

**Better health.  
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every day.**

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**UN Global Compact**  
Communication on  
Progress 2017

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**hikma.**

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This is Hikma Pharmaceuticals PLC's **Communication on Progress** in implementing the principles of the **United Nations Global Compact**. It covers January 1st until December 31st 2017 and includes a reiteration of commitment from Hikma's CEO to the principles and incorporates sections of Hikma's Corporate Responsibility Report, Hikma's policies, Code of Conduct, and GRI indicators. The report will demonstrate how Hikma is addressing each of the UNGC's 10 universally accepted principles and continues to actively engage in and improve these practices over the years.

**We welcome feedback on its contents.**

# Chairman's Statement of Support for the UN Global Compact

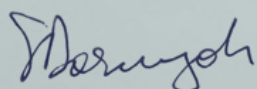
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It is with pleasure that I present to you Hikma's 2017 Communication on Progress report (COP). Hikma continues to support the ten principles and aligns its operations with the UNGC in all its locations and have been committed members since 2007.

We make sure that everything we do is defined by quality and delivered with consistency, across the many communities we serve. We combine global expertise with our local presence to transform cutting-edge science into solutions that are relevant to people's lives. We think creatively to develop practical solutions that make better health not only more accessible, but also more affordable. Our communication on progress report demonstrates our commitment to bring about positive change in our local and global communities.

In 2017, we were ranked first for corporate governance among our pharma peers in the FTSE100. We were also awarded "Company of the Year" by the *Generics Bulletin*, and remain a constituent of the FTSE4Good. Investing in our communities and improving access to medicine has been a long-established principle of our business since its founding days. Today we continue to support the many communities in which we operate, in alignment with the United Nations Global Compact vital initiative and its principles in the areas of human rights, labour, environment and anti-corruption.

Our vision is of a healthier world that enriches all of our communities. Throughout the past 40 years, we've been committed to conducting our business in an ethical manner and to being active partners in shaping a sustainable future.



**Said Darwazah**  
Chairman





# GRI Indicators

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<i>Principles</i>	<i>GRI Indicators</i>
1	LA7, LA10, HR2
2	LA7, LA10, HR2
3	EC1, LA7, LA10
4	SO3, HR2
5	SO3, HR2
6	EC1, LA7, LA10
7	EN3, EN8
8	EN3, EN8, EN22
9	EN3, EN8, EN22
10	SO3

**LA7** rates of injury, disease, lost days, absenteeism

**LA10** average hours of training per employee per category

**HR2** percentage of suppliers / contractors undergone human rights screening

**EC1** direct economic value, including employee wages and benefits

**SO3** percentage of employees trained in anti – corruption policies

**EN3** direct energy consumption

**EN8** total water withdrawal

**EN22** total weight of waste

## Principle One

Businesses should support and respect the protection of internationally proclaimed human rights

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## Principle Two

Businesses should make sure that they are not complicit in human rights abuses

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Hikma respects the dignity and human rights of its employees and others. Privacy and confidentiality are essential to business and Hikma will respect the privacy of its customers, counterparties and employees, and is committed to maintaining the confidentiality of their information. Hikma is not discriminatory and offers equal opportunities to all.

***Dignity and Respect Principle, Code of Conduct***





Hikma is committed to providing for its employees a safe and secure working environment.

***Health and Safety Principle, Code of Conduct***

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Hikma seeks to engage with customers and suppliers whose employment practices respect human rights and whose ethical standards meet the standards set by Hikma.

***Trading, Customers and Suppliers Standard, Code of Conduct***

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Hikma expects all of its units to comply with the highest standards of Health, Safety, Environmental and Energy Management to ensure the well-being of its employees and business partners.

We ensure that Hikma complies with and exceeds, where possible, the relevant Health, Safety, Environmental and Energy legislations.

We also aim to prevent accidents and cases of work-related ill health at Hikma.

We work with our suppliers and contractors, to bring our Health, Safety, Environmental and Energy Management standards into alignment.

***Health, Safety, Environment and Energy Policy***





# Human Rights

Since our founding in 1978, quality is what our business was built upon. Quality in our medicines, our operations, our people and interactions. Since our establishment, Hikma has become a global health care provider by instigating the highest standards of respect and safeguarding human rights in all our locations. Our company vision is of a healthier world that enriches all of our communities, and this can only be achieved with the highest quality of talent.

Our company values guide our business, our policies and our actions. Our values are the collectively held principles of our people that outline the way we think, work and behave:

- Integrity: Acting with honesty and honour without compromising the truth
- Excellence: Holding people accountable to the highest standards of performance
- Respect: Showing consideration for one another, recognising each other's differences, needs and expectations
- Transparency: Embodying openness, communication and accountability. Operating clearly and openly, making it easy for others to observe performance

These values, which are embedded in our culture, have guided us for the past 40 years, and will continue to do so. Our CSR strategy focuses on the themes of wellbeing and education which we implement through our focus areas - enabling our people, providing access, protecting our planet, and global frameworks - in alignment with the themes of the Global Compact.

We are constantly expanding; we currently operate in the Middle East and North Africa, US, and Europe, employing over 8400 people and selling in more than 50 countries.

## Policies and Procedures

As our business grows and expands in different locations, we must maintain a strong and unified ethical standard across the group. We are constantly strengthening and improving our ethical principles; we have a zero-tolerance policy on corruption and bribery, and are strict when it comes to such matters.

The Code of Conduct<sup>1</sup> reflects our ethical practise in regard to labour and human rights, and is implemented in a top down approach, from our board of directors to management and employees, and reaches our operations and products.

The standards of our Code apply to our company's external partners as well. We are stringent when it comes to ethical standards and transparency from our partners who must adhere to strict ethical standards and transparency. We do not do business with any company that does not sustain strong international labour standards.

We regularly audit our partner companies in regard to business employment practices through the **supplier audit procedure**. All our company partners, suppliers and contractors withstand human rights screening. We also conduct Suppliers Audit Questionnaires that relate to the UNGC principles and aid in defining the suppliers'

practices to increase awareness for accountable procedures and ethical performances.

We have always maintained a strong ethical structure; the business was founded on family values and still strives to maintain a strong familial culture with its employees and a positive work environment. We have several customized programmes in place that are designed to benefit employee needs.

We at Hikma have strong childcare and maternity policies and programmes for working mothers that exceed standard governmental regulations. Parents can have flexible schedules to attend to their families. We also have a strong health insurance coverage, and financial reimbursements for when the child is home or attending day-care.

Other employee programmes in place include social committees that provide financial support to employees in difficult circumstances, free medications for all employees and their families, first-class health insurance for employees and their families including cancer insurance in some of our locations and therapy in others. We also have strong recreational programmes including musical and sporting activities and language classes.

We have various policies and

<sup>1</sup> The Code is available on the corporate website: <https://www.hikma.com/about/ethics-and-compliance/code-of-conduct/>

bylaws that are regularly updated and communicated to employees to ensure employee rights are protected in all locations, such as the **Employee Human Resource Bylaws**, which encompasses the entire workforce. There are strong legal and governing structures, across the group, that protect employee privacy rights and confidentiality.

### **Health and Safety**

Employee health and safety is of great concern to us; as an industrial pharmaceutical company we have plenty of checks and balances to maintain a strong employee safety mandate in all our sites.

We have a strong health and safety policy that is communicated to all employees. We have various Health and Safety Departments in all our locations that ensure the implementation of the policy, which is regularly updated and refined.

Employees in our manufacturing facilities undergo extensive training to ensure that they are able to work in a safe environment. The company has high levels of safety measures set in place including top quality safety gear and thorough training systems to guarantee employee safety.

