

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

---

## **UN Global Compact**

Communication on  
Progress 2018

---



**hikma.**

For more information,  
please visit:

**hikma.com**

© Hikma Pharmaceuticals PLC 2018



---

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

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

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

# Content

---

<b>5</b>	<b>Chief Executive Officer's statement of ongoing support for the UN Global Compact</b>
<b>6</b>	<b>Aligning with the UN SDGs</b>
<b>8</b>	<b>Defending the principles of human rights</b>
<b>11</b>	<b>Upholding high standards of ethical conduct</b>
<b>16</b>	<b>Freedom of association and collective bargaining</b>
<b>18</b>	<b>Minimising our environmental impact</b>

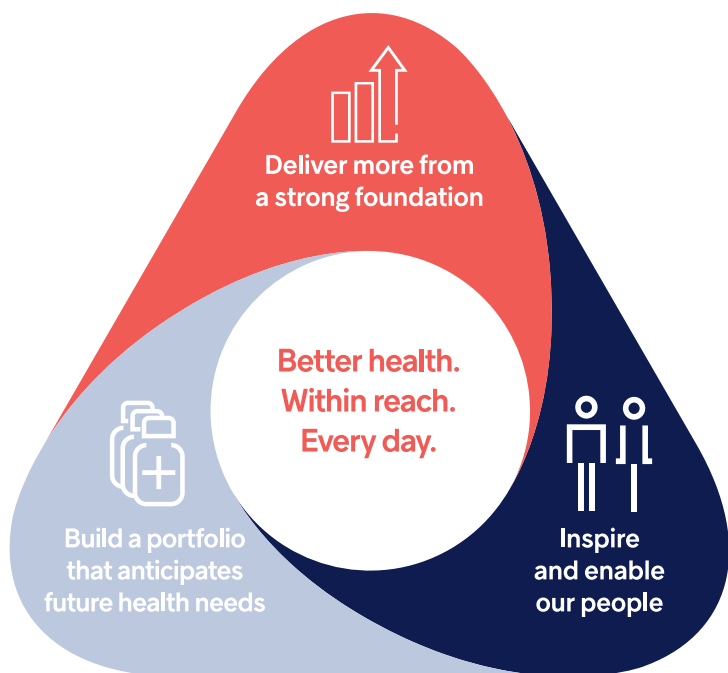
---

# Our purpose

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

By creating high-quality products and making them accessible to those who need them we are helping to shape a healthier world that enriches all of our communities.

# Our strategy



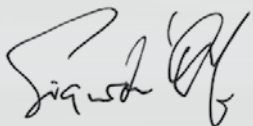
# Chief Executive Officer's statement of ongoing support for the UN Global Compact

This report communicates our ongoing support for the United Nations Global Compact (UNGC), where we have been committed members since 2007. Our commitment to conducting business ethically has helped us fully align our business with the ten principles of the UNGC which address human rights, labour standards, the environment and anti-corruption.

Since joining Hikma in 2018, I have been impressed with our people's passion for taking a hands-on approach to improving lives and helping people. Our commitment to the communities in which we work and the wider world that we live in extends back to our earliest days. We are proud that it is still a fundamental part of who we are as a company.

Ensuring sustainability is considered at the highest decision-making levels in Hikma is important to our success now and in the future. Nearly ten years ago, we established board-level oversight of our sustainability and ethics policies. Today, the Compliance, Responsibility and Ethics committee continues to oversee and strengthen our sustainability work – developing local and international programs to deliver better health and education to those in need, and pursuing projects that minimize our carbon footprint and demonstrate responsible stewardship of natural resources.

I am proud of our commitment to sustainability and of the work we do across the Hikma world. While we've made great strides, there is always more to do. We know that it is only by pushing ourselves to do more, and do better, that we can continue to keep our promise of putting better health, within reach, every day.



**Sigi Olafsson**  
Chief Executive Officer



# Aligning with the UN SDGs

Hikma supports the United Nations Sustainable Development Goals (UN SDGs) and in 2017, we selected six goals to focus on that are aligned with our business and values.



## Good health and wellbeing

Our purpose is to provide high-quality pharmaceutical products in an inclusive and affordable way. By emphasizing quality and accessibility, we ensure that our products benefit people around the world and contribute to health and wellbeing.



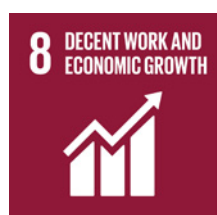
## Quality education

Support for education is intrinsic to our sustainability strategy. We are committed to providing our people with opportunities to realise their full potential through continuous learning and development. We also work to support our communities and disadvantaged groups where we operate. This commitment includes improving access to education resources and supporting programmes in schools and universities around the world.



