

**Better health.  
Within reach.  
Every day.**

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**Sustainability Report  
2020**

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For more information,  
please visit:  
**[hikma.com](https://www.hikma.com)**

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**hikma.**

# Hikma puts better health within reach, every day.

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We have a duty of care towards patients, communities, our people and the environment. We are a responsible and sustainable company, and use our business to promote positive change.

This report communicates our approach and commitments towards sustainability and corporate social responsibility (CSR).

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This report demonstrates our approach to addressing the ten principles of the United Nations Global Compact (UNGC). It is our 12<sup>th</sup> Communication on Progress, and we remain committed to upholding all UNGC principles across our business.

More information about our sustainability strategy can be found at: [www.hikma.com/sustainability](http://www.hikma.com/sustainability)

We welcome your engagement and feedback on this report and our sustainability strategy. Feel free to reach our Sustainability and CSR team at: [csr@hikma.com](mailto:csr@hikma.com)

**WE SUPPORT**



# At Hikma, we are dedicated to conducting business ethically and sustainably.



**Soggi Olafsson**  
Chief Executive Officer

During 2020, we continued our focus on environmental, social and governance issues. I am proud to say that we have maintained our constituency in the FTSE4Good and remain members of the United Nations Global Compact where we are committed to upholding their ten principles centered around human rights, labour, the environment and anti-corruption.

In 2020, despite the challenges posed by the pandemic, we continued to deliver on our promise to put better health within reach of patients across our markets. First and foremost, we focused on the safety and wellbeing of our 8,600 employees around the world. This enabled us to maintain supply of our medicines and respond to the changing needs of patients.

We also responded to the needs of the

communities in which we operate. As the COVID-19 pandemic put additional pressure on vulnerable populations globally, we strengthened our community engagement programmes, particularly those in support of healthcare, education and providing relief to those in most need.

Over the last year we strengthened our medicine donation programme – more than doubling the value of donations since the programme's inception two years ago. We extended critical medicine donations to respond to relief efforts such as for the Beirut explosion, and continued to support low-income groups, displaced people and the uninsured globally.

We continued to measure our impact on the environment and made progress in developing our strategy to operate more sustainably. We are

taking steps to align our assessment of climate-related issues with the Task Force for Climate Related Financial Disclosures (TCFD).

We also focused on promoting diversity across our business. During the year, we established a Diversity, Equity and Belonging Task Force, as well as an employee-led Black Employees Advisory Board in the US, to facilitate greater inclusivity in how we recruit, retain and promote our people.

While we are proud of what we have achieved, we are determined to build upon the work to date in ensuring we are conducting our business ethically and sustainably. Through these efforts we can continue to strengthen our promise of putting better health within reach, every day.

# Sustainability at Hikma

**We recognise the value of integrating environmental, social and governance (ESG) considerations into our business.**

By acting responsibly and with integrity, we are benefitting the communities in which we operate and supporting the delivery of our business strategy.



**FTSE4Good**

Members of the FTSE4Good Index  
Series: 78th percentile

**WE SUPPORT**



Members of the United Nations  
Global Compact

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

Supporters of the UN Sustainable  
Development Goals

CDP Climate Change Disclosure  
score: A-

MSCI ESG Rating: A

Committed to upholding the  
principles of the Modern Slavery Act  
2015

# Hikma supports the United Nations Sustainable Development Goals (SDGs)



## Good health and wellbeing

Our purpose is to provide high-quality pharmaceutical products in an inclusive and affordable way. By emphasizing quality and accessibility, we ensure that our products benefit people across our markets and contribute to health and wellbeing. We frequently donate our products to vulnerable populations in need.

- [Read more](#) about our approach to putting better health, within reach, every day.



## Quality education

We are committed to providing our employees with the educational opportunities they need to realise their full potential through continuous learning and development offerings.

We are also supporting, encouraging and facilitating better education in the communities in which we operate.

- [Read more](#) about support for education in our communities on page 14.



## Gender equality

Hikma celebrates diversity and prides itself on a culture of inclusion. We hire on merit and are committed to employing and engaging talented people irrespective of their gender. A key part of our commitment to employees is to strengthen our approach to diversity, equity and belonging.

- [Read more](#) on page 9.

## We adopted six SDGs that are aligned with our business and values, and are committed to supporting global efforts to achieve these goals



### Decent work and economic growth

Our employees are our most important asset. We employ more than 8,600. Read more about our footprint [here](#).

Our community engagement activities support sustainable socio-economic development through capacity-building and infrastructure projects across our locations.

- Read more about our community engagement activities on page 10.



### Industry, innovation, infrastructure

We have 31 manufacturing plants and 7 research and development (R&D) centres across 11 countries. In 2020, our investment in R&D was 6% of Group core revenue.

Our commitment to maintaining state of the art facilities and employing highly skilled workers contributes to sustainable industrialisation and innovation across our footprint.

- [Read more here](#).



### Climate action

We continue to achieve progress with our environmental performance. We are improving the way we monitor our impacts, pursuing projects that reduce our footprint and working to align our activities with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- Read more on page 22.

## Operating responsibly and ethically



We are committed to upholding the highest ethical standards in the conduct of our global business operations, which is grounded in our culture of progress and belonging, and powered by our three core values: innovation, collaboration and caring.

We respect and uphold the principles of the Universal Declaration of Human Rights.

Our values serve as the foundation for a strong governance framework that is fundamental to our long-term organisational success. Our Code of Conduct sets out behaviours we expect from our employees as we conduct our business, and provides an overview of our legal, regulatory,

and ethical requirements. 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. In addition to our Code, we have also developed policies and procedures designed to help employees and third parties put these behaviours into practice. Hikma employees, officers and directors are trained on the Code of Conduct as part of their induction and are provided refresher training on a periodic basis.

Through our global compliance programme we have adopted internal controls and management processes to ensure the responsible and ethical conduct of our business. This includes compliance with all relevant global and local laws, codes and regulations wherever we operate. We believe in transparency and promote a culture that encourages employees to raise any concerns about potential violation of laws and regulations, or any other behaviours or incidents that do not comply with our

Code of Conduct. In addition, our speak up line provides both internal and external stakeholders a resource to use to raise concerns about suspected misconduct confidentially. All cases received are reviewed by our Legal and Compliance teams, and investigated, as appropriate, by Legal and Compliance personnel. Substantiated violations of our Code of Conduct, or other policies and procedures are addressed through our disciplinary procedures.

