

Carbon Reduction Plan – United Kingdom Hikma Pharmaceuticals

- Supplier name: Hikma Pharmaceuticals International Limited – Part of Hikma Pharmaceuticals PLC (“Hikma”)
- Publication date: June 4, 2024

Commitment to achieving Net Zero

Hikma is committed to achieving Net Zero emissions by 2050 for its UK locations.

This plan and commitment are formatted according to the prescribed template required in Public Procurement Notice PPN 06/21.

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I. About Hikma

Hikma puts better health within reach, every day.

We achieve this by delivering on our strategy, creating an inclusive culture of progress and belonging that enables everyone to thrive, and acting responsibly in everything we do.

We bring patients across North America, MENA and Europe a broad range of generic, specialty and branded pharmaceutical products.

Hikma was founded over 45 years ago with the mission to make high-quality medicines that are accessible to those who need them.

II. Sustainability at Hikma

We are focused on the sustainability issues that are most material to our business and stakeholders. These material issues form the basis of our sustainability framework and strategy, and we align our business with these priorities.

We have a duty to act responsibly – for our people, patients, communities, and the planet. That's why we focus on four areas where we can make a positive impact. We advance health and wellbeing; we empower our people; we protect the environment; and we build trust through quality in everything we do.

- [Energy consumption and emissions footprint](#)

Among the sustainability issues most relevant to our business and most closely related to our commitment to protect the environment are our energy consumption and emissions footprint. As such, we have prioritised management of our energy consumption and emissions footprint globally.

In 2021, we put in place a target to reduce our Scope 1 and 2 GHG emissions by 25% by 2030, using a 2020 baseline. The target was developed using the absolute contraction approach and is in line with the Paris Climate Agreement's well-below 2°C scenario.

- [UK emissions reduction and Net Zero commitments](#)

In 2020, the National Health Services (NHS) UK adopted two emissions-related targets. This is in alignment with the UK Procurement Policy Note (PPN 06/21) passed in 2021.

NHS targets:

- For the emissions controlled directly by the NHS, the target is to reach net zero by 2040, with an ambition to reach an 80% reduction between 2028 - 2032;
- For emissions that the NHS can influence, the target is to reach net zero by 2045, with an ambition to reach an 80% reduction between 2036 - 2039.

III. Our Presence in the United Kingdom

In the UK, Hikma Pharmaceuticals PLC operates from leased offices in a building in Central London, located at the 5th Floor, 1 New Burlington Place, London W1S 2HR. The building has an Energy Performance Certificate (EPC) rating of A. The location is referred to throughout this report as the “Hikma London Office”.

Energy demand at our London office is met by three different equipment types, namely ground source heat pumps, gas boilers and chillers. Heating and cooling in the offices is acquired from the building’s services and is primarily provided by ground source heat pumps. Emissions arise from the generation of electricity.

Energy usage types and sources: Hikma London Office	
Energy usage type	Energy source
Lighting	Grid electricity
Power	Grid electricity
Heating	Grid electricity to ground source heat pumps (GSHPs), and natural gas to gas boilers
Cooling	Grid electricity to GSHPs and chillers

IV. About this disclosure/report

The purpose of our UK Carbon Reduction Plan is to align with the UK Procurement Policy Note (PPN 06/21) passed in 2021. As of April 2024, the PPN 06/21 requires suppliers to publish a Carbon Reduction Plan for their UK Scope 1 and 2 emissions, along with a subset of scope 3 emissions, as well as a commitment to achieve net zero carbon emissions by 2050. More detailed information on our goals, commitments, and progress related to emissions, the environment and sustainability in general, can be found on our website: <https://www.hikma.com/responsibility/acting-responsibly/>

Our commitment to achieving Net Zero:

Hikma Pharmaceuticals International Limited commits to achieving Net Zero by 2050 at the latest in respect of all GHG emissions types detailed in the UK Government’s publication PPN 06/21 that arise from those UK activities over which we have control.

V. Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions.

Baseline emissions are the reference point against which emissions reduction can be measured.

We have segmented our UK-based emissions separately from our global footprint for the purpose of this disclosure.

