

PLIVA CROATIA Ltd.

Global Compact Annual Communication on Progress for 2010 - 2011

Basic Information

Company: PLIVA CROATIA Ltd.
Country: Croatia
Membership date: March 2007
Sector: pharmaceutical industry
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Contact Information

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Brief description of nature of business

There are only a few companies in Croatia or worldwide which can take pride in the long tradition that PLIVA can. In its history which spans over more than 90 years PLIVA has manufactured hundreds of different high quality medicines and made an exceptional contribution to the treatment of patients in Croatia and globally. Its experts, researchers and scientists have also greatly contributed to scientific and technological developments.

After decades of intensive development, PLIVA is today the largest pharmaceutical company in Croatia and one of the leading companies in Southeast Europe. With about 2000 employees, PLIVA is also among the major economic entities in Croatia and one of the country's leading exporters. Since 2008 PLIVA has operated as a member of Teva, one of the largest pharmaceutical companies in the world, and PLIVA's site in Zagreb has become one of the strategic production and research and development sites for the Teva Group.

PLIVA has state-of-the-art development and manufacturing capacities and offers a broad portfolio of high-quality generic medicines with superior therapeutic solutions for a large number of European and international markets. In addition to finished dosage forms, PLIVA also manufactures a large number of active pharmaceutical ingredients and is the only pharmaceutical company in Croatia and one of the few in the region with vertically integrated production.

Over the last several years PLIVA has doubled its production of finished dosage forms. With more than 90 different molecules, PLIVA manufactures about 1000 various products for the USA, the European Union and other markets all around the world.

Through both its current and future efforts PLIVA wants to be available to an even greater number of patients and a high-quality and reliable partner to healthcare systems in Croatia and Southeast Europe.



CEO Commitment

H.E. Ban Ki-Moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

PLIVA CROATIA Ltd.: Participation in the UN Global Compact

I am pleased to confirm that PLIVA CROATIA Ltd., a member of the Teva Group, one of the largest global pharmaceutical companies headquartered in Israel, supports the Ten Principles of the United Nations Global Compact in respect of human rights, labor rights, the environment and anti - corruption.

With more than 90 years of successful pharmaceutical experience, PLIVA is dedicated to providing its customers with high quality, affordable medicines for a better quality of life. Aware of PLIVA's role in the Croatian healthcare system, PLIVA's Management Board pays special attention to compliance with business ethics, protection of human rights, product safety and work process safety, occupational health and safety and environmental protection, expecting each and every PLIVA employee to do the same. Both PLIVA's current and future efforts are focused on benefiting a large number of patients, and PLIVA wants to remain a high quality and reliable partner to healthcare systems in Croatia and across Southeast Europe.

PLIVA is one of the few companies in Croatia that has published a sustainable development report for ten consecutive years. The Sustainable Development Reports for 2010 and 2011 cover economic, society and environmental performance indicators. They have been drafted in line with the 2006 Global Reporting Initiative guidelines. These reports are intended for all PLIVA's stakeholders and they are publicly available. The indicators described in our reports demonstrate that we are firmly dedicated to the principles and objectives of the UN Global Compact.

Our second Communication on Progress, which is drafted in line with the UNGC guidelines, shows PLIVA's additional efforts invested in compliance with and our continued commitment to the ten principles of the Global Compact.

Sincerely yours,


Tihomir Orešković

President of Management Board
PLIVA CROATIA Ltd.

I. HUMAN RIGHTS

PRINCIPLE 1 - BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS WITHIN THEIR RESPECTIVE AREAS OF INFLUENCE

PRINCIPLE 2 - MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Policies

The Republic of Croatia ratified all basic UN documents as well as those of the Council of Europe, including the European Social Charter and the European Convention on Human Rights. It also ratified 58 ILO conventions, including all basic conventions (29, 87, 98, 111 and 182). They are all implemented in Croatia, either as transposed into the Croatian laws and regulations or directly because ratified conventions and their effects prevail over Croatian laws and regulations. The Republic of Croatia draws and submits regular reports on their implementation to the UN, Council of Europe and ILO.