Our Compliance, Responsibility and Ethics Committee (CREC) provides oversight of our global compliance programme and the management of associated risks, including bribery and corruption. We have a zero-tolerance policy for bribery and corruption at Hikma. As a publicly listed company on the London Stock Exchange (LSE), we are subject to the regulations of the UK Listing Authority. We also comply with the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act, as well as global anti-corruption standards and local anti-bribery and corruption laws.

## Supporting the freedom of association and collective bargaining



We support freedom of association and collective bargaining across Hikma to ensure employees are fairly represented and their rights are protected.

Employee representation takes different forms across Hikma. Employees are either represented by trade unions or other employee groups that discuss employee issues and concerns with management. At some sites there is no employee representation, yet all of our employees reserve the right to freely associate and to pursue collective bargaining. Where official unions are present, employees are protected by collective negotiation agreements signed by the general manager of the site and the head of the union.

Elsewhere selected employees represent the workforce in discussing employee issues with management at the site. Our managers are responsible for union discussions and ensuring that employees are aware of their rights. Topics discussed with unions and employee representatives include salary and bonuses, insurance cover, which is reviewed annually, employee health and safety and employee training. Employee representation in Europe and MENA varies in accordance with local laws and the needs and priorities of our employees. In the US, we comply and will continue to comply with all applicable federal, state, and local legislations affecting our business.



## Diversity, equity and belonging

Hikma celebrates diversity and prides itself on a culture of inclusion. We uphold the sixth principle of the United Nations Global Compact on the elimination of discrimination in the workplace. We hire on merit and are committed to employing and engaging talented people irrespective of their race, gender, religion, sexual orientation, age, 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 a role. During the year, we conducted focus groups and peer-to-peer discussions to evaluate opportunities to strengthen our culture of belonging. We established an employee-led initiative – the Black Employees Advisory Board in the US – and a Diversity, Equity and Belonging Task Force to direct a more inclusive approach to employee recruitment, retention and promotion.

## Defending the principles of human rights

Our organisation is dedicated to achieving best practices across our operations, including our supply chain. We work alongside our industry partners to uphold ethical labour practices, oppose the use of child labour and safeguard human rights.

We are also committed to upholding the principles of the Modern Slavery Act 2015 (MSA), taking measures to ensure that modern slavery in the form of slavery, servitude, forced or compulsory labour and human trafficking is not taking place in any part of Hikma's business or in those of our partners and suppliers. Our Code of Conduct sets out our policy on modern slavery,

which applies to all employees, consultants and third parties conducting business for or on behalf of Hikma.

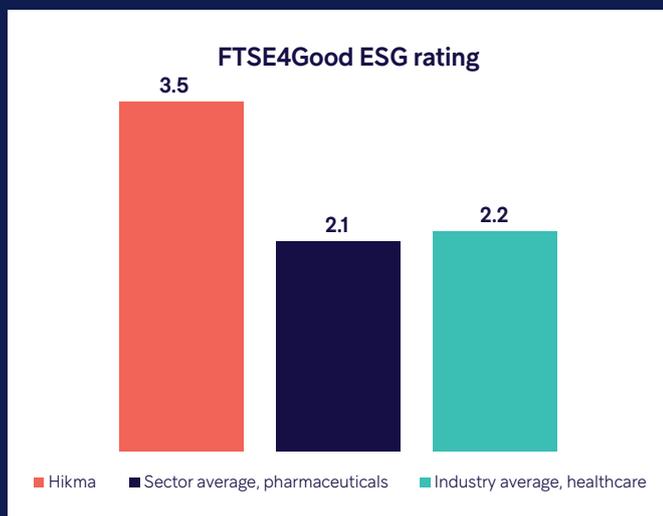
We continue to take steps to improve our anti-modern slavery practices; enhancing due diligence processes for our suppliers and ensuring 99% of our employees have now completed compliance training. In 2020, we launched RiskRate, NAVEX Global's third party risk management platform, enabling us to more effectively monitor and address potential compliance issues with our suppliers.

Our goals for 2021 include:

- Increasing the input of third-party details on our RiskRate system to capture all third parties (new and existing) by the end of Q1 2022;
- Reviewing and updating the Code of Conduct and training, including modern slavery training, ahead of rolling out annual compliance refresher training for all Hikma employees globally in the summer of 2021; and
- Taking proactive steps to consider which parts of Hikma's business and supply chains may be most at risk, to ensure that such risks can be managed efficiently.

More information on our progress and goals can be found in our [Modern Slavery Statement](#).

## Maintaining our membership of the FTSE4Good Index



For the sixth consecutive year, we maintained our membership of the FTSE4Good Index Series – an index of LSE-listed companies that demonstrate strong Environmental, Social and Governance (ESG) practices as measured against globally recognised standards. The FTSE4Good evaluates companies' effectiveness in addressing issues such as human rights, anti-corruption, environmental performance, health and safety, and community engagement. Their assessments are used by a wide variety of market participants to develop responsible investment funds and other products.

This year, our score increased from 3.0 to 3.5, which improved our ranking as compared to other member companies from the 57<sup>th</sup> to the 78<sup>th</sup> percentile. We continue to score above the averages for both healthcare and pharmaceuticals sectors in all three ESG categories. Our aim is to continue improving how we monitor and address ESG issues, with a focus on strengthening our environmental performance and disclosure in 2021.

## Supporting Patients and Communities



The challenges that arose in 2020 made our support for patients and communities more important than ever. We work across three focus areas to address socio-economic hardships and to provide relief to those most in need

### We do this by:



Working to address unmet healthcare needs through community outreach and medicine donations



Enabling students to realise their full potential by addressing learning needs and developing infrastructure



Extending support to those in our communities that need it most



**We provide essential medicines and support to underserved people and those facing crisis situations**



Finding ways to enable access to medicine is an important responsibility for companies like ours and is something we have always taken seriously. We believe that when world-class medicine is put within people's reach, it doesn't just transform their lives, but it enriches our communities.

