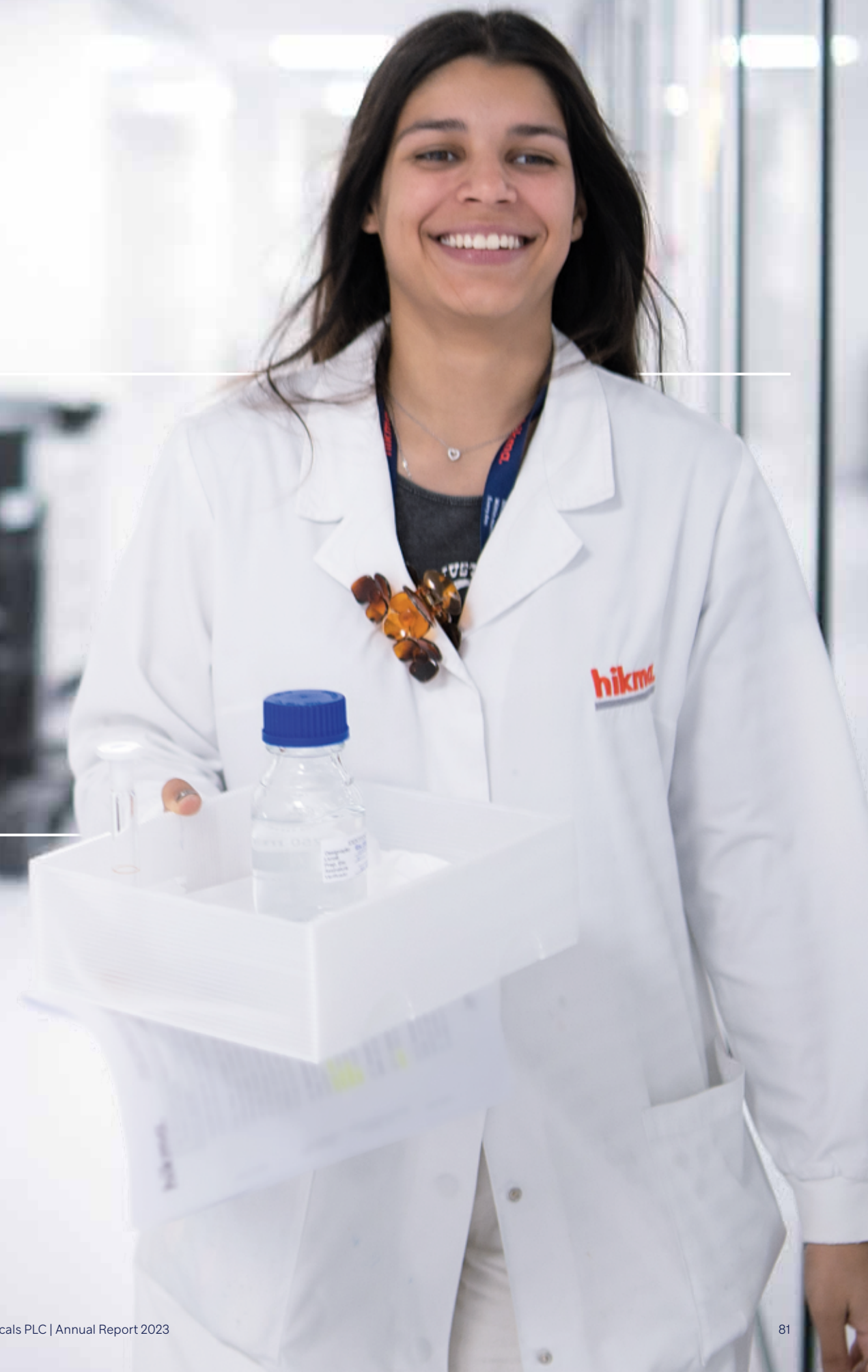

82	Executive Chairman's overview
84	Corporate governance at a glance
86	Leadership
89	UK Corporate Governance Code
94	Nomination and Governance Committee report
97	Audit Committee report
101	Compliance, Responsibility and Ethics Committee report
103	Remuneration Committee report
114	Annual report on remuneration
133	Other statutory disclosures

Corporate Governance



Executive Chairman's overview

We are committed to high standards of transparency in corporate governance reporting and work hard as a Board to provide strong and stable leadership, supported by our corporate governance framework.

Said Darwazah
Executive Chairman



We are proud of our diversity. 42% of our Board are women and 33% are from minority ethnic¹ backgrounds.”

1. When assessed against UK ONS criteria

2. The ethnicity categories used in the ethnic diversity survey were: White/Caucasian, Middle Eastern, North African, Asian, Black, Hispanic, American Indian or Alaskan Native, Native Hawaiian/Other Pacific, Mixed/Multiple ethnic groups/two or more races, Other and Prefer not to say.

Dear Shareholders

2023 has been an excellent year for Hikma, all three of our businesses have contributed to the success of the Group to deliver a set of results ahead of our original expectations. For our Board it has been a year of change, our focus has been on successfully handling changes to the Board and Executive Committee while not losing sight of our goals and delivering a solid financial performance.

Appointment of a new CEO

Following an extensive global search, the Board and I were delighted to announce the appointment of Riad Mishlawi as CEO with effect from 1 September 2023. Having worked alongside Riad for many years in his various roles at Hikma, most recently as President of the Injectables business, I have no doubt in Riad's leadership capability and know that he will apply his focus on execution and delivery to drive growth across the Group. Further details on the CEO selection process are included on page 94 and details on Riad's skills and experience are included on pages 4 and 86.

Board and Committee composition

As announced in our 2022 Annual Report, we made a number of changes to the composition of our Board and Committees in 2023.

In April 2023 Victoria Hull was appointed as Senior Independent Director and assumed the role of Chair of the Nomination and Governance Committee, this followed the Annual General Meeting (AGM) where Patrick Butler retired from these roles upon reaching nine years of service as a Non-Executive Director. Patrick also stepped down from the Audit Committee and Remuneration Committee at the same time; both Committees require fully independent membership under the UK Corporate Governance Code 2018 (the Code) (nine years of service is one of the circumstances identified under Provision 10 of the Code as likely to impair or that could appear to impair independence). Patrick continued to serve as

a non-independent Non-Executive Director to support the transitions to a new CEO and new Senior Independent Director and we thank him for his service and dedication to the Hikma Board following his decision to retire from the Board with effect from 29 February 2024. As Senior Independent Director and Chair of the Nomination and Governance Committee, Patrick greatly assisted with directing our governance and succession arrangements and leaves Hikma well positioned for the future. Patrick has been a great friend to Hikma and to me personally. We wish him well for the future.

Riad Mishlawi joined the Compliance, Responsibility and Ethics Committee on his appointment as CEO in September 2023.

Succession planning

A key priority for the coming year is to review succession plans for all our Board and senior management roles. After a number of new appointments to the Board and Executive Committee in September 2023, all filled by internal candidates thanks to robust succession planning processes, it is imperative that we refresh our succession plans for the future and carefully consider our options. This review will be led by our new Chief People Officer, Hussein Arkhagha, and will be supported by the Nomination and Governance Committee.

We will also review our succession plans for the independent Non-Executive Directors, noting that we have two independent Non-Executive Directors reaching nine years of service in 2025.

Diversity, equity and inclusion

As a Board we have always taken diversity seriously, and our Board Diversity Policy sets targets for the diversity of Hikma's Board in line with the gender and ethnic diversity targets set by the Listing Rules, the FTSE Women Leaders Review and the Parker Review. We are proud to report that Hikma meets all targets set for gender and ethnic diversity at the Board. The Board Diversity Policy is available on our website at www.hikma.com.

We acknowledge the importance of Diversity, Equity and Inclusion (DEI) beyond the boardroom and have adopted initiatives, where permitted under applicable local laws, in line with the voluntary target set by the FTSE Women Leaders Review, to increase the gender diversity of the senior management team (direct reports to the CEO and the senior leaders who report directly to them). Our Remuneration Committee has integrated targets, where permitted under applicable local laws, to increase gender diversity within the senior management population into the performance measures for the Long-Term

Incentive Plan and Annual Bonus Plan, further detail is included on pages 104, 118 and 122. Information on our senior management and workforce gender diversity is included on page 85 and information on our broader DEI initiatives is included on page 49.

During the course of the year the Board carefully considered the voluntary recommendation, published by the Parker Review in March 2023, for FTSE 350 companies to set themselves a target for the percentage of their senior management who self-identify as being from an ethnic minority¹. After a detailed review, acknowledging Hikma's diverse geographic footprint, large global workforce, small UK workforce and risks to workforce engagement, the Board opted not to set an ethnic diversity target for Hikma's senior management population. Although we decided not to set a target, we do support the underlying objective of the Parker Review to increase ethnic diversity among senior management. In order to show focus on this important issue we undertook a detailed ethnic diversity survey of our senior management population, using an expanded list of ethnicities sensitive to Hikma's workforce². We were pleased to see the importance our senior management place on this issue, with a response rate to the survey of 78%. The survey showed that our senior management population has a high level of ethnic diversity and the results are set out on page 85 along with other enhanced ethnic diversity disclosures. We have also committed to monitoring our senior management ethnic diversity on an annual basis. Further information on our decision-making process is included on page 95.

Workforce engagement

For the Board to function well, it is imperative that we engage with the wider Hikma workforce, so as defined under Provision 5 of the Code, Nina Henderson is our designated independent Non-Executive Director for workforce engagement. Nina undertakes an active programme of engagement each year which helps ensure that workforce perspectives are considered when undertaking Board and Committee business and, outside of our Executive Directors, ensuring that the Board is visible among our colleagues. The engagement programme is organised in conjunction with the CEO and Nina formally reports to the Board on her findings at each meeting.

During 2023 a number of our Non-Executive Directors were able to engage closely with the business, whether this was through induction programmes for our Non-Executive Directors appointed in 2022 or utilising opportunities to visit Hikma facilities when Non-Executive

Directors were travelling in relation to other external engagements.

This year's activities involved participation in events throughout the calendar year, including:

- attendance at a leadership team meeting for the Injectables business in Pennsylvania (US)
- visits to manufacturing facilities in Amman (Jordan), Portugal, Cherry Hill and Dayton (NJ, US), Columbus and Bedford (OH, US). During these visits, Non-Executive Directors were able to tour the facilities, inspect new machinery and meet with local management and the wider workforce
- visits to corporate offices in Amman (Jordan), Berkeley Heights (NJ, US), Paris (France) and Dubai (UAE) to meet with local management, providing opportunities to meet with the local workforce in informal settings over lunches and dinners
- the Board held their annual strategy meeting at the Berkeley Heights office in New Jersey, the Board also held a dinner with local management and visited Hikma manufacturing facilities nearby

Nina used her engagement activities to communicate with the workforce on remuneration matters where appropriate.

Further detail on our workforce engagement activities and outcomes, is included in our Section 172 statement on page 22.

Stakeholder engagement

The Board undertakes significant efforts to understand and take account of the needs and perspectives of all of our stakeholders, including customers, suppliers, employees, regulators, investors and the communities in which we operate. Further detail including examples of the outcomes and actions of those stakeholder engagement activities, is included in our Section 172 statement on pages 20 to 25. Information on our Supplier Code of Conduct is included on page 101.

On behalf of the Board, we look forward to leading the business on delivering our strategy for the benefit of all stakeholders in 2024. Fundamental to that delivery is our focus on continuing to operate effective corporate governance practices.

Said Darwazah
Executive Chairman

Corporate Governance at a glance

Key Board activities in 2023

Business and strategy

- Supported continual investment across all of Hikma's regions to expand our manufacturing capacity and build our pipeline, continuing to build our reputation as a high-quality and reliable supplier
- Built on our strategic partnerships in the MENA region, signing exclusive licensing agreements, giving us access to a strong pipeline of innovative products in key therapeutic areas for Hikma, including immunotherapy, dermatology, biotechnology, oncology and central nervous system disorders
- Monitored the impact of headwinds resulting from the devaluation of the Egyptian Pound and the halted operations in Sudan
- Supported efforts to utilise spare capacity in our Generics plants for contract manufacturing, resulting in new contract wins
- Utilised our short supply chain and lead times in Europe to address product shortages in essential injectables medicines
- Approved the acquisition of part of the Akorn business through a bankruptcy process for \$98 million, including manufacturing equipment and portfolio and pipeline products that will

support our US businesses. More information is available in Note 35 on page 185

- Launched new sterile injectable medicines in Canada, providing important new treatment options for patients and health care providers, and building on our presence in the Canadian market, following the acquisition of the Canadian assets of Teligent in 2022
- Monitored progress of our 503B sterile compounding business in the US

Stakeholder focus

- Careful consideration of stakeholder concerns, in relation to the safety, security and wellbeing (both physical and financial) of our local workforce, following the halting of operations at our Sudanese manufacturing facility. More information is available on pages 22 and 70
- Monitored the impact of high inflation on the cost of living for our global workforce. More information is available on page 22 and 103
- Prepared for our first workforce engagement survey following the appointments of our CEO and Chief People Officer in September 2023, bringing fresh perspectives to engagement with our workforce

- Strengthened our knowledge of stakeholder priorities, receiving detailed briefings on issues impacting our suppliers, customers, patients and healthcare providers and meeting with stakeholder groups representing government and regulators

More information on stakeholder engagement activities and outcomes is included in our Section 172 statement on pages 20 to 25

Succession planning

- Concluded the search for a new CEO, appointing Riad Mishlawi as CEO with effect from 1 September 2023
- Monitored the handover of CEO responsibilities from Said Darwazah to Riad Mishlawi, providing support and guidance during the transition and reviewing our governance structure accordingly. Our Board role statements are available on our website at www.hikma.com
- Completed induction programmes for the Non-Executive Directors appointed towards the end of 2022
- Ensured continuity in the leadership of our Injectables business, receiving updates on the internal succession and appointment of Dr Bill Larkins as President of the Injectables business

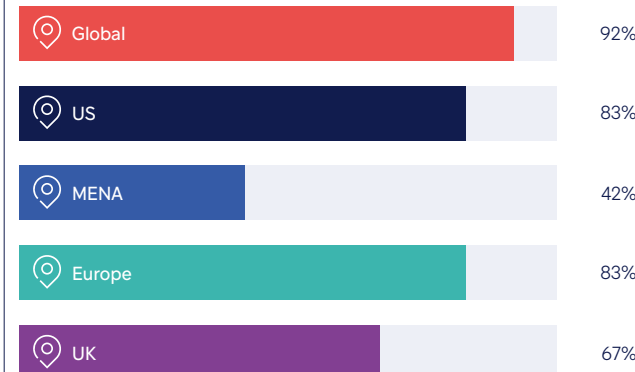
Board experience



Board priorities for 2024

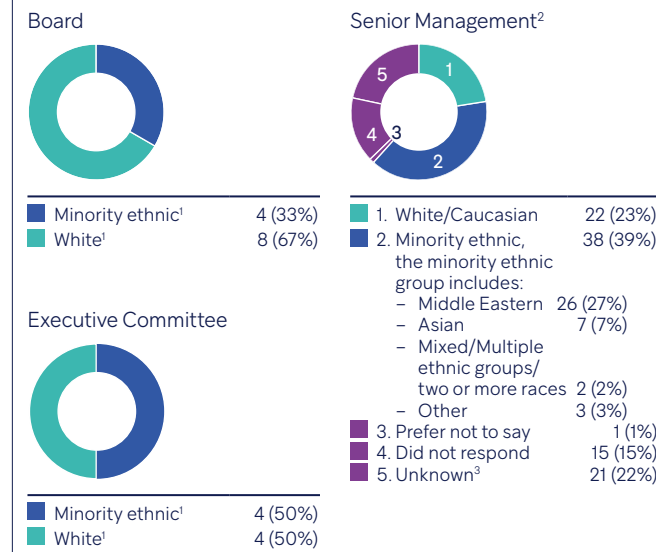
- Review succession plans for the Executive Committee, their direct reports, and associated processes for talent management, following a number of changes to Hikma's leadership team in the second half of 2023
- Agree succession plans for the independent Non-Executive Directors reaching nine years of service in 2025
- Implement agreed actions from the 2023 Board evaluation. Further detail on the Board evaluation is included on page 96
- Plan our annual strategic review meeting, ensuring it includes opportunities for Board development and workforce engagement
- Follow up on key priorities identified for implementation during our recent workforce survey

Board geographical experience

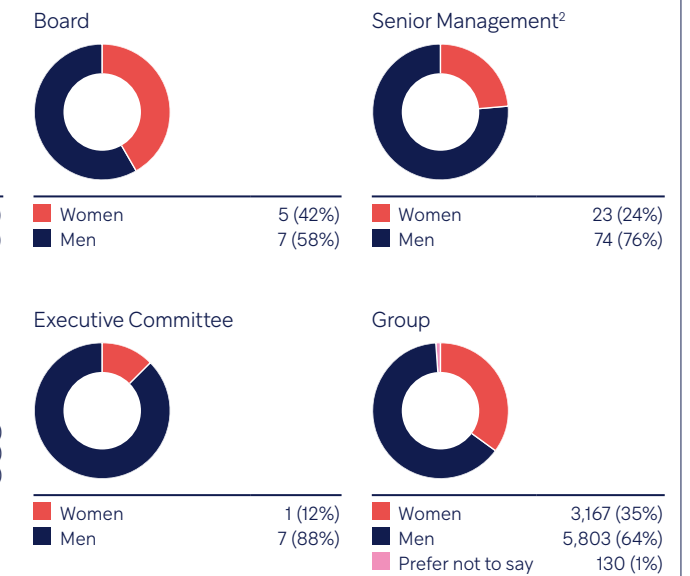


Diversity (as at 31 December 2023)

Ethnicity



Gender



- Relates to Board and Executive Committee members who identify with one of the relevant categories under Listing Rule 9, Annex 2
- Senior Management refers to the Executive Committee, direct reports to the CEO, and senior team members who report directly to them (excluding administrative roles)
- Ethnic diversity data excludes our employees in France, Portugal, Germany, and Italy due to local GDPR and labour law issues

Hikma subsidiary company directors

As required by the Companies Act 2006, the composition of our subsidiary company boards is 46 men (81%) and 11 women (19%).

Attendance

Directors	Meetings attended (8 scheduled and 2 unscheduled)	%
Said Darwazah	10/10	100%
Riad Mishlawi ¹	3/3	100%
Mazen Darwazah	10/10	100%
Victoria Hull	10/10	100%
Ali Al-Husry	10/10	100%
Patrick Butler	10/10	100%
John Castellani	10/10	100%
Nina Henderson	10/10	100%
Cynthia Flowers	10/10	100%
Douglas Hurt	10/10	100%
Laura Balan	10/10	100%
Dr Deneen Vojta	10/10	100%

1. Riad Mishlawi was appointed as CEO and joined the Board on 1 September 2023.

Board agenda allocation of time



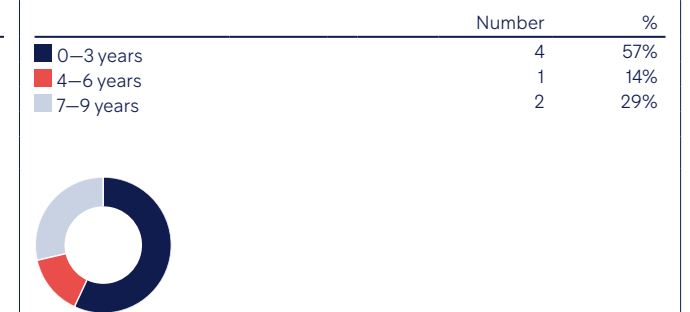
Board composition

	31 December 2023	after 2024 AGM
Executive Chairman	8%	9%
Other Executive Directors	17%	18%
Non-Independent Non-Executive Directors	17%	9%
Independent Non-Executive Directors	58%	64%



In compliance with Provision 11 of the Code, when excluding the Chairman, the Independent Non-Executive Directors represent 64% of the Board as at 31 December 2023 and 70% of the Board after the AGM in April 2024 following the retirement of Patrick Butler from the Board.

Independent Director tenure (as at 31 December 2023)



Leadership – Board of Directors



1. Said Darwazah
Executive Chairman

Appointed: 1 July 2007
(joined Hikma in 1981)

Nationality: Jordanian

Experience: Said served as Chief Executive Officer from June 2022 to August 2023 and from July 2007 to February 2018 and as Executive Chairman since May 2014. Said was Chairman and Chief Executive of Hikma's group holding company from 1994 to 2003 and Minister of Health for the Hashemite Kingdom of Jordan from 2003 to 2006. Said has over 40 years of experience in extensive leadership roles at Hikma.

Qualifications: Industrial Engineering degree from Purdue University, MBA from INSEAD.

Other appointments: Chairman of Royal Jordanian Airlines and Dead Sea Touristic & Real Estate Investments. Vice Chairman of Capital Bank, Jordan. Board member of INSEAD and Dash Ventures Limited.

4. Victoria Hull
Senior Independent Director

Appointed: 1 November 2022 as Non-Executive Director (Senior Independent Director from 28 April 2023)

Nationality: British

Experience: Victoria has extensive senior executive experience across a broad range of business, legal, commercial and governance matters and strong international experience. In her executive career, Victoria was an Executive Director and General Counsel of InvenSys plc and Telewest Communications plc. Victoria is a solicitor and began her career at Clifford Chance LLC. Victoria also served as Senior Independent Director of Ultra Electronics plc.

Qualifications: Solicitor, LLB (Hons) in Law from the University of Southampton.

Other appointments: Non-Executive Director and Chair of the Remuneration Committee of Network International Holdings plc, Alphawave IP Group plc and IQE plc.

2. Riad Mishlawi
Chief Executive Officer

Appointed: 1 September 2023
(joined Hikma in 1990)

Nationality: Lebanese

Experience: Riad was appointed as Chief Executive Officer in September 2023, bringing deep knowledge of Hikma, the pharmaceutical industry and a strong track record of delivering profitable growth and strategic expansion. From 2011 to 2023, Riad served as Hikma's President of Injectables, significantly expanding the Injectables product portfolio and manufacturing footprint while maintaining focus on quality and efficiency, helping transform the Injectables business into a recognised market leader. Since joining Hikma in 1990, Riad has held various positions of increasing responsibility including Head of Manufacturing Operations at the Group's former Generics facility in Eatontown, New Jersey. He left Hikma in 1998 to join Watson Pharmaceuticals, where he was Executive Director of Operations. Riad returned to Hikma in 2004 and held a series of positions in the Group's Injectables business.