### **CREC**

Since our founding, we have been devoted to honesty, integrity and achieving the highest possible standards in everything we do. We are dedicated to the wellbeing of our employees, devoted to the communities in which we work and determined to preserve and protect the environment in which we operate.

Our Compliance, Responsibility and Ethics Committee (CREC) is our guiding ethical hand that manages our business integrity, social responsibility and ethics. Established in 2010, the CREC oversees company policies where ethical ruling is important and supervises our compliance team and the development of our Code. The CREC also supervises our Anti-Bribery and Corruption compliance programme; issues the strategy for the company's response to related risks; manages our Speak-Up system where our employees can anonymously raise any ethical

concerns; and oversees our Corporate Responsibility policy at the Board level. The CREC includes the Executive Vice-Chairman and four independent Non-Executive Directors.

Since the establishment of the CREC, one of its focuses was the formation and application of the Anti-Bribery and Corruption (ABC) business integrity programme. Hikma's Corporate Social Responsibility (CSR) division works in parallel with the Committee, which sets measurements in place to safeguard and ensure that the company is ethically compliant in its business.

### **Education**

Education is integral to our company culture. Thorough orientation sessions are conducted for new employees when they join the company. Rotation plans are encouraged and available for employees to expand their knowledge and talents. Training sessions, both internal and external, are annually conducted in all departments.

The company has a strong education programme; the **Continuing Education Scheme** allows our employees to continue their education by pursuing a higher degree. Founded in 2010, Hikma has currently aided sixty-one employees in pursuing a higher education programme with a total amount of USD 1,051,343.

### **Certification Policy**

In addition to the continuing education scheme, the company provides employees with the opportunity to develop their talents by acquiring specialized certificates in their fields. Employees who are interested in obtaining certifications are nominated by their managers and go through an approval procedure; once approved they are required to sign an agreement stating that they will remain in the company for at least one year after completing the certification. The employees are financially reimbursed for all costs and invoices including the examination fees, courses, books and materials upon completion and passing the exams.

### **LMS**

In 2017 we launched a new system called the Learning

Management System – a cloud-based platform that allows the company to record, track, report and manage employee learning activities. The platform includes both classroom and online activities that cover behavioural, compliance, functional and technical domains. The system was launched with the aim of establishing a strong culture for learning by providing diverse and accessible new learning opportunities for employees. All of our employees are currently using the system to complete online learning assignments with the courses delivered by various experienced trainers.

## **Actions and Performance**

As a global business, our strong commitment to our communities has always been key to our way of doing things – thinking globally while acting locally. The company has always worked with the highest standards of integrity and ethics. We strongly communicate our zero-tolerance policy to bribery and corruption across the group, both internally and externally. Our policies are developed in parallel with our ongoing focus on education and communicating the Anti-Bribery and Corruption (ABC) compliance information in all our locations. Our induction programmes and awareness sessions insure that all new employees understand our ethical obligation across the group.

At Hikma we comply and abide with all relevant global and local laws, codes and regulations including (but not limited to) the UK Bribery Act; the Foreign Corrupt Practices Act (FCPA); global anti-corruption standards; and local anti-bribery and corruption laws.

In 2017, the compliance team focused on the United States and integrating the US compliance into the global programme, which was previously identified as a risk; the integration was successful and fully achieved. The compliance team has a specific leadership structure in place; operational responsibility and oversight for ABC is allocated by the Board to the Executive Vice Chairman, who delegates responsibility to his management team. The Chief Compliance Officer (CCO) reports

directly to the CREC on ABC matters. The CCO's leadership of ABC issues is directed by the CREC Chairman and the Executive Vice Chairman. The head of each business function is responsible to be the compliance leader for their department. Group and regional compliance officers at the operational level support the CCO. The legal, HR, financial and company secretarial departments also advise and provide executional support to the compliance department.

There is a confidential, international reporting network in place called Speak Up that is available to all our employees. The system is operated by an external third party that offers complete anonymity. Toll free reporting hotlines are available for our locations, which after examination by an outsourced third party directly goes to the compliance team, the VP of Corporate HR and the General Counsel.

We are founding members of the World Economic Forum's Partnering Against Corruption Initiative (PACI), the foremost business driven global anti-corruption initiative. In 2017, we have continued to endorse business integrity on a global level through the Partnering Against Corruption Initiative.

### **Code of Conduct**

Our Code is distributed to all our employees. Currently the Code is available in all the major languages in which the company is located: Arabic, English, French, German, Portuguese, Italian and Russian. Annually, all our employees are obligated to state that they have read the Code, understood it and will abide by it. Employees also confirm in writing that they recognise their duty in reporting any suspected events of non-compliance with the Code. In 2017 we achieved 100% signatures from senior managers across the group world-wide. All our managers undergo face-to-face training for the Code then communicate the Code at a departmental level.

### **Employee Training**

Employee training is an essential undertaking at Hikma. We regularly train all our employees in all our locations in order to constantly

develop and grow our talent. In 2017, the budget for the group was \$2,335,706.

### **FTSE4Good Membership**

For 2017 we have continued our membership with the FTSE4Good Ethics index series, which recognises our ethical standards across the group. We are proud to uphold its promise to high corporate business standards and ethics for positive environmental, social and governance practices.

Participants such as NGOs, governmental bodies, consultants, academics and the investment community help to outline the conditions for inclusion in the indices. The focus areas include; Anti-Corruption, Climate Change, Health and Safety, and Customer Responsibility. Our membership the FTSE4Good Index Series reflects our strong ESG, Environmental Social and Governance practices measured against internationally recognised standards and strong corporate social practices.

### **SDGs**

As a global company, we are committed to operating sustainably and responsibly. To illustrate our commitment to sustainable development, we have aligned our work with the United Nations Sustainable Development Goals. We have focused on five goals that align most closely with our business and sustainability strategy. These are good health and well-being, quality education, gender equality, decent work and economic growth, industry and innovation and infrastructure.

We have published a report that highlights our contributions toward the achievement of the UN SDGs. The report showcases how the group's external and internal activities advance the UN SDGs, thereby illustrating the private sector's crucial role in creating economic growth and addressing social needs. At Hikma, we strive to serve as a model in the areas of sustainability, ethics, and social outreach.

### **Health and Safety**

Most of our locations have accredited safety standards, such as OHSAS 18001 for Occupational Health and Safety, ISO 14001 for Environmental management

systems, ISO 9001 for quality management system or their equivalent. Our corporate Health and Safety department supervises our environmental management requirements from ISO 14001 and reduces the health and safety risks by continuing to satisfy the requirements for maintaining the OHSAS 18001 certification and annually renewing it.

In the MENA region in 2017 we appointed a central HSE team who conducted a full assessment of our MENA sites in order to improve and standardize our health and safety standards.

### **Employee Benefits**

Our employees are offered strong benefits such as class A medical insurance for themselves and their immediate families for free, travel insurance, and specialised benefits modified to each company location. Other benefits include dental insurance, paid maternity and paternity leave, financial maternity compensation for the locations that don't have nurseries, retirement provisions through social security and a provident fund. Employee benefits vary according to local regulations and job requirements.

In some of our MENA locations employee living allowances such as phone bills or family benefits were separate from the basic salary; in 2017 we have integrated this into the basic salary and employees in the MENA region are now on par with that of Europe and the United States.

In Portugal, Hikma improved the induction programme for new employees to include company values, culture, policies and how to better integrate in a multicultural company in 2017. We also offer Portuguese language courses for our foreign assignees in Portugal.