## Gender equality

Support for gender equality and women's empowerment is a key part of our commitment to both our local communities and our employees. We continue to develop programmes and initiatives to promote women's empowerment and inclusive socio-economic growth within Hikma and our local communities.



## Decent work and economic growth

Our employees are our most important asset. To support them positively and fairly, we work to ethical and inclusive employment policies and we hire and promote based on merit and achievement. We are also committed to providing a healthy and safe work environment. We engage with our suppliers to monitor their compliance with universal human rights principles.



## Industry, innovation, infrastructure

We have locations in over 50 countries, including 29 manufacturing plants and 7 R&D centres across four continents. This global presence combined with our investment in R&D – which totalled \$147 million in 2018 – contributes towards employment and industrialisation across our organisation.



## Climate action

We recognise the urgent need to act on climate change and to do our bit in reducing energy use and emissions. This is part of our commitment to monitoring and minimising our environmental impacts. We continue to make progress with efficiency improvements and water management.

## Principle 1

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

---

## Principle 2

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

---

## Principle 4

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



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***

# Defending the principles of human rights

**We respect and uphold the principles of the Universal Declaration of Human Rights both within Hikma and across our value chain.**

---

Our commitment to defending human rights and the dignity of all our employees is articulated in our Code of Conduct (CoC). The CoC is communicated to all employees and contractors when they work on Hikma's behalf, and we provide periodic training and certification for our people on the policies and procedures that will enable them to conduct their business in accordance with the standards of business set out in this Code.

## **Our Values**

Our four values are the collectively held principles of our people that shape 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.

## **Upholding the principles of the Modern Slavery Act**

We are also committed to upholding the principles of the UK Modern Slavery Act (MSA), ensuring that modern slavery in the form of forced or compulsory labour and human trafficking does not exist in any of our businesses or in those of our partners and suppliers.

Our commitment to complying with the MSA is articulated in our CoC. We conduct regular audits to assess MSA compliance for our major suppliers and have a zero-tolerance policy towards any violations. To maintain awareness of the requirements of the MSA, a training module has been incorporated into our annual CoC e-learning for all employees.



---

Key measures in support of the MSA include:

- Training Hikma 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 Hikma's businesses or supply chains.
- Carrying out appropriate due diligence.
- Engaging on the issue with supply chain partners.

### **Ensuring health and safety**

It is fundamental to our business success that we secure a safe and healthy workplace for our employees. We continue to prioritise Occupational Health, Safety, Environment and Energy (OHSEE) management. We provide information, training and support to all our employees to ensure we have safe working environments and processes. All our units comply with stringent industry standards, which we monitor across all our operations. We are continually refining our production processes, equipment and training to minimise potentially harmful situations and to prevent and manage environmental accidents and emergencies



## Principle 5

Businesses should uphold the effective abolition of child labour.

---

## Principle 6

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

---

## Principle 10

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

---



We are committed to conducting business ethically and strive to achieve high-quality standards. This approach helps ensure our business is sustainable.

*Hikma Annual Report 2018, p14*

# Upholding high standards of ethical conduct

**Guided by our CoC, we are committed to high standards of ethical conduct in our business and in our dealings with others. This includes compliance with all relevant global and local laws, codes and regulations wherever we operate.**

---

Our CoC clearly sets out the standards for ethical and business behaviour we expect from all of our employees. The Code is available on our [website](#) and all new hires receive annual CoC training, while other employees receive periodic refresher training to reinforce messages and ensure common understanding. Our CoC is supported by a range of policies and procedures designed to help employees and contractors put into practice the behaviour required by the Code.

## **Anti-bribery and corruption**

We have a zero-tolerance policy for bribery and corruption at Hikma. [Our Compliance, Responsibility and Ethics Committee \(CREC\)](#) – a Board-level committee established in 2010 – leads our efforts to strengthen anti-bribery and corruption (ABC) policies and manage associated risks.

As a publicly-listed company on the London Stock Exchange (LSE), we abide by the regulations of the UK Listing Authority. We comply with the UK Bribery Act 2010, the Foreign Corrupt Practices Act and the Physician Payments Sunshine Act, as well as global anti-corruption standards and local anti-bribery and corruption laws.