Qualifications: BSc in Engineering and a MS in Engineering and Management from George Washington University.

Other appointments: None

5. Ali Al-Husry
Non-Executive Director

Appointed: 14 October 2005
(joined Hikma in 1981)

Nationality: Jordanian

Experience: Ali joined Hikma as Director of Hikma Pharma Limited and held various management and leadership roles within the Group, before stepping into an advisory role in 1995. Ali brings great financial experience to the Board as well as an in-depth knowledge of the MENA region and Hikma Pharmaceuticals. Ali was a founder of Capital Bank, Jordan, and served as CEO of Capital Bank, Jordan until 2007.

Qualifications: Mechanical Engineering degree from the University of Southern California, MBA from INSEAD.

Other appointments: Director of Endeavour Jordan, Microfund for Women, Capital Bank, Jordan, and DASH Ventures Limited.

3. Mazen Darwazah
Executive Vice Chairman, President of MENA

Appointed: 8 September 2005
(joined Hikma in 1985)

Nationality: Jordanian

Experience: Mazen is responsible for the strategic and operational direction of the business across the MENA region. During his 38 years of service at Hikma, Mazen has held an extensive range of positions within the Group. He has previously served as the President of the Jordanian Association of Manufacturers of Pharmaceuticals and Medical Appliances.

Qualifications: BA in Business Administration from the Lebanese American University, Advanced Management Plan from INSEAD.

Other appointments: Senator in the Jordanian Senate. Trustee of Birzeit University and King's Academy. Member of HM King Abdullah's Economic Policy Council. Director of Rakuten Medical Inc.

6. John Castellani
Independent Non-Executive Director

Appointed: 1 March 2016

Nationality: American

Experience: John brings experience of the pharmaceutical and biotechnical sectors, business ethics, and political and regulatory knowledge to the Board. John was President and Chief Executive Officer of Pharmaceutical Research and Manufacturers of America (PhRMA) from 2010 to 2015. Prior to that he was President and Chief Executive of Business Roundtable, an association of leading US company chief executives. During his career John has also held senior positions with Burson-Marsteller, Tenneco, and General Electric.

Qualifications: BSc in Biology from Union College Schenectady, New York.

Other appointments: Director of 5th Port.



7. Nina Henderson
Independent Non-Executive Director

Appointed: 1 October 2016
(Employee Engagement from 2019)

Nationality: American

Experience: Nina brings extensive experience of manufacturing and distribution, marketing, remuneration committee and stakeholder engagement, gained through her executive and non-executive career. Nina was Corporate VP of Bestfoods and President of Bestfoods Grocery prior to its acquisition by Unilever. During a 30-year career with Bestfoods, she held a wide variety of Global and North American executive general management and marketing positions. Nina has previously served as a director of Royal Dutch Shell, AXA Financial, The Equitable Companies, DelMonte, Pactiv and Walter Energy.

Qualifications: Honours graduate and BSc from Drexel University.

Other appointments: Non-Executive Director and Chair Remuneration Committee of CNO Financial Group Inc and IWG PLC. Director of the Foreign Policy Association, St. Christopher's Hospital for Children, VNS Health and Commissioner of the Smithsonian National Portrait Gallery. Vice Chair of the Board of Trustees, Drexel University.

10. Laura Balan
Independent Non-Executive Director

Appointed: 1 October 2022

Nationality: Romanian and British

Experience: Laura brings a deep understanding of international business, the pharmaceutical industry globally, key sector trends and dynamics. Laura is a retired partner of The Capital Group Companies, the US investment manager, where she was an investment analyst for 17 years, covering the European healthcare and pharmaceutical industries. Prior to this, Laura held associate and analyst roles at The Goldman Sachs Group Inc, where she focused on European healthcare and pharmaceutical investment research.

Qualifications: CFA Charterholder, BA (Hons) in International Business from the Academy of Economic Studies in Bucharest, Romania.

Other appointments: Trustee and Chair of Finance, Audit & Risk Committee of the Charter Schools Educational Trust.

8. Cynthia Flowers
Independent Non-Executive Director

Appointed: 1 June 2019

Nationality: American

Experience: Cynthia brings detailed knowledge of the pharmaceutical and biotechnical sectors and healthcare practitioner experience to the Board. Cynthia was President and CEO of the North American divisions of the global pharmaceutical companies Ipsen and Eisai, and also held leadership positions at Amgen and Johnson & Johnson. For nearly a decade Cynthia served on the Women's Leadership Advisory Board at Harvard University's Kennedy School of Government.

Qualifications: BSN from the University of Delaware and Executive MBA from Wharton School at the University of Pennsylvania.

Other appointments: Non-Executive Director of Lisata Therapeutics Inc. and Relevate Health Inc. Non-Executive Director and Remuneration Committee Chair of G1 Therapeutics Inc. Chief Executive Officer of OMEZA Holdings Inc.

11. Dr Deneen Vojta
Independent Non-Executive Director

Appointed: 1 November 2022

Nationality: American

Experience: Deneen is a healthcare executive with extensive experience in clinical medicine, scientific research, and care delivery. Deneen was the Executive Vice President for Research and Development for UnitedHealth Group (UHG) and Founder and CEO of MYnetico which was then acquired by UHG. She also served as Chief Medical Officer of ARIA Health Care System and Health Partners of Philadelphia. In 2022, Deneen was named a Modern Healthcare's Top Innovator, in 2014, she was an Emmy® Award winner and in 2013, a CES® Innovation Design & Engineering Innovation Honoree.

Qualifications: MD from the Temple University School of Medicine and BS in Behavioral Neuroscience from the University of Pittsburgh.

Other appointments: Non-Executive Director of Sensei Biotherapeutics. Advisory board member of The Center for Health Incentives & Behavioral Economics at Penn Medicine and Independent Director of Canary Medical.

9. Douglas Hurt
Independent Non-Executive Director

Appointed: 1 May 2020

Nationality: British

Experience: Douglas brings significant financial experience, having served as Finance Director of IMI PLC from 2006 to 2015. Prior to this, he held a number of senior finance and general management positions at GlaxoSmithKline PLC, previously having worked at Price Waterhouse. His career has included several years working in the US as a Chief Financial Officer and significant experience in European businesses as an Operational and Regional Managing Director. Douglas previously served as Senior Independent Director and Chairman of the Audit Committee of Tate & Lyle plc and as Chairman of Countryside Partnerships PLC.

Qualifications: Chartered Accountant and a Fellow of the ICAEW, MA (Hons) in Economics from Cambridge University.

Other appointments: Senior Independent Director and Chair of the Audit Committee of Vesuvius PLC. Non-Executive Director and Chair of the Audit Committee of the British Standards Institution.

Other Directors who served during 2023

12. Patrick Butler
Non-Executive Director

Patrick Butler will retire from the Board with effect from 29 February 2024. Patrick stayed on the Board as a non-independent, Non-Executive Director for one additional year, following nine years of independent service, to support the transitions of responsibilities to a new CEO and a new Senior Independent Director and Chair of the Nomination and Governance Committee.

Company Secretary

Helen Middlemist
Appointed: 1 January 2024
(joined Hikma in 2022)

Role: Helen is responsible for advising on relevant law, regulation and best practice in relation to Hikma's listing on the London Stock Exchange.

A Audit Committee

C Compliance, Responsibility and Ethics Committee

N Nomination and Governance Committee

R Remuneration Committee

● Chair

Find detailed biographies at:
www.hikma.com/who-we-are/leadership/

Leadership – Executive Committee



1. Riad Mishlawi

Chief Executive Officer

2. Mazen Darwazah

Executive Vice Chairman, President of MENA

For biographical details, see page 86.

3. Hussein Arkhagha

Chief People Officer

Joined: 2001 Nationality: Jordanian

Role: Hussein was appointed as Chief People Officer in September 2023. He is responsible for the Human Resources and Compliance Departments, and overseeing legal and Company Secretarial Departments. Hussein is a standing member of the Executive Committee since 2017. Hussein has held several executive positions during 22 years at Hikma, including Chief Counsel and Company Secretary, General Counsel, Head of Legal/MENA, Head of Shareholders' Department and Head of Tax.

Qualifications: Hussein holds a Master's degree in International Business Law from the University of Manchester, under the UK Chevening Scholarship Programme.

4. Bassam Kanaan

Executive Vice President,
Corporate Development and M&A

Joined: 2001 Nationality: Jordanian

Role: Bassam was appointed EVP, Corporate Development and M&A in 2014 and has Group level responsibility for strategic development, acquisitions and alliances. He also has oversight of the IT function, Global Procurement and Hikma Ventures. Bassam has held several executive positions during 22 years with Hikma, including Chief Financial Officer in the period from 2001 to 2012. Bassam played a leading role in preparing for Hikma's IPO in 2005 and in its subsequent M&A activity.

Qualifications: US Certified Public Accountant and Chartered Financial Analyst. BA from Claremont McKenna. International Executive MBA from Kellogg/Recanati Schools of Management.

5. Khalid Nabils

Chief Financial Officer

Joined: 2001 Nationality: Jordanian

Role: Khalid was appointed as Chief Financial Officer in 2011 and is responsible for Group finance, including reporting and capital management. Khalid has held several leadership positions within Hikma's financial functions during 22 years with Hikma, including VP Finance.

Qualifications: Certified Public Accountant. MBA from the University of Hull.

6. Susan Ringdal

Executive Vice President,
Strategic Planning and Global Affairs

Joined: 2005 Nationality: American

Role: Susan has served as EVP, Strategic Planning and Global Affairs since 2012 and is responsible for strategic planning, investor relations, communications, ESG and corporate affairs. Prior to joining Hikma, Susan worked for Alliance Unichem and Morgan Stanley.

Qualifications: BA in History from Cornell University. MBA from London Business School.

7. Brian Hoffmann

President of Generics

Joined: 2009 Nationality: American

Role: Brian has served as President of Hikma's Generics business since 2015. Brian has significant strategic and operational experience from leadership roles at Hikma and prior pharmaceutical and consulting roles.

Qualifications: BA in Business Administration from Boston University. MBA from the University of Chicago Booth School of Business.

8. Dr Bill Larkins

President of Injectables

Joined: 2022 Nationality: American

Role: Bill was appointed as President of Hikma's Injectables business in September 2023. Bill has extensive experience in the sterile injectable generic market, having previously served as Chief Executive Officer of Custopharm, which was acquired by Hikma in 2022, and until September 2023 served as Hikma's Senior Vice President, R&D, Injectables.

Qualifications: BSc in Chemistry from Purdue University and a PhD in Analytical Chemistry from The Ohio State University.

9. Julie Hill

Senior Vice President, Corporate Quality
Compliance/Health and Safety

Joined: 2016 Nationality: American

Role: Julie has served as Senior Vice President, Corporate Quality Compliance/Environmental Health and Safety since February 2024. Julie joined Hikma through the 2016 acquisition of Roxane Laboratories and most recently served as Vice President, Quality, for Hikma's Generics business. Prior to that, she served in various leadership roles with Hikma and predecessor companies at Hikma's Columbus, Ohio, generics manufacturing facility.

Qualifications: Bachelor of Science degree in Biochemical Engineering from Purdue University.

Corporate Governance

UK Corporate Governance Code compliance

Hikma is committed to high standards of corporate governance and we work hard to ensure compliance with the Principles and Provisions of the UK Corporate Governance Code (the Code) published in July 2018 and the Markets Law of the Dubai Financial Services Authority (the Markets Law). The Code and associated guidance are available to view on the Financial Reporting Council's website at www.frc.org.uk.

The report on pages 82 to 137 describes how the Board has applied the Code and Markets Law throughout the year ended 31 December 2023. The Board considers that this Annual Report provides the information shareholders need to evaluate how we have complied with our current obligations under the Code and Markets Law. Except as referred to in the following section on the Executive Chairman, regarding Code Provisions 9 and 19, Hikma has complied with all relevant Principles and Provisions of the Code throughout the year.

Executive Chairman

Provision 9 of the Code states that the chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.

Provision 19 of the Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the board.

The Board acknowledges that Said Darwazah's position as Executive Chairman and his overall tenure are departures from Provisions 9 and 19 of the Code. The background to this role, rationale for the role and safeguards to support our governance structure are summarised below.

Background

The Executive Chairman role was created in February 2018, following the appointment of a new CEO. Previously, Said Darwazah was the Chairman and CEO. The Board continues to consider that it is important to retain corporate memory, important relationships and the culture of the organisation. Therefore, it is valuable to retain Said's services in a strategic capacity.

The Board consulted shareholders prior to Said's appointment as Executive Chairman and CEO in May 2014 and following the change to the position of Executive Chairman in February 2018.

Rationale

The Board is focused on the commercial success of Hikma and believes that continuing the position of Executive Chairman is the best way to achieve success for Hikma for the following reasons:

- **Continuity of strategy:** Said has been a driving force behind the strategic success of the business since 2007 and the Board believes that it is important for the continued success of the Group that he remains in a strategic role. The Executive Chairman's role is to develop the Group's strategy in conjunction with the CEO.

The division of responsibilities for our Executive Chairman and CEO are available on our website at www.hikma.com

- **Executive Chairman's role:** the Executive Chairman position is highly visible inside and outside Hikma, providing leadership to the Board and management of the Company, acting as an ambassador with business partners and advisers to the organisation

- **Stakeholder engagement:** a significant number of Hikma's key political and commercial relationships across the MENA region, Asia and some continental European countries are built on the long-term trust and respect for the Darwazah family such that the role of the Executive Chairman remains key. During the course of 2023 the Executive Chairman undertook an active programme of stakeholder engagement activities, examples of which are highlighted below.

Said attended a number of meetings with key shareholders; while holding the joint role of Executive Chairman and CEO, shareholder meetings focused on the performance of the Group; and later in the year, Said attended meetings with larger shareholders alongside Riad Mishlawi as part of the transition of CEO responsibilities. Said also attended an event, jointly hosted by the Access to Medicine Foundation and World Economic Forum, to facilitate discussions and agree actions with government policymakers, regulators, suppliers, manufacturers and non-profit organisations on the evolving role of generics and biosimilars manufacturers and partners in ensuring the supply of essential medicines in low- and middle-income countries

Corporate Governance report continued

UK Corporate Governance Code compliance continued

Safeguards

The Board continues to operate the following enhanced governance controls to support the Executive Chairman role:

- **Governance structure review:** the independent Non-Executive Directors meet at least annually in a private session chaired by the Senior Independent Director. This meeting includes consideration of the appropriateness of the governance structure, the division of responsibilities between the Executive Chairman and the CEO and safeguards for shareholders. During their 2023 meeting, the independent Non-Executive Directors reviewed the succession plan and the effectiveness of the governance controls in place to support the Executive Chairman role and concluded that the Executive Chairman role should continue
- **Senior Independent Director role:** the Senior Independent Director has an enhanced role at Hikma, taking joint responsibility, with the Executive Chairman, for the annual Board evaluation, setting the Board agenda, agreeing action points and the minutes of the meetings
- **Committee Chair roles:** the Chairs of the Board Committees and the Director responsible for workforce engagement undertake a significant amount of work in the discharge of their responsibilities
- **Transparency and engagement:** Hikma has always had the highest regard for shareholders, with several of the original investors from before listing still investing and supporting Hikma today. Over the c.18 years since flotation Hikma has maintained the highest standards of shareholder engagement, which reflects the importance placed in maintaining strong investor relations and governance. To underline the importance of shareholder engagement, the independent Non-Executive Directors monitor shareholder sentiment in relation to the Executive Chairman, paying close attention to shareholder votes in favour of his re-election at the AGM. On a rolling five-year basis, shareholder votes in favour of his re-election average 96%

The Board considers that the Executive Chairman role is key to Hikma and does not intend to make any changes to this structure in the medium term. Should shareholders require any further information relating to these matters, questions may be directed to the Company Secretary.

Independence

The Board reviews the independence of each of its Non-Executive Directors during the year as part of the annual corporate governance review, which includes consideration of progressive refreshment of the Board. We are committed to ensuring that the Board comprises a majority of independent Non-Executive Directors, who objectively challenge management, balanced against continuity on the Board. This is also important to meet the independence requirements of the Board Committees. The Board considers John Castellani, Nina Henderson, Cynthia Flowers, Douglas Hurt, Laura Balan, Victoria Hull and Dr Deneen Vojta to be independent. These individuals have extensive experience of international pharmaceutical, financial, corporate governance and regulatory matters, bring strong independent oversight, continue to demonstrate independence and were not associated with Hikma prior to joining the Board.

Since the AGM in 2023, the Board no longer views Patrick Butler as an independent Director. This is due to his total service with Hikma reaching nine years in April 2023, which Provision 10 of the Code identifies as a circumstance likely to impair or that could appear to impair independence. Following the AGM in 2023 and to preserve the independence of our Board, Patrick stepped down as Senior Independent Director, Chair of the Nomination and Governance Committee and any memberships of Board Committees requiring fully independent membership under the Code. The Board asked Patrick to stay on the Board as a non-independent, Non-Executive Director for a maximum period of one further year, stepping down no later than the AGM in 2024 to allow time to aid the transition to a new CEO and to fully support the transition of responsibilities as Senior Independent Director and Chair of the Nomination and Governance Committee to Victoria Hull. Patrick Butler will retire from the Board on 29 February 2024.

The Board does not view Ali Al-Husry as an independent Director, this is due to the length of his association with Hikma, having held an executive position with Hikma prior to listing, and his involvement with Darhold Limited, Hikma's largest shareholder. However, Ali continues to bring to the Board broad corporate finance experience, in-depth awareness of the Group's history, and a detailed knowledge of the MENA region, which is an important and specialist part of the Group's business.

Governance framework

The Board delegates some of its powers to the CEO and operates with the assistance of four committees.

The Board is responsible for establishing the Group's purpose, values and strategy, and ensuring these are aligned with its culture. The Board maintains a list of matters that can only be approved by the Board. The matters reserved to the Board can be found on our website at www.hikma.com. The Board delegates certain matters to its Committees to assist it in discharging its responsibilities. A summary of Committee activities in 2023 and priorities for 2024 can be found on pages 92 and 93. Full Committee reports can be found on pages 94 to 132.

The Board delegates responsibility for running the business and executing the strategy to the CEO, who is supported in this role by the Executive Committee. Biographies for our Executive Committee members can be found on page 88.

Culture

Our values

Hikma's values build on our founder's vision of Hikma as a company with high ethical standards, where our people thrive in a supportive environment.

These values were introduced in 2020, following engagement with our workforce and a thorough review of our culture by the Board.

In the Boardroom, we are reminded of our values regularly and are guided by them when making decisions and engaging with the Executive Committee and the wider workforce. Read more about our values at www.hikma.com.

Indicators of culture reviewed by the Board and its Committees:

- reviewing the volume and nature of whistleblowing reports and outcome of any investigations
- internal audit reports and findings, as attitudes to regulators and internal audit can give an early indication of potential culture-related issues
- feedback reports on workforce engagement activities
- reviewing and monitoring compliance with our Code of Conduct
- receiving reports from the Compliance, Responsibility and Ethics Committee
- reviewing the results of our workforce engagement surveys
- first hand experience from engagement with the workforce during site visits

Further information on the Group's activities as they relate to culture is available on pages 17, 22, 48 to 49 and 54 to 55.

Our values

 We are
Innovative

Innovative

We're innovators, embracing new perspectives to improve our quality of thinking. We inspire ourselves and each other, challenging perceptions of what's possible. We learn, adapt, and are unafraid of failing in our pursuit of excellence.

 We are
Caring

Caring

We pride ourselves on our integrity and commitment to caring for each other, our customers, patients and communities around the world. We take the time to develop quality relationships that are built on understanding, fairness and respect.

 We are
Collaborative

Collaborative

We trust and play to each other's strengths, sharing our ideas and expertise to deliver high-quality medicines. We're transparent, keep things simple and take responsibility; never losing sight of our shared goal – to put better health within reach, every day.

