe working environment and ensuring that the health and safety of our employees is given critical attention.

Following its development in 2007, 2008 brought the initial implementation of Hikma's Health and Safety Policy, which requires the appointment of an HSE supervisor in each business unit. In 2008 we saw the first appointments to this role, but fell short of our target of appointments in all main business units. The necessary additional appointments will be made during 2009. During 2008, many of our units implemented the necessary health and safety processes through the use of external HSE advisors. The process of employee education on the Group Health and Safety Policy, which was not fully realised in 2008, remains a key priority for 2009.

Corporate and social responsibility report
continued



Environmental initiatives launched in 2008

Jordan: Installed solar system for hot water.

US: Overnight lighting procedures introduced.

ISO 14001

Hikma Jordan and AMC Jordan plants achieved ISO 14001 certification in 2008.

Nevertheless, our strong commitment to conducting our business within the Health and Safety Policy delivered results during the year. New health and safety initiatives developed during 2008 include the opening of a weekly health clinic at our Algerian factory. Attended by local GP, this enables all employees to be given an annual general health check.

We were also delighted to receive external recognition for our commitment to health and safety. Firstly this was gained through the award of the OHSAS 18001 certification at our AMC facility in Jordan, with the main Hikma Jordan facility also working towards this certification. Secondly, Hikma Jordan was granted the Award of Excellence in Health and Safety as the best private sector pharmaceutical company in Jordan, a prestigious award granted by the country's Social Security Corporation, the most comprehensive official body tracking occupational injuries in Jordan.

During 2008 we focused on the collection and analysis of GRI data on absenteeism and occupational injury rates to enable a clearer understanding for ongoing policy development. 2009 will see further emphasis on employee training on the Health and Safety Policy and target a zero level of occupational injuries across all business units.

Environment

Our Environmental Policy states that we will manage our operations to minimise our impact on the environment where possible. Our critical priorities remain the reduction of:

energy consumption;

water usage; and

waste production.

We aim to improve our performance through integrating our Environmental Policy into all activities at Hikma, and our key performance metrics reflect these priorities.

A significant achievement during the year, incorporating all three of these areas, was the certification of our main Hikma Jordan and AMC Jordan manufacturing plants to ISO14001 standard.

Energy consumption

GRI data collection has heightened awareness of energy usage and is helping us to identify ways to drive energy reduction across the units. New initiatives that have helped to reduce energy usage in 2008 include:

The installation of a solar system for hot water usage in Jordan – assessment is ongoing for Algeria and Portugal.

The calibration of the Hikma Jordan boiler system to reduce diesel consumption and reduce CO2 emissions.

Amending overnight lighting procedures at West-ward's warehouses in the US.

The use of low energy light bulbs in Saudi Arabia and Portugal.

“We aim to improve our performance by integrating our policies into all activities at all Hikma locations.”

“Honesty and integrity lie at the core of our business values, with all activities covered by our Code of Conduct.”

Initial reporting from our manufacturing site in Portugal, which was designed to operate to high environmental standards, indicates a reduction in electricity and gas usage which we hope will be confirmed with further data. Whilst investigations during 2008 into renewable energy sources for our US business were not successful, we continue to seek ways to implement our Environmental Policies in this business.

During the year we worked in Jordan with the Royal Scientific Society’s Environment Research Centre and at AMC Jordan started an energy saving study in association with National Energy Research Centre (NERC) to identify additional methods for reducing energy consumption. The primary data suggest that AMC can save up to 25% of its total energy costs.

Water usage With a significant manufacturing presence in the Middle East water scarcity continues to be a major concern. A number of new initiatives have quickly led to significant improvements in our water usage. Water usage decreased by just over 50% at our main Hikma Jordan plant, attributable to the installation of new external cleaning pumps, replacement of corroded pipes, and employee education on water resources.

Waste production We continue to measure our waste and focus on reduction. Our Environmental Policy commits us to encourage the reuse or recycling of all non-hazardous waste and initial GRI data collected indicates that there has been success in this area, in particular with the introduction of employee led recycling initiatives. ISO 14001 certification in Jordan also mandates specific procedures for processing hazardous and specialised waste.

Central to all of these changes are education, communication and awareness-raising, and we remain committed to communicating our Environmental Policy to employees, customers and other stakeholders. For example, at AMC a booklet was developed for contractors, employees and visitors that contains an overview of, and advice about, the Company’s Environmental, Health and Safety Policies.

Ethics

Honesty and integrity lie at the core of our business values. Ethical issues continue to be overseen by the Ethics Committee, which is chaired by Ronald Goode an independent non-executive Director, and reports to the Board of Directors.

Through our partnership with PACI (Partnering Against Corruption Initiative) we are committed to a zero tolerance policy to all forms of bribery and corruption. We have also committed to developing and implementing internal systems and controls for that policy, which are supported by the ongoing delivery of anti-corruption training.

We previously committed to all Hikma management signing the Company-wide Code of Conduct, and this undertaking continues. The Company continues to operate a whistle-blowing policy – to encourage reporting of activities that are not in compliance with the Code of Conduct, ethics or financial reporting guidelines – which along with Share Dealing Code and Disclosure Policies will be the subject of further education in 2009.

We have continued to work with our suppliers to understand their ethical policies (including human rights and environmental behaviour), targeting certain key suppliers with a questionnaire to investigate this further. During 2009 the CSR Committee will work to identify where action may need to be taken with suppliers to align their values with those of Hikma.

A copy of this report and ongoing updates about Hikma’s CSR programme can be found at www.hikma.com/csr



Ethics targets in 2009

Undertake regular training on anti-corruption policies and procedures at our main manufacturing sites.

Provide training on whistleblowing and share dealing code.