**Hana Ramadan**  
VP of Corporate Social Responsibility

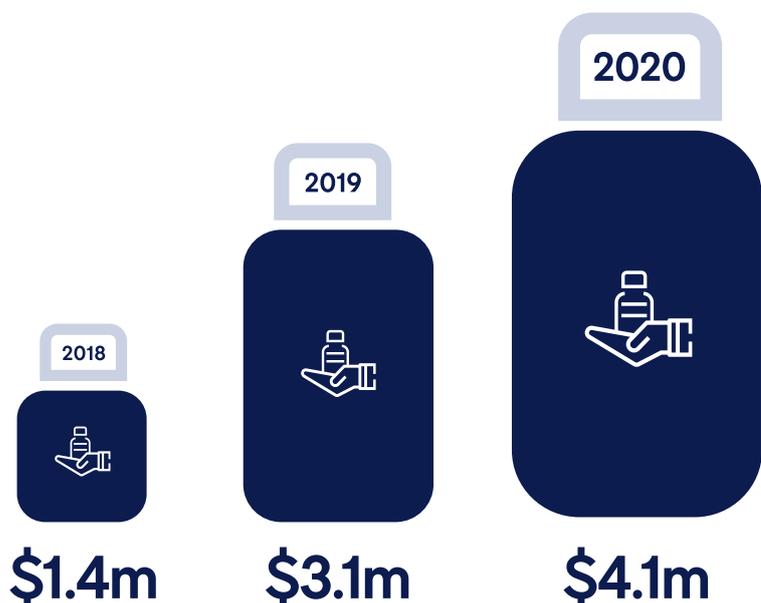


## Addressing unmet healthcare needs through our medicine donation programme

Through our medicine donation programme, we direct support to those that need it most; including low-income groups, displaced persons, children with life-threatening illness, and patients without sufficient medical coverage.

In response to the challenges that arose in 2020 and the increased vulnerability of marginalised communities that resulted from the pandemic, our medicine donations more than doubled compared to 2018, reaching \$4.1 million (value based on cost of goods).

We strengthened our existing relationships with our partners including Direct Relief, Dispensary of Hope, Americares, and the National Children's Cancer Society. We also established new partnerships with Save the Children and others to ensure our donations of essential medicines continue into the future.





We are committed to improving patients' access to high-quality, affordable medicines



## Supporting patient access to healthcare facilities

Our people worked together to support local hospitals, clinics and pharmacies in order to improve patient access to vital healthcare facilities.



**Provided sterilisation tools to 1,000 clinics**



**Supported sanitisation of 1,000 clinics and 1,500 pharmacies**



**Distributed medical supplies to nine hospitals**

## Responding to the medical emergency following the Beirut explosion

The explosion that tore through Beirut on August 4, 2020 resulted in the tragic loss of hundreds of lives and widespread devastation of homes and public infrastructure.

We responded immediately and worked alongside our partners to provide critical medicines and basic necessities to those most affected.

**\$2.3m**

in medicine and healthcare resources donated to hospitals and the Lebanese government

**2,129**

essential shelter kits distributed by Save the Children supported by Hikma donations

**6,000**

treatments of hydroxyurea donated through Anera to support treatments for chronic conditions

Photo: Tom Nicholson/Save the Children



## Raising awareness of COVID-19 in schools in Egypt and Tunisia

In Egypt, we developed a community engagement programme that focused on children's education, and specifically on children that were forced to drop out of school due to the difficulties of the pandemic.

Through the programme, our employees in Egypt visited 18 community schools, impacting 600 students. We also organised an educational forum in collaboration with the National Council for Mothers

and Children to discuss obstacles faced by children during the difficult period. Our employees distributed kits for students that included personal safety equipment and stationery for school use.

In Tunisia, our employees visited more than 20 schools, where they distributed personal protective equipment and gave awareness lectures to more than 1,000 students.



## The Healthy Schools Programme with the Royal Health Awareness Society in Jordan

Our support for the Royal Health Awareness Society (RHAS) Healthy Schools programme began in 2018 to encourage healthy behaviours and habits for students in public schools across Jordan. Since 2018, we have reached more than 8,000 students across 12 schools.

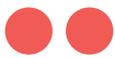
In 2020, in order to adapt to the restrictions caused by the pandemic, we supported RHAS with the implementation of online, interactive engagement of students, reaching more than 3,000 students across four schools.

**8,000 students**

have benefited from our collaboration with RHAS since 2018



## Our aim is to improve learning conditions and provide support to students and teachers



We are thrilled about our new partnership with Hikma. They are strengthening a ground-breaking programme that provides crucial assistance to teachers in Jordan and the refugee children they teach.

**Kevin Watkins**  
Save the Children CEO



## Our partnership with CareerVillage

In 2020, we established a partnership with CareerVillage, a web platform and online community connecting 4.5 million students seeking career-advice. Through our partnership,

professionals at Hikma can provide mentorship and career advice to students around the world. During the year, Hikma employees engaged with more than 5,700 students.

## Supporting the Transforming Refugee Education towards Excellence (TREE) programme

TREE is a teacher training and development programme that aims to improve the quality of education for Syrian refugees in Jordan. The programme enables educators to more effectively address the trauma and unique learning needs of displaced children by incorporating psychosocial support and emotional learning approaches for students.

The aim is to provide training and support for 1,350 educators who in turn will help more than 745,000 students through the programme.

TREE is an initiative of Save the Children and the MIT Abdul Latif Jameel World Education Lab (J-WEL), in cooperation with the Jordanian Ministry of Education, Community Jameel and Dubai Cares.

TREE helps teachers address the trauma and unique learning needs of Syrian refugee students in Jordan

**\$100,000**

provided to support TREE in 2020

**126**

educators received training and support for dealing with student trauma

**60**

training sessions provided to educators



## Supporting education infrastructure in Tunisia and Sudan

Through a combination of financial support and employee volunteering, we were able to complete construction of schools and libraries that will enable students to improve their access to education.

In Sudan, the renovation and infrastructure development of two schools will impact around 800 students.

In Morocco, we worked with a nearby primary school to build a functional library for students – building the infrastructure and providing the resources needed to fully equip the library, which will serve more than 1,500 students.



## Our Back to School campaigns in Portugal

In Portugal, in support of the reopening of schools following lockdowns, we distributed essential school supplies and safety equipment to four elementary schools near our facility. We also distributed supplies for our employees' children. Through the campaign, more than 350 students received educational and safety equipment.