UK boundary – Emissions, baseline year: (Scope 1 + 2: 2020) (Scope 3: 2021)																						
EMISSIONS unit¹	Tonnes of carbon dioxide equivalent (tCO₂e)																					
Scope 1	0																					
Scope 2 (location-based)²	29																					
Scope 3³ (Included Sources)	<table border="1"> <thead> <tr> <th>Cat ego ry #</th> <th>Category name</th> <th>Emissions (tCO₂e)</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Upstream transportation and distribution</td> <td>0</td> </tr> <tr> <td>5</td> <td>Waste generated in operations</td> <td>0</td> </tr> <tr> <td>6</td> <td>Business travel</td> <td>0</td> </tr> <tr> <td>7</td> <td>Employee commuting</td> <td>0</td> </tr> <tr> <td>9</td> <td>Downstream transportation and distribution</td> <td>0</td> </tr> <tr> <td colspan="2">Total</td> <td>0</td> </tr> </tbody> </table>	Cat ego ry #	Category name	Emissions (tCO ₂ e)	4	Upstream transportation and distribution	0	5	Waste generated in operations	0	6	Business travel	0	7	Employee commuting	0	9	Downstream transportation and distribution	0	Total		0
	Cat ego ry #	Category name	Emissions (tCO ₂ e)																			
	4	Upstream transportation and distribution	0																			
	5	Waste generated in operations	0																			
	6	Business travel	0																			
	7	Employee commuting	0																			
	9	Downstream transportation and distribution	0																			
Total		0																				
Total Emissions	29																					

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- We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and in alignment with the Scope 2 guidance.
- We consolidate our organisational boundary according to the operational control approach, as described in the GHG Protocol Reporting Standard. This includes all our facilities and locations where we have operational control.
- Our Scope 1 and 2 emissions as well as a subset of Scope 3 (Categories 3, 5 and 7) are validated through external reasonable assurance. The remainder of our Scope 3 emissions categories (Categories 1, 2, 4, and 6) are calculated through our procurement portal, achieving limited assurance to the calculation methodology.

² Emissions from well-to-tank activities and T&D losses are classified as Scope 3 and are excluded from this report as they are not part of the required Scope 3 subset.

³ Scope 3 emissions figures represent reporting year 2021, the first year our Scope 3 footprint was calculated. Low emissions figures are partially attributable to COVID-19 measures implemented in the UK between 2020-2021.

Global boundary (including UK) – Emissions, baseline year: (Scope 1 + 2: 2020) (Scope 3: 2021)																						
EMISSIONS unit⁴	tCO ₂ e																					
Scope 1	47,372																					
Scope 2 (market-based)	97,527																					
Scope 3 (Included Sources)⁵	<table border="1"> <thead> <tr> <th>Category #</th> <th>Category name</th> <th>Emissions (tCO₂e)</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Upstream transportation and distribution⁶</td> <td>26,769</td> </tr> <tr> <td>5</td> <td>Waste generated in operations</td> <td>1,818</td> </tr> <tr> <td>6</td> <td>Business travel</td> <td>1,291</td> </tr> <tr> <td>7</td> <td>Employee commuting⁷</td> <td>0</td> </tr> <tr> <td>9</td> <td>Downstream transportation and distribution</td> <td>Included in Category 4</td> </tr> <tr> <td colspan="2">Total</td> <td>29,878</td> </tr> </tbody> </table>	Category #	Category name	Emissions (tCO ₂ e)	4	Upstream transportation and distribution ⁶	26,769	5	Waste generated in operations	1,818	6	Business travel	1,291	7	Employee commuting ⁷	0	9	Downstream transportation and distribution	Included in Category 4	Total		29,878
	Category #	Category name	Emissions (tCO ₂ e)																			
	4	Upstream transportation and distribution ⁶	26,769																			
	5	Waste generated in operations	1,818																			
	6	Business travel	1,291																			
	7	Employee commuting ⁷	0																			
	9	Downstream transportation and distribution	Included in Category 4																			
Total		29,878																				
Total Emissions	<ul style="list-style-type: none"> • Scope 1 + 2: 144,899 • Scope 3 subset: 29,878 Total: 174,777																					

⁴

- We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and in alignment with the Scope 2 guidance.
- We consolidate our organisational boundary according to the operational control approach, as described in the GHG Protocol Reporting Standard. This includes all our facilities and locations where we have operational control.
- Our Scope 1 and 2 emissions as well as a subset of Scope 3 (Categories 3, 5 and 7) are validated through external reasonable assurance. The remainder of our Scope 3 emissions categories (Categories 1, 2, 4, and 6) are calculated through our procurement portal, achieving limited assurance to the calculation methodology.
- Scope 3 emissions were introduced to our emissions profile in 2021 and are therefore not included in our baseline year emissions.

