

## ENGAGEMENT FACTSHEET

# Hikma Pharmaceuticals

### ENGAGEMENT RATIONALE

Hikma Pharmaceuticals develops and sells pharmaceuticals. Hikma received a BBB rating from MSCI ESG and a 'high risk' rating from Sustainalytics. The high risk rating at Sustainalytics is primarily due to its sector, which is seen as high-risk by this service provider. However, within its sector Hikma is rated top quartile. We saw several opportunities for Hikma to improve, mainly related to disclosure of governance related items.

### BACKGROUND

Given the high-risk rating we decided to review the elements that lead to this score and engage with the company to see if improvements could be achieved. We identified several governance related items and discussed this with the company. We shared the more detailed disclosure with Sustainalytics.

### THEME FOR ENGAGEMENT

- x Product Governance, Business Ethics, Access to Basic Services

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### ENGAGEMENT OBJECTIVES

- x Better understanding of Product Governance (certification of facilities)
- x Checking disclosure on Business Ethics
- x Reviewing policies related to Access to Basic Services

## DEVELOPMENT



## MILESTONE



### ENGAGEMENT RESULTS

- x We believe it is more relevant to look at approval of facilities from authorities such as US FDA and EMA (European Medicines Authority) rather than ISO 9001 certifications. Hikma has 11 US FDA-inspected plants and 11 EMA-inspected plants. The plants are inspected at least once a year.
- x Hikma highlighted the relevant public policies on Business Ethics including Whistleblowing. This has led to a better Sustainalytics score on Ethical Marketing and Promotion, which is related to Product Governance. We shared Sustainalytics' suggestions on potential policies that could improve Basic Access to Medicine, however Hikma and Sustainalytics disagree on the relevance of different programs.
- x Hikma has been upgraded by MSCI ESG to 'A' from 'BBB'. The improvements in its employee management programs and governance structure drove the upgrade. We believe our engagement efforts and a proactive approach from Hikma with the ESG data providers helped to achieve a higher rating.

### NEXT STEPS

- x We will review the next updates from Sustainalytics and the company that could further improve the ESG profile.



### COMPANY

Hikma Pharmaceuticals sells and manufactures generic pharmaceuticals. It operates under three divisions: branded products, injectables, and global generics.

### COUNTRY

United Kingdom

### SECTOR

Healthcare

### MARKET CAP

Small Cap

### ISSUE

We saw several opportunities for Hikma to improve, mainly related to disclosure of governance related items.

### MATERIALITY

The high risk rating at Sustainalytics is primarily due to its sector, which is seen as high risk due to potential issues on Product Governance.

### RISK

- x Product Governance
- x Business Ethics
- x Access to Basic Services

### MSCI ESG RESEARCH

UN Global Compact: Pass  
ESG Rating: A