

Modern Slavery Statement 2023

This statement is made on behalf of Hikma Pharmaceuticals PLC, including all its subsidiaries and the companies owned or controlled by it, in accordance with the United Kingdom's Modern Slavery Act 2015. It covers the reporting period of January 1st, 2023 to December 31st, 2023.

References to 'Hikma', 'we', 'us' and 'our' refer to the companies comprising the Hikma group, and includes all the subsidiaries and companies owned or controlled by Hikma Pharmaceuticals PLC.

Our commitment

We are committed to conducting our business operations in accordance with the highest ethical standards, in compliance with the national and international laws, regulations and codes that apply to us. As part of our commitment to human rights, we are a signatory to and a member of the United Nations Global Compact since 2007, and constituents of the FTSE4Good since 2014. In addition, we support the United Nations Guiding Principles on Business and Human Rights and are dedicated to upholding human rights across all our operations regardless of the locality or the jurisdictions in which we operate. In line with these commitments, we have implemented comprehensive policies and processes to ensure our operations adhere to human rights standards and effectively prevent and address any potential abuses. These policies and processes include, but are not limited to, the following:

- 1- Health and safety policies and procedures aimed at ensuring the well-being of all individuals involved in our operations.
- 2- A risk assessment and due diligence processes for evaluating risks associated with suppliers and third parties, including their compliance with human rights and other relevant legal obligations.
- 3- A robust whistleblowing infrastructure that facilitates the reporting of concerns, misconduct, and grievances.
- 4- An effective investigation framework to address instances where employee and individual rights are compromised, ensuring prompt and appropriate remedial actions.
- 5- Human resources policies and procedures designed to promote equitable employment practices and fair remuneration standards.

More information on our policies and achievements is available in our [Annual Report](#). Specific information on our work in relation to the integration of human rights aspects into our sustainability goals can be found in our Sustainability Reports, available [here](#).

We have processes in place to meet our obligations under the Modern Slavery Act 2015, and other similar or equivalent legislation that applies to us. We have established controls to identify and address modern slavery risks in our own business operations and supply chains and continue to advance our measures to ensure that modern slavery in the form of slavery, servitude, forced or compulsory labour, exploitation (including securing services by force, threats or deception and child labour) and human trafficking is not taking place in any part of our business or in those of our partners and suppliers. This statement describes the steps which we have taken to mitigate the risks of modern slavery in our business and our supply chains.

You can find our previous Modern Slavery Statements [here](#).

Our business structure

We help put better health, within reach, every day for millions of people around the world. For more than 45 years, we have been creating high-quality medicines and making them accessible to the people who need them.

Hikma operates globally through a network of 58 subsidiaries, all of which are ultimately owned or controlled by Hikma Pharmaceuticals PLC, a publicly traded company headquartered in London, United Kingdom. Our main operations are spread across 11 countries in various geographical regions, with key operations centred in the Middle East and North Africa (MENA), Europe, and North America.

Our operational structure comprises distinct business segments that develop, manufacture and market a broad range of pharmaceutical products. In the Generics segment, we supply oral and non-injectable generic and specialty products to the US retail market. Our Injectables segment supplies injectable products to hospitals across our markets, supported by our manufacturing facilities in the US, Europe, and MENA. Our Branded segment provides branded generic and in-licensed innovator products from our local manufacturing facilities to retail and hospital customers across the MENA region.

We have a network of 29 manufacturing plants and 8 research and development (R&D) centres that supply our global markets with a broad range of products. We are also developing a more diverse pipeline to meet the evolving needs of patients and healthcare professionals through different means and partnerships, including investments in R&D. During 2023, we had 157 new product launches and received 128 approvals, and we submitted 107 regulatory filings to ensure the continuous development of our product pipeline. Our venture capital arm is investing in opportunities in the growing digital health and life sciences space and is helping bring innovative health technologies to people around the world. Together, our approximately 9,100 colleagues are helping put better health within reach for patients and communities. More information on our business structure, operations, and workforce is available in our [Annual Report](#).

Our supply chain

Due to the global nature of our operations, our supply chains are complex and have considerable scale. We source a wide range of goods and services from thousands of suppliers from around the world, and we partner with wholesalers and distributors to supply our products to those who need them.

