



Diversity

Hikma's diversity policy applies to the whole Group, including the Board. Hikma's inclusive workplace welcomes different cultures, perspectives, and experiences from across the globe. Hikma is committed to employing and engaging talented people, irrespective of their race, colour, religion, age, sex, sexual orientation, marital status, national origin, present or past history of mental or physical disability and any other factors not related to a person's ability to perform the relevant role.

One of the three pillars of the Group's strategy is to 'Inspire and enable our people'. The Group's policy and approach to diversity, succession and appointments are a core part of this pillar. Hikma has successful empowerment and talent development programmes to help all employees make the most of their potential. This diversity policy has been included in our updated Code of Conduct and communicated to all employees. Further detail on employee diversity is provided on page 57. The Board considers that it has demonstrated strong ethnic diversity since the formation of Hikma and that this diversity continues to be evident today.

Gender

Since its founding, Hikma has actively promoted gender diversity across its operations. The NGC was pleased to be able to improve gender diversity in the boardroom over the past few years, including the recent appointment of Cynthia Schwalm. The NGC considers that the current level of gender diversity amongst the Directors needs to at least be maintained, if not enhanced. The Board has not set specific, measurable gender diversity objectives because it needs flexibility to recruit the right candidate to address the specific identified requirements.

Governance review

As in previous years, the NGC undertook the annual review of the Group's governance arrangements in conjunction with the Company Secretary. This year the exercise included a new assessment of compliance with each provision of the new UK Governance Code and resulted in changes to the structure of this Annual Report in order to follow the style and spirit of the Code.

Evaluation and performance

The Board conducted its first full, externally moderated, interview-based evaluation in 2017 and will repeat the exercise every three years. For 2018 and 2019, the Board undertook a questionnaire-based evaluation. These evaluations were led by the external moderator, Lintstock, which has no other connection with Hikma. A further interview-based assessment will be undertaken in 2020. Having used Lintstock to perform board evaluations for circa nine years, the Board has decided to undertake a tender process in 2020 to determine a provider for the next interview-based evaluation.

Process

The evaluation process was coordinated by the Senior Independent Director at the request of the Executive Chairman. Lintstock led the exercise with an anonymous thematic review questionnaire. Lintstock reported independently to the Executive Chairman and the Senior Independent Director. The results were also discussed by the Board and relevant action points were agreed (see the tables in the right column on this page).

The results of the 2019 evaluation process formed part of the Executive Chairman's appraisal of the overall effectiveness of the Board and its members. Additionally, during the period between assessments, the Directors suggest and promote improvements as they arise.

Results

Progress on previously disclosed action points

Observations	Action taken
Additional US and global pharmaceuticals experience required	The NGC undertook a search process that led to the appointment of Cynthia Schwalm in June 2019. Cynthia has extensive and relevant experience.
Monitoring of individual strategic plans	The Chief Executive Officer has enhanced the executive report to the Board by adding more detail on the progress against each key initiative that was discussed at the strategic review.
Succession planning	The Chief Executive Officer has developed a full plan for management succession below the Board level, which has been reviewed and approved by the Board (see page 66).
Senior Independent Director succession	The plan for succession of the Senior Independent Director (see Chair's letter on page 55) which is being implemented during the course of 2020.
Focus of the Board agenda	The Company Secretary has categorised the Board agenda into strategic, performance and governance segments with a view to focusing decision-making.
Strategic focus	The Chief Executive Officer developed the Group's strategy over the course of 2019 and presented an extensive update to the Board in October 2019 that enhanced the existing highly-rated plan.

New action points

Observations	Action being undertaken
Drive for expansion	The executive team is extending its business development activities to identify new opportunities for expansion through partnerships, product acquisitions, R&D and related activities.
Succession planning	The medium-term succession arrangements will be reviewed to ensure that new appointments extend the skills and capabilities of the Board in the desired areas and the plans for Executive Directors are developed in more detail.
Risk management	The Board will hold a risk session considering the response to the highest scoring risks in order for additional attention to be placed on these areas, whilst continuing to review the comprehensive risk plan.
Meeting efficiency	Executives presenting at the Board and Committee meetings will undertake to make all presentations more concise, to allow Directors to provide more focused and informed commentary.