Our international assignees were also localized, and their salary benefits were moved based on the country's international labour laws. In 2017 nine employees were localized for their international assignments. In 2017 we issued out a new global per diem policy for employee travel expenses, which will be fully enacted in 2018.



## Principle Three

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

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## Principle Four

Businesses should uphold the elimination of all forms of forced and compulsory labour

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## Principle Five

Businesses should uphold the effective abolition of child labour

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## Principle Six

Businesses should uphold the elimination of discrimination in respect of employment and occupation

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Employees' right to free association and collective bargaining are recognised and respected There is a clear, transparent process for receiving employee suggestions, requests and complaints.

Effective communication with employees is promoted, so that issues arising from business decisions are addressed appropriately and in a timely fashion.

***Employment Matters Standard, Code of Conduct***





"All public affairs activities undertaken by or on behalf of Hikma must be conducted ethically, must align with relevant local law requirements and applicable industry codes of practice and be approved in accordance with internal policies.

Hikma employees will: have the right to be involved in political and lobbying processes in their own time as private citizens, but must be clear at all times that these activities are not undertaken on behalf of Hikma."

***Public Affairs and Governmental Interaction Standard, Code of Conduct***

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"Employee rights are safeguarded and employment laws and regulations are complied with.

Effective communication with employees is promoted, so that issues arising from business decisions are addressed appropriately and in a timely fashion."

***Employee Personal Information Standard, Code of Conduct***

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"Hikma is opposed to all forms of forced or child labour."

***Employment Matters Standard, Code of Conduct***

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"Hikma operates a discrimination-free working environment and is committed to promoting a culture of respect, dignity and equal opportunity in which employees' individual rights are protected. Hikma believes that the diversity of its workforce is highly valuable. Hikma is committed to providing an environment in which individuals can flourish based on talent, experience, and performance and where potential is recognised and encouraged."

***Employment Matters Standard, Code of Conduct***

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"Discrimination is not tolerated and equal employment opportunities are provided to all.

No forms of violence, bullying or harassment are tolerated. Employee rights are safeguarded and employment laws and regulations are complied with.

The need for training and development is recognised as central to the on-going development of our people, and their skills and knowledge"

***Employment Matters Standard, Code of Conduct***

# Labour Standards

At Hikma we strive to uphold a pleasant and enriching work place for our employees. We do not tolerate any form of inequality or prejudice; the workplace is free of discrimination. There is no child labour in all our locations; the company is extremely strict in operating at the highest ethical level.

We do not collaborate with any company that tolerates or conducts child labour. Company labour laws across the group clearly forbid the service of minors under the age of eighteen. At Hikma we enforce strong ethical labour standards across our supply chain. We do not work with any partner, supplier, or third-party source that does not conform to international labour standards.

## Policies and Procedures

As an international company that is constantly growing, it is a necessity that our company values and policies are integrated in all our locations. At Hikma we employ the necessary actions to guarantee all employee rights and needs are present and met. As a global entity, we certify that our policies meet and exceed the regulations of the countries in which we are located.

We maintain the freedom of association needed for a fair representation of our employees at the company. In all our locations, employee concerns are heard. Across the group, we have various unions and groups present who represent employees and have a platform to state employee concerns. In sites where unions are present our employees are protected by the shared negotiation agreements signed by the General Manager of that site and the head of the

union. Sites that don't have unions are represented by the HR departments.

Management is responsible for informing employees of their rights and negotiating with unions as well as improving employees' compensations. The issues covered by collective bargaining with trade unions and employee representatives include financial compensation such as salary expansions, bonuses, insurance expansion that is reviewed per annum, the health and safety of employees in addition to training sessions for employees if required.

The company provides an *"Equal Treatment of Employees and Harassment"* policy, which is circulated to employees and periodically updated:

*[At Hikma we believe in] "equal treatment of employees and do not condone favouritism or inequality in any shape or form. Hikma does not discriminate based on a person's race, colour, 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."*

When hiring new personnel, employees at the human resources department are trained to view all applicants equally without any

discrimination.

The company must confirm that all its employees are aware of their rights including the laws and regulations that protect the employee. At Hikma we also confirm that the companies we partner and work with support and enact the anti-discrimination laws.

## Health and Safety

Our Health and Safety Policy is enacted in all our locations. The policy is integrated into health and safety processes for all units and functions. Managers confirm the policies are implemented in their divisions. Our policies are frequently updated and strongly implemented to ensure our employees work in a safe environment. The health and safety processes cover the following areas:

- Employee health
- Accident prevention
- Health and safety training
- Monitoring, reporting and communicating
- Training and development
- Labour Standards

## Employee Health and Safety

Employee safety is one of the top priorities for Hikma. Safeguarding our employees while they conduct business in a safe and secure



environment is a basic right for our staff and the duty of a responsible organisation. Our Occupational Health, Safety, Environment and Energy (OHSEE) policy, which is communicated across the group, confirms that the highest standards are maintained across the company in line with industry best practices. All our staff, especially manufacturing facility operators, are thoroughly trained with the highest safety and security standards in order to lessen hazardous risks to the employees and their surroundings.

Going forward, we plan to align our various health and safety global departments and enhance the communication structure for our global health and safety departments by conducting regular health and safety meetings between the MENA, Europe and the US. We also plan to advance our measurement of health and safety indicators and identify areas for improvement by updating our methods and procedures.

### **Grievance Procedure**

At Hikma we have always had an open door policy with our management where employees can express any concerns. As the company grew and became more global, official liability measures were introduced by the human resource department which call for quick actions for any labour negligence. Employees inform the HR department of their issues and HR is legally obliged to take immediate action. If an employee wishes to anonymously report any complaints, there is a system in place called Speak Up which is overseen by the compliance department and a special board which is administered by an external party.

### **Actions and Performance**

We believe in equal standards for all employees, and are proud to state that we are an equal opportunity employer and do not discriminate based on race, age, religion, sexual orientation or any

other characteristic. We believe the diversity of our people is a source of strength for our company. Diversity fuels our creativity and effectiveness as a global organisation.

Our merit based and inclusive corporate culture aids in nurturing a diverse workplace. Although we do not set quotas, we actively monitor ethnic diversity at all our US locations. Around a third of our global workforce is female, a percentage that has been annually increasing. Females also make up 72% of Portugal's workforce, and they occupy strategic top managerial positions across the group. In 2017 we had a 27% increase in female managers, particularly in the United States, London and Jordan. The number of women in managerial positions increased by 13% from 2016.

### **Women Empowerment Initiatives**

At Hikma we support women in the workplace and in the communities where we are present. In 2017 we established numerous programmes and policies to encourage gender diversity and women's empowerment. Our 'Dare to Dream Big Programme' is an ongoing success. Founded in 2015 for our female employees in the MENA region, the programme focuses on motivational sessions where successful female guest speakers from various backgrounds speak to our employees in monthly workshop style sessions that promote capacity building and leadership. In 2016 and 2017 we started organising training sessions for woman empowerment in Portugal. We also conducted an internal assessment for the needs of female employees in the US, and based on their requests have conducted training sessions in various subjects. We are planning on adding more sites to our 'Dare to Dream Big Programme'.

We also established a formal committee tasked with addressing women-specific issues within the company in Jordan. The Women's Committee consists of various women leaders from across the

organisation, offering an inclusive platform where issues can be addressed openly. The Committee contributed to the development of several important company policies such as the increase of nursery allowance for parents and an extended maternity leave option for mothers, as well as flexible hours for nursing mothers' leave from a year to a year and six months.