⁵ Scope 3 emissions figures represent reporting year 2021, the first year our Scope 3 footprint was calculated.

⁶ Category 4: Upstream transportation and distribution includes emissions for Category 9: Downstream transportation and distribution.

⁷ Category 7: Employee commuting was not included in our reporting boundary in 2021.

VI. 2023 emissions footprint

	UK boundary – Emissions: 2023		
EMISSIONS unit	tCO₂e		
Scope 1	0		
Scope 2 (location-based)	41		
Scope 3 (Included Sources)	Cat ego ry #	Category name	Emissions (tCO₂e)
	4	Upstream transportation and distribution	0
	5	Waste generated in operations	6
	6	Business travel	9
	7	Employee commuting	24
	9	Downstream transportation and distribution	0
	Total		39
Total Emissions	<ul style="list-style-type: none"> • Scope 1 + 2: 41 • Scope 3 subset: 39 Total: 80		

Global boundary (including UK) – Emissions: 2023																						
EMISSIONS unit⁸	tCO ₂ e																					
Scope 1	43,135																					
Scope 2 (market-based)	80,503																					
Scope 3 (Included Sources)	<table border="1"> <thead> <tr> <th>Category #</th> <th>Category name</th> <th>Emissions (tCO₂e)</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Upstream transportation and distribution</td> <td>27,322</td> </tr> <tr> <td>5</td> <td>Waste generated in operations</td> <td>3,105</td> </tr> <tr> <td>6</td> <td>Business travel</td> <td>7,469</td> </tr> <tr> <td>7</td> <td>Employee commuting</td> <td>10,241</td> </tr> <tr> <td>9</td> <td>Downstream transportation and distribution</td> <td>Included in Category 4</td> </tr> <tr> <td colspan="2">Total</td> <td>48,137</td> </tr> </tbody> </table>	Category #	Category name	Emissions (tCO ₂ e)	4	Upstream transportation and distribution	27,322	5	Waste generated in operations	3,105	6	Business travel	7,469	7	Employee commuting	10,241	9	Downstream transportation and distribution	Included in Category 4	Total		48,137
	Category #	Category name	Emissions (tCO ₂ e)																			
	4	Upstream transportation and distribution	27,322																			
	5	Waste generated in operations	3,105																			
	6	Business travel	7,469																			
	7	Employee commuting	10,241																			
9	Downstream transportation and distribution	Included in Category 4																				
Total		48,137																				
Total Emissions	<ul style="list-style-type: none"> • Scope 1 + 2: 123,638 • Scope 3 subset: 48,137 Total: 171,775																					

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- We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and in alignment with the Scope 2 guidance.
- We consolidate our organisational boundary according to the operational control approach, as described in the GHG Protocol Reporting Standard. This includes all our facilities and locations where we have operational control.
- Our Scope 1 and 2 emissions as well as a subset of Scope 3 (Categories 3, 5 and 7) are validated through external reasonable assurance. The remainder of our Scope 3 emissions categories (Categories 1, 2, 4, and 6) are calculated through our procurement portal, achieving limited assurance to the calculation methodology.
- Scope 3 emissions were introduced to our emissions profile in 2021 and are therefore not included in our baseline year emissions.

VII. Emissions reduction targets

In order to continue our progress towards reducing our emissions globally and achieving net zero in the UK, we have adopted the following carbon reduction targets:

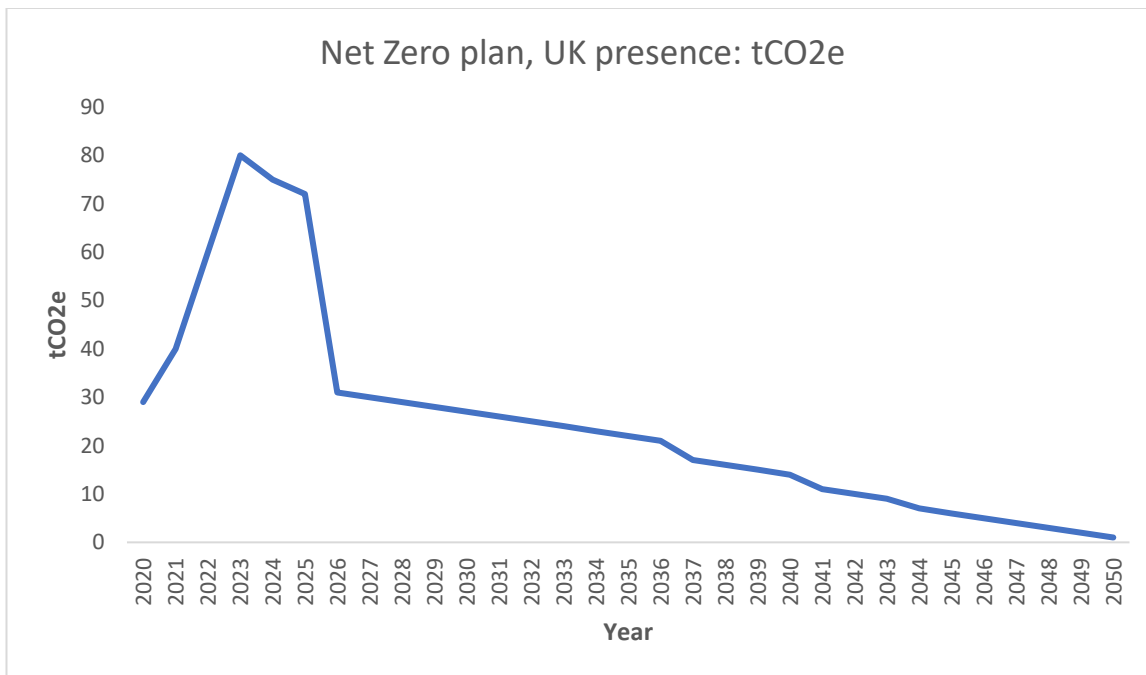
- **Global emissions:**

In 2021, we put in place a target to reduce our Scope 1 and 2 GHG emissions by 25% by 2030, based on a 2020 baseline and market-based calculations. The target was developed using the absolute contraction approach and aligns with the Paris Climate Agreement’s well-below 2°C scenario.

We are making considerable advancement towards achieving our target. Compared to our base year (2020), our 2023 Groupwide (global) Scope 1 and 2 emissions have decreased by 15%.

- **UK emissions:**

We aim to steadily reduce our Scope 1, 2 and subset of Scope 3 GHG emissions in the UK to Net Zero by 2050, leveraging opportunities to improve energy efficiency and procure electricity from greener sources.⁹



⁹ UK-based emissions reduction graph shows only Scope 1 and 2 emissions. Going forward, we aim to identify our UK-based emissions for the required Scope 3 subset (currently measured at the Group level) in order to include in the graph projection.

VIII. Emissions reduction projects

- Implemented global projects

The following environmental management measures and projects have been completed or implemented since our 2020 baseline:

Project description	Details
Solar panel installations	Across our locations, we take advantage of opportunities to install solar photovoltaic energy generation to power our facilities. To date, some of the countries where we use solar energy generated on-site include Jordan and Portugal.
Trigeneration facility	In 2022, we established our first trigeneration combined cooling, heat and power (CCHP) facility in Tunisia. The facility enables more efficient generation of heating and cooling across two of our facilities in the country.
LED lighting	We are transitioning the lighting in our facilities globally to light-emitting diodes (LED), improving efficiency of energy use and impacting our carbon footprint.
Behavioural campaigns	We organise multiple campaigns to raise awareness among our employees about the importance of conserving energy and resources in the workplace.

- Planned UK projects

The following environmental management measures and projects form part of our Net Zero ambitions for our UK presence:

Description	Expected year of completion	Estimated impact – kWh savings/year ¹⁰	Emissions impact – tCO ₂ e savings/year ¹¹
Procuring electricity from 100% green sources	2026	237,000	41
Repair motion-detecting, passive infra-red detectors for lighting	2025	23,316	4.8
Install and implement timer switches on non-perishable drink fridges	2026	1,965	0.4
Implement employee engagement and awareness campaign	2027	990	0.2
Improve Scope 3 data visibility for UK presence	2026	NA	NA

¹⁰ Based on ESOS Phase II audit recommendations

¹¹ Based on 2023 emissions factors of the UK Department for Environment, Food and Rural Affairs (DEFRA)

IX. Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and the associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard, using the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.¹²

This Carbon Reduction Plan was approved by the Board of Directors on June 4, 2024, and signed on its behalf by:

Riad Mishlawi

Chief Executive Officer

Date: June 4, 2024

¹²

<https://ghgprotocol.org/corporate-standard>
<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>
<https://ghgprotocol.org/corporate-value-chain-scope-3-standard>