Corporate Governance report – committee overview

Nomination and Governance Committee



2023 activities

- Completed the CEO search, overseeing the transition of responsibilities to Riad and ensuring a thorough induction
- Monitored the completion of induction programmes for the Non-Executive Directors appointed in 2022
- Oversaw enhancements to our processes for collection and reporting of ethnic diversity data in response to voluntary recommendations published by the Parker Review

2024 priorities

- Detailed review of executive succession plans following a number of new appointments
- Consider succession plans for Non-Executive Directors reaching nine-years of service in 2025
- Plan for an externally facilitated review of the effectiveness of the Board and its Committees

Allocation of time



Members and attendance

Member	Meetings attended	Attendance
Victoria Hull (Chair) ¹	5/5	100%
Patrick Butler ²	5/5	100%
Mazen Darwazah	5/5	100%
Nina Henderson	5/5	100%
Cynthia Flowers	5/5	100%
Douglas Hurt	5/5	100%
Dr Deneen Vojta	5/5	100%

1. Victoria Hull assumed the role of Chair of the Nomination and Governance Committee with effect from the close of the AGM on 28 April 2023
2. Patrick Butler stepped down as Chair of the Nomination and Governance Committee with effect from the close of the AGM on 28 April 2023 to preserve the independence of the role of Chair of the Committee

The full Committee report is on pages 94 to 96

Audit Committee



2023 activities

- Monitored developments in relation to Audit and Corporate Governance reform and regulatory changes, setting up a fraud prevention and detection programme
- Received an update on treasury risk management, associated policies and internal controls
- Reviewed our governance framework, approving updated policies for the non-audit services and the employment of former employees of the external auditor
- Monitored the financial impact of halting operations in Sudan

2024 priorities

- Oversee the implementation and testing of Hikma’s fraud prevention and detection programme in readiness for the new offence of failure to prevent fraud
- Implement enhancements to our internal controls following the publication of the updated UK Corporate Governance Code
- Commence planning for an external audit tender

Allocation of time



Members and attendance

Member	Meetings attended	Attendance
Douglas Hurt (Chair)	5/5	100%
Patrick Butler ¹	2/2	100%
John Castellani	5/5	100%
Nina Henderson	5/5	100%
Cynthia Flowers	5/5	100%
Laura Balan	5/5	100%
Victoria Hull	5/5	100%

1. Patrick Butler stepped down as a member of the Audit Committee with effect from the close of the AGM on 28 April 2023 to preserve the independence of the Committee under the UK Corporate Governance Code 2018

The full Committee report is on pages 97 to 100

Compliance, Responsibility and Ethics Committee



2023 activities

- Continued to monitor and obtain independent reports on ABC compliance developments, our speak up programme, reporting lines and business integrity
- Appointed a new Chief Compliance Officer
- Continued delivering process enhancements in relation to the ABC programme
- Monitored the delivery of ethical and social responsibility aspects of our CSR programme

2024 priorities

- Assist with the delivery of the ethical and social responsibility aspects of our sustainability programme
- Broaden remit to oversee a wider range of sustainability topics, beyond ethics, compliance and CSR
- Enhance our modern slavery disclosure in relation to our due diligence and supplier onboarding processes

Allocation of time



Members and attendance

Member	Meetings attended	Attendance
John Castellani (Chair)	4/4	100%
Mazen Darwazah	4/4	100%
Riad Mishlawi ¹	1/1	100%
Patrick Butler	4/4	100%
Nina Henderson	4/4	100%
Douglas Hurt	4/4	100%
Dr Deneen Vojta	4/4	100%

1. Riad Mishlawi joined the Compliance, Responsibility and Ethics Committee on 1 September 2023

The full Committee report is on pages 101 to 102

Remuneration Committee



2023 activities

- Implementation of the Remuneration Policy approved by shareholders at the 2023 AGM
- Granted awards to Executive Directors and Executive Committee members under the new share plans, approved by shareholders at the 2023 AGM
- Monitored executive performance in relation to the new targets set for ESG and financial performance
- Reviewed remuneration across the wider workforce

2024 priorities

- Grant awards to the wider workforce under the share plans approved by shareholders at the 2023 AGM, ensuring clear communication to the workforce
- Continue to monitor executive performance in relation to the targets set

Allocation of time



Members and attendance

Member	Meetings attended (5 scheduled and 3 unscheduled)	Attendance
Nina Henderson (Chair)	8/8	100%
Patrick Butler ¹	5/5	100%
John Castellani	8/8	100%
Cynthia Flowers	8/8	100%
Douglas Hurt	8/8	100%
Laura Balan	8/8	100%

1. Patrick Butler stepped down as a member of the Remuneration Committee with effect from the close of the 2023 AGM on 28 April 2023 to preserve the independence of the Committee under the UK Corporate Governance Code 2018

The full Committee report is on pages 103 to 132

Please visit our website to view the terms of reference for our Committees: www.hikma.com

Nomination and Governance Committee

Letter from the Chair



Victoria Hull
Chair, Nomination and
Governance Committee and
Senior Independent Director

Dear Shareholders

I am writing to you for the first time as Senior Independent Director (SID) and Chair of the Nomination and Governance Committee (NGC or the Committee). I was appointed to these roles in April 2023 to help steer the development of the Group's governance and succession arrangements.

Succession

The Committee oversees succession for both Executive and Non-Executive Directors and reviews the succession plans for these roles at least once a year. Below Board level, the Committee is responsible for ensuring that appropriate arrangements are in place for senior positions, including the Executive Committee.

One of the priorities identified during the 2023 Board evaluation was a detailed review of succession plans following a number of new appointments to the Board and Executive Committee in the latter part of 2023. Regular updates on the review of succession plans have been scheduled with the Committee through 2024. Further information on the 2023 Board evaluation is included on page 96.

Executive – appointment of a new CEO

On 12 April 2023, the Board was delighted to announce the appointment of Riad Mishlawi as CEO with effect from 1 September 2023. Riad's appointment followed an extensive global search in conjunction with Heidrick & Struggles, an independent search firm with no other connection to Hikma, appointed to assist in identifying suitable candidates.

A structured timetable was adopted for the process, regular updates and discussions were scheduled with the Committee and Board throughout. A person specification was developed, shared with and approved by all Board members. We then agreed a long list of external candidates which, following separate individual meetings with Said Darwazah, Patrick Butler, John Castellani, Cynthia Flowers and Douglas Hurt, was distilled to a short list for more detailed interviews with groupings of Directors on specialist subjects. At the same time we undertook a leadership assessment of the Executive Committee, which highlighted Riad as our preferred internal candidate. Riad went through the same detailed interviews with Directors on the specialist subjects as the external candidates. During the course of this process all Directors interviewed all shortlisted external and internal candidates. In early 2023 the Board were of the unanimous view that Riad was the preferred candidate to become Hikma's CEO, appointing the Remuneration Committee to settle the terms of the offer. We agreed a suitable transition period and target appointment date of Q3 2023 to allow time for the orderly transition of responsibilities internally.

The Board would like to thank Said Darwazah for stepping in as CEO from 24 June 2022 to 31 August 2023. In addition to his responsibilities as Executive Chairman, Said ensured continuity and minimised disruption to the business while the Board identified and appointed a permanent CEO.

Non-Executive

During 2022 we welcomed three new independent Non-Executive Directors to the Board and in 2023 we completed their induction programmes and transitioned the SID and NGC Chair role. These changes have allowed us to develop our succession plans for the independent Non-Executive Directors over the medium term.

John Castellani, Chair of the Compliance, Responsibility and Ethics Committee (CREC), and Nina Henderson, Chair of the Remuneration Committee and Director for workforce engagement, will reach nine years of service in 2025 and, following recommendation by the Committee, the Board approved successors for these important roles. The successors will spend one year shadowing their incumbents and will formally be appointed into these roles with effect from close of business at the AGM in 2025.

The proposed successors and rationale for their appointments is set out below:

- Deneen Vojta has been named as successor for Chair of the CREC. As a healthcare professional, Deneen has a keen interest in Hikma's sustainability programme, oversight of which is moving under the CREC in 2024, and its impact on stakeholders, including healthcare providers and patients. Deneen has served as a member of the CREC for over a year, having joined on her appointment to the Board in November 2022
- Cynthia Flowers has been named successor for Chair of the Remuneration Committee. Cynthia is an experienced member of Hikma's Remuneration Committee, having been a member since her appointment to the Board in June 2019. She also brings outside experience to the role, as Chair of the Compensation Committee of G1 Therapeutics Inc
- Laura Balan has been named as successor for Director for workforce engagement. Laura has detailed knowledge of the global healthcare industry and has taken a keen interest in engaging with the workforce on recent trips to Hikma locations

Patrick Butler will retire from the Board with effect from 29 February 2024, having stayed on the Board as a non-independent, Non-Executive Director for one additional year, following nine years of independent service, to support the CEO transition and the transition of responsibilities as SID and NGC Chair to me.

Balance

During the year, the Committee reviewed the composition of the Board. This review included consideration of the skills and attributes of each member, the balance between constructive challenge and empowerment of the executive, the results of the recent Board evaluation exercise and the current and desired level of diversity in the Boardroom. I am pleased to report that the Committee confirms that the Board continues to operate effectively and that each member is valued for the experience and skills that they bring.

Skills and experience

The Committee continues to believe that a longer induction period is desirable for new independent Non-Executive Directors to allow for building understanding of the business and, where succession for a Committee Chair is taking place, the transfer of knowledge and relationships associated with the particular committee. Additionally, the Board believes it is important for Directors to have significant international experience at an executive level, a challenging yet consensual style, and the highest level of integrity. The Committee regularly considers whether there may be gaps in fulfilling the specific

and in-depth experience that the Board requires as a whole, which focuses on the following areas:

- strategy, culture and leadership
- business environment in both the US and the MENA region
- pharmaceutical manufacturing and distribution
- development of new healthcare capabilities
- listing regulations, investor perceptions and governance

Hikma supports Directors in their continued professional development. As the Directors are highly experienced, their training needs tend to be related to either ensuring awareness of changes in the business, political and regulatory environments, or bespoke training on particular areas for development. Therefore, Hikma financially supports specific training requests and ensures that Directors are briefed by internal and external advisers on a regular basis.

During the year, the Board also received briefings on matters such as the pharmaceutical competitive environment, healthcare business development activity, external stakeholder perspectives, investor perceptions, market sentiment, cybersecurity, business intelligence, capital markets, emerging risks and regulatory developments.

Tenure

We anticipate that the independent Non-Executive Directors will generally serve for a period of nine years or, if required to facilitate an orderly transfer of responsibilities, until the next Annual General Meeting (AGM) of the Company following the ninth anniversary of their appointment. Their appointments are formally reviewed after three years and again at six years.

Except for Patrick Butler, who will retire from the Board with effect from 29 February 2024, each Director will stand for election or re-election at the 2024 AGM. The position of each Director was reviewed during the year as part of the consideration of succession arrangements, independence issues, the annual governance structure reviews, the Board and Committee evaluation processes and the ongoing dialogue between the Executive Chairman and the SID.

Time commitment

The Committee continues to review the external commitments of each Director with a view to ensuring that the benefits of the additional experience from their external commitments are not outweighed by reductions in their commitment to Hikma. The Directors achieve excellent attendance and spend significant time delivering their responsibilities. Accordingly, the Committee considers that there is currently an appropriate balance. The Committee will continue to monitor the situation.

Diversity, equity and inclusion

The Board Diversity Policy was updated in December 2022 to take account of the new diversity related disclosures and targets under the Listing Rules, applying to financial years beginning on or after 1 January 2023. Hikma complied early, providing additional disclosures



Hikma's inclusive workplace welcomes different cultures, perspectives and experiences from across the globe."

in line with the new diversity disclosures and targets under the Listing Rules in our 2022 Annual Report. This information is summarised on page 85 and included in the prescribed format required under the Listing Rules on page 135. Hikma supports the recommendations of the Parker Review and the FTSE Women Leaders Review in relation to Board diversity and has adopted the targets for Board diversity set by both reviews. The Board Diversity Policy is available at www.hikma.com.

At a Group level, Hikma's objective is to ensure that it has an inclusive workplace that welcomes different cultures, perspectives, and experiences from across the globe. Hikma is committed to attracting, retaining and developing talented people, irrespective of their race, colour, religion, age, sex, sexual orientation, gender identity, marital status, national origin, present or past history of mental or physical disability and any other factors either protected from consideration by law or not related to a person's ability to perform the relevant role. This statement is included in our Code of Conduct and communicated to all employees.

One of the pillars of the Group's strategy is 'people and responsibility'. The Group's policy and approach to diversity, equity and inclusion (DEI), succession and appointments are a core part of this pillar. The Committee monitors the DEI metrics which are detailed on page 85 and uses these as a reference point when considering the level of achievement against its DEI initiatives. Hikma has successful empowerment and talent development programmes to help all of our people make the most of their potential, for more information please see pages 48 and 49. Further detail on workforce diversity is provided on page 85.

The Group's talent acquisition policies for the three most senior staff grades require a balanced list of candidates to support our diversity goals.

Ethnicity

The Board considers that it has demonstrated strong ethnic diversity since the formation of Hikma and has four Directors from ethnic minority backgrounds (when assessed against UK ONS criteria), representing 33% of the Board, including the Executive Chairman and CEO. The Board has adopted and meets the targets set by the Parker Review and diversity related disclosures under the Listing Rules to have at least one Director identifying as minority ethnic.

The Board has not adopted the voluntary recommendation, published in March 2023 by the Parker Review, to set an ethnic diversity target for the senior management team (direct reports to the CEO and the senior leaders who report directly to them). During the course of 2023, the Committee received a number of updates on the voluntary recommendation and spent time considering the appropriateness of setting an ethnic diversity target for Hikma, a company with a diverse geographic footprint and global workforce. Following a detailed review the Board decided not to set an ethnic diversity target for the following reasons:

- the Parker Review is primarily focused on the UK, Hikma has a small UK workforce, accounting for c. 9% of the senior management population
- following a GDPR and labour law review of the jurisdictions where our senior management population are employed, Hikma was not able to survey individuals in a number of countries, representing c. 25% of our senior management population. Excluding such a high percentage of our senior management would have an adverse impact on our ability to set an ethnic diversity target
- developments in the US relating to DEI targets

Nomination and Governance Committee continued

In order to demonstrate focus on the issues raised by the Parker Review in relation to senior management ethnic diversity, Hikma has implemented the following steps:

- undertaken an ethnic diversity survey of our senior management population in December 2023. The survey was voluntary and contained an expanded list of ethnicities, sensitive to Hikma's workforce. Individuals had the option to respond by selecting 'prefer not to say'. 78% of our senior management population responded to the ethnic diversity survey and the results of the survey showed a high level of ethnic diversity among our people
- enhanced ethnic diversity disclosures, including the results of our ethnic diversity survey, are included on page 85. Individuals who could not be surveyed as a result of GDPR and labour law issues are reported as a separate 'unknown' category
- a commitment to monitor ethnic diversity among the senior management population annually

Gender

Since its founding, Hikma has actively promoted gender diversity across its operations. Our Board has good gender diversity with women representing 42% of the Board. The Board has adopted and meets the targets set by the FTSE Women Leaders Review and diversity related disclosures under the Listing Rules to have at least 40% of Board members identifying as women.

The Board also adopted the voluntary target set by the FTSE Women Leaders Review, to increase the gender diversity of the senior management team (direct reports to the CEO and the senior leaders who report directly to them). Where permitted under local law, our Remuneration Committee has integrated targets to increase gender diversity within the senior management population into the performance measures for the Long-Term Incentive Plan and Annual Bonus Plan, further detail is included on pages 118 and 122. Subject to applicable local laws, these targets are not intended to act as quotas or preferences and selections will continue to be made based on merit. Information on our senior management gender diversity is included on page 85.

Governance review

As in previous years, the Committee undertook the annual review of the Group's governance arrangements in conjunction with the Company Secretary. This year the exercise included a review of the structure of the Board, Board succession planning, a regulatory update in relation to current and emerging corporate governance reporting and review and approval of updated policies and procedures in relation to the Market Abuse Regulation.

Evaluation and performance

In line with the UK Corporate Governance Code 2018 (the Code) we undertake a formal and rigorous annual evaluation of performance of the Board, its Committees, the Chairman and individual Directors. We operate a three-year cycle of external evaluation in year one, followed by internal evaluations in years two and three. Our last external evaluation took place in 2021, so in 2023, Hikma undertook an internal evaluation. Hikma engaged Lintstock Ltd to facilitate this process, Lintstock is an advisory firm that specialises in Board reviews, and had no pre-existing connections, beyond conducting Board reviews, with Hikma.

Process

The first stage of the exercise involved Lintstock engaging with key stakeholders, in order to set the context for the review and to tailor the scope to the specific circumstances of Hikma. All Directors then completed an online survey addressing the performance of the Board, its Committees and the Executive Chairman.

As well as addressing core aspects of Board and Committee performance in 2023, the exercise included a skills analysis which was used to support the assessment of Board skills set out on page 84 and identify topics for future Board briefing sessions.

Outcome

Lintstock's report was discussed at a Board meeting in December 2023. We reviewed the areas receiving lower scores to ensure alignment with key priorities and strategic issues identified by the review to agree actions for 2024. The Board also reflected on the status of priorities and actions agreed following the 2022 review to ensure those items had been closed or had plans in place to address them.

As a result of the 2023 review, the Board agreed the following priorities for 2024:

- **Succession and talent management:** following a number of changes to Hikma's leadership team in the latter part of 2023, including a new CEO, President of Injectables and Chief People Officer, we agreed to undertake a detailed review of succession plans for the Executive Committee, their direct reports, and associated processes for talent management. Regular updates have been scheduled with the Committee and the Board to support the Chief People Officer in this exercise
- **Strategy and growth:** following the 2023 review, a number of improvements were made to the Board strategy session held in October 2023. Rather than waiting to the next strategy session in 2024, we agreed to strengthen discussions of key strategic issues in the boardroom by integrating key items through the annual Board calendar to 'keep the conversation going' in relation to items such as capital allocation, return on invested capital and longer-term capital expenditure

Executive Chairman's appraisal

The Executive Chairman and I meet regularly to discuss matters including Board succession planning, the performance of the Board and how his role helps deliver and enhance that performance. This builds on discussions that I hold with the independent Non-Executive Directors as a group and commentary received through the Board evaluation and other stakeholder engagement processes. The Executive Chairman's performance is also reviewed by the Remuneration Committee as part of the determination of performance-based compensation.

Director appraisal

The Executive Chairman, having taken into account the comments from the Board evaluation and discussions with the SID, reviewed the performance of each of the Directors during the year and concluded that each Director contributes effectively to the Board, brings particular areas of skill and experience that ensure the Board as a whole has the right capabilities, and devotes sufficient time to their role. The Committee has concluded that the relevant Directors be recommended to shareholders for re-election at the 2024 AGM.

For and on behalf of the Nomination and Governance Committee.

Victoria Hull

Chair, Nomination and Governance Committee
and Senior Independent Director
21 February 2024

Audit Committee

Letter from the Chair



Douglas Hurt
Chair, Audit Committee

Dear Shareholders

I am pleased to report that the Audit Committee (the Committee) has had another year of solid progress in its oversight of the matters delegated to it by the Board.

During the year, the Committee continued to play a key role in assisting the Board in its oversight of financial reporting and auditing matters. The Committee's activities included reviewing and monitoring the integrity of the Group's financial information, the Group's systems of internal controls and risk management, and the internal and external audit process.

Verification

The qualitative disclosures in the Annual Report, in addition to the external audit, adviser review and internal review processes, have been reviewed by our internal teams who are responsible for each section of the Annual Report and who have provided additional verification and support in respect of each material statement of fact. This process assisted the Committee in its determination that the report and financial statements taken as a whole are fair, balanced and understandable.

Audit Committees and External Audit: Minimum Standard

The Committee confirms that it complies with the reporting obligations set out under the Audit Committees and the External Audit: Minimum Standard, published by the FRC in May 2023. Disclosures in line with these reporting obligations are included within this Committee report on pages 97 to 100 and an explanation of the entity's accounting policies can be found on pages 151 to 155.

Internal audit

The internal audit of Hikma is performed by EY, who report directly to the Chair of the Committee. There is a regular programme of interaction between EY and the Committee.

EY assess each facility and the Group's major processes over a three-year period. For major sites, assessments are more frequent. Management is required to respond to findings within an agreed time period and ensure mitigation or remediation of all high risk findings within six months.

During the year, the Committee monitored progress with the internal audit programme for 2023 and reviewed and approved the plan for 2024. EY and management work closely together to deliver the internal audit plan, develop action plans for points raised, and ensure that the Committee receives appropriate and timely information.

During the year, the Committee continued to monitor the performance and independence of the internal auditors in accordance with the policies that have been established. The Committee assessed the effectiveness of the internal audit function by reviewing its reports, progress against the 2023 plan and meeting with internal audit without management present. The Committee considers that EY bring significant pharmaceutical and MENA market experience which is complemented by the experience of other third-party experts where required and concluded that EY continue to perform an effective internal audit programme and remain independent.

External audit

The external audit was undertaken by PricewaterhouseCoopers LLP (PwC) and has been since their appointment in May 2016. PwC were appointed following a competitive tender process. Mr Nigel Comello was appointed as the senior statutory auditor in May 2022. The Committee recommends the re-appointment of PwC for 2024. We believe the independence and objectivity of the external auditor and the effectiveness of the audit process are safeguarded and strong. The Company has complied with the Statutory Audit Services Order for the financial year under review.

Effectiveness

During the year, the Committee reviewed the work of PwC and concluded that they provided an effective audit, had constructive relationships with the relevant parties and that the senior statutory auditor provided clear and constructive leadership to the audit team. As part of this review the Committee examined the following areas:

- **Audit quality and technical capabilities:** the Committee considered that the auditor undertook an effective and in-depth assessment and verification exercise in respect of the financial statements and associated disclosures for the year ended 31 December 2023 and that the level of expertise PwC brought to bear was high. The Committee provides feedback on the auditor's performance as part of its regular meetings with them without management present. The Committee also takes into account the reports of the FRC, including the Audit Quality Inspection Supervision report, and believes that there is an open and appropriately challenging relationship between the audit leadership team, the Committee and management. Management also conducts a formal review of audit quality and effectiveness using a survey where feedback is provided by Committee members and management. The key outcomes are summarised and considered by the Committee in their assessment of the auditor
- **Independence:** the Committee regularly reviews the independence safeguards of the auditor and remains satisfied that auditor independence has not been compromised. During the year, the Committee refreshed its policies on the provision of non-audit services and employment of former employees of the external auditor. The Committee is satisfied that the auditor is independent
- **Challenge and judgement:** the Committee considers that PwC provide significant challenge to the management team which results in the Company's position being fully considered and supported and, where appropriate, further strengthened. The Committee believes that PwC have demonstrated well considered and clear-sighted judgement in the matters on which it has provided opinion and has been open to an appropriate level of challenge and debate. Examples of PwC's professional scepticism and challenge, as noted by the Committee, include their in-depth audit and challenge of the assumptions used in the impairment review exercise where PwC challenged the cash flow forecasts, discount rates and terminal growth assumptions, as well as their challenge of the assumptions and key judgements used in the impairment exercise related to the halted operations in Sudan and the accounting for the acquisition of Akorn Operating Company LLC as a business combination.

Audit Committee – Letter from the Chair continued

– **Non-audit services:** the Committee's policy on non-audit services is available on our website www.hikma.com. The Committee has discretion to grant exceptions to this policy where it considers that exceptional circumstances exist and that independence can be maintained, while having due regard to the FRC's ethical standards for auditors meaning that non-audit fees will be capped at 70% of the average audit fees paid in the previous three consecutive financial years. In 2023, PwC provided assurance services related to the interim review and other non-audit services with a total value of \$553,000 (2022: \$210,000). These services are within the ordinary course of services provided by the auditor

The Committee confirms that the statutory audit services for the financial year under review were conducted in compliance with the Competition and Markets Authority Order, and a competitive audit tender process was undertaken in 2015.

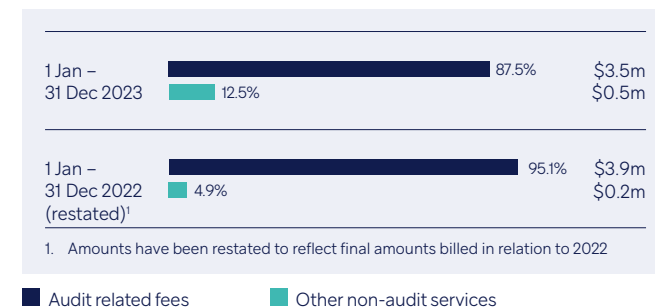
Audit tendering

PwC was appointed as auditor in May 2016, therefore, the current Annual Report is the eighth report that they have audited. PwC rotated the senior statutory auditor in 2019 and 2022. This followed the Chair of the Committee being transferred to Douglas Hurt in December 2020. The Committee considers it is prudent to allow time for one significant change to become embedded before embarking on another. In accordance with the audit tendering guidelines, a key priority for the Committee in 2024 will be to commence planning for an external audit tender. The Committee will keep the situation under review and report to shareholders accordingly.