We are founding members of the [Partnering Against Corruption Initiative \(PACI\)](#), an offshoot of the World Economic Forum dedicated to promoting compliance and eliminating corruption. We are also members of the [Business 20 Anti-Corruption Working Group](#). The B20 represents the business voice G20 group of governments and the Anti-corruption Working Group has the mandate to help companies improve their ethical conduct.

We maintain a culture underpinned by ethical decision-making, with appropriate internal controls to ensure staff and third parties comply with our CoC, associated principles and standards, as well as all applicable legislation.

---

Management actions to support this include:

- Board level oversight from the CREC.
- Code of Conduct approved by the Board, translated into seven languages and rolled out to all staff.
- Active participation in international anti-corruption initiatives.
- Anti-bribery and corruption, sales and marketing, and other compliance programmes implemented and monitored through internal compliance assessments.
- Implementation of third-party due diligence and oversight programme.



**Hikma has zero-tolerance towards bribery and corruption. Hikma will not penalise any individual for complying with the principles enshrined in this Code or in our antibribery policies, even at the cost of forgoing a business opportunity, losing revenue or profit or disobeying a superior's instructions. Each and every employee must be committed to doing the right thing.**



**Mazen Darwazah**  
Executive Vice Chairman, President of MENA

---

## Speak Up

We maintain an 'open-door' management policy that allows employees to approach managers to discuss any concerns about potential violation of laws, regulations or our Code of Conduct, unethical behaviour or incidents that do not align with our values.

We also use an independent web-based reporting facility – 'Speak Up' – that allows both internal and external stakeholders to raise concerns about suspected misconduct. Individuals using the service can remain anonymous throughout the reporting process, if they wish. All cases received are reviewed by our Preliminary Investigations Committee, which includes members of our Legal and Compliance teams and Human Capital involvement when needed. We respond to any substantiated cases with the appropriate level of action or discipline.

You can access the Speak Up service [here](#).

## Discrimination

Hikma is a company that celebrates diversity and prides itself on a culture of inclusion. Our Code of Conduct upholds Principle 6 of the UNGC on the elimination of discrimination in the workplace.

We welcome variety and treat all employees equally regardless of any actual or perceived characteristic. We hire on merit and are committed to employing and engaging talented people irrespective of their 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 role.

## Child labour

We are opposed to all forms of child labour. Company labour laws across the Group clearly forbid the service of minors and we do not work with any partner, supplier or third party that does not conform to international labour standards.



**Said Darwazah**  
Executive Chairman



**We have always been committed to high standards of ethical conduct in our business and in our dealings with other organisations. At the heart of this are our values: integrity, excellence, transparency, and respect. We know that acting with integrity is critical to our success and long-term future. Over the years, it has earned us the trust of our customers and the people they serve. In 2017, it secured us the highest ranking of any pharmaceutical company in the UK's Institute of Directors' Good Governance Report.**

Details on our policies and positions, including our objection in the strongest possible terms to the use of any of our products for the purpose of capital punishment, can be found [here](#).

## Principle 3

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

---



Employees' right to free association and collective bargaining are recognised and respected.

*Employment matters, Code of Conduct*

# Freedom of association and collective bargaining

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

---

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

Our managers are responsible for union discussions and ensuring that employees are aware of their rights. Topics discussed with unions and employee representatives include salary and bonuses, insurance cover, which is reviewed annually, employee health and safety and employee training.

Employee representation in Europe and MENA varies in accordance with local laws and the needs and priorities of our employees. In the US, we comply and will continue to comply with all applicable federal, state, and local legislations affecting our business.





## Principle 7

Businesses should support a precautionary approach to environmental challenges.

---

## Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

---

## Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

---



# Minimising our environmental impact

**We are committed to monitoring and minimising our environmental impacts. We continue to make our operations more energy efficient and environmentally responsible.**

Climate change is one of the greatest challenges of this generation. Scientific consensus is that climate change is being caused by an increase in carbon dioxide and other greenhouse gas (GHG) emissions primarily resulting from human activities.

At Hikma, we recognise the challenge climate change presents and we welcome the Paris Climate Agreement to limit global warming to less than 2°C. We are committed to reducing our climate impact and improving the resilience of our business in the face of future climate change. As a result, we are working collaboratively across the business to improve the efficiency and sustainability of our operations, products and services.