In Saudi Arabia we have been focusing on decreasing gender discrepancy by gradually increasing the number of women in the company from two in 2012 to fifty-four in 2017. The company established 'women-only' packaging lines and included more women in our training and development plan. Gender diversity remains a challenge in certain areas, and to address this we will continue to introduce programmes that empower women to achieve more leadership roles, and take down obstacles to achieving a more inclusive workforce.

### **Hikma International Professionals Excellence (HIPE) Programme**

At Hikma we are aware that a major drive for community advancement lies in our youth; we strive to invest in the population's youth. In 2017, 66% of our employees were below the age of 40.

In 2016 we launched a programme called HYPE (Hikma Young Professionals Excellence) for recent graduates. In 2017 we expanded and modified the programme into HIPE (Hikma International Professionals Excellence) programme. HIPE is a global cross-functional rotation programme created for exceptional individuals, where they are exposed to company leadership values by undergoing a job rotation schedule in various operational, financial and commercial departments. The programme focuses on a blended learning experience through a combination of workshops, assessments, E-learning courses, team building activities, field trips and readings, among others. The programme has been extremely successful, and will

be implemented internationally in 2018.

### **Innovation & Leadership Advisory Board (I-LAB)**

In 2016, under our Chairman's initiative, an advisory board was established entitled the Innovation & Leadership Advisory Board (I-LAB), with the purpose of maintaining an inventive culture across the group and cultivating young talent. The I-LAB is a group of employees under thirty-five who advise the Chairman on cutting-edge technological initiatives aimed to introduce and inspire innovation in the workplace. The committee regularly meets and updates our management with advances in digital health and proposals on how to implement these advancements in the company.

### **Unions**

At Hikma we have labour union representations in most of our locations in Europe and MENA; in the remaining sites our employees are represented by the HR department.

In the United States, the labour laws that are administered in the company are in line with the Americans with Disabilities Act (ADA) of 1990 which protects any discrimination against individuals with handicaps. For 2017, we continued our renewal with the Collective Bargaining Agreement with Teamsters Local 201, which came into effect in November 1, 2014 and will remain until October 31, 2019. In addition to the ADA, we conform with and work under the following Federal and State legalities:

- The Civil Rights Act of 1991, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq, the Civil Rights Act of 1870, 42 U.S.C. § 1981
- The Americans with Disabilities Act, 29 U.S.C. § 12101 et seq
- The Rehabilitation Act of 1972, as amended, 29 U.S.C. § 701, et seq
- The Age Discrimination in Employment Act, 29 U.S.C. § 621

et seq

- The New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., and/or under any other applicable federal, state or local antidiscrimination law
- The Employee Retirement Income Security Act, 29 U.S.C. § 1132(e) and 1140 et seq
- The Conscientious Employee Protection Act, N.J.S.A. 34:19-1 et seq
- The Family Medical Leave Act, 29 U.S.C. § 2611 et seq (and any other applicable federal or state leave statute)

In our Portugal site, Hikma exceeds the Portuguese labour laws, which calls for a decrease in the percentage of overtime payment. For overtime work the company pays a monthly fixed amount that represents roughly 15% of an employees' salary. Company profits are distributed to the employees as well. In our Portugal site we surpass labour laws by providing our employees and their families with a strong health insurance system and by paying allowances, not mandatory by law, in order to recognise the effort done in this specific industry that can go up to 25% of the average salary. The company also pays 10% extra to the employees' salaries to compensate the work done in shifts.

As for the rest of the locations, no changes were made regarding unions, and no incidents were reported. All our unions abide by labour laws which are easily accessible along with union directions that are imposed by specialised company personnel.



## Principle Seven

Businesses should support a precautionary approach to environmental challenges

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## Principle Eight

Undertake initiatives to promote greater environmental responsibility

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## Principle Nine

Encourage development and diffusion of environmentally friendly technologies

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“Hikma expects all of its units to comply with the highest standards of HSEE Management. As a pharmaceutical company, we recognize that our operations have an effect on the local and global environment and we actively encourage the engagement of our staff at all levels to ensure implementing and maintaining the standards that we set.

The purpose of this policy is... to minimize adverse impact on the environment where possible, through the reduction of greenhouse gases (GHG) inventory by reducing the consumption of energy.

Hikma is committed to consider energy saving equipment and tools in any project in the future.”

***Environmental Principle, Code of Conduct***





"Hikma expects all its units to ... maintain an operation that minimizes all adverse environmental and climate change impacts associated with our activities.

As a Pharmaceutical Company, we recognize that our operations have an effect on the local and global environment and we actively encourage the engagement of our staff at all levels to ensure implementing and maintaining the standards we set."

### ***Hikma's Health, Safety and Environment Policy***

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"Hikma is committed to benefitting the communities in which it works through charitable donations, volunteering and the operation of its social and environmental policies."

### ***Community Impact and Support Principle, Code of Conduct***

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"We are committed to doing business in an environmentally responsible manner. We continuously monitor and review our performance to meet current environmental legislation."

### ***Social Responsibility Strategy***



# Environment

Our brand promise; to put better health within reach every day, is embedded in our sustainability strategy. We're helping to shape a healthier world that enriches all of our communities, protects the environment and contributes to sustainable development. We believe that a healthier human life is linked to a healthier environment.

We are committed to our employees, their families and the community at large and we recognise our responsibility as a pharmaceutical manufacturer; an energy-intensive business, to assess and monitor our related environmental impact and ensure the adoption of environmentally friendly processes throughout our business. We monitor our greenhouse gas (GHG) emissions in all our facilities and capitalise on opportunities to improve our environmental performance and energy efficiency.

We take measures to minimise our environmental impact and enhance environmental compliance and regulations. We incorporate environmentally conscious practices whenever we can across our operations by focusing on minimising waste, analysing carbon emissions, monitoring and reducing energy usage, and minimising demands for water consumption. A preventive approach is also adopted within our operations towards the environment.

## Policies and Procedures

### Occupational Health, Safety, Environment and Energy Management

The Occupational Health, Safety, Environment and Energy, (OHSEE) is a group-wide corporate policy that is endorsed by the Vice President of Corporate Social

Responsibility (CSR). This policy is periodically reviewed while training sessions and awareness material on the policy are communicated to the entire staff.

The policy dictates that our people are our most valuable asset. It is fundamental for our business success to ensure that we are providing our people with a safe, healthy workplace and a sustainable environment. We guarantee that all our units comply with the most stringent industry standards of (OHSEE) management to ensure the well-being of our employees and business partners; and to maintain an operation that minimises all adverse environmental and climate change impacts associated with our operations.

As a pharmaceutical company, we recognise that our operations have an impact on the local and global environment and we actively encourage the engagement of our staff at all levels to ensure the standards that we set are fully implemented. All our OHSEE objectives are set and frequently reviewed through applying a risk based approach aiming to prevent injuries, ill health, reduction of environmental impact on climate change, air and water pollution, land contamination and minimising energy performance. We aim to achieve our set goals and targets annually through:

- Various resources and programmes and communicating our (OHSEE) policy with all our employees through numerous communication means including training, awareness sessions, team meetings, newsletters and posters. This ensures effective implementation and provides clear information for employee responsibilities regarding occupational health, safety, environment and energy management systems
- We are committed to maintaining constructive engagement with our stakeholders including our contractors and supply chain on matters concerning health, safety, environment and energy performance; and shall publicly disclose/maintain an open dialogue about our policies and management processes regarding these issues

We ensure the continuous improvement of our environmental management system, through an active process including Standard Operating Procedures (SOPs) and implementing environmental programmes.