Different goods and services are sourced to support our manufacturing and R&D operations, such as raw materials and pharmaceutical ingredients for manufacturing drug substances and/or finished drug products, clinical trial support, machinery, equipment, laboratory supplies, and various material used for primary and secondary packaging.

We also source goods and services to support the various aspects of our business. These include equipment, office supplies, technologies, digital solutions and tools, IT systems and services, consulting services, professional services, marketing and distribution support, transportation, and other services necessary to support our operations. Additionally, we engage with various suppliers and third parties for the provision of different services such as catering, facility management, engineering, and construction services to ensure the seamless functioning of our operations.

We partner with a network of external distributors whose support make our products available to those who need them, as well as contract manufacturing organisations that supply finished and semi-finished products for sale and distribution by us.

In 2023, we spent close to \$1.7 billion with approximately 8,000 suppliers and third parties. The highest category of our supplier spend during this period was directed towards direct materials essential for supporting our drug production operations.

We continue to map the extent of our operations and supply chains and the various risks associated with the categories of supply and the geographical location of our suppliers.

The current geographical reach of our Tier 1 suppliers extends to 68 countries worldwide. Approximately 40% of our total supplier expenditure is allocated to suppliers based in North America, 34% in Europe, and 26% between suppliers in the MENA, Asia and other regions.

Identifying modern slavery risks in our operations and supply chain

Based on our risk assessment and the nature of our operations, we continue to believe that the risk of modern slavery in our directly employed workforce is low, mainly due to our strict adherence to the laws and regulation that apply to us, the rigorous enforcement of our policies and procedures, the highly skilled nature of our workforce, and the heavily regulated nature of the pharmaceutical industry.

However, and based on our risk assessment and due diligence process, the risk of modern slavery in our supply chain increases when we deal with third parties, particularly suppliers who operate in jurisdictions where weak enforcement of international human rights standards may be prevalent.

To assess these risks, we conduct a risk assessment of our suppliers, taking into account various internal and external factors. These factors include the type of products or services being sourced, the geographical location of the supplier, their compliance history, and the nature of the business relationship.

Each prospective supplier is issued a standard questionnaire to assess the nature and extent of the risk inherent in the contemplated transaction with us. Depending on their responses and other risk criteria, they may then be subject to a more comprehensive assessment, which includes enhanced questions and requirements. Our questionnaire process was evaluated and updated in 2023 to include additional details about specific risks and evaluates relevant internal controls, including those related to modern slavery and human trafficking.

In addition to the questionnaire process, we employ additional measures to identify and manage both actual and potential risks associated with interactions with third parties, including human rights risks. This involves independently screening all our suppliers and third parties for legal compliance and reputational violations, which include human rights and modern slavery risks. Following this process and review, each supplier is assigned a risk rating, categorizing the level of risk inherent in the business relationship as low, medium, or high.

From our preliminary risk assessment and reputational screening in 2023, 75% of our assessed third-party base has a low risk profile, 20% has a medium risk profile, and 5% has a high-risk profile, none of which were rated high risk for modern slavery concerns. High-risk suppliers undergo additional investigation and monitoring. We also address potential risks through appropriate contractual covenants and rights, which can include corrective and preventive action plans to address specific issues and risks and the right to termination of the business relationship. Information on the standard clauses we have in our supplier contract templates is provided in our [Modern Slavery Statement for 2022](#).

In 2023, we transitioned our due diligence and risk assessment process to a new tool, enabling an integrated approach to managing supplier relation, risk, and spend management. This integration aims to streamline efforts and to improve risk management; the identification, evaluation, and documentation measures aimed at mitigating different supplier risks, including those related to human and labour rights. Further details on enhancements to our risk assessment due diligence process and our supplier onboarding procedures are provided under the **'Supplier and third party management process'** section below.

As part of that effort, we also initiated a comprehensive review of our risk assessment criteria to better evaluate potential risks within our supply chains. We are focusing on assessing risks related to exploitative, unsafe, or abusive work conditions, which are indicative of modern slavery. This evaluation process considers various factors, including the geographic location of prospective suppliers, the nature of products or services involved, and the supplier's internal controls and standards. Additionally, we scrutinize each supplier's enforcement history, existing sanctions, and any related adverse information during the pre-qualification phase. Audits are conducted on suppliers who manufacture active pharmaceutical ingredients, in compliance with regulatory requirements as they may apply to our operations. This approach helps us identify and address potential risks effectively, safeguarding against unethical practices across our supply chain.