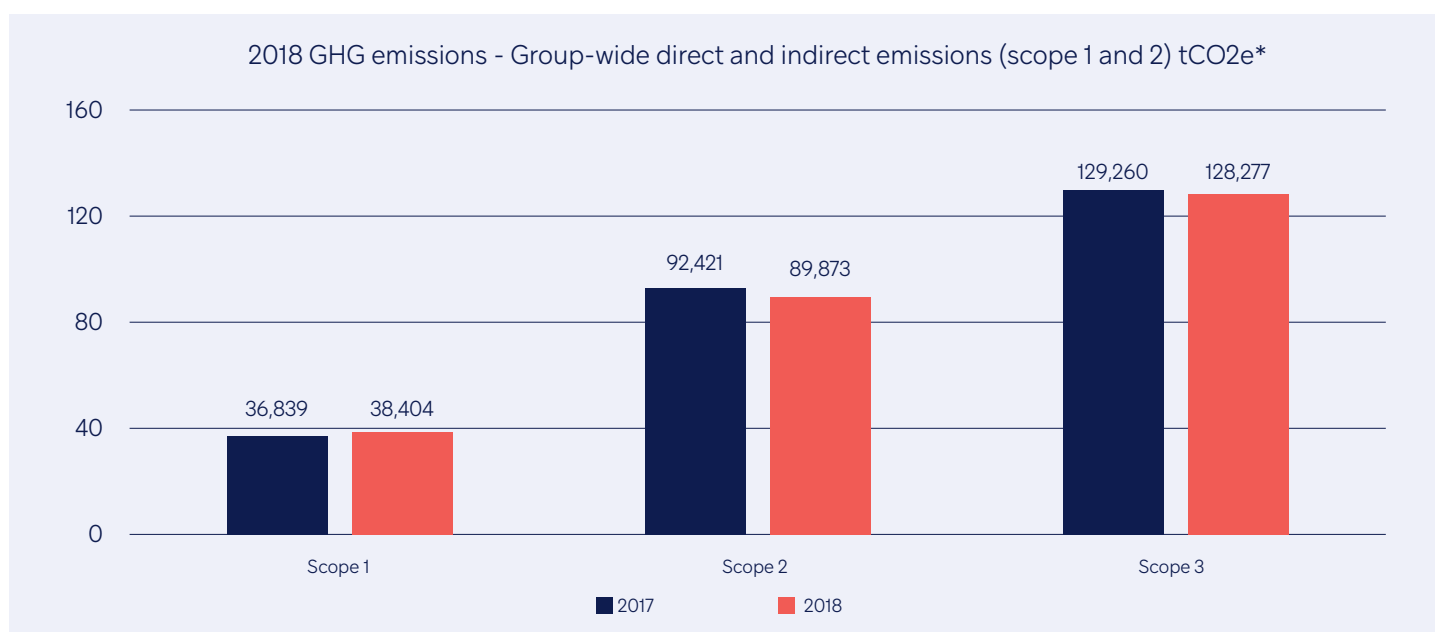
## Our performance

In 2018, we achieved a 0.8% decrease in GHG emissions compared to 2017.

Our direct emissions (scope 1) increased by 4% between 2017 and 2018, largely attributable to production increases.

Our emissions from electricity use (scope 2) fell by 3% despite the expansion of many of our facilities. This is due to energy efficiency measures that were put in place throughout the year.

By relying on cleaner fuels, such as natural gas and liquefied petroleum gas (LPG) rather than diesel, we were able to offset overall emissions increases that resulted from our production increases.

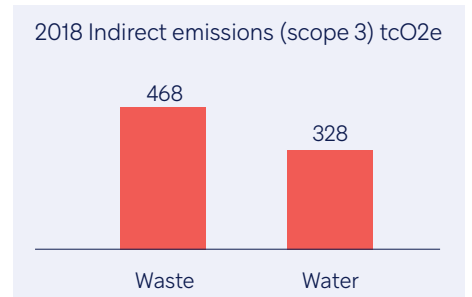


\* Emissions from the consumption of electricity (scope 2) are reported in tonnes of carbon dioxide (tCO<sub>2</sub>) rather than tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) since the International Energy Agency emission factors for electricity currently account for carbon dioxide emissions only

\* Emissions are calculated in alignment with the WRI's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard

### *Indirect emissions (scope 3)*

In line with our commitment to improve the scope and accuracy of our environmental reporting, we reported indirect emissions (scope 3) from waste management and water consumption for the first time in 2018. By expanding our performance monitoring and reporting, we aim to create the platform to deliver efficiency improvements in the future.



© Hikma Pharmaceuticals PLC 2018

1 New Burlington Place

London

W1S 2HR

T 020 7399 2760

---

For more information,  
please visit:

**hikma.com**

---

**hikma.**