As a manufacturing company, we are also keen to achieve the best possible results in preventing and managing environmental accidents. (SOPs) are strictly followed for the prevention and

management of environmental accidents within the (OHSEE) Management function. In addition, the environmental accidents due to production processes that may be harmful to operators are minimised and mitigated by the (OHSEE) department, and alternative processes are implemented where possible.

Continuously seeking to reduce our energy costs and increase sustainability throughout all our facilities, we implement Energy Conservation Measures (ECMs). ECMs consist of two types of technologies that enable energy saving results:

- **Energy Efficiency technologies:** enables procured energy (both electrical and thermal) to be utilised more effectively within the facility. As a result, the user does not need to use as much energy to deliver the same tasks or processes
- **Decentralised Energy technologies:** enables energy to be produced at or near the point of use, generally from renewable energy sources. This contrasts with the traditional, wasteful and increasingly costly method of buying energy that is generated in a centralised power station that may be hundreds of kilometres away from the point at which the energy is needed

### OHSEE Architecture

The Executive Vice Chairman and President of MENA oversees the responsibility of climate change and energy reduction. The Health Safety and Environment (HSE) function is governed by the senior management in each unit and each business unit is responsible for implementing the company's OHSEE policy at its location. Management ripples down to the operational level and has controls and checks at every level as per the following procedures:

- **Executive-level CSR committee** reports directly to the CEO and is accountable for governing ethical and environmentally sustainable activities

- **Senior Management** is committed to reducing harmful emissions, optimizing energy usage and minimising risk by setting a dedicated budget program to achieve required targets
- **MENA Operation VP's** have a savings objective that includes savings on energy. They are accountable to the board
- **Business Unit Managers (GM)** in each business unit managers are responsible for reviewing all (HSEE) activities including the setting of emissions reduction target and the implementation strategy. They are responsible for setting up and ensuring the execution of new energy saving projects
- **Plant Managers** oversee the processes to meet reduction targets at every manufacturing site
- **Engineering Managers** set plans and processes for meeting targets
- **Sustainability Manager** is responsible of the communication on sustainable practises such as energy efficient manufacturing processes, resource consumptions, waste management and a policy statement on environment, energy and climate change
- **Health and Safety Manager** advises the GM and senior management on OHSEE strategies, maintaining OHSEE certifications (ISO 14001, OHSAS 18001) and technical implementation of environmental plans (ISO14001, Energy conservation plan, waste management plan) in accordance with regulations and codes and developing risk management policy
- **All employees** take part in global CSR and environmental campaigns, volunteer in their communities, can attend awareness sessions on environmental issues that the company hosts, and are encouraged to submit new ideas

to safeguard the environment

### Greenhouse Gases

As a company listed in the London Stock Exchange, we have a regulatory obligation to report GHG emissions pursuant to Section 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Greenhouse Gases GHG sources that constitute our operational boundary for the 2017 reporting period are as follows:

- Scope 1: Combustion of fuel and operation of facilities (tCO<sub>2</sub>e)
- Scope 2: Electricity (tCO<sub>2</sub>)

We report in accordance to the Defra Environmental Reporting Guidelines 2013. Results are reported in tCO<sub>2</sub>e emissions, as UK Government emission factors for overseas electricity currently account for carbon dioxide emissions only.

### Water Usage

We recognise that we have an important role in identifying and responding to the risks of water resource scarcity. We aim to promote a greater water usage responsibility by continuously measuring and reporting on the company's impact on local water resources and annually improving the company's performance. We continuously search for new innovative ways to reduce, recycle, and reuse water supplies whenever and wherever possible. We have installed several sewage and wastewater systems in our manufacturing facilities to increase the efficiency of water usage in Egypt and Tunisia. Our ability to reduce water consumption also enables us to deliver significant cost savings.

Over the past three years, we have developed action plans to assess and monitor the influence of our water withdrawal on the environment. We avoid instances where the impact of a specific withdrawal can significantly affect the environment and have wider impacts on the quality of life in the areas where we operate.



## Efficient Energy Management

Behaving sustainably is an integral part of Hikma's corporate strategy and core business. We are committed to minimising our environmental impact by promoting and adopting energy saving solutions. Before administering a new project, we consider energy saving equipment and tools, whether it was an expansion project, a greenfield project or an acquisition.

## Ethical Suppliers

Our supply chain process integrates environmental and social elements guided by the framework of the (OHSEE) policy. Hikma utilises the Suppliers Audit procedure to ensure that suppliers conduct ethical practises, are environmentally responsible, abide by international labour laws, including the Modern Slavery Act. Our supply chain management team ensures that manufacturing processes comply with and exceed where possible, the relevant local and international environmental legislations. We work with suppliers and contractors to bring their health, safety, environmental and energy management standards into alignment.

We make sure that our strategic suppliers are aware of and conform to the environmental provision of our policies. We at Hikma utilise a supplier audit questionnaire that includes questions pertaining to environmental and ethical standards to help assess the suppliers' practices and increase their awareness of responsible operations and business ethics.

Below are the issues questioned in our supplier audit:

- *Published Corporate Social Responsibility CSR policies and involvement in community or charitable work and examples*
- *Environmental policies and implemented environmental measures and waste management procedures*
- *Obtained certification for environmental, social and or*

*health and safety management system(s)*

- *Controls and measures related to emissions of greenhouse gases (GHG)*
- *Human Rights policies and Anti Bribery laws*
- *Code of Conduct*
- *Non-discrimination (equal treatment of employees) policy*
- *Animal testing policies*
- *Modern Slavery Act policies and procedures to identify and address the risk of modern slavery (meaning forced or compulsory labour and/or trafficking in persons)*

## Certified Management Systems

We strive to reduce negative environmental impacts, due to our operations, through green investment and focus on reducing the energy usage across our business. Our consistent efforts resulted in the achievement of certifications for the Environmental Management System (ISO 14001), Occupational Health and Safety Management Systems (OHSAS 18001) and Energy Management System (ISO 50001).

Our Health and Safety departments for each subsidiary are responsible for steering the ISO 14001 management system, which fulfil the environmental requirements from ISO 14001 in addition to managing health and safety risks in accordance with the OHSAS 18001. The standards related to environmental management help us (a) minimise any negative environmental impact related to operations (i.e. adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other required environmental standards, and (c) continually improve its practices to achieve annual re-certification.

## Healthy Workplaces

We support and promote healthy workplaces for our employees. We yearly conduct the "You Are Hikma" campaign, an annual employee welfare week, held across our

global locations. It is aimed at raising employee health and safety awareness inside and outside the workplace, tackling topics such as hazardous occupations, first aid, occupational health and safety, energy consciousness and environmental preservation.

We are proud members of the Global Smoke-free Partnership (GSP), a global partnership dedicated to promoting effective smoke-free air policies worldwide.

## Community Engagement

We are committed to our role of helping the communities in which we operate. We undertake a variety of public initiatives related to the environment and its preservation. These initiatives include:

- Promoting responsible environmental practices and advancing community wellness through education and awareness campaigns
- Disaster relief support
- Partnering with government agencies, non-governmental organisations, academia, and other stakeholders
- Philanthropic programmes with environmentally related outcomes

## Transparent Reporting

We deploy transparent reporting systems that aim to show progress in energy, waste, greenhouse gas emissions and water consumption. The company measures its direct energy consumption and total water withdrawal and aims to publicly disclose these figures. Some of these are mandatory while others are self-reporting standards that we have chosen to report upon in order to ensure that processes are in line with our quality standards. These include:

- Global Reporting Initiative (GRI)
- Sustainability report as part of the company's annual report
- Aligning with the UN sustainable development goals
- Reports to 3rd party financial entities as part of our loan agreements

## Actions and Performance

### Climate Change Strategy

We are committed to doing our part to ensure that our environment is protected for future generations. We developed a five-year climate change strategy in 2015. The strategy focuses on developing effective techniques through measuring GHG and setting plans to reduce emissions. The strategy guidelines include monitoring and setting goals and targets that adhere to environmental issues that involve climate change, water pollution, land contamination and energy use.