As provided in our previous [Modern Slavery Statement for 2022](#), we have continued to build on our collaboration with EcoVadis and encourage more suppliers to submit for assessment to rate their sustainability. In 2023, we have assessed suppliers who make up around 49% of our procurement spend on EcoVadis, where they undergo assessment across four key areas, with a specific focus on sub-topics related to anti-exploitation and anti-slavery within the Labour and Human Rights area. Suppliers flagged with risks undergo regular monitoring and are required to undergo a corrective action plan with ongoing engagement from us.

In 2023, less than 1% of our rated suppliers on EcoVadis were flagged with high-risk scores under the Labour and Human Rights screening factor. Further investigation revealed inadequate disclosure, as opposed to actual noncompliance risks, as the primary reason for the risk score. These suppliers have been engaged with and required to provide the necessary documentation to address the identified gaps and verify that the required standards have been met.

Preventing and addressing modern slavery risks

Governance

We are committed to addressing modern slavery risks in our business and supply chains, and upholding the highest ethical standards in all our operations.

We are led by our experienced Board of Directors and Executive Committee, details of which can be found [here](#). Our Corporate Compliance Programme, including modern slavery, is ultimately governed by the Compliance, Responsibility and Ethics Committee (“CREC”). The CREC, a Board-level committee, is responsible for assisting the Board of Directors in meeting their responsibilities as they relate to the compliance activities of the organisation and the management of associated risks. The CREC has direct oversight of our approach to ethical issues associated with our suppliers. The terms of reference for the CREC are available [here](#).

Our Chief Compliance Officer (“CCO”) is a member of senior management and is responsible for the day-to-day management of Hikma’s Corporate Compliance Programme, including the drafting of policies and procedures, conducting training, auditing, monitoring, and overseeing investigations. The CCO provides periodic reports on the operation of the Corporate Compliance Programme to Hikma’s Executive Committee and the CREC. The Board of Directors receives updates on supplier issues as part of its review of operational matters; it also oversees our risk programme and receives reports on relevant issues, which specifically include risk for third-party management and ethics and compliance.

In 2023, Hikma implemented a Modern Slavery Taskforce (“MS Taskforce”) to provide cross-functional oversight and management of projects designed to enhance our approach to modern slavery prevention, detection and remediation. Comprising members from the Legal, Procurement, and Compliance departments, the MS Taskforce collaborates to review our risk assessment and due diligence process to ensure the effective implementation of our measures for identifying, preventing, and mitigating risks of modern slavery in our supply chain. As part of developing a holistic process, the MS Taskforce reviewed several indices to help with the enhancement of our risk criteria for detecting modern slavery in our supply chain, including the Global Slavery Index, the ITUC Global Rights Index, and the US Department of State’s List of Goods Produced by Child and Forced Labour. Additionally, the MS Taskforce has also consulted with legal advisers and risk assessment specialists, to derive specific insights into the criteria to be developed and used in identifying suppliers at highest risk for exploitative and forced labor conditions, and to evaluate the various ways we can enhance our data and analysis around the issues and conditions that can foster and perpetuate the conditions of modern slavery and exploitation.

Codes and policies

We are dedicated to achieving best practices across our operations, including our supply chains. We work alongside our industry partners to uphold ethical labour practices and safeguard human rights.

Our [Code of Conduct](#) (“Code”) sets out the core standards and ethical behaviours that we expect our employees, contractors, and third parties with whom we contract or do business to apply and uphold, including modern slavery laws.