Auditor's fee

\$3.5m

PwC



■ Audit related fees ■ Other non-audit services



Ensuring the integrity of financial reporting and providing oversight of our systems for internal control and risk management."

Position and prospects

During the year, management undertook an annual review of its strategic direction and an extensive assessment of the Group's short-term and medium-term prospects which are included in the budget for the following year and the five-year business plan, respectively. Management presented and received the Board's approval and commentary on the full strategy, budget and business plan. Having taken account of how the business has responded to the challenges of the commercial environment, the business plan, principal risks and uncertainties facing the Group and other relevant information, the Committee has concluded that the Group continues to have attractive prospects for the future.

Going concern and longer-term viability

The Directors considered the going concern position as detailed on page 75. Having reviewed and challenged the downside assumptions, forecasts and mitigation strategy of management, the Directors believe that the Group is adequately placed to manage its business and financing risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period longer than 12 months from the date of signing the financial statements. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors, having considered the longer-term viability assessment as detailed on pages 75 and 76, confirm that they have a reasonable expectation that Hikma will be able to continue in operation and meet its liabilities as they fall due and over the viability period which ends on 31 December 2026.

Significant matters

As part of its work reviewing the financial statements of the Group and the report of the auditor, the Committee considered and discussed the following important financial matters:

- **Impairment review:** as in previous years, management undertook the impairment test exercise in respect of intangible assets, right of use assets and property, plant and equipment. Management had recommended a total impairment charge of \$32 million in respect of different individual intangible assets, \$7 million in respect of right of use assets and \$1 million in respect of property, plant and equipment excluding impairment charges related to halted operations in Sudan outlined below. The Committee reviewed management's approach and recommendations and concluded that the proposals were appropriate
- **Halted operations in Sudan:** the Committee reviewed and challenged management's judgements of the effect on the carrying value of the Group's assets in respect of the halted operations in Sudan as result of the conflict in the country. Management had recommended a total impairment charge of \$75 million mainly related to financials assets, property, plant and equipment and inventory. The Committee reviewed management's assessment and concluded that it was appropriate. Additional detail on Hikma's response to the conflict in Sudan is included on page 70
- **Valuation of acquired assets from Akorn Operating Company LLC (Akorn):** the Committee reviewed and challenged the accounting treatment of the acquisition as a business combination as well as the estimates and judgements used to derive the value of the acquired assets, and concluded that they were appropriate. The valuation exercise was performed by a third-party expert

- **Revenue recognition:** the Committee reviewed the Group's policies for revenue recognition and the application of those policies by management. The Committee reviewed the model applied by management to arrive at the chargebacks, which estimates the 'in-channel' inventories held by wholesalers and the chargeback rate being the difference between the contracted price with indirect customers and the wholesaler's invoice price. Similar reviews were undertaken of the deductions to revenue made for customer rebates, returns and indirect non-customer and government rebates. The Committee also agreed the disclosures around these year-end estimates and the sensitivity of the estimates to changes in assumptions
- **Taxation:** Hikma's worldwide operations are highly integrated and involve a number of cross-border supply chains, which results in judgement being required to estimate the potential tax liabilities in different jurisdictions. The Committee took advice from professional services firms and management in assessing the reasonableness of the Group's provisions for uncertain tax positions which amounted to \$59 million and in reviewing the deferred tax assets in key markets which amounted to \$226 million. The Committee reviewed the appropriateness of the disclosures in the Annual Report, and reviewed and approved the Group's tax strategy statement, which is available on the Company's website at www.hikma.com
- **Legal matters:** The Committee reviewed management's conclusions regarding the appropriate accounting treatment for the settlement of legal cases. These cases relate to the manufacture and sales of prescription opioid medications. The Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. The agreed upon settlement is not an admission of wrongdoing or legal liability. Management recommended booking a total provision of \$129 million to cover the expected settlement amount for all related cases in North America. The Committee reviewed management's approach and recommendations and concluded that the proposals were appropriate

Fair, balanced and understandable reporting

Hikma is committed to clear and transparent disclosure and seeks to continuously improve the clarity of its reporting. At the request of the Board, the Audit Committee considers whether Hikma's Annual Report is fair, balanced and understandable and that the narrative section of the report is consistent with the financial information. The Committee's assessment is underpinned by a report from the Reporting Committee following their comprehensive review of the Annual Report. The Reporting Committee is comprised of representatives from Finance, Investor Relations, Risk, Sustainability and Company Secretariat and is supported by divisional and functional heads, as required.

The Reporting Committee's activities include:

- initiating the review process for the Annual Report significantly before the year-end, considering external developments, issuing guidance to contributors and identifying areas for improvement
- obtaining input from external advisers, including the external and internal auditors, designers, corporate brokers and public relations advisers
- undertaking several multi-functional reviews of the disclosures as a whole prior to the publication of the Annual Report to ensure consistency and accuracy across the document as a whole
- overseeing an extensive verification process to ensure the accuracy of disclosures

Each member of the Audit Committee and the Reporting Committee is satisfied that the 2023 Annual Report is fair, balanced and understandable and has recommended the adoption of the Report and Accounts to the Board.

Reporting controls

Hikma's key controls and risk management systems relating to the financial reporting process include the enterprise resource planning system, the processes in the 'Fair, balanced and understandable' and 'Verification' sections described earlier in this letter, the review of the financial statements and disclosures that is undertaken by the Executive Committee, and detailed internal financial control processes necessitating the verification of financial records at a local, regional and Group level.

Risk management and internal control

The Board is ultimately responsible for ensuring that Hikma's systems of internal controls and risk management remain effective.

Risk management

The Committee has continued to receive reports on the operation of the Group's Enterprise Risk Management (ERM) framework which includes the material controls and programme for enhancing the Group's risk management efforts. Management escalated certain risks that materialised during the year for Board attention and oversight, for example the response to the conflict in Sudan. Such instances serve to hone escalation and disclosure protocols and learnings are taken to improve risk mitigation programmes. Further information on Hikma's response to the conflict in Sudan is included on page 70.

The Board continued to exercise oversight of cyber risks during the year, including presentations from management on internal testing, lessons learnt, the results of a cyber maturity assessment conducted by an external party, and recommendations for implementation to enhance our resilience. Further information on Hikma's management of cyber risks is included on page 72.

As in previous years, management and the Board have undertaken a thorough assessment of the Group's emerging risks as well as the annual review of the principal risks. The Committee and the Board have considered the principal risks facing the Group and have decided that no adjustments were required in the year under review. The Board and management have also reviewed the appetite for those principal risks and have concluded that it remains appropriate. Further information regarding the Group's risk management activities is available in the risk management section on pages 68 to 79.

Internal control

The Board is ultimately responsible for ensuring that Hikma's systems of internal controls and risk management processes are effective and has delegated responsibility for reviewing their effectiveness to the Committee.

The key elements of our internal control framework are as follows:

- a documented and disseminated reporting structure with clear policies, procedures, authorisation limits, segregation of duties and delegated authorities
- written policies and procedures for material functional areas with specific responsibility allocated to individual managers
- a comprehensive system of internal financial reporting that includes regular comparison of results against budget and forecast and a review of KPIs, each informed by management commentary
- an established process for reviewing the financial performance and providing support to Hikma companies and associates together with direct support from Hikma's finance function
- annual budgets, updated forecasts and medium-term business plans for Hikma that identify risks and opportunities and that are reviewed and, where appropriate, approved by the Board
- a defined process for controlling capital expenditure which is detailed in the governance framework

Audit Committee – Letter from the Chair continued

Effectiveness

The Board is satisfied that Hikma's systems for internal control are in accordance with the FRC's guidance, and have been in place throughout the year under review and up to the date of approval of the Annual Report and Accounts. The Board reviews the effectiveness of these systems at least annually as part of the processes for the Annual Report, and throughout the year when reviewing Internal Controls and Assurance testing outcomes as well as risk management reports. The Board has not identified any material weaknesses. In making this assessment, the Board takes into account:

- **Internal audit:** the Committee receives regular reports from the internal auditors and other third-party experts who review relevant parts of the Group business operations, assess Hikma's processes, identify areas for improvement, monitor progress, and undertake their own assessment of the risks facing Hikma
- **Internal controls and assurance:** the Committee receives regular reports from the Internal Controls and Assurance team, who review relevant parts of the finance function and operational processes, based on a risk based testing plan. The team assesses Hikma's processes, identifies areas for improvement, and monitors remediation progress
- **Risk management:** the ERM framework provides a structure for risk management activities to occur at all levels of the organisation, including management of principal risks and uncertainties (detailed on pages 68 to 79) and emerging risks. Risk reporting processes ensure the Executive Committee and the Board are engaged in the design and implementation of new control initiatives and provide oversight of existing programmes
- **Financial performance:** Hikma's financial performance and forecasting reports are reviewed by the Board to aid the understanding of the underlying performance of the business, deviations from expectations and management's operational challenges and responses
- **Ethics:** the business integrity and ethics procedures and controls that are led by the Compliance, Responsibility and Ethics Committee (CREC). To ensure consistency and awareness between these Committees' responsibilities, the Audit Committee Chair is a standing member of the CREC
- **Governance:** the Board and Group-level controls and processes that make up our approach to governance that is led by the Nomination and Governance Committee and includes all appropriate financial and non-financial controls
- **External auditor:** the regular and confidential dialogue with the external auditor

During the year, Hikma's Internal Controls and Assurance team took steps to prepare for the expected upcoming changes to the UK Corporate Governance Code as well as setting up a formal fraud prevention and detection programme for the Group, building on existing practices and policies, in preparation for the newly legislated criminal offence of failure to prevent fraud. The fraud prevention and detection programme further supports the Company's internal control environment with formalised controls, in preparation for the newly legislated failure to prevent fraud criminal offence.

Management and the Committee received regular updates on potential programme developments, as well as the results of internal assurance of controls from the Internal Controls and Assurance team.

The Committee also maintains a programme of in-depth reviews into specific financial and operational areas of the business. These reviews allow the Committee to meet key members of the management team and provide independent challenge. During 2023, the Treasury team presented a deep dive on their mandate, processes, systems, and controls. The Committee deliberated with management and the Treasury team during the presentation, gaining comfort in relation to the general control environment surrounding the treasury function of the Group, in addition to the various assurance activities undertaken by Internal audit and internal controls and assurance.

Membership of the Committee

The Committee comprises solely of independent Non-Executive Directors, who as a whole, have competence relevant to Hikma's business and the industry in which it operates. I am considered by the Board to have significant recent and relevant financial experience chiefly related to my work with other audit committees, having been a finance director of another listed entity and having held senior financial positions in other entities. Biographical details of the Committee members can be found pages 86 and 87. The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities.

As Chair of the Audit Committee, I remain available to shareholders and stakeholders should they wish to discuss any matters within this report or under the Committee's area of responsibility whether at the AGM or by writing to the Company Secretary.

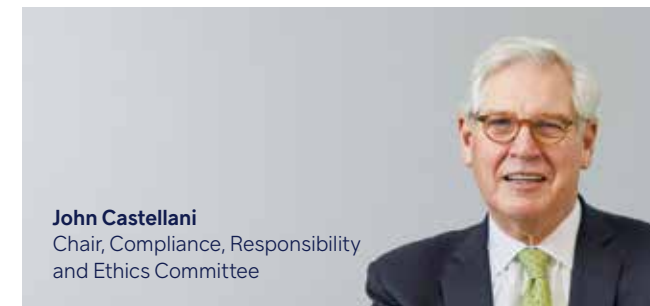
For and on behalf of the Audit Committee.

Douglas Hurt

Chair, Audit Committee
21 February 2024

Compliance, Responsibility and Ethics Committee

Letter from the Chair



John Castellani
Chair, Compliance, Responsibility
and Ethics Committee

Dear Shareholders

During 2023, the Compliance, Responsibility and Ethics Committee (CREC or the Committee) continued to promote and oversee our commitments to business integrity, quality, communities and ethical conduct. This report focuses on the matters that the Committee addressed during the year. Further details related to the structure of our Anti-Bribery and Corruption (ABC) compliance and integrity programme are available on our website at www.hikma.com.

Hikma's compliance programme

ABC programme

Our ABC compliance programme continues to perform in a highly effective manner. The ABC programme has strong support from the Board, the CREC and the CEO, and the Chief Compliance Officer has direct access to the Committee.

Commitment to integrity

The Committee and the Board are very proud of Hikma's commitment to high standards of business integrity. It includes the Board's long-standing, zero-tolerance approach to bribery and corruption which has been demonstrated in numerous instances, including being a founding member of the World Economic Forum's Partnering Against Corruption Initiative.

Code of Conduct

The Committee continues to oversee the development and promotion of Hikma's Code of Conduct, which embodies the important moral and ethical values that are critical to the Group's success. The Code of Conduct guides all the Committee's activities and is the key reference point for all our employees. Hikma's Code of Conduct is available at www.hikma.com/who-we-are/codes-and-standards/.

Supplier Code of Conduct

Our Supplier Code of Conduct reinforces our commitment to integrity and transparency in all our business dealings, as it sets out the highest ethical standards we expect from all our suppliers. In 2023, we digitalised our supplier onboarding process, including the acknowledgement of the Supplier Code of Conduct as a required step. The Supplier Code of Conduct can be found at www.hikma.com/who-we-are/codes-and-standards/.

Speak up

The Committee continued to receive regular reports on issues identified through our speak up channels, which provide both internal and external stakeholders a resource to raise concerns about suspected misconduct confidentially and anonymously. Our procedures require that all reports received via our speak up channels are investigated, as appropriate, by senior and independent employees. A review has been carried out to ensure our speak up procedures remain appropriate and compliant with applicable law.

The Committee has reviewed the speak up procedures and remains satisfied that the procedures in place continue to operate effectively. The overall level of speak up reports received is within the normal range for an organisation of our size.

The Chair of the Audit Committee is a standing member of the CREC and vice versa, which ensures that any relevant issues are considered by the right people within our governance structure. Both Committee Chairs report all relevant matters considered by their Committees to the next Board meeting. Speak up matters are reported and considered as part of this process.

Training

During the year, we continued with our training programmes for the Code of Conduct, ABC, speak up, anti-money laundering, Criminal Finances Act, General Data Protection Regulation (GDPR), antitrust and related matters, both virtually and in person. The programmes have been developed with assistance from external experts and are provided to employees virtually through their personalised corporate training portal. Our training programmes include worked examples and tests to ensure and enhance understanding.

Internal auditing and monitoring

The Committee receives regular updates on the monitoring programme conducted by the Hikma Compliance team. In addition, the Committee retains independent third parties to conduct periodic and recurring audits of our governance and transparency and the compliance programme and related activities.

Ethics

Corporate Social Responsibility

The Committee oversaw, encouraged and supported the corporate social responsibility programme which is so clearly linked to our founder's desire to improve lives, particularly through health, educational and development opportunities for the least privileged. Our sustainability section provides a detailed assessment of our key efforts in relation to corporate social responsibility and is available on pages 40 to 65.

Ethical issues

The Committee oversaw Hikma's response to ethical issues arising during the year. There are no matters to report.

Modern slavery

Hikma is committed to taking the required actions to identify, prevent and mitigate modern slavery in the form of forced or compulsory labour and human trafficking in any of its businesses, operations or supply chains across the globe.

Key measures in support of this goal include:

- a global Supplier Code of Conduct which requires our suppliers and third parties who represent or conduct business on behalf of Hikma to comply with all applicable laws, rules, regulations, and ethical standards, including with respect to forced or compulsory labour and human trafficking
- continuing our partnership with EcoVadis, a leader in sustainability ratings, to assess our main supplier base for any risk of modern slavery or human rights abuses
- training Hikma staff on labour standards and how to recognise and respond to any incidences of modern slavery
- carrying out appropriate due diligence and audits
- an anonymous speak up line to empower Hikma employees, consultants, suppliers and third parties to report potential issues of modern slavery
- engaging with supply chain partners and the operational part of our business if and when any risk of modern slavery is identified

Hikma's modern slavery statement is available at www.hikma.com.

Compliance, Responsibility and Ethics Committee continued

Regulations

Antitrust, anti-money laundering (AML) and trade sanctions

The General Counsel oversees Hikma's compliance with the antitrust, AML and trade sanctions legislation, among other matters. The General Counsel has created procedures for the management of these matters which have been reviewed and approved by the CREC. The General Counsel reports to the CREC on relevant matters that arise, including pertinent changes to the regulatory landscape. The legal team has developed a training programme on antitrust, AML, prevention of tax evasion and trade sanctions, which has been undertaken by colleagues whose roles require training or awareness.

Criminal Finances Act

The General Counsel is responsible for ensuring compliance with the Criminal Finances Act. The CREC has approved procedures that have been recommended by the General Counsel and reviewed those procedures at appropriate intervals. The procedures are designed to respond to the requirements of the prevention of tax evasion legislation from the UK government. Hikma's processes and procedures in this regard are proportionate to its risk of facilitating tax evasion, which is relatively low. Hikma is steadfast in applying the principles of the UK prevention of tax evasion legislation across its businesses and will continue to oversee matters of compliance.

Data protection

The General Counsel is responsible for Hikma's data protection policies which are designed to ensure compliance with relevant legislation. The policies were considered by the Board at the point of implementation of the GDPR and were updated during 2023.

I am available at any time to discuss with shareholders any matter of concern.

For and on behalf of the Compliance, Responsibility and Ethics Committee.

John Castellani

Chair, Compliance, Responsibility and Ethics Committee
21 February 2024



Doing the right thing by conducting business with integrity and transparency and in accordance with the law."

Remuneration Committee

Letter from the Chair



Nina Henderson
Chair, Remuneration
Committee

Dear Shareholders

On behalf of the Remuneration Committee (the Committee), I am pleased to present our remuneration report for 2023. This includes my annual statement, explaining the Committee's work this year, our annual report on remuneration for 2023, a summary of our Remuneration Policy which was approved by shareholders at the 2023 AGM, and details of how we propose to operate the Policy this year.

At the 2023 AGM, the new Policy was approved with 98.24% of shareholders voting in favour. I would like to thank shareholders for their strong support of our remuneration policy.

Hikma's Remuneration Policy

This policy enables performance awards for the delivery of the Group's business plans and strategy in line with Hikma's mission and core values. The Long Term Incentive Plan (LTIP) pays for performance for actions and investments that generate results over multiple years and subsequently aligns with the shareholder experience.

As detailed last year, the new Remuneration Policy introduced significant changes to our incentive structure, moving away from the Executive Incentive Plan (EIP) to a separate Annual Bonus and LTIP incentive model. This remuneration design enhances Hikma's competitive position enabling retention and recruitment of executive talent.

2023 is the first year that performance was assessed under the new annual bonus and the outcomes have been summarised in this letter and in further detail on pages 120 to 125. The 2023 Performance Share Plan (PSP) award was also the first grant under the new LTIP. The Performance outcomes will be assessed at the end of financial year 2025. Details of PSP awards are included on page 118. There were no changes to the way the policy was implemented during the year.

Director changes

On 12 April 2023, Hikma announced that Riad Mishlawi, the former President of the Group's Injectables business, would succeed Said Darwazah as Chief Executive Officer, effective from 1 September 2023. Riad was appointed following a thorough search process facilitated by an executive recruitment firm. The process included external candidates. The recruitment process is further outlined on page 94. Riad brings a successful track record delivering the Injectables business' profitable growth and deep knowledge of Hikma having been with the company for over 20 years.

In June 2022 Said Darwazah, Executive Chairman, assumed the additional role of CEO. For this added responsibility, Said did not receive incremental remuneration. On behalf of the Board, I would like to take this opportunity to thank Said for his leadership while the CEO search process was conducted.

One of the Committee's key responsibilities was considering the appropriate remuneration package for Riad Mishlawi. To determine the appropriate package, the Committee examined multiple reference points, including pay levels at global pharmaceutical and FTSE peers, taking into account the size and complexity of Hikma. The approved package aligns with the new Policy. It provides a salary of \$1,000,000 with a pension allowance in line with the rate applicable to the wider workforce, at 10% of salary. The annual bonus opportunity and LTIP opportunity is 200% of salary and 300% of salary, respectively, as is applicable for each Executive Director.

Remuneration policy implementation for 2024

Executive Director 2024 salary review

The Committee undertook a benchmarking exercise comparing Executive Director compensation to appropriate global pharmaceutical and FTSE peers. The Committee determined that Executive Directors' base salaries remain unchanged for the Executive Chairman at \$1,018,000 and Executive Vice Chairman at \$806,787. At appointment, the new CEO's salary took account of a merit increase and remains unchanged at \$1,000,000.

Wider employee context

During the year, the Committee was pleased to note that an average pay increase of 4.7% was granted across the Company and 83% of the total spend on pay increases was applied to employees below middle management levels.

The Committee continues to be briefed on the wider employee pay policies and practices throughout the Group, including the Living Wage and the level of pay in each one of our jurisdictions, which takes account of the cost of living.

2023 Performance outcomes

The 2023 incentive outcomes correlate to the returns experienced by our shareholders with the core earnings per share increasing 23% and an increase in share price of 8% over the previous 12 months.

Financial outcomes

During the 2023 financial year Hikma delivered strong results across all three of its businesses. This strong performance resulted in Group revenue of \$2,875m (2022: \$2,517) and Core Operating Profit after R&D of \$707m (2022: \$596m). This represented 105% of the revenue target and 111% of the Core Operating Profit target.

The US Generics business had a particularly strong year with revenue and Core Operating Profit increasing by 39% and 86% respectively. The increase in profits was driven, in part, by the launch of sodium oxybate (see page 7).

The revenue of the Injectables business grew by 6% having benefitted from the broad range of products it produces.

In April 2023, Hikma took the decision to halt operations in Sudan due to the ongoing conflict in the country. During 2023 our Sudan business was budgeted to generate revenues of \$66m and a Core Operating Profit of \$22m representing 7% of revenue and 11% of Core Operating Profit targets for our MENA business. Despite these challenges, the total MENA business generated revenues of \$908m (2022: \$862m) and a Core Operating Profit of \$204m (2022: \$197m). These represent 99% of MENA revenue target and 103% of MENA Core Operating Profit target.