### Wastewater Treatment

In 2017, we completed the construction of a wastewater treatment unit in Egypt that will enable the manufacturing facility to reduce wastewater effluents by up to 90%. The wastewater treatment unit, operating at a maximum capacity of 200m<sup>3</sup> of treated water per day, uses the treated water for irrigation purposes, reducing use of domestic water consumption by 15%. We are seen as leaders in environmental compliance in Egypt.

### Sewage Treatment Infrastructure

In 2017, we also successfully upgraded and renovated our sewage infrastructure at our facility in Tunisia to reduce water consumption and mitigate the environmental impact of our operations. The treatment unit will isolate industrial water from rainwater and sanitary water, enabling us to recover industrial wastewater for treatment and reuse. Our sewage treatment project will improve the environmental footprint of our facility and reduce operating costs.

### Drug Disposal Campaigns

In 2017, we undertook several drug disposal initiatives to address the challenge of prescription drug abuse. In Columbus, our employee volunteers worked alongside a local grocery store and pharmacy chain, Kroger, to collect and remove unwanted and expired medications from customers

and dispose of them safely. Over the course of the campaign we successfully disposed of more than 4,300 pounds (1,950kg) of medications, equating to more than 6.4 million tablets.

In Saudi Arabia, volunteers participated in the 'Dawaona Amanah' (Our Medicine, Our Responsibility) campaign, which aims to spread awareness about the importance of proper drug disposal. The campaign took place across several locations, including hospitals, universities, malls and stadiums.

### HSEE Management

Environmental impacts are recorded through effective measurement, monitoring and reporting across our operations. We disclose our greenhouse gas ("GHG") emissions which helps us reduce our negative impact on climate change. We continuously develop energy conservation and efficiency in our operations; improve employee engagement and product/process innovations in our business. Throughout the year, our operators are trained periodically on Standard Operating Procedures (SOP) to ensure that environmental procedures and hazards are mitigated in manufacturing processes.

In 2017, we continued to achieve the targets of the ISO 50001 for Energy Management System (EnMS) for our main manufacturing site in Jordan. Hikma was the first pharmaceutical company in the Middle East and the first Jordanian manufacturing plant to achieve this certification in 2014. This resulted from several years' work in energy improvement and energy management.

### Energy Efficiency and Cleaner Manufacturing

In 2017, we finalised agreements that will enable our Jordan-based facilities as well as our manufacturing facility in Tunisia to convert from using diesel fuel to liquefied petroleum gas (LPG). This will result in significant improvements to our environmental performance by reducing the carbon emissions of our production processes.

The switch will also reduce overhead costs since, unlike diesel fuel, natural gas boilers have a longer service life and require less maintenance. Through the agreement with the energy company Central Gas, our Jordan facilities will be provided with a capacity of up to 30,000 litres of LPG per year, an amount that will reduce production costs by 7–15% based on estimated gas prices. In addition to reducing our carbon emissions, using natural gas will improve safety.

In Tunisia, our substitution to natural gas use was an incentive for the Tunisian government to develop underground gas pipelines for the entire village of Sidi Thabet. This investment will enable other businesses and households to access natural gas, substantially extending the environmental return of our investment. The pursuit of cleaner energy in our production and manufacturing is part of our wider effort to consider the environmental impacts of our business, reduce our carbon footprint in cost-effective ways and to maximise the efficiency of our production.

This year, our Columbus facility undertook multiple projects to improve energy efficiency and lower carbon emissions; the most notable was the installation of LED lighting fixtures. By investing in the replacement of 32W fluorescent tubes with more efficient substitutes, we have halved the energy consumed in lighting the facility. The installation of 1,625 fixtures (6,500 tubes) will result in energy savings of 789,690 kWh per year, equating to annual savings of around 360 tCO<sub>2</sub>e.1.

### Greenhouse Gas (GHG) Emissions

Our reported greenhouse gas emissions increased by 25% in 2017, compared with 2016. The increase was primarily due to the inclusion of West-Ward Columbus, our largest manufacturing facility, in our analysis for the first time. It accounts for 23% of total emissions in 2017. Excluding West-Ward Columbus from our US results, our greenhouse gas emissions decreased by 5% in 2017. There was a slight increase in Europe due

to the expansion of our Portugal manufacturing facility. In the MENA region, our emissions decreased by 8% due to investments made in energy efficiency. Our emissions per full-time equivalent (FTE) employee increased by 3.6%; this was primarily driven by increased manufacturing in Portugal and Germany. For example, a production increase of 40% in Germany led to a 16% increase

in emissions from electricity at the site. We are focused on reducing our emissions and have implemented several initiatives this year.

Data notes:

- Emissions from the consumption of electricity are reported in tCO<sub>2</sub> rather than tCO<sub>2</sub>e since the International Energy Agency emission factors for electricity

currently account for carbon dioxide emissions only

- Emissions are calculated in alignment with the WRI's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
- Emissions are reported from sites which represent 92% of total employees

### Measuring our emissions

The table below shows our emissions performance for the last three years.



### Supplier Practices

In 2017, we expanded our auditing procedures by identifying our significant suppliers and conducting a widespread audit on environmental issues in Europe, the US, and the MENA region. The 'Modern Slavery Act' related questions were incorporated to the Supplier Audit Questionnaire in 2017 to identify and address the risk of modern slavery; compulsory labour and/or trafficking in persons.

### Certifications

In 2017 Hikma in Jordan maintained its ISO 50001 certification for energy management, the first site in Jordan to receive this certificate and the first pharmaceutical company in the Middle East. Hikma is upholding ISO 14001 for sustaining an Environment Management System as we passed the surveillance visit with zero nonconformity in

addition to the OHSAS 18001 for Occupational Health and Safety Management Systems. Our main operations in Jordan, the Jazeera Pharmaceuticals Industries (JPI) facility in Saudi Arabia, Hikma Egypt and more recently the EPCI facility are ISO 14001 and OHSAS 18001 certified.

### Corporate Initiatives

The 'You are Hikma' campaign is held every year across all our locations, bringing employees together to promote health and safety both internally and across our wider communities. In 2017, more than 80 employees in our Jordan locations and 250 employees from across our US locations volunteered and took part in the campaign's activities which included awareness lectures on waste recycling and occupational health and safety. The event also included a blood drive, firefighting training and medical testing.

In 2017, Hikma encouraged the use of innovative 'smart syringes' in Jordan. Needle reuse is often responsible for the spread of blood-borne diseases such as hepatitis B, hepatitis C and HIV. To address this challenge, we undertook a multi-faceted campaign of awareness and distribution of 'smart syringes' across Jordan in collaboration with the ministry of Health.

The innovative design of the 'smart syringe' includes a retractable safety feature that makes it impossible for healthcare professionals to inadvertently use the same syringe more than once, protecting patients from needle-stick injuries, possible infections and the spread of blood-borne diseases. To promote greater use of the 'smart syringes', we distributed 500,000 'smart syringes' to public and private hospitals around the country and trained 400 doctors and nurses on their use.