In addition to its full compliance with the Croatian legislation, and consequently the aforementioned international treaties and conventions, PLIVA has adopted its own bylaws stipulating the protection of human rights in the field of labor. Its general bylaw covering this field is the Code of Business Conduct, while some other bylaws detail the procedures for employee protection, especially non-discrimination procedures.

Implementation

Additionally, in September 2009 PLIVA adopted Teva's Code of Conduct which prohibits discrimination and harassment, alcohol and substance abuse and workplace violence, and which lays down employee privacy and environmental protection and occupational safety and health.

Labor rights, as part of basic human rights, and the mechanisms and procedures for their protection, are integral parts of the training attended by all new employees, including new managers. The Managerial Manual contains all guidelines and procedures defining the actions to be taken in order to avoid the violation of employee rights.

The Teva Group also has a confidential hotline for reporting any suspected violation of the code of conduct.

The level of rights stipulated by PLIVA's Collective Agreement is higher than that stipulated by the law as far as periods of notice, severance packages, preventive medical examinations for all employees, etc., are concerned. In addition to employee allowances stipulated by the Collective Agreement, PLIVA also grants extraordinary one-off allowances to socially challenged employees, particularly those affected by natural disasters. These allowances are subject to the proposal by a social worker and approval by an appointed manager.

II. LABOR STANDARDS

PRINCIPLE 3 - BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4 - THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR

PRINCIPLE 5 -THE EFFECTIVE ABOLITION OF CHILD LABOR; AND

PRINCIPLE 6 - THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND CHOICE OF OCCUPATION.

Policies

For Croatian standards, PLIVA has a long collective bargaining tradition. The first Collective Agreement was signed as early as in 1996. In addition to compliance with the Croatian legislation, PLIVA has incorporated the provisions on the freedom of establishment of trade unions into its Collective Agreement (Article 64), and thus undertaken to ensure the implementation of all rights from the field of trade unions stipulated by the Constitution of the Republic of Croatia, International Labor Organization conventions, laws and collective agreements.

Three trade unions are currently active in PLIVA, with membership covering 43% of its employees. It is important to mention that collective agreements cover both trade union members and all other employees.

As we have already mentioned, the Republic of Croatia has adopted the provisions on the prohibition of forced and child labor and has accordingly ratified ILO Conventions 29 and 182. The Croatian Labor Act also prohibits the employment of persons below the age of 16, or 18 if they are regular pupils or students. Additionally, PLIVA's Bylaw on Occupational Safety and Health stipulates that the company cannot employ persons below the age of 18, which is a legal age in Croatia.

PLIVA has also ensured a high level of responsibility for employee rights protection, i.e. requests for the protection of rights are filed directly with the President of the Management Board.

Implementation

All Human Resources policies and procedures (SOPs) are posted on PLIVA's Intranet and are available to all employees. They are updated every two years or more frequently, as appropriate.

Lifelong learning: PLIVA is committed to enable each employee the opportunity to acquire the knowledge requisite for their place of work. We make sure that the employees occupying expert positions attend conferences and symposia and have access to the relevant literature covering their fields of work. Also, a significant number of employees attend either doctoral or specialist postgraduate studies.

In addition to training focused on the acquisition of expert knowledge, we invest considerable resources in the acquisition of general and managerial competencies, learning of languages, and improvement of computing skills. In 2010, PLIVA CROATIA invested HRK 5.35 million in training, or on an average HRK 2,910.00 per employee. This amount does not include literature costs, which amounted to an additional HRK 382,000.00. In 2011, HRK 3.45 million or HRK 2,036.00 per employee was earmarked for training (literature costs amounted to an additional HRK 683,000.00).