Remuneration Committee continued

We have not sought to adjust the group or regional financial targets or outcomes as they relate to executive bonuses to reflect the cessation of Hikma's activities in Sudan. This has impacted the formulaic outcome of the bonus for all executive directors. The Executive Vice Chairman, who is responsible for managing the MENA business, has been particularly impacted as his annual incentive calculation is materially based on regional results.

When reviewing the annual incentive payment for Mazen Darwazah, the Committee recognised his exceptional leadership and the action taken to ensure the security of our colleagues and resilience of our total MENA business in response to the Sudan situation. As a result, the Committee decided to exercise its discretion to increase the annual incentive from 66% to 84% of the maximum to recognise his contribution in these exceptional circumstances (details of the calculation are shown on pages 122 and 123). For the wider workforce, below the main board, bonus pools were adjusted to recognise that operations in Sudan were halted.

No other discretion has been applied by the Committee this year.

Strategic outcomes

As previously mentioned, Riad Mishlawi became CEO with effect from 1 September 2023. The Executive Chairman was set a performance objective of ensuring an effective onboarding for the new CEO, and Riad Mishlawi was additionally set the objective of ensuring there was a smooth transition in leadership of the Injectables business (on his appointment as CEO). The continued strong business performance demonstrated that there had been an effective transition to the new CEO as well as a successful transition in terms of the leadership of the Injectables business with the appointment of Bill Larkins as President of Injectables (see page 88 for details of his experience).

The Executive Vice Chairman was set a target of gaining the necessary approvals for expansion of our manufacturing facilities in KSA to facilitate the increase in production needed to meet the business growth plans in MENA. These were all completed during the year and the business will now focus on building the production capacity.

The impact of Hikma's business on the environment continues to be a focus. The Board set two environmentally related performance targets in 2023. The Executive Chairman was set a target for reducing the scope 1 and 2 emissions during 2023. A total reduction of 15% was achieved (see page 50). The Executive Vice Chairman was set the target for the completion of energy audits and development of action plans for two countries in MENA. During the year three energy audits were completed and action plans developed.

The Board and management recognise that Hikma's people are its most important asset and that talent development, retention and recruitment are key management responsibilities. Hikma's ability to build its business is enabled and advantaged by the diversity of its talent. This diversity (gender, race, religion and economic background) brings a broad perspective to business decisions while aligning with Hikma's mission and values.

Participation of women in management positions is lower in MENA than the rest of the Group. The Executive Vice Chairman was set a target of increasing the number of women in MENA management positions by 9% in 2023. As at 31 December 2023 the number of women in management positions in MENA had remained unchanged, however, work has been undertaken to review incumbent development plans, promotion processes and external hiring to address the imbalance going forward.

The total 2023 incentive payment, as a percentage of base salary, for the Executive Directors are summarised in the following table:

	2023	2022 ¹⁾
	Cash and deferred shares	EIP elements A and C
Executive Chairman	161.3%	93.2%
CEO ²⁾	166.3%	N/A
Executive Vice Chairman ³⁾	168.7%	134.4%

- The awards made in 2022 were under the previous Remuneration Policy (EIP) (see page 116). This had a different structure to the new Policy.
- The CEO 2023 incentive relates to the period 1 September 2023 to 31 December 2023.
- This includes a discretionary amount (see page 123)

Details of the calculation of these payments are included on pages 120-125.

Operation of 2024 bonus

The 2024 bonus will be based on performance measures weighted 80% financial and 20% strategic deliverables. The financial element focuses on revenue and profit and the strategic element will be a combination of initiatives related to Hikma's strategy, its environmental impact and enabling talent diversity.

Fifty percent of any bonus payment for Executive Directors will be paid in cash with the remainder deferred in to shares for a period of three years. The maximum bonus will be 200% of base salary.

Further details on the targets can be found on page 131.

LTIP awards to be made in 2024

A PSP award with a maximum for the Executive Directors of 300% of base salary.

The performance conditions will be measured from 1 January 2024 and include:

- Relative TSR against FTSE 50-150 peer group excluding investment trusts (20% weighting)
- Business development and portfolio expansion (40% weighting)
- Compound annual growth of EPS (30% weighting)
- Talent diversity and development (10% weighting)

Further details regarding the performance conditions for the award are included on page 132.

In its application of the new Policy's Annual Bonus Plan and LTIP, the Committee went through a rigorous target setting process, considering multiple data points, including Hikma's annual business plan, targets for previous awards, analyst consensus and targets among our global pharmaceutical and FTSE peers.

The Committee carefully considers views expressed by shareholders when making decisions regarding the Remuneration Policy design and implementation. Details regarding shareholder engagement activity are included on page 25.

Concluding remarks

On behalf of the Committee, I would like to express our appreciation to Shareholders for their engagement and valued input. I remain open to discussion with shareholders should there be any matters that they would like to raise.

I commend our Remuneration Report to you. We look forward to receiving your support at our Annual General Meeting on 25 April 2024.

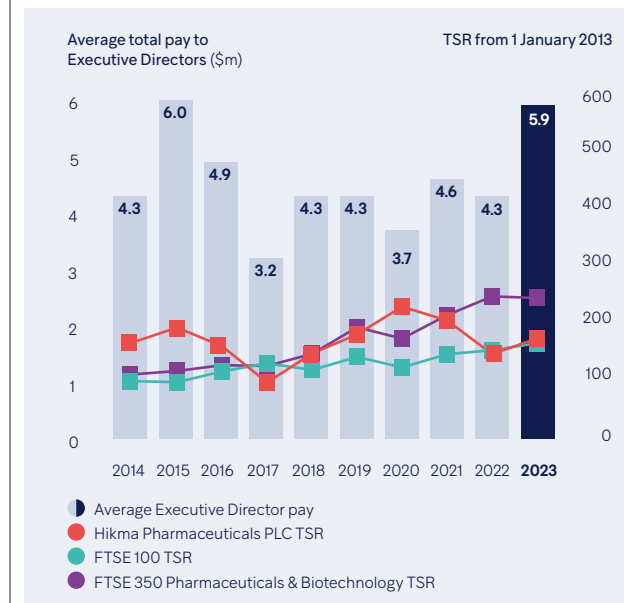
Nina Henderson

Chair, Remuneration Committee
21 February 2024

Remuneration dashboard

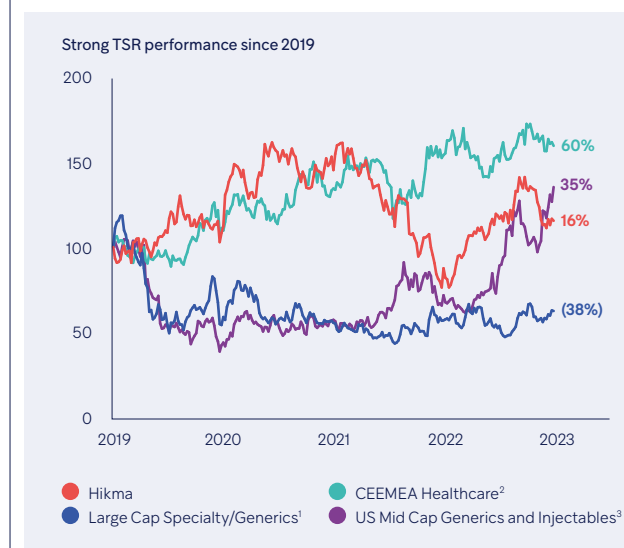
TSR and total executive pay

Over a ten year period, Hikma has outperformed the FTSE 100 index. The performance is below the FTSE 350 Pharmaceuticals & Biotechnology segment, a relatively small group of companies that are mainly focused on developing new medicines). The table below shows the alignment of executive pay to TSR performance.



Generic pharmaceutical peers

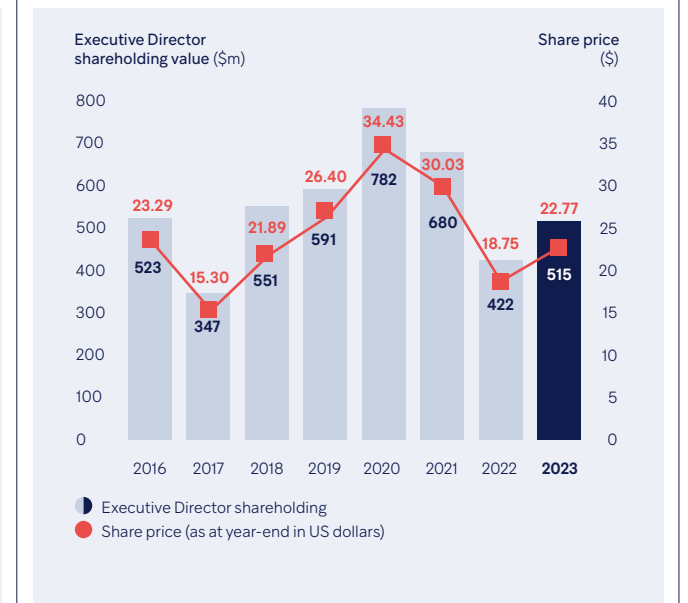
Hikma operates within a sub-set of the pharmaceutical industry that focuses on generic medicines, mainly in the US market. Hikma requires access to the US generic pharmaceutical environment to recruit its specialised and extensive talent pool.



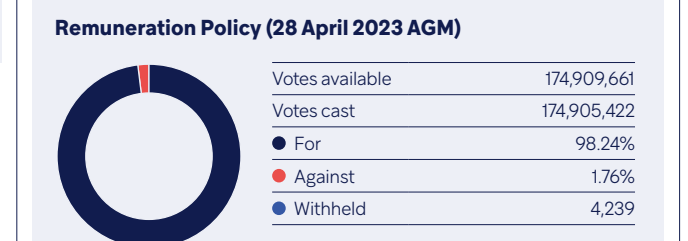
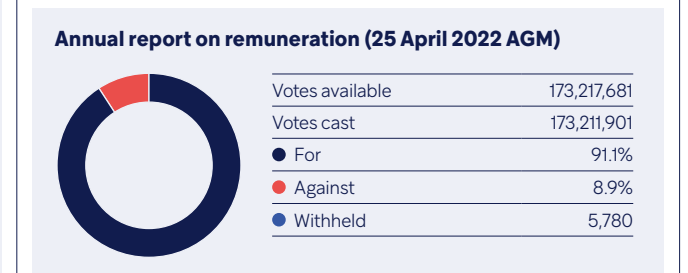
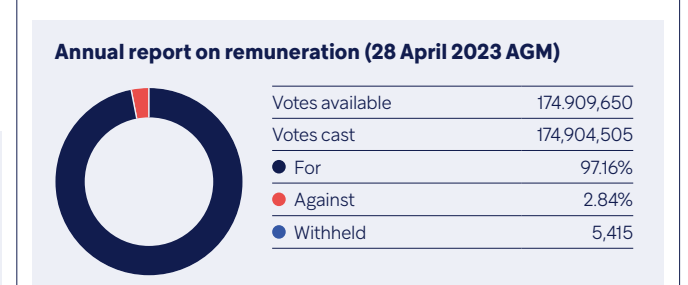
- Large Cap Specialty/Generics includes Teva, Viatris and Perrigo
- CEEMEA Healthcare includes KRKA, Aspen, Adcock and Gedeon
- US Mid Cap Generics and Injectables includes Amneal and Amphastar,
- Under the Companies Act 2006 votes 'Withheld' are not a valid vote and, therefore, are discounted when considering approval at a general meeting

Value of executive holdings

Hikma's Executive Directors have substantial equity interests, which strongly aligns their long-term interests with shareholders.



Shareholder approval



Remuneration Committee continued

Remuneration and performance summary

Reference in this section to the 'Regulations' refers to the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013, with which this report complies.

Performance components

	2022		2023
Sales	\$2,517 million	14.2%	\$2,875 million
Core Operating profit	\$596 million	18.6%	\$707 million
Share price	1,552p	15.3%	1,789p
Dividend	56 cents	28.6%	72 cents
Employee compensation	\$593 million	2.9%	\$610 million
Shareholder implementation approval	91.1%		97.16%
Shareholder policy approval	N/A		98.24%

Total remuneration

Executive Director	2022 (\$000)		2023 (\$000)		2024 (\$000) (estimate)
Said Darwazah	4,413	-5.4%	4,173	-18.1%	3,417
Mazen Darwazah	3,530	-7.7%	3,257	-17.9%	2,673
Siggi Olafsson ¹	5,168	N/A	N/A	N/A	N/A
Riad Mishlawi ²	N/A	N/A	2,017	52.2%	3,075

Components

	2022 (\$000)		2023 (\$000)		2024 (\$000) (estimate)
Salary³					
Said Darwazah	1,018	0.0%	1,018	0.0%	1,018
Mazen Darwazah	780	3.5%	807	0.0%	807
Siggi Olafsson ¹	603	N/A	N/A	N/A	N/A
Riad Mishlawi ²	N/A	N/A	333	0.0%	1,000
Bonus⁴					
Said Darwazah	949	73.0%	1,642	-38.0%	1,018
Mazen Darwazah	1,048	29.9%	1,361	-40.7%	807
Siggi Olafsson ¹	N/A	N/A	N/A	N/A	N/A
Riad Mishlawi ²	N/A	N/A	554	80.5%	1,000
Share awards vested⁵					
Said Darwazah	2,324	-40.9%	1,373	-9.6%	1,241
Mazen Darwazah	1,608	-40.5%	957	-3.1%	927
Siggi Olafsson ¹	4,462	N/A	N/A	N/A	N/A
Riad Mishlawi ²	N/A	N/A	948	-5.7%	893
Pensions					
Said Darwazah	68	-4%	65	0%	65
Mazen Darwazah	63	3%	65	0%	65
Siggi Olafsson ¹	83	N/A	N/A	N/A	N/A
Riad Mishlawi ²	-	-	33	0%	100

	2022 (\$000)		2023 (\$000)		2024 (\$000) (estimate)
Other benefits					
Said Darwazah	54	39%	75	0%	75
Mazen Darwazah	31	116%	67	0%	67
Siggi Olafsson ¹	20	-100%	0	-	0
Riad Mishlawi ²	-	-	182	0%	182

- Siggi Olafsson stepped down from the Board on 24 June 2022
- Riad Mishlawi was appointed CEO with effect from 1 September 2023. The 2023 basic salary, bonus, pension and benefits numbers shown relate to the the period he was CEO
- Salary: The average rise for salaries across Hikma in 2023 was 4.7%
- Bonus: The 2023 bonus figure comprises of bonus and deferred share awards for the new Policy. The 2022 figure related to Elements A and C of the EIP. See page 116 for further explanation. The 2024 estimate target cash and deferred share award performance on the Remuneration Policy approved in 2023.
- Share awards vested: 2023 figures represent Element B of the 2021 EIP and Element C of the 2020 EIP exercised during that year. 2024 is an estimation of the value of Element B of the 2022 EIP and Element C of the 2020 EIP that are to vest in that year, using 31 December 2023 vesting percentages, share prices and exchange rates.

Non-Executive Directors' fees

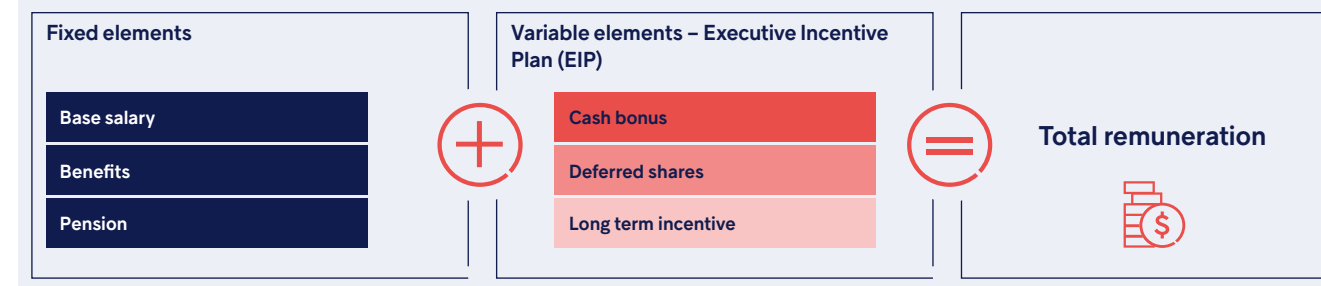
Non-Executives	2022 (\$000)		2023 (\$000)		2024 (\$000) (estimate)
Non-Executive Directors' average total fee ^{1,2}	93.2	52%	141.8	2%	144

- NED fees: The average Non-Executive Director's fee includes basic fee, Committee membership fee, fees for specific additional responsibilities, and Committee Chair fees. A full breakdown of fees is shown on page 129. The average fee changes reflect the handover of Committee responsibilities, and retirement and appointment of Non-Executive Directors.
- The increase in fees between 2022 and 2023 is due to three new directors being appointed during 2022

Remuneration Policy

Directors Remuneration Policy

This section of the report provides a summary of the current policy for the remuneration of the Directors. This policy was approved by shareholders at the AGM on 28 April 2023 and took effect from this date for 3 years. Full details of the policy can be found on pages 99 to 106 of the 2022 Annual Report as well as at www.hikma.com



Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fixed Remuneration			
<i>Base salary</i>			
Provides a base level of remuneration to support recruitment and retention of Directors with the necessary experience and expertise to deliver the Group's strategy.	Base salaries for Executive Directors are reviewed annually by the Committee and changes, if any, normally take effect from 1 January. Salaries are set with reference to: <ul style="list-style-type: none"> – pay increases for the general workforce – salaries in peer companies from the global pharmaceutical sector and UK listed companies – company performance and affordability Salaries for individuals who are recruited or promoted to the Board may be (but are not required to be) set below market levels at the time of appointment, with the intention of bringing the base salary levels in line with the market as the individual becomes established in their role.	Whilst there is no maximum salary, any increase will generally be no higher than the average increase for the wider workforce. A higher increase may be made for example where there is a material change in role or responsibilities, promotion, where there needs to be an adjustment to reflect an individual's increased experience in the role, when pay is materially behind market competitive levels, or in exceptional circumstances, with the rationale clearly explained in the next report to shareholders.	Not applicable.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
An appropriate package of market competitive benefits to ensure executives are rewarded and focused.	Benefits may include, but are not limited to: <ul style="list-style-type: none"> – healthcare – school fees – company cars/transport (or cash allowance) – life insurance – relocation: when relocation is required by the Company – tax equalisation: where the director becomes tax resident in a jurisdiction as a result of the role and to the extent that additional taxes are paid and related advisory fees. As the Company operates internationally it may be necessary for the Committee to provide special benefits or allowances, for example (but not limited to) benefits customarily included in the country where the Executive Director resides. These would be disclosed to shareholders in the annual report on remuneration for the year in which the benefit or allowances were paid.	The value of benefit is based on the cost to the Company and there is no predetermined maximum limit. The range and value of the benefits offered are reviewed periodically.	Not applicable.
Pension (or cash allowance)			
An appropriate level of pension contribution to ensure executives are provided with a retirement standard commensurate with their role, whilst being in line with the wider workforce.	The Company operates defined contribution arrangements in its main operational jurisdictions and executives participate in these arrangements. A cash supplement in lieu of pension may be paid provided the total pension payment does not exceed the maximum opportunity.	The maximum pension cash allowance (or pension contribution as appropriate) in line with the predominant pension contribution made for the wider global workforce which is currently 10% of salary.	Not applicable.

Remuneration Policy

continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Performance Related Variable Remuneration			
<i>Short-Term Incentives</i>			
To provide alignment between the successful delivery of the short-term annual strategic business priorities and reward.	Executive Directors are eligible to participate in an Annual Bonus Plan under which annual bonus is earned subject to the achievement of performance over the financial year against targets set by the Committee at the start of each financial year. No bonus is payable for performance below threshold level, 25% for threshold and up to 50% of maximum pays out for on-target performance. Half of any bonus will normally be deferred into an award over shares, typically for a period of three years. Dividend equivalents may be accrued on deferred shares based on dividends paid to shareholders during the vesting period. These may accrue either in cash or shares on a reinvestment basis. Malus and clawback provisions apply.	Maximum of 200% of salary	Performance measures and weightings are reviewed annually to ensure they continue to support the achievement of the Company's key strategic priorities. Annual bonus financial targets are set with reference to internal plans and analyst consensus forecasts. Details of the performance measures for 2024 are shown on page 131. The Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall financial performance of the Group. Any adjustments applied will be explained in the relevant annual report on remuneration.
<i>Long-Term Incentive Plan (LTIP)</i>			
To incentivise and reward participants over the long-term for sustained delivery of the business strategy and shareholder value. Provides longer term alignment with the shareholder experience.	Performance share awards may be granted. In usual circumstances awards vest after a three-year period, subject to the achievement of performance targets measured over three financial years. Normally, vested shares are subject to a holding period of two years (shares may be sold at vesting to satisfy any tax-related liabilities). 25% of the award value will vest for threshold performance and 62.5% of the award value will vest for target performance. Dividend equivalents may be accrued on the shares earned from LTIP awards based on dividends paid to shareholders during the vesting period. In line with the LTIP rules, dividend equivalents may also accrue during any applicable post-vesting holding period. These may accrue either in cash or shares on a reinvestment basis. Malus and clawback provisions apply.	The maximum face value of awards relating to a financial year of the Company will be 300% of base salary.	Performance is measured over three financial years. Performance measures for the 2024 award are shown on page 132 The Committee will set appropriate performance measures for future years. LTIP targets are set with reference to a range of relevant reference points which may include internal plans and analysts' consensus forecasts. The Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall financial performance of the Group. Any adjustments applied will be explained in the relevant annual report on remuneration.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<i>Shareholding policy</i>			
To provide alignment between the interests of Executive Directors and shareholders over the longer term.	<i>In-employment shareholding policy</i> Shareholding guidelines for all Executive Directors will be at least 300% of salary. Executive Directors are expected to build up their shareholding guideline within a 5-year period from their date of appointment to the Board. <i>Post-cessation shareholding policy</i> All Executive Directors will be required to hold the lower of (i) their shareholding at the date of termination of employment; or (ii) shares equivalent to the minimum share ownership guideline at that date, for a period of two years post-employment.	Not applicable.	Not applicable.