We organise efforts to support low-income groups, displaced persons and other marginalised communities

## Addressing food shortages in the US

In response to COVID-19 related job losses and furloughs, Hikma US launched an employee matching donation campaign to support our neighbors in need. Donations were provided to our local food bank and pantry partners in New Jersey and Ohio, who saw unprecedented increases in demand for food due to the pandemic.

Together, with Hikma employees, we donated over 600,000 meals in 2020.





The economic impact of the pandemic placed immense strain on the most vulnerable segments of our societies. In response, we have focused much of our outreach towards providing basic necessities to those most affected.



## Partnerships to strengthen food security in Jordan

Our partnerships with organisations dedicated to food security, such as Tkiyet Um Ali, Ta'alof Al Khair, and the Haya Cultural Centre became more essential during the pandemic.

During the year, we increased our efforts to distribute food parcels containing basic nutritional items to low-income groups across the country.

We have remained partners with Tkiyet Um Ali since 2014, providing meals to more than 18,600 people.

Our partnership with Ta'alof Al Khair began in 2009, and through our collaboration we have extended meals to over 22,000 people.

**18,000**  
**beneficiaries**

since 2014 with Tkiyet  
Um Ali

**22,000**  
**beneficiaries**

since 2009 with Ta'alof  
Al Khair



## Enabling our people



Our people are our most valuable asset. We adapted health and safety measures to address the unprecedented challenges of the COVID-19 pandemic and continued expanding our global learning and development programme by providing more readily accessible digital resources to all employees.

### Ensuring health and safety

In response to the pandemic, it was essential for us to take measures that protect the safety of our employees while maintaining continuity of our manufacturing operations and supply of medicines.

#### Some of the actions taken to effectively manage employee safety include:

Maintained multiple channels of communication for employees to receive timely information, updates and advice regarding health and safety issues.

Adapted work schedules to reduce interaction and strengthen social distancing between departments and shifts, and instituted restrictions on travel and in-person meetings in line with public health authority guidelines.

Distributed personal protective equipment to all employees and implemented screening measures including daily health checks and temperature monitoring.

As part of the We Are Hikma campaign, we established webinars and online resources for employees on themes related to mental wellbeing, stress management and general awareness.

## Providing digital resources to support our employees' wellbeing

As our people coped with the circumstances of 2020, managing lockdown restrictions and heightened safety situations, we provided a range of online resources to support their mental and physical health and wellbeing.

We organised awareness sessions, online webinars and discussion forums for our employees to engage with experts and others about relevant health and safety issues.

### Our online support sessions received 2,000 attendees

Key sessions held:



## Breast cancer awareness

Our annual campaign engages employees and raises awareness about the value of early detection and treatment. As part of our campaign, we offered employees self-screening training, educational lectures and facilitated appointments with doctors.

We also distributed educational materials, and donated encouragement cards and kits of hope to hundreds of breast cancer patients worldwide.



### Spotlight: Home visits project for breast cancer screening

Through our partnership with the King Hussein Cancer Foundation, our support for the home visits project enables under-privileged women typically in rural, inaccessible locations to receive breast cancer screening and follow-up consultations when needed.

In 2020, we supported the screening of 150 women through the programme.

## Our commitment to patient safety



As a pharmaceutical company, our primary obligation is to ensure our products are as safe as possible for the patients who use them. We gather comprehensive information about our products' safety so that we can take proactive measures to minimise risks to our patients.

Every medicine has the potential to produce adverse events for patients. Not all adverse events are known at the time of approval of a new medicine. Some may only be discovered post-approval after a medicine has been used by a large number of patients.

### Our Approach

The health and safety of our patients is at the heart of what we do. We operate a rigorous pharmacovigilance system to prevent patient harm and to promote the safe and effective use of our products.

We have globally-aligned processes to detect, evaluate and communicate any change to the benefit-risk ratio of our products and to implement timely corrective and preventative actions. We conduct our pharmacovigilance activities globally across the whole lifespan of our products, complying with all local regulations and safety reporting timelines.

When needed in the pre-approval phase, we submit a registration dossier to relevant authorities that includes risk management plans (RMPs) detailing the risk management system proposed to identify, characterise and minimise the safety risks.

Once marketing approval is granted for regulatory authorities for products that need RMPs, we implement risk minimisation measures and measure their effectiveness. Our RMPs are regularly updated based on new safety information as it becomes available.



**650+**

Globally registered compounds



**5,000+**

Submissions overseen annually

We currently have over 650 registered compounds globally. Every year, we submit more than 6,600 adverse event reports related to our products to health authorities worldwide. We receive the reports from healthcare professionals, consumers, regulatory authorities, literature, studies and social media.

Similarly, each year we prepare over 720 aggregate reports for our registered compounds. These include periodic safety update reports (PSURs) and periodic adverse drug event reports (PADERs), which provide an up-to-date overview of the product's safety worldwide and an assessment of its benefit-risk ratio. These reports are submitted at regular intervals to health authorities, who validate that the benefits of our products outweigh their risks and confirm that they remain safe to stay on the market.

We continually monitor for changes to pharmacovigilance requirements to ensure we stay ahead of the regulatory landscape. We also conduct signal detection activities for our products monthly to proactively detect safety issues. Any new safety signals are examined by our Drug Safety Committee (DSC), which decides what further action is needed.

Pharmacovigilance is monitored at the highest levels of our business and is included in

our enterprise risk management process, which is overseen by the Executive Committee and the Board on a regular basis.

We use a global safety database to support our process for adverse event management and electronic reporting. This helps ensure that our pharmacovigilance activities remain in compliance with global safety reporting obligations.

We continuously invest in our pharmacovigilance team and strive to build their capabilities, as well as broader awareness across the organisation. In 2020, the global pharmacovigilance team rolled out a new mandatory eLearning course, Pharmacovigilance 101, to all Hikma employees through our Learning Management System (LMS).

In addition, the global pharmacovigilance team also launched a new Group Pharmacovigilance Policy taking effect 15 July 2020. Under this policy, all Hikma employees must report to the PV department any adverse event, adverse drug reaction or other safety report relating to Hikma products as soon as possible, and in all cases not later than one business day.

