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## Hikma's inclusive workplace welcomes different cultures, perspectives, and experiences from across the globe

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### Diversity

The Board has approved Hikma's diversity policy, which applies to the whole Group, including the Board. Hikma's objective is to continue to ensure that it has an inclusive workplace that 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. The Board monitors the diversity metrics which are detailed on page 65 and uses these as a reference point when considering the level of achievement against its diversity objective (detailed above). Hikma has successful empowerment and talent development programmes to help all employees make the most of their potential. This diversity policy is included in our Code of Conduct and communicated to all employees. Further detail on employee diversity is provided on page 65.

### Ethnicity

The Board considers that it has demonstrated strong ethnic diversity since the formation of Hikma and has three Directors identifying as BAME representing 30% of the Board, including the Executive Chairman. Accordingly, the Board wholeheartedly supports and adopts the Parker recommendation to have at least one Director of colour.

### 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 through the recent appointment of Cynthia Schwalm. The Board has adopted the Hampton-Alexander target to achieve at least 33% female Board representation. The new medium-term succession plan will take into account the strong desire to achieve this target.

### 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 thorough review of the Company's Articles of Association (which are being put to shareholders for approval at the AGM), terms of reference of each Board Committee, and the indemnity provisions for each Director.

### Evaluation and performance

The most recent, externally moderated, evaluation exercise commenced in December 2019 and concluded in April 2020. During the latter part of 2020, the Company Secretary and I reviewed the Board evaluation process and undertook an exercise to assess the Board evaluation market. As a result, Independent Audit, an external specialist, were appointed to undertake a full, interview-based evaluation exercise. The interviews will take place in 2021 to conduct as many as possible in person and allow the recent changes to the responsibilities of certain Independent Directors to become more embedded.

### Process

The most recent evaluation process was coordinated by the Senior Independent Director at the request of the Executive Chairman. Lintstock, a London-based advisory firm, 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 table on this page).

The results of the 2020 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
<b>Drive for expansion</b>	During the year, the Chief Executive Officer led a strategic review which involved an assessment of the base business and analysis of the expansion opportunities available that best meet Hikma's ambitions. The Board reviewed and approved the new strategy.
<b>Succession planning</b>	During 2020, the Board implemented the changes to the responsibilities of Independent Directors, including the appointment of an additional Director. The succession plan for Executive Directors has been reassessed.
<b>Risk management</b>	During the year, the Board received an in-depth overview of the way in which quality risk is managed within Hikma and continued to receive regular reports on action taken to mitigate information security risk.
<b>Meeting efficiency</b>	The Board has been very impressed by the presentations made by the Chief Executive Officer and the executive team, providing commentary at the point of receipt. Meeting efficiency will be assessed further at the next evaluation.

## Nomination and Governance Committee Letter from the Chair continued

During the year, I met separately with the Independent Directors, the Chairman and the Chief Executive Officer in order to undertake an assessment of the performance of the Board. We concluded that the Board continues to operate highly effectively and that a significant number of enhancements have been made over the recent period, particularly since the Chief Executive Officer joined in February 2018. We considered that the main area for further development was in our succession arrangements, which is progressing well. Accordingly, we were satisfied that we did not need to undertake further enhancement work at this stage and look forward to the forthcoming interview-based evaluation. The next externally moderated Board evaluation exercise will be undertaken in the first half of 2021 and reported in the following Annual Report.

### Conclusions and actions

In relation to the most recent assessment exercise, the Board considered that it continued to operate effectively with particular strengths in the following areas:

- the focus of the Chief Executive Officer on operational performance and delivery of the Group's strategy
- the strategic review held in October was considered to be a significant success with several enhancements embraced by Directors
- interaction and atmosphere providing for good, healthy discussions and challenges
- Non-Executive Directors providing support and constructive challenge to management
- oversight of risk management and advancement of the risk agenda

### Executive Chairman's appraisal

The Executive Chairman and I meet regularly to discuss matters including the performance of the Board and how his role helps deliver and enhance that performance. This builds on discussions that I hold with the Independent Directors which occur bi-annually. The Executive Chairman's performance is also reviewed by the Remuneration Committee as part of the determination of performance-based compensation.

### Director appraisal

The Executive Chairman, having taken into account the comments from the Board evaluation and discussions with the Senior Independent Director and Chief Executive Officer, reviewed the performance of each of the Directors during the year and concluded that each Director contributes effectively to the Board, brings particular areas of skill and experience that ensure the Board as a whole has the right capabilities, and devotes sufficient time to their role. The NGC has concluded that each Director be recommended to shareholders for re-election at the 2021 AGM.

For and on behalf of the Nomination and Governance Committee.

### Patrick Butler

Chair, Nomination and Governance Committee  
24 February 2021



A fresh approach to  
evaluating the Board will be  
undertaken in 2021