Differences between the policies for Executive Directors and employees, consideration of shareholder views and consideration of conditions elsewhere in the Group

Employees were not directly consulted on the executive remuneration policy. All employees receive a salary, pension, and medical insurance on a similar basis to the Executive Directors. Additionally, all employees participate in a cash bonus scheme, which is similar to the annual bonus. The Committee reviews detailed internal and summary benchmarking data and is satisfied that the level of remuneration is proportionate across the wider employee population. Further information is available on page 25 regarding how the Committee takes account of shareholder views when developing and implementing the remuneration policy.

Remuneration Policy table for the Chair and Non-Executive Directors

Non-Executive Directors' (NEDs) fees are set by the Board under the direction of the Executive Directors having considered the:

- pay practice in FTSE and sector peers
- extensive travel required to undertake the role
- significant guidance and support required from the NEDs

NEDs do not participate in the Group's pension or incentive arrangements. The annual fees payable to newly recruited NEDs will follow the policy for fees payable to existing NEDs, whose fees comprise:

Component	Approach	Application of Remuneration Committee discretion
Basic fee	An underlying fee for undertaking the duties of a Director of Hikma, chiefly relating to Board, strategy, and shareholder meetings. Provides a level of fees to support recruitment and retention of NEDs with the necessary experience.	Whilst there is no maximum, the practice is to remain within the parameters of FTSE peers.
Committee membership fee	A composite fee for taking additional responsibilities in relation to Committee membership. Usually, NEDs are members of at least three committees.	
Committee Chair/employee engagement fee	The Committee Chairs undertake additional responsibilities in leading a committee and are expected to act as a sounding board for the executive that reports to the relevant committee. The Director responsible for employee engagement receives a similar fee due to the additional requirements of that role. The chairmanship fee is paid in addition to the membership fee and a Senior Independent Director fee is paid to the individual in that position.	
Expenses	The Company pays expenses incurred wholly in relation to the position of NEDs and ensures that Directors do not incur a tax liability as a result. The Company retains discretion to provide for an allowance structure as an alternative to the latter payment.	

Remuneration Policy continued

Performance measures

The Committee considered the operation of the remuneration policy in terms of the UK Corporate Governance Code 2018 as follows:

Clarity: the Committee regularly engages with shareholders, their representative bodies and management to explain the approach to executive pay.

Simplicity: the rationale, structure and strategic alignment of each element of pay has been explained in the remuneration policy.

Risk: there is an appropriate balance between fixed and variable pay together with objectives that ensure there is alignment with long-term shareholder interests.

Predictability: the pay opportunity under different performance scenarios is set out in the illustrations below.

Proportionality: executives are incentivised under the Remuneration Policy to achieve stretching annual targets. Additionally the Policy builds in stretching targets over three-year performance periods for the Long Term Incentive Plan awards. The Committee assess performance holistically and the end of each performance period against underlying business results together with internal and external context.

Alignment with culture: Hikma's purpose and values can be reinforced under the strategic objectives under the Remuneration Policy.

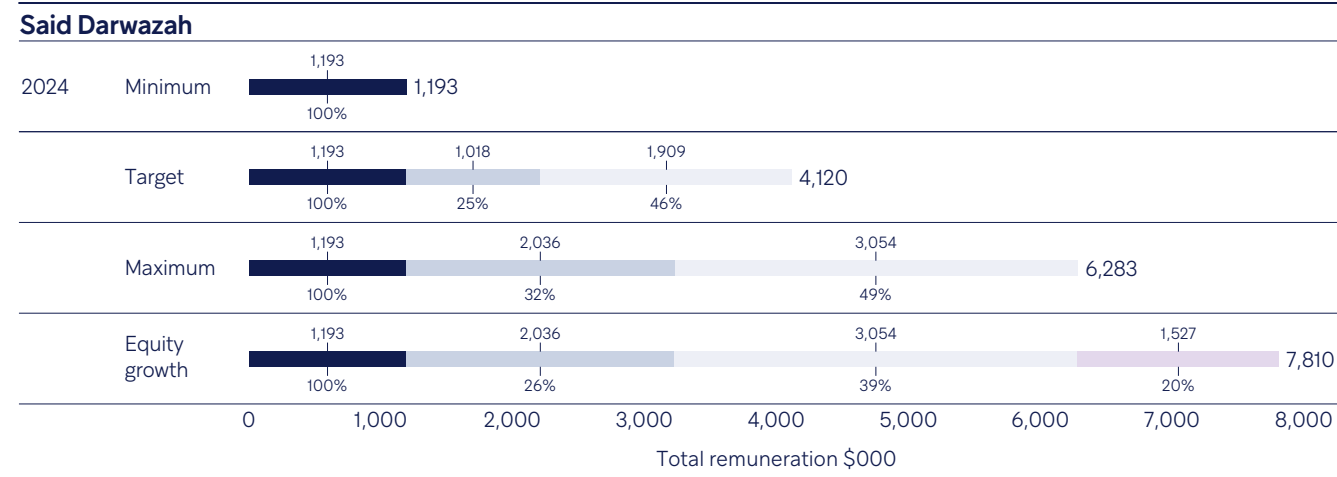
Details of the performance measures for the short-term incentive for the year ending 31 December 2023 and how they are aligned to company strategy and the creation of shareholder value are set out on pages 120 – 125. Annual short-term incentive targets for the 2024 financial year are shown on page 131. Targets that are commercially sensitive will be disclosed retrospectively in next years' Remuneration Report.

Performance measures for the March 2024 Long Term Incentive award are shown on page 132.

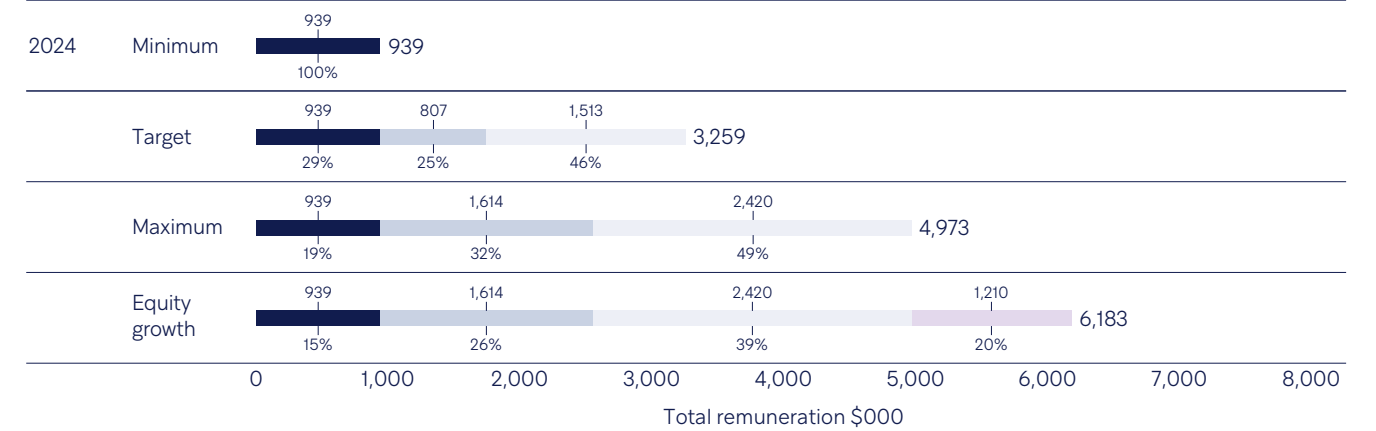
These performance targets are designed to be stretching but achievable and are set based on information from a number of areas, including broker forecasts for Hikma and its peers as well as our corporate strategy and plans.

Illustrations of application of Remuneration Policy

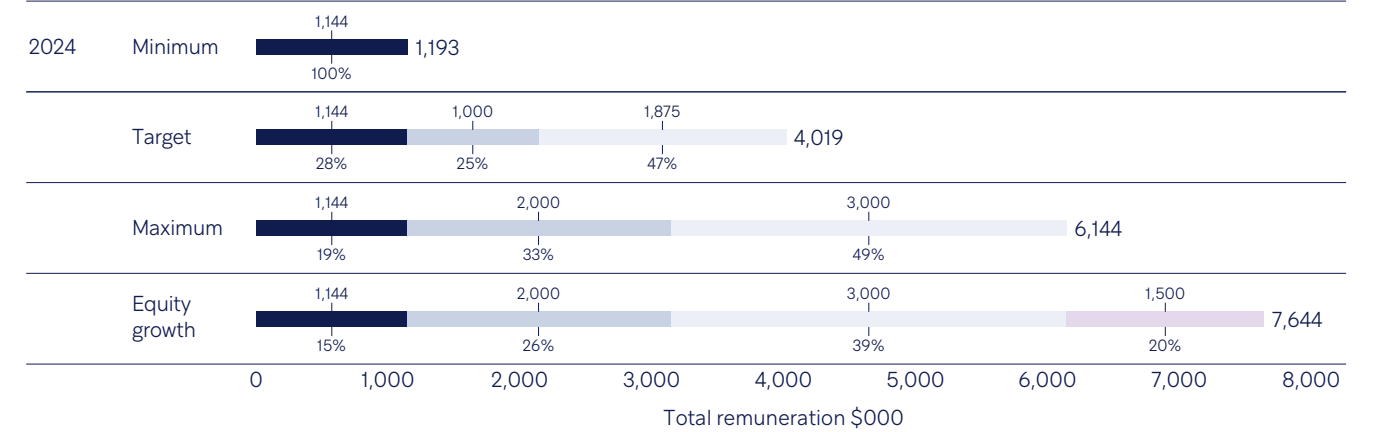
The following charts show the potential projected total remuneration available for 2024 at four levels of performance: minimum, target, maximum and maximum with assumed share price appreciation of 50% (in accordance with the Corporate Governance Code 2018). The impact of potential share price appreciation is omitted from the other three scenarios:



Mazen Darwazah



Riad Mishlawi



● Fixed pay ● Annual Bonus ● LTIP ● LTIP – share price appreciation Commuting

The scenarios in the graphs are as follows:

- fixed pay includes salary, benefits, and pension. The numbers are based on the base salary for 2023, the cost of transportation and medical benefits provided and a pension contribution of 10% of base salary.
- annual bonus is shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively.
- LTIP is shown as a maximum of base salary, with minimum, target and maximum performance shown as 0%, 62.5% and 100% respectively.
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting
- no dividend accrual has been incorporated in the values relating to the LTIP

Annual report on remuneration

Annual report on remuneration

Director and average employee compensation change

The table below shows the percentage change in the Executive Directors and Non-Executive Directors, benefits and bonus for the four years between 2019 and 2023 compared with the percentage change in the average of each of those components of pay for employees (excluding the Executive Directors).

Director and average employee compensation change – salary ¹	Salary				Benefits				Bonus			
	Average percentage change				Average percentage change				Average percentage change			
	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023
Said Darwazah	0%	0%	0%	0%	-16%	-21%	-3%	40%	-1%	-17%	-40%	73%
Riad Mishlawi ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Siggi Olafsson ³	3%	3%	-48%	N/A	-72%	-77%	-48%	N/A	5%	-11%	-100%	N/A
Mazen Darwazah	0%	5%	4%	3%	1%	-30%	-52%	113%	-1%	-6%	-15%	30%
Patrick Butler ^{4,5}	2%	-3%	-8%	2%	0%	0%	0%	22%	N/A	N/A	N/A	N/A
Ali Al-Husry ⁴	3%	5%	-8%	3%	-40%	-64%	-100%	0%	N/A	N/A	N/A	N/A
John Castellani ⁴	3%	5%	-8%	7%	-24%	-30%	135%	-11%	N/A	N/A	N/A	N/A
Nina Henderson ⁴	3%	5%	-3%	13%	-18%	-30%	-41%	96%	N/A	N/A	N/A	N/A
Cynthia Flowers ⁴	77%	5%	-8%	3%	0%	-29%	-24%	45%	N/A	N/A	N/A	N/A
Douglas Hurt ⁴	0%	86%	-8%	3%	0%	0%	0%	0%	N/A	N/A	N/A	N/A
Laura Balan ^{4,6}	0%	0%	0%	76%	0%	0%	0%	0%	N/A	N/A	N/A	N/A
Victoria Hull ^{4,6}	0%	0%	0%	86%	0%	0%	0%	0%	N/A	N/A	N/A	N/A
Deneen Vojta ^{4,6}	0%	0%	0%	84%	0%	0%	0%	-16%	N/A	N/A	N/A	N/A
Employees (\$m)	2%	4%	3%	1%	1%	7%	3%	1%	0%	9%	-10%	20%
Growth in number of Employees	1%	0%	1%	2%	1%	0%	1%	2%	1%	0%	1%	2%
Average per Employee	1%	4%	2%	-1%	0%	0%	8%	-1%	-1%	0%	-3%	18%
Average per the listed parent Company Employee	1%	16%	11%	-29%	35%	-54%	-39%	6%	6%	18%	-16%	-18%

- The current Remuneration Policy was introduced on 28 April 2023. NED fees are paid in GBP and reported in USD so an element of changes will be as a result of exchange rate differences
- Riad Mishlawi was appointed as CEO with effect from 1 September 2023 and therefore comparative figures are not provided
- Siggi Olafsson stepped down from the Board on 24 June 2022
- Non Executive Directors do not participate in the in the bonus plan.
- Patrick Butler stepped down as a member of the Remuneration Committee with effect from 28 April 2023
- These NEDs were appointed during 2022 and therefore did not receive fees for the full year in 2022

Hikma's pay review, which took effect from 1 January 2024, awarded average percentage increases in wages and salaries of 4.7% (2023: 4%) for existing employees (with certain exceptions for jurisdictions experiencing very high inflation). The nature and level of benefits to employees in the year ended 31 December 2023 were broadly similar to those in the previous year (2022: unchanged).

UK gender and CEO pay ratios

Hikma has 29 employees employed in the UK and, as a result, is exempt from gender pay and average employee: CEO pay disclosure requirements. The small number of employees and significant diversity of roles and seniority in the UK makes meaningful gender pay comparisons in the UK difficult. The ratio of total CEO pay to the average Group employee is 25:1 using a simple average methodology. Hikma is committed to paying fairly and not discriminating on gender or other grounds.

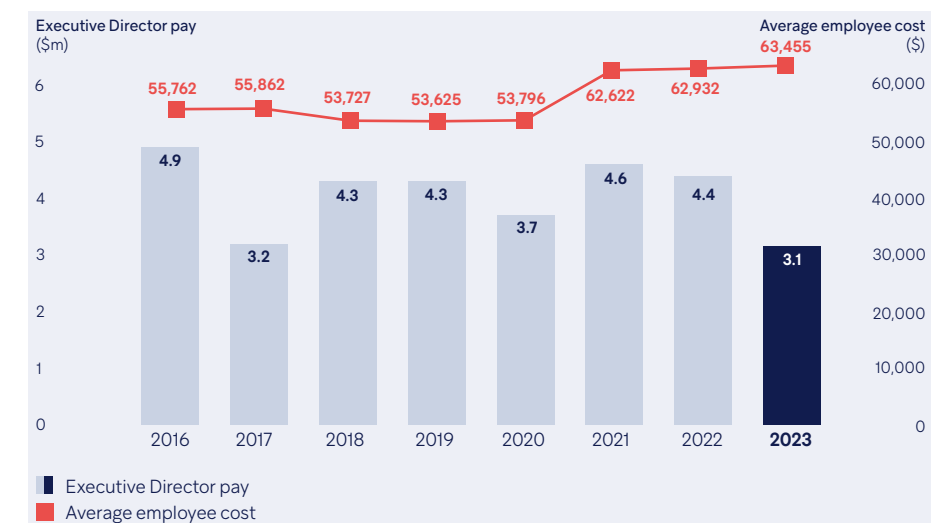
Relative importance of spend on pay

The following table sets out the total amount spent in 2022 and 2023 on remuneration of Hikma's employees and major distributions to shareholders.

	2022	2023	% change from 2022 to 2023
Distribution expense			
Employee	\$593 million	\$610 million	2.9%
Distributions to shareholders ¹	\$125 million	\$137 million	9.7%

- The Company purchased 12,833,233 shares during 2022 at a cost of \$292 million, which is excluded from the distributions to shareholders in accordance with the regulations. Those shares are held in treasury and do not receive dividends.

Employee cost and average executive pay (\$m)



Committee membership and attendance

Members and attendance

Member	Meetings	Attendance
Nina Henderson (Chair)	8	8
Patrick Butler ¹	5	5
John Castellani	8	8
Cynthia Flowers	8	8
Douglas Hurt	8	8
Laura Balan	8	8

- Patrick Butler stepped down from the Remuneration Committee on 28 April 2023

Advice and support

The Committee seeks the assistance of senior management (CEO, CPO, VP Total Reward and Company Secretary) on matters relating to policy, performance and remuneration but ensures that no Director takes part in discussions relating to their own remuneration or benefits.

Willis Towers Watson (WTW) continue to provide independent advice to the Committee in relation to market practice, UK corporate governance best practice, incentive plan review and target setting. The total fees for advice to the Committee during the year, including advice relating to the CEO compensation undertaken in 2023, were \$121,244 (2022: \$285,234). WTW was appointed by the Committee in 2016 following a competitive tender process. WTW adheres to the Remuneration Consultants Group Code of Conduct. They charge their fees on a time spent basis. They provide no other services to the company other than Remuneration Committee advice and compensation benchmarking.

The Committee is satisfied that the WTW team providing remuneration advice do not have connections with Hikma that may impair their independence.

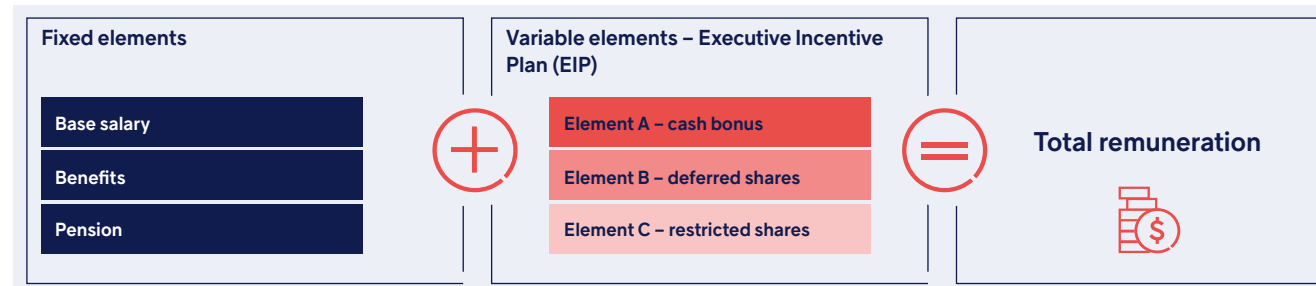
During the year the Committee instructed Mercer to conduct a MENA region specific benchmarking exercise on a fixed fee basis of \$6,000 (2022: \$6,000). Mercer are a recognised expert in the region in question.

Except as disclosed on page 96 Hikma has complied with all the relevant principles and provisions of the UK Corporate Governance Code 2018 throughout the year.

Annual report on remuneration continued

EIP

The EIP was applicable for the period 2020-2023 and full details are provided on pages 79 to 84 of the 2019 Annual Report. The new Policy was approved at the AGM held on 30 April 2020 and applied from 28 April 2023.



Performance awards incentivised Directors to deliver annual financial performance targets and certain key strategic deliverables, with the majority of awards made in shares to ensure that medium-term performance was delivered.

The Committee set annual performance targets for awards under the EIP, in accordance with the rules of the EIP. Annual performance metrics were based on:

- **Financial metrics:** At least 80% of the performance award, with specific targets based on the budget approved prior to the performance period. The precise targets were determined by the Committee on an annual basis
- **Strategic deliverables:** Up to 20% of the performance award was based on the delivery of specific, subjective targets that were set by the Committee in order to ensure that key milestones in the Company's strategy are delivered

At the end of each year the Committee determined the level of performance for the prior year. Based on the performance, the Committee made the following awards:

Element	Maximum award % of salary	Payout mechanism	Vesting period	Risks after award	Additional requirements	Treatment under the remuneration regulations
A	150%	Cash bonus	Immediate	- Clawback	None	Cash bonus
B	150%	Deferred Shares	2 years	- Forfeiture - Clawback - Share price - Employed	All shares vesting are subject to a holding period after vesting. These shares may not be sold until 5 years after grant.	Share award
C	100%	Restricted Shares	3 years	- Clawback - Share price - Employed		Bonus' deferred in shares

1. The Regulations required Element C to be included in the 'Bonus' component for reporting purposes, although it is an award of shares that will vest three years after grant

A holding requirement applies to Elements B and C ensuring that shares may not be sold until five years from the point of grant. Following cessation of employment of an Executive Director, the Company's policy is that the Director must hold for a period of two years the lower of the shares held on cessation of employment or shares equivalent to 300% of the final, annualised salary.

The 2023 performance targets, their level of satisfaction and the resulting performance remuneration are disclosed on pages 120 to 125

Malus and clawback provisions apply.

Salaries, benefits and pension

Please see Chair's letter (page 103) for commentary on salaries. The application of benefits remains unchanged and pensions are aligned with the wider workforce under the Directors Remuneration Policy.

Executive Director	Individual	Salary		Change %
		2024	2023	
Executive Chairman	Said Darwazah	\$1,018,000	\$1,018,000	0%
CEO ¹	Riad Mishlawi	\$1,000,000	\$333,333	0%
Executive Vice Chairman	Mazen Darwazah	\$806,787	\$806,787	0%

1. Riad Mishlawi became CEO on 1 September 2023 and the 2023 salary represents 4 months. The annual base salary will remain unchanged at \$1m in 2024

Single total figure (audited)

The following table shows a single figure of remuneration¹ in respect of qualifying services for the 2023 financial year, together with the comparable figures for 2022.