## How we perform

To ensure our pharmacovigilance system is achieving its objectives, we monitor our worldwide compliance metrics every month. These are recorded in monthly operational reports and reviewed in global and regional pharmacovigilance meetings.

In 2020, our performance in reporting adverse events and submitting aggregate reports to health authorities within legally-specified timelines remained high at over 98% and 100%, respectively, which is consistent with industry peers.

Worldwide compliance with pharmacovigilance reporting requirements	2020	2019	2018
Health authority regulatory reporting (cases)	98%	99%	94%
Health authority regulatory reporting (aggregate reports)	100%	96%	98%

Our pharmacovigilance audit strategy ensures that risk-based audits are performed annually, in line with our pharmacovigilance audit plan. Audits cover all processes and activities performed by our Global Pharmacovigilance team, affiliates and third parties, such as distributors, service providers and partners. Our pharmacovigilance audit programme helps ensure our compliance with regulations and provides opportunities to continuously improve our existing systems.

In 2020, we audited 3 affiliates and Corporate PV. In addition, we underwent a pharmacovigilance regulatory inspection by the Saudi Food and Drug Authority, and one audit from a partner.



## Monitoring and minimising our environmental impact



We are committed to making our operations more energy efficient and environmentally responsible.

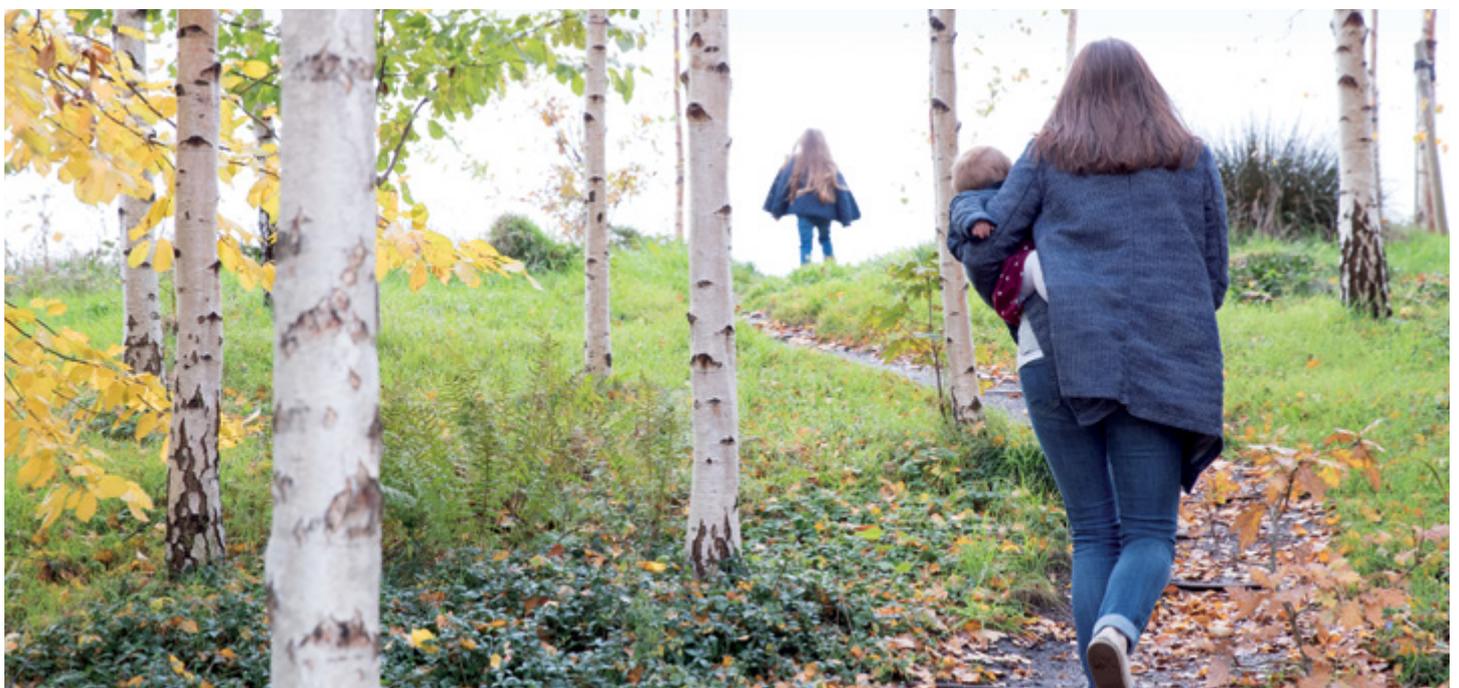
We continue to achieve progress with our environmental performance. We are improving the way we monitor our impact, pursuing projects that reduce our footprint and working towards aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We measure our environmental impact through several metrics which we continue to refine and expand, including:

- direct fuel usage (Scope 1)
- electricity consumption (Scope 2)
- renewable energy generation and usage
- water consumption

Our environmental reporting is prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to regulations that guide the UK government's policy on Streamlined Energy and Carbon Reporting. Our Scope 1 and 2 emissions have been verified to a reasonable level of assurance by an external third party according to the ISO 14064-3 standard

The verification statement is available on page 28.



## Our environmental performance

We continue to invest in energy efficiency projects and renewable energy systems at multiple sites, and are adopting hybrid and electric vehicles where feasible.

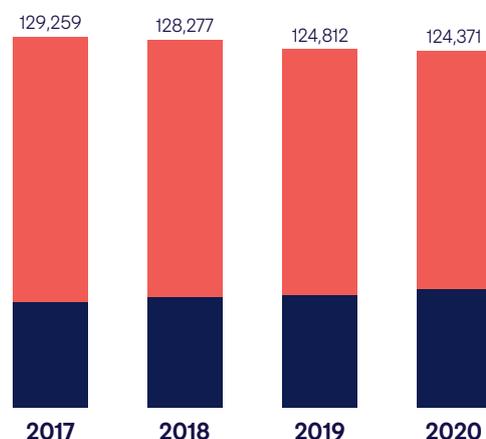
Even as our Group revenues increased 6% year-on-year, our emissions have remained broadly stable.