Our Code is supplemented by our [Supplier Code of Conduct](#). Launched in 2022, it reinforces our commitment to integrity and emphasises our values and the importance of human rights, labour and health and safety considerations to us. Our Supplier Code of Conduct applies to all our suppliers, partners and third parties providing goods and services to or working with us, who we require to operate in line with internationally recognised human rights, and promote and maintain a culture that reflects our values. Our Supplier Code of Conduct also imposes a responsibility on our suppliers to ensure that their own suppliers and contractors are subject to the same standards, restrictions, and expectations as their own. Additionally, it requires our suppliers to demonstrate that they have undertaken reasonable enquiry into, and are not aware of, any instances of modern slavery directly or indirectly linked to their business operations, products, or services. Information on our Speak-Up and Reporting Channels are also embedded in the Supplier Code of Conduct, enabling suppliers or third parties to report instances of misconduct, modern slavery, or forced labour conditions of which that they become aware.

Our Code and Supplier Code of Conduct is reviewed on a regular basis, and related policies are reviewed on an annual basis to ensure they remain effective and relevant in addressing the various contemporary issues and risks that they aim to address. This entails active participation from all stakeholders, including the Board of Directors where applicable, to provide valuable insights and ensure alignment with our organisational goals and values. By fostering a culture of continuous improvement and accountability, we can better address issues such as modern slavery and uphold our commitment to ethical and responsible business practices.

Supplier and third party management process

We operate a formal risk assessment and due diligence process for all suppliers and third parties with whom we do business. As provided above, we use a set of risk evaluation criteria to place third parties into categories based on levels of risk. High-risk third parties are subject to enhanced due diligence processes. Additionally, third parties are continuously monitored to identify potential reputational and compliance risks including sanctions, adverse media coverage and political affiliations. In 2023, our management team consolidated multiple platforms used for supplier registration, onboarding, risk and performance evaluation, sourcing, and contracting by transitioning into a single, multifunctional tool. It is seamlessly integrated with our Enterprise Resource Planning system, Moody’s risk data, and EcoVadis’s sustainability rating tool to ensure full transparency and adherence to our risk processes. This integration has enhanced our process for the continuous monitoring of risks with automated notifications provided to our Procurement and Compliance teams on topics related to labour and human rights, ethics, environment, and sustainable procurement, and provides alerts of any new adverse information that might become available during the course of our engagement with a third party.

As part of our process enhancement efforts, our requirement of all suppliers and third parties to comply with the requirement of the Modern Slavery Act 2015, and all other applicable laws and regulations, is communicated as the first step of our supplier-onboarding process. Suppliers and third parties are required to sign a form acknowledging their compliance with our Supplier Code of Conduct and to the Modern Slavery Act 2015.

Suppliers are required to comply with all applicable laws and regulations governing their operations and are contractually bound to uphold our standards of ethics, quality, and human rights. This commitment is enshrined in our contractual agreements, ensuring that suppliers maintain the highest levels of compliance and ethical conduct throughout their engagement with us.

We continue to enhance and update our supplier and third party management process. We are currently in the process of introducing additional updates to the questionnaires that we use as a mandatory step in our supplier onboarding and due diligence process. The update will include more extensive questions to investigate issues and potential misconduct related risks of modern slavery, forced labour and exploitation.

All our suppliers and third parties, including new suppliers and third parties with whom we contracted in 2023, have been screened in accordance with our supplier and third party due diligence process.

Training

Our Code provides guidance to our employees and partners on the ethics of Hikma's business activities through the identification and discussion of various risks associated with our business. Our employees, officers and directors are trained on the Code as part of their orientation and are provided refresher training on a periodic basis. In 2023, the Code training, which raises awareness of the risks of slavery and human trafficking and how to recognise and respond to any incidences of modern slavery, had a completion rate of 98%.

In 2023 we provided additional updates regarding the Supplier Code of Conduct in our Group Procurement Policy and ensured all local sites received relevant training. In 2023, we conducted comprehensive training sessions on supplier risk assessment and due diligence processes for employees involved in supplier onboarding. This initiative was part of our transition to the new tool, aimed at ensuring complete compliance with our supplier onboarding processes and requirements.

Employment processes

We respect the principles set out in the UN Declaration of Human Rights and the International Labour Organisation ("ILO") regarding child labour and minimum working age. Our employment practices are aligned with international standards and applicable local laws, ensuring compliance with ILO standards on minimum working age and child labour, as well as national legal requirements. Our talent acquisition policy outlines our global recruitment procedure and ensures that we continue to offer a fair and equal employment opportunity for all candidates. We adhere to the 'employer pays principle'; with the exception of a few specialized high-level targeted roles, available vacancies or positions are openly posted on the [Careers' Page](#) on our website, candidates undergo a fair application process, and no individual is required to pay fees to obtain a job.