# Principle Ten

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



Hikma has a zero tolerance of bribery and corruption. All directors, officers, employees, and other individuals working for Hikma and joint ventures in which it has an equity control are prohibited from offering or giving, either directly or indirectly, money or anything else of value, as a bribe or inducement: to make, (or as a reward for making or not making), a decision that is favourable to Hikma's interests; or to seek to gain an unfair business advantage or otherwise influence business activities; or which compromises their judgment or their ability to act objectively.

This standard applies to interactions with to all individuals and corporate bodies with whom Hikma does business – healthcare professionals, customers, suppliers, professional bodies, regulatory authorities, and NGOs – regardless of where they are located geographically.

At Hikma we will:

Act honestly, ethically and with integrity in all company interactions

Not engage in or condone bribery or any other form(s) of corruption

Not give or receive gifts or hospitality where this could give rise to a perception of a corrupt purpose.

***Anti-Bribery and Corruption Standard, Code of Conduct***





Hikma does not condone or participate in any form of corruption and refrains from doing business with those who do not meet its standards.

### ***Integrity Principle, Code of Conduct***

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Hikma wishes to encourage an environment in which full, free, and frank discussions can be held on issues that concern our employees. Therefore, Hikma has always had an open door policy regarding communication.

Furthermore, we must hear from those who have any concerns about the ethics and integrity of our business. As part of your commitment to this Code, you have a duty to report to the Company as soon as possible any suspected violations of the Code, its supporting policies or any applicable law or regulations of which you become aware.

### ***Speaking Up Standard, Code of Conduct***

# Anti – Corruption

At Hikma we continuously promote our core values of Integrity, Excellence, Respect and Transparency. Good business ethics is embedded in our culture to ensure ethical behavior across our businesses and geographies.

We believe that a solid reputation for ethical values, in how we conduct our business is vital to our company's reputation and success and ensures our business remains relevant and sustainable.

We are very proud of our commitment to the highest standards of business integrity, including the zero tolerance of bribery and corruption; our performance and leadership on business integrity is admired amongst our regulators, customers and suppliers.

Our commitment is both ethical and practical in nature. As a publicly listed company on the London Stock Exchange, we abide by the UK Bribery Act 2010 and the Share Dealing Code and Disclosure policies. Our Code of Conduct sets the tone for our activities.

We are constantly seeking to develop and strengthen our global partnerships and initiatives to stay at the forefront of combating corruption and advancing healthcare and human wellbeing. In addition to being a signatory of the UN Global Compact and supporting the UN Sustainable Development goals, we are a founding member of Partnering against Corruption Initiative (PACI). As participants of this global initiative, we commit to zero tolerance of bribery and to the successful implementation of an anti- bribery and corruption (ABC) programme.

## Policies and Procedures

We follow the UK Bribery Act 2010 and the Share Dealing Code and Disclosure policies, which prohibits the use of internal information for personal gain or insider trading. Hikma has zero tolerance of bribery and corruption, which is clearly communicated to our people.

Our employees are aware that the company will not penalise any individual for complying with the principles enshrined in the Code or in our ABC policies, even at the cost of foregoing a business opportunity, losing revenue or profit or disobeying a superior's instructions. We implement strict disciplinary measures on staff for ethical breaches in order to maintain our high standards of integrity.

## Compliance, Responsibility and Ethics Committee (CREC)

The Compliance, Responsibility and Ethics Committee (CREC) drives the Company's commitment to business integrity and human dignity. The CREC is a board-level committee that is chaired by one of four board members; John Castellani, Chair of the Compliance, Responsibility and Ethics Committee. The CREC

sets the overall strategy for the Group's response to anti-money laundering, bribery, corruption and trade sanctions risks, compliance with criminal finances act, modern slavery, CSR and is responsible for approving the contents of all of our policies in areas where ethical judgements are important.

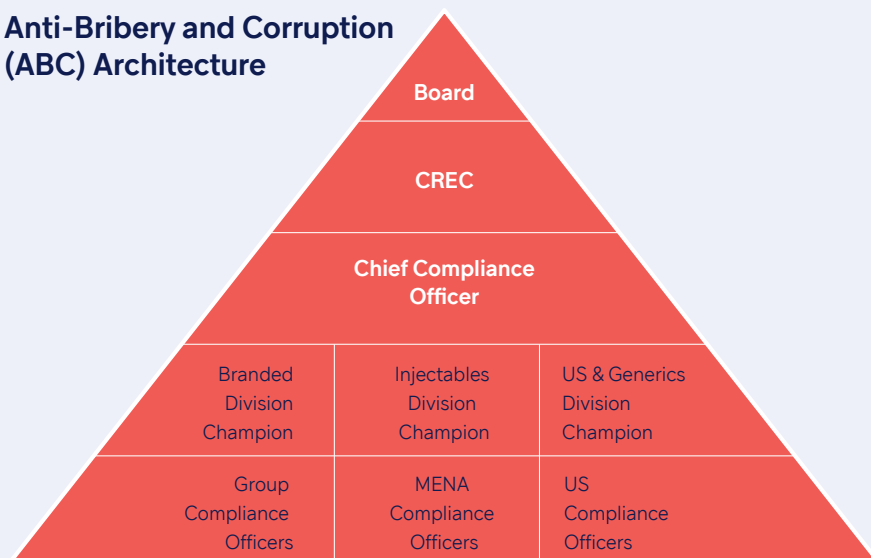
The CREC oversees the Group's ABC compliance programme, policies on ethics and business conduct and the development of the Code of Conduct. The CREC also oversees Hikma's speak-up process for employees to raise ethical concerns, and, where relevant, oversees their investigation.

The Chief Compliance officer (CCO) reports to the CREC. He is supported by local compliance departments in each major operational jurisdiction and local representatives at the smaller sites.

The CREC has a long-established relationship with the CSR Committee, which oversees the Company's work on charitable and humanitarian issues, environmental initiatives, sustainability and community engagement and development.



## Anti-Bribery and Corruption (ABC) Architecture



## Code of Conduct

The CREC continues to oversee the development and promotion of the group's Code of Conduct, which embodies the important moral and ethical values that the company seeks to promote. The Code guides all the Committee's activities and is the key reference point for all our employees. It is benchmarked against good industry practice and a peer group of international companies. The Code is available in all of the major languages in which the company conducts business: Arabic, English, French, German, Portuguese, Italian and Russian. Each year all employees are required to confirm that they have read the Code, have understood it and will abide by its terms. They confirm in writing that they understand their obligations to report events of suspected non-compliance with the Code. All new employees are also trained on the Code of Conduct as part of their induction training. The training plan for the Code includes face-to-face training for top managers, and training and discussion sessions at department level for employees and lower management. The Code is available on our website: <https://www.hikma.com/about/ethics-and-compliance/code-of-conduct/>

Training and communication on ABC policies and the Code continues to enhance employees' understanding of bribery and

corruption risks and increases the penetration of compliance issues into the decision-making process for business departments as they consider existing and new business structures.

## Speak Up

Hikma has an open-door policy regarding communication, questions or concerns about the ethics and integrity of the business. If, for any reason, employees cannot report to line management, they may make reports confidentially to any senior manager within the business. Speak-up includes anonymous reporting lines that report directly to the Compliance department and Chair of the CREC. The procedures include a committee of senior group employees that undertake proportionate investigations and implements appropriate corrective action. In 2017, the regional speak-up facilities were consolidated into one group-wide application. The anonymous web and telephone reporting lines are in place across all our operations. As part of the employees' commitment to the Code, they have a duty to report any suspected violations. Hikma remains satisfied that the policy and procedures enable proportionate and independent investigation of matters raised including non-compliance and that appropriate follow-up action is taken.

## Responsible Sales

We ensure that responsible sales are maintained through the Code of Conduct and the induction training for new employees.