**Since 2017, our reported GHG emissions of direct fuel usage and electricity consumption have decreased by 4%.**

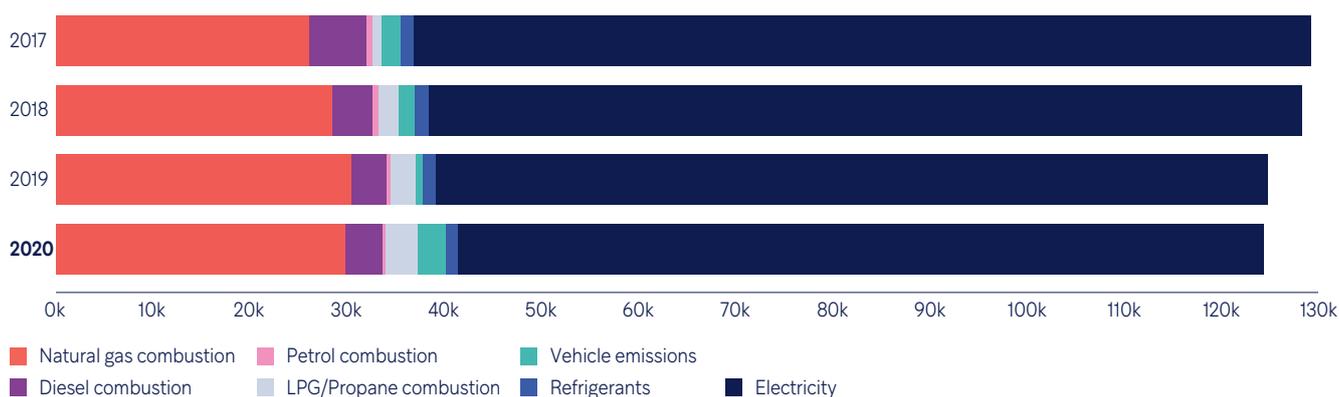
### Greenhouse gas emissions, tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e): 2017-2020

GHG Source	2017	2018	2019	2020
Scope 1 - Combustion of fuel and operation of facilities (tCO <sub>2</sub> e)	36,838	38,404	39,089	<b>41,397</b>
Scope 2 (Location-Based) - Electricity (tCO <sub>2</sub> )	92,420	89,872	85,723	<b>82,974</b>
<b>Total Scope 1 and 2 Emissions (Location-Based)</b>	<b>129,259</b>	<b>128,277</b>	<b>124,812</b>	<b>124,371</b>

■ Scope 1 ■ Scope 2



### Year-on-year change by emissions source: 2017-2020



#### Data notes:

– 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, which includes all our facilities. We have adopted a materiality threshold of 10% for GHG reporting purposes. Non-manufacturing facilities with less than 150 staff, including our UK office are not included as they fall below our materiality threshold. Joint ventures with less than 50% holding are not included as we do not have operational control. Emissions are reported from sites which represent 87% of total employees.

– Emissions from the consumption of electricity are reported in tCO<sub>2</sub>e. However, since the International Energy Agency emission factors for electricity currently account for carbon dioxide emissions only, part of these emissions are in tonnes of carbon dioxide (tCO<sub>2</sub>).

– Reported data from previous years are revised as we continue to improve the quality of our data collection and analysis.

Our energy consumption, kilowatt hours (kWh)	
Energy consumption	385,656,790 kWh
Purchased electricity	195,427,831 kWh
Renewable energy purchased and generated	17,603,787 kWh

## Our renewable energy capacity

We continue to invest in renewable energy infrastructure to reduce our footprint and long-term overhead costs. We currently have solar photovoltaic systems in four locations – three in Jordan and one in Portugal. We also purchase electricity generated by renewables in Portugal and Sudan.



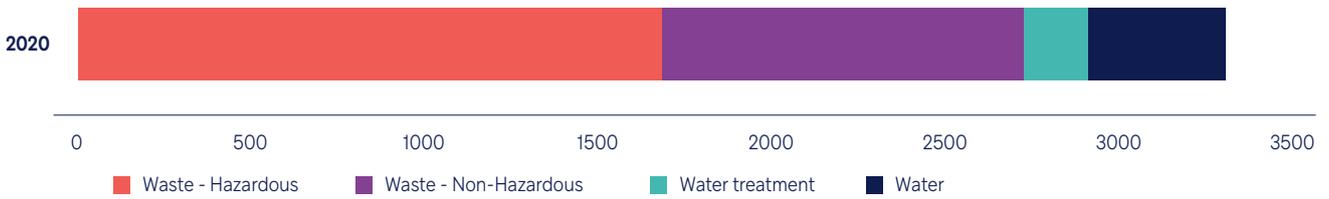
**9%**  
of our electricity consumption is derived from renewable sources

**3%**  
of our total energy consumption is derived from renewable sources



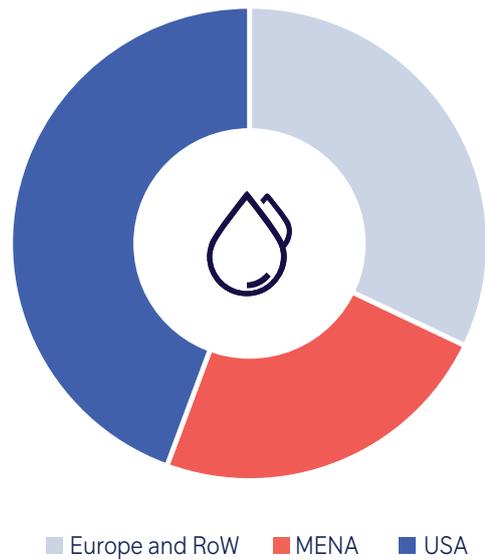
This year, we introduced measurements of our environmental impact that derive from various indirect emissions sources (scope 3), including water consumption, water treatment and waste management.

**Scope 3 emissions by source (tCO2e): 2020**



**Water consumption by region, cubic metres (m<sup>3</sup>)**

Region	2020
Europe and RoW	327,191
MENA	239,728
USA	452,310



## Our TCFD disclosures



We are aligning our internal processes and public disclosure with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. We have summarised our progress to date in this section.

- **Governance:** our governance around climate-related risks and opportunities
- **Strategy:** efforts we are making to assess the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning.
- **Risk Management:** how we identify, assess and manage climate-related risks.
- **Metrics and Targets:** our progress on setting metrics and targets to assess and manage our material climate-related risks and opportunities.