The share of women and men in the total number of employees

2010

SEX	SHARE
Women	55.59%
Men	44.41%

2011

SEX	SHARE
Women	56.54%
Men	43.46%

Employees by age and sex

2010

AGE	SHARE IN TOTAL EMPLOYEE NUMBER	SEX	SHARE
Up to 30	14.71%	F	55.93%
		M	44.07%
30-40	29.97%	F	61.64%
		M	38.36%
40-50	42.45%	F	55.46%
		M	44.54%
50-60	12.53%	F	42.61%
		M	57.39%
Above 60	0.33%	F	0%
		M	100.0%

2011

AGE	SHARE IN TOTAL EMPLOYEE NUMBER	SEX	SHARE
Up to 30	15.92%	F	45.19%
		M	54.81%
30-40	30.48%	F	37.33%
		M	62.67%
40-50	39.45%	F	42.60%
		M	57.40%
50-60	14.09%	F	56.90%
		M	43.10%
Above 60	0.06%	F	0%
		M	100.0%

Qualification structure

Year	M.Sc. and Ph.D degrees	Graduate degree or 2-year post secondary schooling	High school qualifications	Unskilled, semi-skilled and skilled workers
2010	7.19%	36.78%	45.72%	10.29%
2011	7.48%	40.27%	41.86%	10.37%

Since the prohibition of discrimination is prescribed by several laws and regulations of the Republic of Croatia, PLIVA has additionally defined the procedure for receiving and handling harassment and sexual harassment complaints. It appointed two people authorized to receive and handle such complaints. In 2010 and 2011, no harassment or sexual harassment complaints were submitted.

We would like to emphasize the fact that PLIVA fully complies with the principles of equality of salaries for men and women, provided that they occupy identical positions as categorized by the relevant bylaws. This categorization is non-discriminating, because it takes into account the nature and characteristics of particular job positions, while it disregards sex, age or any other characteristics of employees occupying such positions.

PLIVA continuously focuses on occupational safety and health, and it is the only company in Croatia having a special Collective Agreement on Occupational Safety and Health. Its commitment to safety at work is reflected in the appointment of occupational safety and health compliance officers, constant improvements in safety at work through safe working conditions, reduction of occupational injuries and prevention of occupational diseases, and the creation of a pleasant and satisfying working environment.

Additionally, the Collective Agreement obliges PLIVA, as an employer, to ensure preventive medical examinations for all its employees. Until the end of 2010, more than 80% of PLIVA employees had these examinations. In 2011, PLIVA initiated a pilot project – physical activity in the workplace.

Employment

While Croatia continues to record an increase in unemployment rates, PLIVA is one of the few companies recording a growth in the number of new employees – more than 100 in 2011.

New projects

New employment will primarily result from an increased production volume and a higher number of new projects in different business segments and processes. New investments will also result in new jobs and the employment of various experts. These activities will also affect PLIVA's business partners and suppliers.

In 2012 PLIVA plans to organize preventive medical exams for its employees and sign supplementary health insurance policies for them.

III. ENVIRONMENT

PRINCIPLE 7 - BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

PRINCIPLE 8 - UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

PRINCIPLE 9 - ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Policies

As early as in 2004, PLIVA adopted its Sustainable Development Charter which defines the basic sustainable development principles it has embedded in all key segments of its operations, such as a commitment to environmental protection through the quality use of all resources, an active contribution to the long-term social, economic and ecological stability of the communities to which it belongs, the identification and assessment of potential threats in order to minimize the related risks, and the use of raw materials, products and processes with minimum adverse environmental impact.

PLIVA implements various environmental protection measures by monitoring, supervising and optimizing its operations, and in the development of new products and technologies and the design and reconstruction of its existing production plants and facilities. The environmental impact of each and every investment is analyzed in order to achieve an optimal compliance between economic and environmental requirements.

Production processes and materials are controlled in line with the latest knowledge and standards of environmental protection, which results in the fulfillment of requirements of the Croatian laws and regulations and those of PLIVA's stakeholders.

Implementation

In an effort to continuously improve its environmental impact and reduce pollution, we work on the control of hazardous environmental emissions, reduction of wastewaters, and reduction of the consumption of energy and other non-renewable sources. In order to optimize wastewater quality, PLIVA continuously improves the pre-treatment procedures for all production plants. The goal of these improvements is to comply with any potentially more stringent regulatory requirements in the future.