We engage a specialist third party to advise on the living wage in the 6 largest countries where we operate, representing 85% of our total workforce. These countries include Jordan, Egypt, Algeria and KSA. We compare the level of earnings for employees in these countries to the living wage, ensuring that the appropriate definitions of earnings are applied as advised by the third party specialist, and factoring in compensation adjustments to ensure that the living wage is met.

Our employees and their satisfaction are of paramount importance to us. Our principles for ensuring health and safety are outlined in our [Group Environmental, Health and Safety Policy Statement](#), which is supplemented by local policies and procedures to ensure that health and safety considerations are priorities and applied in line with the highest international standards. We actively engage with our employees through regular surveys and other channels to ensure their concerns and feedback are heard and addressed. In 2022, we conducted a comprehensive employee engagement survey, and followed up with another survey in early 2024 to continue prioritising employee well-being. More information on our commitment to employee engagement can be found on page 22 of our [Annual Report](#).

Speak-Up channels and reporting procedure

We foster an open and transparent environment where employees and external stakeholders are encouraged to report concerns about potential and actual misconduct, concerns, and violations of our Code of Conduct or any policies or laws. Our partners, suppliers and others who are not affiliated with us can report concerns or issues through our Speak Up line. Operated by an independent third party, our Speak Up line is accessible via our website, offering support in 7 languages (Arabic, English, French, German, Italian, Portuguese, and Chinese) and free phone lines in the US and the European Union. Individuals have the option to file concerns anonymously to ensure confidentiality and encourage reporting.

We have a Non-retaliation Policy that we strictly enforce to ensure that individuals feel confident in reporting any potential concerns, violations, or misconduct without fear of reprisal or adverse consequences. This policy aims to create a supportive

and transparent environment where individuals can raise issues without the fear of retaliation, thereby, promoting ethical behaviour, accountability, and a culture of integrity within our organization.

We take all reports seriously and are dedicated to promptly investigating them in an efficient and confidential manner to prevent and detect misconduct within our organization. In 2023, there were no reports suggesting instances of modern slavery. We remain committed to assessing the effectiveness of our reporting infrastructure and thoroughly investigating all reports received.

Measuring the effectiveness of our controls

We are committed to ensuring our approach and processes to identify and address modern slavery risks are effective. As part of our commitment to continually improving our process, we have achieved the plans that we have set out in our [Modern Slavery Statement for 2022](#). We have reviewed and updated our risk-based compliance due diligence and risk assessment questionnaires, and we will continue to update the process to allow us to better assess the risks of modern slavery in our direct and indirect supply chains. We have also continued to build our collaboration with EcoVadis as further described in this statement.

We acknowledge that modern slavery is a complex and often hidden issue, especially within the lower tiers of our supply chain. In 2024, we will continue in our efforts to improve our overall process and will explore further avenues to assess the effectiveness of our actions in combatting modern slavery, including:

- Continuing to update our due diligence process, which serves as our primary safeguard for identifying misconduct and risks related to modern slavery issues. This year, we are reviewing our entire due diligence and risk assessment process, further updating questionnaires and response procedures to ensure heightened focus on detecting modern slavery issues in our direct and indirect supply chains.
- Improving our ongoing monitoring of existing suppliers through our newly formed MS Taskforce. We are establishing a robust data collection mechanism to evaluate supplier and third party compliance with the Modern Slavery Act 2015 and other equivalent legislation, and to facilitate ongoing monitoring. We are also outlining procedures for conducting regular reviews of suppliers and third parties that we contract with. These initiatives reflect our proactive approach to addressing modern slavery risks in our supply chain and underscore our commitment to continuous improvement in this critical area.
- Enhancing awareness about modern slavery amongst our workforce and to encourage reporting of any concerns about modern slavery within our organization and at our supplier and third party partner organizations.

This Modern Slavery Statement 2023 was approved by the Board of Directors of Hikma Pharmaceuticals PLC on 24 April 2024.

Riad Mishlawi
Chief Executive Officer



24 April 2024