Medical representatives undergo extensive induction training when they join Hikma. The Induction programme focuses on the MENA region where pharmaceutical sales mainly depend on direct contact between the business and doctors through medical and sales representatives. Hikma boasts a strong team of over 2000 sales and marketing professionals for our branded segment in the region.

## Our Supply Chain

In order to ensure our suppliers and partners uphold our standards, our supply chain management team conducts regular audits that assess compliance in areas including business ethics, labour standards and environmental protection. We have ensured that all of our suppliers follow Good Manufacturing Practices (GMP) and that our major suppliers are ISO 14001 and OHSAS 18001 certified or equivalent.

## Actions and Performance

### Code of Conduct

In 2017 employees continued signing the Code of Conduct, available in seven languages; English, Arabic, Portuguese, French, German, Italian and Russian, confirming that they have understood it and will abide by its terms. Employees also confirm in writing that they understand their obligations to report events of suspected noncompliance with the Code. In 2017, we achieved 100% signatures from all senior managers across our locations world-wide.

### CREC

The CREC continued focusing on the on-going development and implementation of Hikma's compliance programme through training and education of employees to strengthen their understanding of compliance

issues across the group. A localized ABC programme was developed and implemented to fit the specific needs of each location and to comply with laws and regulations of the different markets in which Hikma operates. In 2017, recommended enhancements were implemented to the ABC programme from a recent risk assessment.

The successful transition of the CREC's Committee Chair was also completed in 2017. In addition, the US compliance function was integrated into Hikma's global programme and local manuals were produced for the US operations and training sessions were conducted to guide employees in using the manuals. The CREC also promoted and further developed online training tools for all employees and advanced the anti-trust, anti-money laundering and trade sanctions programme.

### **Anti-Bribery and Corruption (ABC) Programme**

Due to the 'top-down' commitment of our senior management and the effectiveness of our compliance team, our ABC programme is now well embedded into the organisation. The CREC Committee receives regular reports on issues arising and oversees the continued improvement of the programme. Our US ABC efforts are now fully integrated into our global programme. Under the guidance of the General Counsel, we have brought the ABC activities into the internal audit programme. The ongoing monitoring and review by the internal auditors ensures that the ABC programme continuously improves. In the view of the CREC, the implementation of internal audit practices demonstrates that we have successfully taken our ABC programme from initiation to the current fully operational phase. During 2017, the Compliance department developed and tested a new process and platform for dealing with the complicated challenges associated with third-party risks. The system will be implemented during 2018.

### **FTSE4Good Inclusion**

As recognition of our quality standards and ethical business practices, we are pleased to have maintained our inclusion in the FTSE4Good sustainability index in 2017. The FTSE4Good recognises companies listed on the London Stock Exchange that demonstrate strong Environmental, Social and Governance (ESG) practices as measured against internationally recognised best practices. The focus areas include: anti-corruption, climate change, health and safety, and customer responsibility.

### **Ethical Suppliers**

In 2016, we introduced staff training measures and the development of specific standard operating procedures (SOPs) to ensure that we, and our partners, are not involved in forced or compulsory labour or human trafficking. In 2017, we strengthened our ability to address this issue, incorporating modern slavery clauses into our Code of Conduct and Supplier Audit Questionnaires – the latter being mandatory for all of our new and major-spend suppliers. Currently, we do not screen all suppliers. We are working to increase the number of those that we engage through our questionnaires.

### **Responsible Business Initiatives**

We are committed to upholding ethical standards including honesty, integrity and transparency. We are a founding member of the Partnering Against Corruption Initiative (PACI), an offshoot of the World Economic Forum (WEF), and a leading voice on promoting anti-corruption and transparency across different industries.

We joined the Business 20 (B20) Anti-Corruption Working Group (ACWG) since 2015, which operates under the umbrella of the G20 international forum and is tasked with helping companies improve their ethical conduct. Our culture at Hikma is one of transparency and respect, which we support

through our 'open-door' policy and 'Speak Up' whistleblowing platform.

### **Supporting local communities through:**

- In kind donations

It is important to us to support the communities in which we operate. Every year, we donate medical supplies to institutions and agencies that are responding to natural disasters or addressing other difficulties. This year, we developed a donations policy through which we streamline the medicine donation process across our sites. In 2017, our donations exceeded 340,000 units – valued at more than \$2.5 million – which were distributed to people in need across Jordan, Libya, Sudan, Gaza and the US. We are working to expand our donations to assist more people across more of our markets.

- Global partnerships

In 2017, we also agreed a global partnership with Direct Relief, a global NGO dedicated to providing tailored medical solutions for vulnerable and at-risk populations by improving maternal and child health, preventing and treating diseases and assisting emergency preparedness and response. Our partnership with Direct Relief emphasises the importance of creating tangible health benefits on the ground, which we will do by providing our employees with volunteering opportunities as well as leveraging our logistics expertise to deliver regular and timely in-kind donations to those that need it most.

- Antimicrobial resistance (AMR) awareness

As the second largest manufacturer of anti-infective medications in the MENA region, we believe that we have a responsibility to raise awareness of the risks and dangers of the rising threat of AMR. Over the course 2017, we sought to address this challenge by organising several activities targeting multiple



stakeholders. The correct usage of antibiotics by patients is critical to controlling AMR. We have developed simple instructions, which we include inside our packaging, to ensure patients understand how to use our products. We also participated in the World Health Organisation's (WHO) 'World Antibiotic Awareness Week' by promoting their campaign on our social media channels and distributing awareness posters. We held numerous events for healthcare professionals, where we invited experts to present and raise awareness on AMR.

- **Education of doctors and pharmacists**

We provide education to doctors and pharmacists to improve the delivery of healthcare to patients. In 2017, we collaborated with the Department of Leukemia at the University of Texas MD Anderson Cancer Center to host our first annual 'Hikma Cancer Network – Middle East Forum of Hematologic Malignancies.' Through the forum we succeeded in attracting more than 100 blood cancer specialists from around the MENA region. We provided information on new technologies and treatments.

In Tunisia, we launched a series of training programmes for pharmacists and their support staff. Our training programmes addressed issues such as improved stock management, finance and accounting basics, human resource management, as well as the soft skills necessary to improve the overall patient experience.

### **Modern Slavery Act (MSA)**

We are committed to ensuring that modern slavery in the form of forced or compulsory labour and human trafficking does not take place in any of our businesses or supply chains across the globe.

In 2017, we included MSA provisions in our Code of Conduct by updating our COC in coordination with the Compliance department.

Key measures in support of this goal also include training our staff on labour standards and how to recognise and respond to any incidences of modern slavery, undertaking periodic analysis and management of any modern slavery risk in our businesses or supply chains and carrying out appropriate due diligence and engaging on the issue with supply chain partners.

### **Employee Training**

All our employees in different locations undergo mandatory training sessions on compliance and conduct. In 2017, we introduced an e-learning training module to more effectively train our employees on how to identify and act on instances of bribery and corruption. The module was rolled out globally. The module covered the following topics:

- Code of Conduct
- Compliance Overview
- Sales and Marketing Policy
- Speak Up
- Conflict of Interest
- Interacting with 3<sup>rd</sup> parties
- Interacting with governmental entities

### **Recognition**

- In 2017 we received the Company of the Year" award, at the Global Generics & Biosimilars Awards
- In 2017, we secured the highest ranking of any pharmaceutical company in the UK's Institute of Directors' Good Governance Report
- In 2017 we maintained our membership in the FTSE4GOOD index series; an index designed to identify companies that demonstrate strong Environmental, Social and Governance (ESG) practices

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For more information,  
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