Director	Year	Salary	Benefits	Bonus and Deferred Shares ²	Shares vested (EIP element B) ³	Pension	Total	Total fixed	Total variable
Said Darwazah	2023	1,018,389	75,328	1,641,665	772,442	65,315	3,573,139	1,159,032	2,414,107
	2022	1,018,000	53,798	948,544	1,313,964	67,772	3,402,078	1,139,570	2,262,508
Mazen Darwazah	2023	806,837	67,004	1,361,276	539,381	65,223	2,839,721	939,064	1,900,657
	2022	779,584	31,410	1,047,776	919,070	62,626	2,840,466	873,620	1,966,846
Riad Mishlawi ⁴	2023	333,333	182,045	554,213	449,909	33,333	1,552,467	548,345	1,004,122
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. All figures are in (USD)

2. The 2022 figures for bonus and deferred shares represented elements A and C under the EIP (the previous Remuneration Policy see page 116)

3. Share price at vesting date was \$ 22.18 (€ 17.93) and foreign exchange rate of \$ 1.237 to £1

4. Riad Mishlawi was appointed CEO with effect from 1 September 2023

Benefits (audited)

Said Darwazah received transportation benefits of \$50,783 (2022: \$34,922) and medical benefits of \$ 24,546 (2021: \$18,877). Mazen Darwazah received transportation benefits of \$ 44,974 (2022: \$12,534) and medical benefits of \$ 22,030 (2022: \$18,876). Social security payments made in Jordan, that are required to be paid by Jordanian law, are not considered to be a benefit.

Riad Mishlawi received a transportation allowance of \$20,687 medical benefits of \$52,983. In addition he was asked to relocate to the US for a period of 2 years and received relocation expenses of \$108,375 and tax equalisation support.

Pension (audited)

Said Darwazah and Mazen Darwazah participate in the Hikma Pharmaceutical Defined Contribution Retirement Benefit Plan (the Jordan Benefit Plan) on the same basis as other employees located in Jordan. Under the Jordan Benefit Plan, Hikma matches employee contributions made, up to a maximum of 10% of applicable salary. Participants become entitled to all of Hikma's contributions once they have been employed for three years. Said Darwazah and Mazen Darwazah have served for in excess of three years and receive their benefits under the Jordan Benefit Plan because they are over 60 years of age.

Riad Mishlawi receives a cash allowance of 10% of base salary in lieu of pension.

Annual report on remuneration continued

Long-term incentive awards made during the year ended 31 December 2023 (audited)

On 30 May 2023, Said Darwazah and Mazen Darwazah received awards of performance shares under the Hikma Pharmaceuticals plc Long-Term Incentive Plan 2023 as a percentage of salary as outlined below. The three-year period over which performance will be measured is 1 January 2023 to 31 December 2025.

The performance measures for these awards are outlined below:

Measure	Rationale	Weighting	Threshold	Target	Maximum
Core compound EPS growth for 1 January 2023 to 31 December 2025	Alignment with shareholders return	30%	5%	8%	11%
Percentage of revenue from new business over 3 years	Developing revenue from new business is a key element of Hikma's business plan	30%	13%	16%	19%
Relative TSR performance compared to FTSE 50-150 (excluding investment trusts)	Alignment with shareholders return	20%	Median	-	Upper Quartile
Percentage of females on the Executive Committee and their direct reports ¹	Increase in diversity of management	10%	30%	35%	40%
Achieve good water management at all Hikma's sites in MENA	Hikma has significant operations in water stressed countries in MENA.	10%	The following task has been set: <ul style="list-style-type: none"> - establishing water management systems and process, collecting and analysing robust data on water usage - identifying gaps and opportunities for efficient water use and setting water use and setting water efficiency targets - By the end of H1 2024, targets should be set for sites in Jordan, Algeria, Egypt and KSA, and progress made against these targets by the end of 2025 - By the end of 2025, targets should be set for all other MENA sites. 		

Details of the value of these awards² are shown in the table below:

Executive Director	Date of grant	Award made	Grant price	Face value \$000	Face value as % salary
Said Darwazah	30 May 2023	132,783	\$23.0	\$3,054,009	300%
Mazen Darwazah	30 May 2023	105,233	\$23.0	\$2,420,359	300%
Riad Mishlawi ³	30 May 2023	75,339	\$23.0	\$1,732,797	225%
Riad Mishlawi ³	31 August 2023	12,263	\$26.5	\$324,969	32%

1. Subject to applicable laws these targets are not intended to act as quotas or preferences and selections will continue to be based on merit

2. No award vests for performance below threshold, 25% at threshold and 62.5% at target.

3. Riad Mishlawi received a pro-rated Performance share award on 31 August 2023 in recognition of his appointment as Chief Executive Officer with effect from 1 September 2023 (shown as a percentage of his annual salary of \$1m). The award at 30 May 2023 related to his role as President of Injectables

The proportion of the awards outlined above that will vest will depend on the achievement against the performance objectives and their continued employment. The final value that vests may be zero if the threshold performance for each of the objectives is not achieved. The vesting outcome of the awards will be disclosed in the 2025 Annual Report.

Vested share awards (audited)

During 2023, the following share awards vested for Executive Directors. The total shares vested in 2023 are summarised in the following three tables.

Under the EIP, performance criteria must be met before an award is granted. There are three award types under the EIP which are treated in the following manner in respect of the table above:

- Element A – a cash bonus that is payable immediately and attributed to the earnings for the performance year
- Element B – an award of shares that vests two years after grant subject to there being no forfeiture events and is attributed to the earnings in respect of the year in which it vests (i.e. two years after being granted)
- Element C – an award of shares that vests three years after grant and, due to their being no further performance requirements, is attributed to the earnings for the performance year in the same manner as Element A

The tables below detail share awards (Elements B and C) vesting during the year ended 31 December 2023. Whilst these shares vested during 2023, they are attributed to earnings as detailed in the paragraph above.

Said Darwazah – EIP

Maximum number of shares capable of vesting – Element B ¹	34,827
Maximum number of shares capable of vesting – Element C	27,057
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	61,884
Total value of vested shares	\$1,372,550

Siggi Olafsson – EIP

Maximum number of shares capable of vesting – Element B ¹	-
Maximum number of shares capable of vesting – Element C	-
Maximum number of shares capable of vesting – Element C	-
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	-
Total value of vested shares	-

Mazen Darwazah – EIP

Maximum number of shares capable of vesting – Element B ¹	24,319
Maximum number of shares capable of vesting – Element C	18,831
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	43,150
Total value of vested shares	\$957,041

Riad Mishlawi – EIP¹

Maximum number of shares capable of vesting – Element B ²	20,285
Maximum number of shares capable of vesting – Element C	22,437
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	42,722
Total value of vested shares	\$947,549

1. The shares that vested for Riad Mishlawi were in respect of grants made before appointment as CEO

2. Share price at vesting date was \$ 22.18 (£17.93 and foreign exchange rate of \$ 1.237 to £1)

Policy deviation

During 2023, the Committee has not deviated from the remuneration policy approved by shareholders at the AGM on 28 April 2023.

Annual report on remuneration continued

2023 Annual Bonus Performance outcome: Executive Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104. The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Section	Performance condition		Weighting	Performance level			Achievement		Application
	Description	Rationale and measurement		Minimum 50% of salary awarded	Target 100% of salary awarded	Maximum 200% of salary awarded	Results	Achievement	% of salary
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.	30%	Target -10% \$2,454m	Target \$2,727m	Target +10% \$3,000m	Core revenue of \$2,875m	Target to maximum	46.3%
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.	50%	Target -10% \$573m	Target \$637m	Target +10% \$701 million	Core EBIT of \$707m	Maximum	100.0%
Strategic	CEO onboarding	An effective onboarding of the new CEO is important to ensure that they are fully effective in the role as quickly as possible and driving the strategy. In addition stability and continuity need to be established by working with the new CEO to ensure an appropriate Executive Committee is in place together with succession plans.	10%		Committees' assessment of onboarding and succession planning		Achievement against objectives reviewed	Target	10.0%
	Reduction in Scope 1 and 2 emissions	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 2030 the Committee has set interim targets to be achieved by 31 December 2023.	10%	15%	17%	19%	Achievement against objectives reviewed	Minimum	5.0%
Total			100%	Acceptable	Good	Excellent			161.3%

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant	Calculation			Receive			
Executive	Policy element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/shares	Receive	Notes
Executive Chairman	Cash bonus		100%	80.6%	\$820,832	Cash now (March 2024)	
	Deferred shares	\$1,018,000					All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
			100%	80.6%	\$820,832	Shares deferred for a period of 3 years	
Total			200%	161.3%	\$1,641,665		

Annual report on remuneration continued

2023 Annual Bonus Performance outcome: Executive Vice Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104. The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Section	Performance condition		Weighting	Performance level			Results	Achievement		Application
	Description	Rationale and measurement		Minimum 50% of salary awarded	Target 100% of salary awarded	Maximum 200% of salary award		Achievement	% of salary	
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on this target.	12%	Target -10% \$2,454m	Target \$2,727m	Target +10% \$3,000m	\$2,875m	Target to maximum	18.5%	
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.	18%	Target -10% \$573m	Target \$637m	Target +10% \$701m	\$707m	Maximum	36.0%	
	MENA revenue	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA revenue compared to audited MENA revenue for the year ended 31 December 2023 (see page 31)	20%	Target -10% \$818m	Target \$909m	Target +10% \$1,000m	\$908m	Minimum to target	19.9%	
	MENA COP	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the Board-approved strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA COP compared to audited MENA COP for the year ended 31 December 2023 (see page 31).	30%	Target -10% \$178m	Target \$198m	Target +10% \$218m	\$204m	Target to maximum	39.0%	
Strategic	Environmental, Social, and Governance Strategy	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 25% by 2030 see page 50. The Executive Vice Chairman was set a target for the completion of energy audits in two MENA countries together with action plans for achieving reductions by the end of 2023	5%	Target is completion of energy audits in 2 MENA countries			Achievement against objectives reviewed	Target to maximum	7.5%	
	Gender Diversity	A diverse workforce is important for the development of the Hikma business. The MENA business, which currently has a lower participation of women in management positions than the rest of the Group. A target was set of increasing the number of women in management positions by 9% in 2023.	7.5%	Threshold unchanged	Target 9% increase	Maximum 17% increase	Achievement against objective reviewed	Minimum	3.8%	
	MENA business development	To ensure that the MENA business has the production capability to meet its business plans the Executive Vice Chairman was set the target of ensuring that the feasibility and all government approvals for expansion of Hikma's facility in KSA are completed by the end of 2023.	7.5%	Committees assessment of progress			Achievement against objectives reviewed	Target	7.5%	
Total			100%	Acceptable	Good	Excellent			132.1%	
							Committee final determination (see page 103)		168.7%	

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant	Calculation			Receive			
Executive	EIP Element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/ shares	Receive	Notes
Executive Vice Chairman	Cash bonus		100%	84.3%	\$680,638	Cash now (March 2024)	
	Deferred shares	806,787	100%	84.3%	\$680,638	Shares deferred for a period 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			200%	168.7%	\$1,361,276		

Annual report on remuneration continued

2023 Annual Bonus Performance outcome: CEO¹ (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104. The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition			Performance level				Achievement		Application
Section	Description	Rationale and measurement	Weighting	Minimum 50% of salary awarded	Target 100% of salary awarded	Maximum 200% of salary awarded	Results	Achievement	% of salary
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.	30%	Target -10% \$2,454m	Target \$2,727m	Target +10% \$3,000m	Core revenue of \$2,875m	Target to maximum	46.3%
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.	50%	Target -10% \$573m	Target \$637m	Target +10% \$701m	Core EBIT of \$707m	Maximum	100%
Strategic	Succession plan for Injectables business	It is critical that the Injectables business continues to deliver effectively against the business plan. The new CEO was therefore set the performance target of ensuring that there were effective succession plans in place and a smooth transition of responsibilities to the new President of the Injectables business.	20%		Committees' assessment of progress		Achievement against objectives reviewed	Target	20.0%
Total			100%	Acceptable	Good	Excellent			166.3%

1. Riad Mishlawi was appointed as CEO with effect from 1 September 2023. The incentive payments are therefore pro-rated for the period 1 September to 31 December 2023

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant	Calculation		Application		Value of bonus/shares	Receive	Notes
Executive	Policy element	Salary	Maximum potential (% of salary)	% of salary			
CEO	Cash bonus		100%	83.1%	\$277,106	Cash now (March 2024)	
	Deferred shares	\$333,333	100%	83.1%	\$277,106	Shares deferred for a period of 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			200%	166.3%	\$554,213		

Annual report on remuneration continued

Outstanding share awards (audited)

Hikma continued to operate the EIP with the final award being made in May 2023. The first award under the new LTIP was made on 30 May 2023. The outstanding share awards under the EIP in respect of each of the Executive Directors are:

Participant	Share scheme					Quantum	
	Scheme description ¹	Type of interest	Date of award	Date of vesting	Basis of award	Shares (max)	Face value ²
Said Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	19,830	\$673,028
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	101%	34,652	\$1,023,967
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	53%	18,420	\$544,311
	EIP Element B	Conditional award	30-May-23	30-May-25	69%	31,679	\$707,075
	EIP Element C	Conditional award	30-May-23	30-May-26	43%	19,761	\$441,066
	LTIPs 2023 ⁵	Conditional award	30-May-23	30-May-26	291%	132,783	\$2,963,717
Total						257,125 2022: 134,786	\$6,353,163 2022: \$4,108,412
Riad Mishlawi ⁴	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	69%	17,120	\$581,053
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	77%	22,099	\$653,025
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	65%	18,691	\$552,319
	EIP Element B	Conditional award	30-May-23	30-May-25	96%	36,371	\$811,811
	EIP Element C	Conditional award	30-May-23	30-May-26	81%	30,749	\$686,318
	LTIPs 2023 ⁵	Conditional award	30-May-23	30-May-26	198%	75,339	\$1,681,566
	LTIPs 2023 ⁵	Conditional award	31-Aug-23	31-Aug-26	40%	12,263	\$340,176
Total						212,632 2022: N/A	\$5,306,268 2022: N/A
Mazen Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	13,903	\$471,868
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	98%	26,812	\$792,295
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	54%	14,844	\$438,640
	EIP Element B	Conditional award	30-May-23	30-May-25	100%	36,171	\$807,337
	EIP Element C	Conditional award	30-May-23	30-May-26	57%	20,650	\$460,908
	LTIPs 2023 ⁵	Conditional award	30-May-23	30-May-26	291%	105,233	\$2,348,801
Total						217,613 2022: 98,709	\$5,319,848 2022: \$3,004,989

- The performance criteria for Elements B and C of the EIP are assessed before a grant is considered. Additionally, Element B is subject to forfeiture criteria for the first two years after grant.
- The face value is the value at the point of the EIP grant which is the 30-day average to the 31 December of the performance year. The face value (30-day average price) in respect of awards granted in 2020 \$25.32 (£19.30p), and 2021 \$33.94 (£25.25p), and 2022 \$29.55 (£22.20), and 2023 \$18.44 (£15.15). The actual value received by Executive Directors under the share incentive arrangements is dependent upon the share price of Hikma at the time of vesting, the satisfaction of performance criteria and the non-occurrence of forfeiture events (EIP Element B only). Forfeiture would apply to 50% of any unvested Element B shares if the financial performance in any year is less than 30% of the target.
- The minimum value of the awards at vesting will be the share price on the day of vesting multiplied by the number of shares vesting. If the Executive Director leaves employment during the vesting period, the normal position is that zero shares vest. If all the forfeiture conditions occur in each year of the vesting period under Element B only, zero shares will vest. The weighting of each forfeiture condition has a proportional impact on the vesting percentage under Element B only.
- The outstanding awards shown for Riad Mishlawi relate to grants made prior to appointment as CEO and percentage is based on full year equivalent salary.
- The share price was determined by the average closing price in the five business days preceding the grant date. 25% of grant vests at threshold and 62.5% vests at target performance.

The applicable share prices for Hikma during the period under review were:

Date	Market price (Closing price)
1 January 2023	1,621p
31 December 2023	1,789p
2023 Range (low to high)	1,606p to 2,205p
21 February 2024	1,997.5p

Dilution

In accordance with the guidelines set out by the Investment Association, Hikma can issue a maximum of 10% of its issued share capital in a rolling ten-year period to employees under all its share plans and a maximum of 50% of this (representing 5% of issued share capital) for discretionary share plans. The following table summarises the current level of dilution resulting from Hikma's share plans since 2013:

Type of plan	Granted in a rolling ten-year period	Granted during the year
Discretionary Share Plans (5% Limit)	4.42%	0.86%

Director share interests (audited)

Said Darwazah, Mazen Darwazah and Ali Al-Husry are Directors and shareholders of Darhold Limited. Darhold holds 60,000,000 Ordinary Shares in Hikma. The table below breaks down their shareholdings in Hikma by shares effectively owned through Darhold and shares held personally or by connected people. The cancellation and issuance of shares in Darhold and Hikma, as well as changes in the number of Hikma shares held by Darhold, can lead to a degree of variation in the 'Effective Hikma shares'.

Director	Darhold		Personal	Total shareholding
	Interest in Darhold	Effective Hikma shares	(incl. connected people)	
Said Darwazah	22.40%	13,437,000	797,985	14,234,985
Mazen Darwazah ¹	11.29%	6,771,000	1,351,507	8,122,507
Ali Al-Husry ²	8.28%	4,968,600	1,162,811	6,131,411

- Mazen Darwazah holds his shares in Darhold Limited through a family trust.
- Ali Al-Husry holds his shares in Hikma and Darhold Limited through a family trust.

The following table sets out details of the Directors' shareholdings in Hikma as at 31 December 2023 and, where there are shareholding requirements, whether these have been met:

Director	Ownership requirements			Total	Scheme Interests		Total
	Percentage of salary	Number of shares	Requirement fulfilled?	Shares owned ³	Awards subject to performance conditions ⁴	EIP subject to service (Element C)	Share interests
Said Darwazah ¹	300%	134,162	Yes	14,234,985	199,114	58,011	14,492,110
Riad Mishlawi ²	300%	44,168	Yes	92,838	146,072	66,560	212,632
Mazen Darwazah ³	300%	106,292	Yes	8,122,507	168,216	49,397	8,340,120
Ali Al-Husry ⁵	N/A	N/A	N/A	6,131,411	N/A	N/A	6,131,411
Patrick Butler	N/A	N/A	N/A	3,875	N/A	N/A	3,875
John Castellani	N/A	N/A	N/A	3,500	N/A	N/A	3,500
Nina Henderson	N/A	N/A	N/A	7,100	N/A	N/A	7,100
Cynthia Flowers	N/A	N/A	N/A	1,100	N/A	N/A	1,100
Douglas Hurt	N/A	N/A	N/A	4,500	N/A	N/A	4,500
Deneen Vojta	N/A	N/A	N/A	1,000	N/A	N/A	1,000
Laura Balan	N/A	N/A	N/A	N/A	N/A	N/A	-
Victoria Hull	N/A	N/A	N/A	N/A	N/A	N/A	-

- Including shares effectively owned through Darhold as per the table above.
- Riad Mishlawi was appointed CEO with effect from 1 September 2023.
- Mazen Darwazah holds his shares in Darhold Limited through a family trust, in which he has a beneficial interest.
- This includes element B awards made under the EIP (see page 116) and the LTIP under the new Policy.
- Ali Al-Husry holds his shares in Hikma and Darhold Limited through a family trust, in which he has a beneficial interest.

There have been no changes in the interests of the Directors in the shares of Hikma between 31 December 2023 and the date of this report. The share price used to calculate whether the shareholding requirements have been met is the price on 31 December 2023 of £17.89 and foreign exchange rate of \$1.273 to £1 on the same date.

Annual report on remuneration continued

Director share interests (audited) continued

The following table sets out the changes in the share interests of Directors during the year under review and up to the date of this report. Other than as detailed in the table, the Directors' share interests in Hikma did not change during the period.

Director	Date	Event	Number of shares
Said Darwazah	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	27,057
Said Darwazah	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	34,827
Riad Mishlawi	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	22,437
Riad Mishlawi	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	20,285
Mazen Darwazah	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	18,831
Mazen Darwazah	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	24,319
Douglas Hurt	06/06/2023	Market Purchase of Shares	1,500
Deneen Vojta	18/01/2023	Market Purchase of Shares	1,000

Scheme interests (audited)

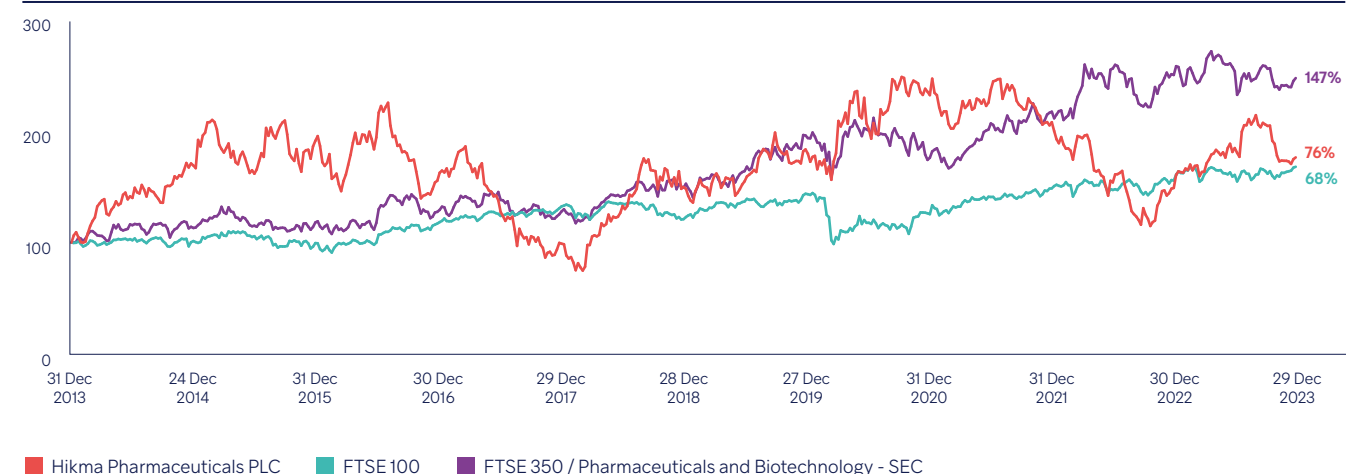
The following table sets out details of the 'scheme interests' of the Directors. Element B and C of the EIP have been included because they have service conditions in excess of one year.

Director	Type of interest		Share interests with performance measures		Vested but unexercised
	Shares	Share options	Yes	No	
Said Darwazah	257,125	–	199,114	58,011	–
Riad Mishlawi ¹	212,632	–	146,072	66,560	–
Mazen Darwazah	217,613	–	168,216	49,397	–
All other directors	–	–	–	–	–

1. Riad Mishlawi was appointed CEO with effect from 1 September 2023

Total shareholder return

During the last ten years, Hikma has outperformed the FTSE 100 index. The performance has been below the FTSE 350 Pharmaceuticals & Biotechnology segment, a relatively small group of companies that are mainly focused on developing new drugs. The Remuneration Committee has chosen these comparators because it uses executive compensation benchmarking data from the FTSE 100 and the pharmaceutical industry when considering compensation for the Executive Directors.