Although production volumes significantly increased in 2011, the quantity of discharged wastewater considerably decreased compared to 2009 and 2010. We continued to optimize our production and wastewater pre-treatment processes in order to reduce the total chemical oxygen demand (COD) of PLIVA's wastewater, which consequently decreased in 2011 despite increased production.

In 2010 and 2011 PLIVA continuously improved its hazardous and non-hazardous waste management. PLIVA also sought solutions in production processes in order to build a stronger, more effective and more cost-efficient waste management system in the company. Employees in all production facilities were continuously trained accordingly, and the authorized waste management contractors were audited.

As sustainable development and environmental protection have been in focus of many projects over the last ten years, PLIVA has made significant investments in order to rationalize, modernize and improve its production processes, while continuously raising environmental protection standards in the interest of both PLIVA and the local community.

A 200 million USD worth and one of the largest investment cycles in its history, with the aim of expanding production capacities at the Savski Marof and Zagreb sites, is underway. The Savski Marof investment has been one of the largest greenfield investments in production in Croatia over the last several years. The project covers the construction of in-house wastewater and process gas treatment facilities and the expansion of the multipurpose synthesis facility. In addition to cleaner production, the wider community will also benefit from the opening of about 100 new jobs at the site.

The construction of both facilities is proceeding as planned and PLIVA believes that these projects could considerably contribute to the growth of production in Croatia, while also increasing exports to highly competitive international markets and creating new employment. It is worth mentioning that these projects could also increase the potential for more significant engagement of domestic suppliers with whom PLIVA, as the largest pharmaceutical company in Croatia, cooperates.

The investments in environmental protection include BET (Best Available Techniques) chosen in line with IPPC Directive and best practice in the European Union.

New project

A new investment cycle, worth about USD 200 million and one of the biggest in the company's history, is underway. The investment is earmarked for the new production facility for active pharmaceutical ingredients at PLIVA's site in Savski Marof and the construction of environmental facilities compliant with the IPPC Directive.

The construction of the production facility for oral solid forms at the site in Zagreb, with the capacity of producing two billion tablets, is underway. The investment also covers the production facility for injectable forms.

IV. ANTI-CORRUPTION

PRINCIPLE 10 - BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

In its daily operations PLIVA applies high anti-corruption standards in line with the relevant corporate policies, i.e. those of Barr until 2008 and since 2008, when it became a member of the Teva Group, Teva's Anti-Corruption Policy. Teva is committed to operating in line with applicable laws and regulations and regulatory requirements relevant to its activities. Consequently, it drafted its own FCPA Policy, which is a set of rules on gift giving, hospitality at conferences and symposia, engagement of contractors and donations to state officials and institutions.

This Policy contains detailed guidelines for the compliance with bribery and anti-corruption laws which are applicable to all Teva's activities across the world, as well as for the compliance with the requirements of local laws and regulations, and Teva's regional and local policies. It also provides contact info about FCPA compliance officers on all markets.

We should here mention that every single employee at PLIVA is trained in Teva's Code of Ethics and completes a refresher and test every year.

Some parts from its Code of Ethics may be found in [UNGC Communication on Progress](#), posted on Teva's webpage www.tevapharm.com.

Implementation

As the pharmaceutical industry is rather specific, countries are trying to regulate in detail the field of advertising and promotion of medicinal products, and to monitor whether the relevant ethical principles are applied.

Although the Croatian Ordinance on the Manner of Advertising Medicinal Products and Homeopathic Medicinal Products defines all basic issues, in April 2010 PLIVA concluded the Agreement on Ethical Notification about Medicinal Products with the Croatian Institute for Health Insurance. This Agreement additionally specifies the method for notifying the medical community about medicinal products and the conditions to be satisfied in detailing PLIVA's products by its medical representatives to doctors and pharmacists.
