

Global Compact End of Year Communication on Progress (COP) 2008

Company Name: Hikma Pharmaceuticals PLC

Address: Hikma Pharmaceuticals PLC
13 Hanover Square
London W1S 1HW
UK

Number of Employees: 4,816 Employees

Sector: Private Sector – Pharmaceutical

Joining Date: December 2007

Date: November, 2009

Contact Information:
Mrs. Hana Ramadan
Corporate Director of Communication
Tel: +9626 580 2900 Ex. 313
Email: ramadhanh@hikma.com

Hikma's Communication on Progress Report for the Global Compact

At Hikma Pharmaceuticals, we believe that it makes good business sense to be a responsible company; we are looking for long term results and sustainability for all our stakeholders. Thus, it was a natural progression for Hikma Pharmaceuticals to join the Global Compact because our values are aligned; we have an excellent match in terms of our views regarding human rights, labour standards, the environment and anti corruption. Hikma's responsibilities to look after its employees, as members of the Hikma family around the world, is but one aspect of its responsible behavior. We realize that we are part of the communities we live and operate in and we have the will and the resources to improve upon these communities in any way we can.

In all our endeavors, being considerate and driven by strong values and a sense of duty and responsibility guides our every step, we recognize the particular importance of being ethical in our industry. It is this approach that has allowed us to attract significant talent to the company, reach out to more partners and customers and grow our business in a considered way in many markets. We reiterate our commitment to the Global Compact and as we grow organically and through acquisitions or joint ventures, we ensure the implementation of the highest standards in terms of the way we treat our people, the way we conduct our business and our environmental impact in the communities in which we operate.

Said Darwazah, CEO

Responsibility

Acting responsibly has been a core value of Hikma Pharmaceuticals since its inception thirty one years ago. In 2007, Hikma started utilizing the Global Reporting Initiative's (GRI) G3 guidelines, focusing in particular on data collection on employee and labour practices, environmental impacts and community investments. Hikma has been collecting and disclosing this data for two years and the criteria measured and discussed in this report reflects actions taken and data measured in 2008. Our challenge at Hikma is to continue to improve upon our performance in all our business units.

Our Core Values

- Honesty, integrity and the highest ethical standards
- A focus on quality in all aspects of our business
- Dedication to the welfare and education of our employees
- Investment in the communities in which we work
- Care and preservation of our environment
- Respect for all people, regardless of race, religion, gender or background

Labour Standards

Hikma Pharmaceuticals has always adopted standards that are consistent with established and globally accepted labour requirements and this is evident in all of Hikma's subsidiaries. Ensuring our employees are properly taken care of is one of the core values and principles that Hikma was built on.

Principle Four:

Elimination of all forms of forced and compulsory labour.

Principle Five:

Effective abolition of child labour.

Hikma's Commitment:

Hikma's Code of Conduct specifically states that the company will "abstain from directly or indirectly using forced or child labour" and will not deal with any supplier who does not honour international labor standards. Hikma "prefers suppliers and partners whose work practices respect international labor standards" (Hikma Code of Conduct).

Furthermore, Hikma commits itself, at a minimum, to abiding by the local labor laws in each of its locations and, at most times, exceeding them.

Activities:

Hikma audits all its main suppliers in regards to their employment practices. The practice was initiated two years ago and Hikma seeks to improve upon its record. In 2008, Hikma received responses from 28 suppliers which constitutes less than 20% of the audits sent out. The aim is to at least double the number of screened suppliers in 2009.

Outcomes:

To ensure all Hikma employees are aware of these standards and abide by them, working with preferred suppliers was incorporated in the Code of Conduct which has been in effect since 2006. In 2008, the Code of Conduct was updated and released to all Hikma managers across the Group. Over 60% of Hikma managers signed the Code of Conduct in 2008. In 2009, the code of conduct was incorporated in the induction process for all new employees and in 2010 it will be included in the Hikma performance appraisal form to ensure consistency and continuity.

Principle Six:

The elimination of discrimination in respect to employment and occupation

Hikma's Commitment:

Hikma is committed to providing employees with an environment free of all sorts of discrimination. Hikma commits itself to "practice non discrimination and provide equal employment opportunities" (Code of Conduct).

Activities:

As evidence of its commitment to providing a discrimination free environment, Hikma introduced an "Equal Treatment of Employees & Harassment" policy in 2004. This policy was recently updated and circulated to all managers across the Group who in turn are responsible for training their employees on it.

Hikma believes "in the equal treatment of employees and does not condone favouritism or inequality in any shape or form. Hikma does not discriminate based on a person's race, color, religious creed, age, sex, 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 job." (Equal Treatment of Employees & Harassments Policy and Procedure- Created in Oct. 2004 and Revised in May 2009).