Remuneration table

The following table sets out the total remuneration, including amounts vesting under short-term and long-term incentive plans, for each financial period in respect of the Directors holding the positions of Executive Chairman and CEO. The total figures for the financial years 2017 and 2016 are higher than would otherwise be the case due to a change of incentive plan. In accordance with the Regulations, the 2017 and 2016 totals include LTIPs vesting during the relevant period (which were granted three years before) and Element C of the EIP which was granted in respect of the relevant period. The Regulations require Element C to be treated in a similar way to the annual bonus, although it is an award of shares that will vest three years after grant.

Year	Said Darwazah – Executive Chairman			Riad Mishlawi – Chief Executive Officer		
	Total	Bonus as % max ¹	Deferred share awards as % max ²	Total	Bonus as % max ¹	Deferred share awards as % max ²
2023	\$3,573,139	81%	81%	\$1,552,467	83%	83%
2022	\$3,402,078	37%	38%	N/A	N/A	N/A
2021	\$4,586,119	62%	67%	N/A	N/A	N/A
2020	\$4,059,653	73%	77%	N/A	N/A	N/A
2019	\$4,448,934	74%	78%	N/A	N/A	N/A
2018	\$4,501,217	88%	90%	N/A	N/A	N/A
2017	\$3,538,646	0%	0%	N/A	N/A	N/A
2016	\$6,308,238	71%	68%	N/A	N/A	N/A
2015	\$7,316,042	98%	98%	N/A	N/A	N/A
2014	\$5,056,255	100%	70%	N/A	N/A	N/A

- For the years 2014-2022 the 'Bonus as % max' column comprises cash under Element A of the EIP paid immediately and shares under Element C of the EIP that are released three years after grant.
- For the years 2014-2022 the as % max' column includes Element B of the EIP, shares that vest in two years from the date of grant provided that the Executive remains in employment and forfeiture events have not occurred. No LTIP award granted under the new Policy is due to vest until 2026.

Non-Executive Directors (audited)

In December 2022, the Executive Directors reviewed the fees paid to Non-Executive Directors and made a number of changes that came into effect from 1 January 2023, the full details of which can be found on page 121 of the Annual Report 2022. No subsequent changes have been made.

Name	Board position	Fee (all elements) \$		Taxable benefits ¹ \$		Total \$	
		2023	2022	2023	2022	2023	2022
Patrick Butler ²	Non-Executive Director	136,234	132,633	973	817	137,207	133,450
Ali Al-Husry	Non-Executive Director	112,546	108,627	4,170	0.0	116,716	108,627
John Castellani	Independent Director and CRE Committee Chair	143,636	132,633	16,056	18,852	159,692	151,485
Nina Henderson	Independent Director, Remuneration Committee Chair and Workforce Engagement Lead	162,290	140,192	14,085	7,524	176,375	147,716
Cynthia Flowers	Independent Director	124,982	120,630	9,697	7,007	134,679	127,637
Douglas Hurt	Independent Director and Audit Committee Chair	149,854	144,636	0.0	0.0	149,854	144,636
Laura Balan ³	Independent Director	124,982	30,296	0.0	0.0	124,982	30,296
Victoria Hull ³	Senior Independent Director and Nomination and Governance Committee Chair	149,196	20,197	77	214	149,273	20,411
Deneen Vojta ³	Independent Director	124,982	20,197	2,072	2,578	127,054	22,776

- 'Taxable benefits' includes certain accommodation expenses for Non-Executive Directors that are wholly related to their attendance at Board meetings and are in accordance with normal Hikma expense policy.
- Patrick Butler was Senior Independent Director and Governance committee Chair until April 2023.
- These NEDs were appointed during 2022.

Annual report on remuneration continued

Payments to past Directors (audited)

There were no payments made to past Directors during 2023.

Payments for loss of office (audited)

There were no payments for loss of office during the financial year.

Terms of appointment and service

Service contracts

The details of the service contracts of the Executive Directors of Hikma in force at the end of the year under review are available for inspection at Hikma's registered office at 1 New Burlington Place, London W1S 2HR, were:

Executive Director	Company notice period	Contract date	Unexpired term of contract	Potential termination payment
Said Darwazah	12 months	1 July 2007	Rolling contract	12 months' salary and benefits
Riad Mishlawi	12 months	11 April 2023	Rolling contract	12 months' salary and benefits
Mazen Darwazah	12 months	25 May 2006	Rolling contract	12 months' salary and benefits

The Executive Directors are not appointed for a specified term and, therefore, do not have an outstanding term that requires disclosure.

Letters of appointment

The Non-Executive Directors have letters of appointment with Hikma, not service contracts, which are available for inspection at Hikma's registered office at 1 New Burlington Place, London W1S 2HR. Appointments are made for a period of 36 months and then reviewed.

Non-Executive Director	Date of appointment	Notice period
Ali Al-Husry	14 October 2005	1 month
Pat Butler	1 April 2014	1 month
John Castellani	1 March 2016	1 month
Nina Henderson	1 October 2016	1 month
Cynthia Flowers	1 June 2019	1 month
Douglas Hurt	1 May 2020	1 month
Laura Balan	1 October 2022	1 month
Victoria Hull	1 November 2022	1 month
Deneen Vojta	1 November 2022	1 month

Hikma complies with the UK Corporate Governance Code 2018 requirement that all Directors be subject to election or annual re-election by shareholders.

External appointments

Hikma recognises that Executive Directors may be invited to take up non-executive directorships or public sector and not-for-profit appointments, and that these can broaden the experience, network and knowledge of the Director, from which Hikma can benefit. Executive Directors may accept external appointments as long as they do not lead to a conflict of interest and are allowed to retain any fees. During the year under review, Said Darwazah received fees of \$4,100 (2022: \$4,100), There were no other fees paid to Executive Directors relating to external appointments. External appointments are detailed in their Director profiles on pages 86 and 87.

Implementation of Policy

In February 2024, the Remuneration Committee reviewed the base salaries for Executive Directors and agreed that there would be no changes with effect from 1 January 2024.

Annual bonus design for year ending 31 December 2024

The measures and targets for the annual bonus plan will be reviewed annually by the Committee and those agreed for 2024 are:

Area	Description	Rationale	Weighting ¹		
			Executive Chairman	Executive Vice Chairman	CEO
Financial	Group/Division Revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee recognizes that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. Please see page 16 of the Strategic report for the detail on this target	30%	32%	30%
		Ultimately, core operating profit is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.	50%	48%	50%
Strategic	Corporate structure	The correct financing structure, business constituents and locations are critical to the future growth of Hikma. The Executive Chairman will review these and provide the Board with recommendations	10%		
	Environment	The efficient use of water in Hikma's operations in MENA is a key area for reducing the impact on the environment. The Executive Chairman, Vice Chairman and CEO have been requested to establish water related targets for Jordan, KSA, Algeria and make progress against these targets	10%	5%	5%
	Strategic execution	To continue Hikma's growth in MENA the Vice Chairman has been set a number of specific strategic objectives to achieve		15%	
	Strategic execution	To continue Hikma's growth the CEO has been set a number of targets regarding commercial development and business plans. These will be disclosed in the 2024 Annual Report			10%
	Diversity	An appropriate and diverse leadership structure is important for having the necessary experience to build Hikma. As a result the CEO has been asked to review the leadership structure, together with roles and responsibilities to ensure that it is effective			5%

1. The financial weightings for the Executive Vice Chairman are 12% Group Revenue, 18% Core EBIT, 20% MENA Revenue and 30% MENA Core EBIT

The Committee has discretion to adjust the pay out to reflect the underlying business performance and any other relevant factors. Details of the financial and strategic targets for the year ended 31 December 2024 will be disclosed retrospectively in next year's annual report on remuneration, by which time the Board will no longer deem them commercially sensitive.

Annual report on remuneration continued

Long term incentive awards to be made in year ending 31 December 2024

The Committee intends to issue a Performance Share Plan (PSP) award to the Executive Directors. Under the Policy long-term incentive measures will be reviewed annually by the Committee and will be designed to drive Hikma business strategy and align with the delivery of value to shareholders. It is proposed that the following targets will be set for the 2024 award and measure over the period 1 January 2024 to 31 December 2026:

Measure	Rationale	Weighting	Threshold	Target	Maximum
Core compound EPS growth for 1 January 2024 to 31 December 2026 ¹	Alignment with shareholders return	30%	1%	2%	5%
Percentage of revenue from new business over 3 years	Developing revenue from new business is a key element of Hikma's business plan	40%	12%	15%	18%
Relative TSR performance compared to FTSE 50-150 (excluding investment trusts)	Alignment with shareholders return	20%	Median	-	Upper quartile
Retention of employees measured by reduction in voluntary turnover measured against 2023 base number.	It is critically to Hikma's growth strategy that it retains key employees to drive the business.	10%	7%	10%	13%

1. The main reason for a lower EPS CAGR target, compared to the 2023 award of 8%, is that 2023 provided significant profits resulting from the exclusivity period of Sodium Oxybate.

It is proposed that a PSP share award of 300% is made to the Executive Directors subject to the measures in the above table.

Closing statement

We have continued to develop our approach to remuneration reporting this year and the Committee hopes that this has aided your understanding of our Remuneration Policy and practices. Please do not hesitate to contact me if you have any questions or observations.

For and on behalf of the Remuneration Committee.

Nina Henderson

Chair of the Remuneration Committee
21 February 2024

Other statutory disclosures

Directors' report and Strategic report

The Directors' report and Strategic report for the year ended 31 December 2023 comprise pages 80 to 137 and pages 1 to 79. This report forms the management report for the purposes of the Disclosure and Transparency Rules. Readers are asked to cross refer to the other sections of the Annual Report to the extent necessary to meet Hikma's reporting obligations as follows (statements that are not applicable have been excluded):

- Likely future developments of Hikma: Strategic report and the Business and financial review, pages 1 to 36
- Related party transactions: Note 38 to the Group financial statements, page 190
- Going concern statement: Risk management report, page 75
- Longer-term viability statement: Risk management report, page 76
- Greenhouse gas emissions: Sustainability report, pages 50 to 53
- Financial instruments and risk: Notes 2 and 29 to the Group financial statements, pages 155 and 178 to 183
- Stakeholder and S.172 Statement, pages 20 to 25

For the purposes of Listing Rule 9.8.4, shareholders are directed in accordance with the following table to notes in the consolidated financial statements:

Item	Reference
Interest capitalised and associated tax relief	See Notes 11 and 12 on pages 163 to 166
Publication of unaudited financial information	None
Details of long-term incentive schemes	See Note 37 on pages 187 to 189
Waiver of emoluments by Directors	None
Allotment of securities for cash, including by major subsidiaries	None
Controlling entities/parent undertakings of Hikma	None
Contracts of significance with a material interest of a Director or controlling shareholders	None
Services provided to Hikma by controlling shareholders	None
Arrangements by which shareholders have agreed to waive current or future dividends	See Note 31 on pages 183 and 184
Controlling shareholder agreements and associated obligations	Hikma does not have any controlling shareholders within the meaning of the Listing Rules

Principal activity

The principal activities of Hikma are the development, manufacture and marketing of a broad range of generic, branded and in-licensed pharmaceutical products. Hikma's pharmaceutical operations are conducted through three business segments: Injectables, Branded and Generics. The majority of Hikma's operations are in the MENA region, North America and Europe. Hikma does not have overseas branches within the meaning of the Companies Act 2006 (the Act).

Hikma's net sales, gross profit and segmental results are shown by business segment in Note 5 to the Group financial statements on pages 158 and 159.

Results

Hikma's reported profit attributable to shareholders of Hikma Pharmaceuticals PLC for the year in 2023 was \$190 million (2022: \$188 million).

Dividend

The Board is recommending a final dividend of 47 cents per share (2022: 37 cents per share) bringing the total dividend for the full year to 72 cents per share (2022: 56 cents per share). The proposed dividend will be paid on 3 May 2024 to eligible shareholders on the register at the close of business on 22 March 2024, subject to approval at the Annual General Meeting on 25 April 2024.

Post-balance sheet events

On 1 February 2024, the Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. These cases relate to the manufacture and sales of prescription opioid medications. The agreed upon settlement is not an admission of wrongdoing or legal liability. The Group booked a total provision of \$129 million to cover for the expected settlement amount for all related cases in North America. The provision is considered an adjusting post balance sheet event and is recognised in the consolidated financial statements for the year ended 31 December 2023.

Creditor payment policy

Hikma's policy, which is also applied by all subsidiaries and will continue in respect of the 2024 financial year, is to settle terms of payment with all suppliers when agreeing the terms of each transaction and to ensure that we abide by those terms of payment. Trade creditors of Hikma at 31 December 2023 were equivalent to 76 days' purchases (2022: 83 days), based on Group trade payables multiplied by 365, divided by trailing 12 months Group cost of goods sold.

Donations

During the year Hikma made charitable donations of over \$6.0 million (2022: \$5.0 million):

Type of donation	Amount donated in 2023 (\$)	Amount donated in 2022 (\$)
Local charities serving communities in which Hikma operates	1,249,424	1,022,963
Medical (donations in kind)	4,906,573	4,326,648
Political donations and expenditure	nil	nil
Total	6,155,997	5,349,611

Hikma's policy prohibits the payment of political donations and expenditure within the meaning of the Act.

Other statutory disclosures continued

Research and development

Hikma's investment in research and development (R&D) during 2023 represented 5.2% of Group revenue (2022: 5.7%). Further details on Hikma's R&D activities can be found on pages 12 to 19.

Significant contracts

Due to the nature of Hikma's business, members of Hikma are party to agreements that could alter or be terminated upon a change of control of Hikma following a takeover. However, none of these agreements is individually deemed to be significant in terms of its potential impact on the business of Hikma taken as a whole. The Directors are not aware of any agreements between Hikma and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid. There are no persons, with whom Hikma has contractual or other arrangements, who are deemed to be essential to the business of Hikma.

Directors

It is the Board's policy that all Directors should retire and, should the Director wish to continue in office, seek election or re-election on an annual basis. Accordingly, Said Darwazah, Mazen Darwazah, Ali Al-Husry, John Castellani, Nina Henderson, Cynthia Flowers, Douglas Hurt, Laura Balan, Victoria Hull and Deneen Vojta will seek re-election at the AGM and Riad Mishlawi will seek election at the AGM.

Indemnities and insurance

Hikma maintains an appropriate level of Directors' and Officers' insurance. The Directors benefit from qualifying third-party indemnities made by Hikma that were in force during the year and as at the date of signing this report. These indemnities are uncapped in amount in relation to losses and liabilities which Directors may incur to third parties in the course of the performance of their duties.

Auditors

Each person who was a Director of Hikma at the date when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which Hikma's auditors are unaware
- the Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that Hikma's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Workforce engagement

Nina Henderson is the designated Non-Executive Director to engage with the workforce under the UK Corporate Governance Code 2018 (the Code) and undertook workforce engagement activities, as described on pages 22 and 83. Hikma continued to operate its existing workforce engagement mechanisms which include intra-Group communications, social networking, an open door policy for legitimate union representatives and the operation of share incentive arrangements. Hikma does not discriminate against a potential employee on grounds of disability and will make reasonable adjustments to employ and develop disabled people.

Stakeholder engagement

Further information on the Board's engagement with stakeholders is detailed in our Section 172 Statement on pages 20 to 25.

Equity

Capital structure

Details of the issued share capital, together with movements in the issued share capital during the year, can be found in Note 31 to the Group financial statements on pages 183 and 184. Hikma has one class of Ordinary Shares of 10 pence each (Shares) which carries no right to fixed income. Each share carries the right to one vote at general meetings of Hikma.

As at 31 December 2023:

Type	Nominal value	In issue	Issued during the year	Cancelled during the year
Shares	10 pence	233,914,604	845,519	–

During 2023, Hikma issued Shares solely pursuant to the exercise of options under the 2005 Long Term Incentive Plan, 2009 Management Incentive Plan, 2018 Management Incentive Plan, and 2014 Executive Incentive Plan.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provision Hikma's Articles of Association (the Articles) and prevailing legislation.

The Directors are not aware of any agreements between holders of Hikma's shares that may have resulted in restrictions on the transfer of securities or on voting rights. No person has any special rights with regard to the control of Hikma's share capital and all issued shares are fully paid.

Share buyback

At the Annual General Meeting (AGM) on 28 April 2023, shareholders gave the Directors authority to purchase shares from the market up to an amount equal to 10% of Hikma's issued share capital at that time. This authority expires at the earlier of 28 July 2024 or the 2024 AGM, which is scheduled for 25 April 2024. During 2023 no Ordinary Shares were purchased by the Company.

During 2022, the Company purchased and cancelled 12,499,670 Ordinary Shares.

During 2020, the Company purchased 12,833,233 Ordinary Shares from Boehringer Ingelheim (the 'Treasury Shares'). The Treasury Shares are held in treasury and, accordingly, do not receive dividends and do not exercise voting rights.

Share issuance

At the AGM on 28 April 2023, the Directors were authorised to issue relevant securities up to an aggregate nominal amount of £7,342,093 and to be empowered to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £4,405,256 at any time up to the earlier of the date of the 2024 AGM or 28 July 2024. The Directors propose to renew these authorities at the 2024 AGM for a further year. In the year ahead, other than in respect of Hikma's obligations to satisfy rights granted to employees under its various share-based incentive arrangements, the Directors have no present intention of issuing any additional share capital of Hikma.

Details of the employee share schemes are set out in Note 37 to the Group financial statements on pages 187 to 189. The Hikma Pharmaceuticals Employee Benefit Trust (EBT) holds no shares. The EBT has waived its right to vote on any shares it holds and also to its entitlement to a dividend. Other than the EBT and the Treasury Shares, no other shareholder has waived the right to a dividend.

Diversity disclosures pursuant to Listing Rule 9.8.6R

In April 2022, the UK Financial Conduct Authority (FCA) published its final rules to increase the disclosure of diversity on listed company boards and executive committees. This requires listed companies to disclose in a prescribed format information on the diversity of their board and executive committee. The Listing Rules (to which Hikma is subject) have been amended to require disclosure of the prescribed information and the new requirement applies to financial years beginning on or after 1 April 2022.

The Listing Rules require listed companies to state whether they have met certain targets on board diversity. The information in the table below is as at 31 December 2023, which is the date selected as the reference date within Hikma's accounting period. The targets set out in the Listing Rules are that:

1. at least 40% of the individuals on its board of directors are women;
2. at least one of the following senior positions on its board of directors is held by a woman (the chair, SID, CEO or CFO); and
3. at least one individual on its board of directors is from a minority ethnic background.

As at the reference date, the Board of Hikma meets all three targets.

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ¹	Number in Executive Management	Percentage of Executive Management
Men	7	58%	2	7	88%
Women	5	42%	1	1	12%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ¹	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	8	67%	1	4	50%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	4	33%	2	4	50%
Not specified/prefer not to say	–	–	–	–	–

Between 31 December 2023 and 21 February 2024, being the date at which this report is signed, Julie Hill was appointed to the Executive Committee. This change does not affect Hikma's ability to meet any of the targets detailed above. Each member of the Board or Executive Management has confirmed their gender and ethnic background to the Company Secretary and the above data has been collated from those records.

1. The CFO is not appointed to the Board

Other statutory disclosures continued

Annual General Meeting

The AGM of Hikma will be held at Sofitel St James, 6 Waterloo Place, London SW1Y 4AN on Thursday 25 April 2024, starting at 11.00 am. The Notice convening the meeting is given in a separate document accompanying this document, and includes a commentary on the business of the AGM, explains how shareholders can take part and includes notes to help shareholders exercise their rights at the meeting.

Hikma provides for the vote on each resolution to be by poll rather than by show of hands. This provides for greater transparency and allows the votes of all shareholders to be counted, including those cast by proxy. The level of proxies lodged for each resolution is projected onto a screen as each resolution is put to the meeting. A 'vote withheld' explanation is included in the Notice.

Powers of the Directors

The powers of the Directors are determined by the Articles, the Code and other relevant UK legislation. The Articles give the Directors the power to appoint and remove Directors. The power to buy back, issue and allot shares contained in the Articles is subject to shareholder approval at each AGM. The Articles, which are available on the website, may only be amended by special resolution of the shareholders.

Substantial shareholdings

As at 31 December 2023, Hikma had been notified pursuant to sections 89A to 89L of the Financial Services and Markets Act 2000 and Rule 5 of the Disclosure and Transparency Rules of the UKLA of the following interests in the voting rights attaching to the share capital of Hikma:

Name of shareholder	Number of Shares	Percentage held ¹
Darhold Limited ²	60,000,000	27.14%
Wellington Management Group LLP	11,556,882	5.23%
BlackRock Group	10,003,617	4.53%

1. The percentages detailed relate to voting rights in the Company. Therefore, the Treasury Shares and any shares held by the EBT have been excluded from the denominator for this calculation

2. Said Darwazah, Mazen Darwazah and Ali Al-Husry, each being a Director and shareholder of Hikma, are shareholders and Non-Executive Directors of Darhold Limited. See page 127 for details of their interests in Darhold Limited

Between 31 December 2023 and 21 February 2024, being the date at which this report is signed, no changes in substantial shareholdings were notified to Hikma.

Pre-emptive issue of shares

During the year under review, and in the period since the date of Hikma's Initial Public Offering on 1 November 2005, Hikma did not issue any shares pursuant to an authority given by shareholders at an AGM to issue shares for cash on a non-pre-emptive basis, other than in respect of the placing undertaken on 17 January 2008.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). In preparing the Group and Company financial statements, the Directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Electronic communications

Hikma's preference is to communicate through Hikma's website, rather than in paper form. Shareholders are encouraged to visit the website to access Hikma's Annual Reports and half-year and final results presentations. Shareholders who wish to receive paper communications can elect to do so using our shareholder portal (www.hikmashares.com) or through Hikma's Registrar, Link Group.

The Directors' report was approved by the Board of Directors and signed on its behalf by:

Said Darwazah
Executive Chairman
21 February 2024

Riad Mishlawi
Chief Executive Officer
21 February 2024