### Governance

To ensure that sustainability topics are considered at the highest level of decision-making, they have been placed under the remit of our Compliance Responsibility and Ethics Committee (CREC). CREC is a Board-level committee which is chaired by an independent, non-executive director. The Committee comprises four independent non-executive directors and the Executive Vice-Chairman. CREC reviews our progress on sustainability including environmental considerations.

### Strategy

Hikma aims to manage its impact on the environment in a responsible manner, to adapt our organisation to climate change and to avoid adverse impacts.

In order to achieve this, we are assessing

our impact on the environment and the potential impact of climate change scenarios on our organisation. In 2020 a crossfunctional team that included employees from across regions and disciplines worked together to assess our climate-related risks and developed the scenario models that were used in our longer-term viability assessments (see page 59 of the Hikma 2020 Annual Report).

### Risk management

We assess climate-related risks through our emerging risk management process. The process involves engaging with external experts, scenario modelling and connecting to existing interrelated risk mitigation programmes. The approach helps to ensure appropriate management attention is provided to this developing area.

Further information on our principal risks, enterprise risk management framework and emerging risk process can be found on pages 52 to 59 of our 2020 Annual Report.

### Metrics and targets

We are currently in the process of determining what metrics and targets are appropriate to assess our climate-related risks and opportunities to measure our impact on the environment. At the same time, we are assessing our climate-related risks and opportunities.

### Climate impact identification and materiality assessment

We are undertaking an assessment of the material climate-related risks and opportunities that have the potential to impact our business. These impacts are being sourced from:

- Impacts already identified on our existing risk register.
- External publications and data relating to climate change.
- Relevant sector literature outlining the potential impact of climate change on the pharmaceutical sector (peers, investors, regulators, market).
- Guidance from the TCFD on potential risks & opportunities for businesses.
- Recent CDP (formerly the Carbon Disclosure Project) risk and opportunity disclosures from pharmaceutical sector companies.

All potential risks and opportunities are scored based on an initial high-level assessment of their likelihood, magnitude, and velocity. The most material risks and opportunities will then be further evaluated to gain a more detailed understanding of their potential impact on our business. This materiality assessment will be conducted regularly to ensure that any changes to materiality are continuously monitored and updated. Any further work to determine financial impacts will feed into future materiality assessments.

#### Scenario analysis

We will rate the magnitude, likelihood, and velocity of each risk/opportunity's impact on our business over each time horizon for each scenario. The purpose of this is to identify the climate risk/opportunities that are assessed to have the largest impact. We will continue to improve the depth of our scenario analysis, and begin to quantify the financial impact of our material climate-related risks and opportunities. This will enable us to make better decisions on how to manage climate-related risks and capitalise on climate-related opportunities.

#### Time Horizons

The time horizons used for scenario analysis are outlined below. The first 'longer-term' horizon is aligned to our longer-term viability statement (LTVS) period.

1. Longer-term: 2021-2023 (3 years)
2. Very long-term: 2024-2035 (12 years)
3. Extremely long-term: 2036-2050 (15 years)

#### Scenarios

We have adopted three scenarios in line with the Bank of England's reference climate scenarios as outlined in their consultation document released in December 2019. These scenarios are not intended to represent a full description of the future, but rather highlight central elements of a possible future. They are hypothetical constructs, rather than forecasts, predictions, or sensitivity analyses. The scenarios have been used to understand how the material climate-related risks and opportunities could differ in the future at a high level, and will be used to model the business impacts of all material climate-related risks and opportunities over different time horizons to better understand the financial impacts under each scenario.

##### *Scenario 1: Early, smooth transition*

- Early, decisive action by society to reduce global emissions.
- Coordinated policy action towards low-carbon economy.
- Actions sufficient to limit global warming to well-below 2°C in line with the Paris Agreement.

##### *Scenario 2: Late, disruptive transition*

- Delay in the policy response needed to reduce global emissions.
- Several policy changes required to compensate late start.
- Global warming is ultimately limited to well-below 2°C.

##### *Scenario 3: Business as usual*

- Governments fail to introduce further policies to address climate change beyond those already in place.
- Global temperatures increase to above 3°C.

## Verification Statement – Reasonable Assurance



Carbon Credentials Energy Services Ltd (Carbon Intelligence) has been contracted by Hikma Pharmaceuticals (Hikma) for the independent third-party verification of direct and indirect carbon dioxide equivalent emissions (CO<sub>2</sub>e) and accounts to a reasonable level of assurance.

This verification exercise has been performed to the ISO 14064-3 standard.

### Roles And Responsibilities

The management of Hikma is responsible for the organisation's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information.

It is Carbon Intelligence's responsibility to express an independent GHG verification opinion on the emissions as provided in the Hikma annual report and accounts 2020 for the period 1<sup>st</sup> January 2020 – 31<sup>st</sup> December 2020.

### Description Of Activities

The organisational boundary was established following the operational control approach. The scope of this engagement covered the assessment of 100% emission sources required for disclosure by *The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013* plus additional sources:

#### Scope 1 Emissions

- Combustion of gaseous fuels (natural gas, diesel, petrol & LPG)
- Fugitive refrigerant gases

#### Scope 2 Emissions

- Purchased electricity consumption (location & market based)

### Objectives

The objectives of this verification exercise were, by review of objective evidence, to confirm whether any evidence existed that the GHG emissions as declared in the organisation's GHG assertion were not: accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

### Criteria

Criteria against which the verification assessment was undertaken:

#### i. Reporting standard:

- Scope 1 emissions: WRI/WBCSD: Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol)
- Scope 2 emissions: WRI: GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard

**ii. Reference calculation methodologies:** DEFRA (2013) Environmental Reporting Guidelines: *Including mandatory greenhouse gas emissions reporting guidance*

## Level Of Assurance And Materiality

The level of assurance agreed is that of reasonable assurance. A materiality level of 5% was applied. Note that assessment of compliance and materiality was undertaken against the stated calculation methodology.

## Conclusion & Verification Opinion

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance based on the process and procedures conducted.

We conducted our verification of the GHG assertion of Hikma, which included assessment of the company GHG information system and monitoring and reporting methodology. This assessment included the collection of evidence supporting the reported data and multiple checks relative to the provisions of the legislation, reporting standard and calculation methodologies referenced in the verification criteria. This statement shall be interpreted with the GHG assertion of Hikma as a whole.