Outcomes:

In 2008, Hikma decided to renew and re-circulate its "Equal Treatment of Employees and Harassment" policy and procedure. Thus it was agreed that in 2009, the policy will be sent to all managers across the Group. Managers are asked to circulate the policy to their employees and update their policies manual last reviewed in 2004. Moreover, there are plans to renew the Hikma policies and procedures manual for all corporate policies and re-circulate it to all employees in the Group.

Environment

Hikma strives to ensure the adaptation of environmentally friendly processes in all its plants across the Group whenever possible.

Principle Eight:

Undertake initiatives to promote greater environmental responsibility

Principle Nine:

Encourage development and diffusion of environmentally friendly technologies

Commitment:

Hikma is committed to promoting environmental responsibility and utilizing environment-friendly processes when possible.

This commitment can be seen in several official documents such as the Code of Conduct, Environmental policy, and the company's Annual Report.

"We aim to minimize our impact on the environment where possible through integrating our environmental policy into all areas and activities at Hikma" (Environmental Policy Statement, 2007).

Hikma will "adhere to environmental laws and standards domestically and internationally. Protect, and where possible, improve the natural environment, and prefer partners who observe applicable environmental standards" (Code of Conduct).

Activities:

As part of its commitment to its environmental principles, Hikma has done the following in 2008:

1. Installed a solar system for hot water usage in the Jordan Facility.
2. Calibrated Hikma Jordan's boiler system to reduce diesel consumption and reduce CO2 emissions.
3. Amended overnight lighting procedures at West Ward's warehouses in the US.
4. Switched to low energy light bulbs in Saudi Arabia and Portugal and in new facilities.

Furthermore, Hikma Jordan facility obtained the ISO 14001 certification and AMC (A Hikma subsidiary in Jordan) was awarded both ISO 14001 as well as OHSAS 18001.

Outcomes:

In relation to the environment, Hikma has focused its efforts on 3 main areas:

- Energy Consumption
- Water Usage
- Waste Production

In terms of energy consumption, the most visible achievement Hikma made in 2008 is in its Portugal plant which indicates a reduction in electricity and gas usage. Hikma is currently working along with the Royal Scientific Society's Research Centre, as well as the National Energy Research Centre (NERC). These partnerships have shown that AMC has the capability of saving up to 25% of its total energy costs. Plans are being established to attain that goal.

Water is a scarce commodity in many of the countries in which Hikma is present. Embracing water saving initiatives is essential. Hikma's biggest achievement in 2008 in that regard was at its Jordan facility where 50% of water usage was saved due to the installation of new external cleaning pumps, replacement of corroded pipes and employee education on water resources.

Being ISO certified mandates specific procedures for waste management, and the certified facilities have policies and procedures to ensure the proper disposal of waste. Furthermore, when possible, Hikma seeks to reuse and recycle all non hazardous materials as committed to in the Environmental policy.

Anti Corruption

Hikma does not tolerate corruption in any shape or form and has undertaken strict measures to ensure the compliance of all employees with these standards.

Principle Ten:

Businesses should work against corruption in all its forms, including extortion and bribery.

Hikma's Commitment:

Hikma is committed to ensure all business dealings are conducted in a fair manner and has a zero tolerance policy to all forms of bribery and corruption. This is done through the partnership with PACI (Partnering Against Corruption Initiatives) as well as internal systems based on the company's Code of Conduct.

Hikma also has policies and procedures to counter bribery and corruption under the Share Dealing Code and Disclosures Policies.

"Hikma does not condone or participate in bribery in any form of corruption and refrains from using suppliers who utilize these methods" (Code of Conduct).

Activities:

Hikma has undertaken several initiatives to promote employee awareness of its views on bribery and corruption in all its forms. These include in 2008, anti-corruption training to 22% of the Group's employees in 6 of its subsidiaries. The managers who received this training were asked to, in turn; train their employees, to ensure 100% of employees have received this training in one form or another.

As part of its Code of Conduct, Hikma is committed to "cooperate in all efforts to eliminate bribery and corruption." There is also a whistle blowing policy incorporated in the Code of Conduct that refrains Hikma from retaliating against any employee who reports violations related to the law or company standards. In order to encourage employees to report any suspicious activities, Hikma has created an anonymous hotline for employees to use. Moreover, an open door policy is encouraged by Hikma management and top management is accessible to all employees either in person or through emails.

As Hikma is publicly listed under the London Stock Exchange, it has Share Dealing Code and Disclosure policies that follow strict guidelines regarding share dealing and prohibit the use of internal information for personal gain or insider trading. There is ongoing education underway on this policy to ensure all employees are aware and in compliance of it. Currently, to ensure no insider information is used in share dealings, Hikma issues a closed period for employee share dealing two times a year, usually 3 months prior to disclosing company results, and this is communicated clearly to all employees across the Group.

Outcomes:

Hikma constantly works with its suppliers to understand their ethical policies and practices and does this through sending an audit questionnaire to all suppliers to ensure compliance with international standards (ethically as well in relation to environmental and human right standards). This practice is always implemented and new suppliers are always audited, researched and scrutinised.