Carbon Intelligence's approach is risk-based, drawing on an understanding of the risks associated with calculating GHG emission information and the controls in place to mitigate these risks. Our examination included assessment, on a limited sample basis, of evidence relevant to the reporting of emission information.

Based on the data and information provided by Hikma and the processes and procedures conducted, Carbon Intelligence concludes with reasonable assurance that the GHG assertion:

- Is materially correct;
- Is a fair representation of the GHG emissions data and information; and
- Is prepared in accordance with the criteria listed above.

It is our opinion that Hikma has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

The GHG information for the period 01/01/2020 – 31/12/2020 is verified by Carbon Intelligence to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria 100% of emissions by scope are verified as follows:

REPORTING PERIOD: 01/01/2020 – 31/12/2020		
Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
Reported Emissions: 47,372 tonnes of CO <sub>2</sub> e	Reported Emissions: 94,949 tonnes of CO <sub>2</sub> e	Reported Emissions: 97,527 tonnes of CO <sub>2</sub> e

## Observations

- Based on our work, Carbon Intelligence considers that material GHG sources are appropriately identified and reported on.
- All errors in reported data identified during the verification process have been duly corrected.

## Attestation:



**Jovontae Catline Lead Verifier**

*On behalf of Carbon Credentials Energy Services Ltd*

*No member of the verification team has a business relationship with Hikma Pharmaceuticals, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.*

## Aligning with the United Nations Global Compact

We continue to uphold the ten principles of the UNGC and have been committed members of the organisation since 2007.

**WE SUPPORT**



<p><b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p>	p 8
<p><b>Principle 2</b> Businesses should make sure that they are not complicit in human rights abuses.</p>	p 9
<p><b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	p 8
<p><b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p>	p 9
<p><b>Principle 5</b> Businesses should uphold the effective abolition of child labour.</p>	p 9
<p><b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	p 9
<p><b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.</p>	p 22
<p><b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p>	p 22-27
<p><b>Principle 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	p 24

# Global Reporting Initiative (GRI) index: 2020

We have developed a GRI index to indicate which elements of the GRI Standards are covered in our reporting.

GRI Indicator	Description	Reference
<b>101: FOUNDATION</b>		
<b>102: GENERAL DISCLOSURES</b>		
102-1	Name of the organization	Hikma Pharmaceuticals PLC
102-2	Activities, brands, products and services	<a href="https://www.hikma.com/products/">https://www.hikma.com/products/</a>
102-3	Location of headquarters	<a href="https://www.hikma.com/contact/">https://www.hikma.com/contact/</a>
102-4	Location of operations	<a href="https://www.hikma.com/about/worldwide/">https://www.hikma.com/about/worldwide/</a>
102-5	Ownership and legal form	Annual Report p. 106-107
102-6	Markets served	<a href="https://www.hikma.com/about/worldwide/">https://www.hikma.com/about/worldwide/</a>
102-7	Scale of the organization	Annual Report p. 2,3
102-8	Information on employees and other workers	Annual Report p. 2,3
102-9	Supply chain	Annual Report p. 2,3, 24
102-10	Significant changes to the organization and its supply chain	No significant changes during the reporting year
102-11	Precautionary Principle or approach	This report, Monitoring and minimising our environmental impacts
102-12	List of externally-developed economic, environmental and social charters, principles, etc.	This report, Sustainability at Hikma
102-13	Membership of associations	This report, Sustainability at Hikma
<b>GRI 102: General Disclosures 2020 Strategy</b>		
102-14	Statement from senior decision-maker	This report, CEO Statement
102-15	Key impacts, risks, and opportunities	Annual Report-Risk management p. 52-61
<b>GRI 102: Ethics and integrity</b>		
102-16	Values, principles, standards and norms of behavior	<ul style="list-style-type: none"> <li>Annual Report p. 25</li> <li>Code of Conduct</li> </ul>
<b>GRI 102: Governance</b>		
102-18	Governance structure	<a href="https://www.hikma.com/investors/corporate-governance/">https://www.hikma.com/investors/corporate-governance/</a>
<b>GRI 102: Stakeholder engagement</b>		
102-40 – 102-44	List of stakeholder groups	Annual Report p. 20-25
<b>102: Reporting practice</b>		
102-47	List of material topics	This report
102-50	Reporting period	Annually
102-51	Date of most recent report	04/12/2019
102-52	Reporting cycle	Annually – with reporting cycle adjustment in 2020
102-53	Contact point for questions regarding the report	<a href="mailto:csr@hikma.com">csr@hikma.com</a>
102-54	Claims of reporting in accordance with the GRI Standards	In-Accordance Core
102-55	GRI content index	This report
102-56	External assurance	NA

Economic Standards		
GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	<a href="#">Annual Report</a> -Financial statements p. 109
GRI 205: ANTI-CORRUPTION		
205-2	Communication and training about anticorruption policies and procedures	<a href="#">Annual Report</a> p. 44
Environmental Standards		
GRI 302: ENERGY		
302-1	Energy consumption within the organization	This report, Monitoring and minimising our environmental impacts
GRI 303: WATER AND EFFLUENTS		
303-5	Water consumption	This report, Monitoring and minimising our environmental impacts
GRI 305: EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	This report, Monitoring and minimising our environmental impacts
305-2	Energy indirect (Scope 2) GHG emissions	
305-5	Reduction of GHG emissions	
GRI 306: EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	NA
Social Standards		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-4	Worker training on occupational health and safety	<a href="#">Code of Conduct</a> p. 11
GRI 404: TRAINING AND EDUCATION		
404-2	Programs for upgrading employee skills and transition assistance programs	This report, Enabling our people
Human rights		
GRI 406: NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Annual Report</a> p. 44
GRI 409: FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Annual Report</a> p. 24
Society		
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessments and development programs	This report, Supporting patients and communities
Product responsibility		
GRI 416: CUSTOMER HEALTH AND SAFETY		
416-1	Assessment of the health and safety impacts of product and service categories	This report, Our commitment to patient safety

© Hikma Pharmaceuticals PLC 2021

1 New Burlington Place

London

W1S 2HR

T 020 7399 2760

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For more information,  
please visit:

**hikma.com**

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