

PLIVA CROATIA Ltd.

Global Compact Annual Communication on Progress for 2012 - 2013

Basic Information

Company: PLIVA CROATIA Ltd.
Country: Croatia
Membership date: March 2007
Sector: pharmaceutical industry
Date of submission of COP: 26th May 2014

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.

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. 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.

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.

With more than 200 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 eleven consecutive years. The Sustainable Development Report for 2012 covers economic, society and environmental performance indicators. It has been drafted in line with the 2006 Global Reporting Initiative guidelines. These reports are intended for all PLIVA's stakeholders and employees 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 third 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.



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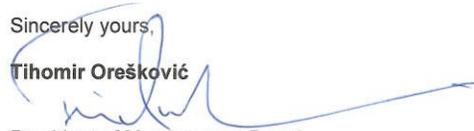
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President of Management Board
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I. HUMAN RIGHTS

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' 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 44% 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.

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 200 during 2012 and 2013. Na dan 31. 12. 2012. Godine u PLIVI je bilo zaposleno 1824 zaposlenih, a na dan 31. 12. 2013. 1931.

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

2012

SEX	SHARE
Women	56.6%
Men	43.4%

2013

SEX	SHARE
Women	57%
Men	43%

Qualification structure

U obrazovnoj strukturi PLIVE na dan 31. 12. 2012. skoro polovinu čine zaposlenici s visokoškolskim obrazovanjem, magisterijem i doktoratom (više od 47%), dok taj postotak za 2013. iznosi čak 48,43%.

Kao i ranijih godina, i u 2012. godini nastavljena je tendencija povećanja udjela visokoobrazovanih kadrova, te smanjenja udjela niskokvalificiranih radnika u ukupnom broju zaposlenih. Od ukupnog broja novozaposlenih u 2012. godini najviše je zaposlenih jest na području istraživanja i razvoja i kontroli kvalitete. Od ukupnog broja novozaposlenih 107 (69%) ih je visoke stručne spreme dok je 37 (23%) srednje stručne spreme.

Zaposlenici PLIVE u prosjeku su tijekom 2012. godine proveli 21 sat na nekoj vrsti edukacije koje su pretežno bile usmjerene na razvoj stručnih i interpersonalnih kompetencija zaposlenika, dok su manjim dijelom proizlazile iz obveza definiranih zakonskim propisima i različitim internim procesima. Pored toga, zbog specifičnosti i regulatornih zahtjeva u farmaceutskoj industriji velika se pažnja posvećuje kontinuiranoj izobrazbi u području GMP-a kojom je obuhvaćeno oko 1200 zaposlenika, koji su u prosjeku dodatno na ovom obliku obrazovanja proveli 32 sata.

U 2012. godini najveći broj sati edukacije zaposlenici su proveli na stjecanju različitih stručnih, menadžerskih i interpersonalnih vještina (ukupno 34%), te zatim na edukaciji definiranoj različitim propisima (33%) i na usavršavanju stranih jezika (19%). Međutim, sa aspekta ukupnog

financijskog ulaganja u obrazovanje, najznačajnija sredstva su uložena u stjecanje specifičnih stručnih znanja (59% budžeta za obrazovanje) te razvoj menadžerskih i interpersonalnih vještina (15% budžeta).

<i>Stručna sprema</i>	<i>SPOL</i>	<i>broj</i>	<i>Udio</i>	<i>Ukupni broj</i>	<i>Udio u ukupnom broju</i>
NKV/0/0	M	14	34,15%	41	2,12%
	Ž	27	65,85%		
NKV/1/1	M	4	33,33%	12	0,62%
	Ž	8	66,67%		
PKV/III/2	M	21	47,73%	44	2,28%
	Ž	23	52,27%		
KV	M	54	65,85%	82	4,25%
	Ž	28	34,15%		
SSS	M	397	52,79%	752	38,94%
	Ž	355	47,21%		
VKV	M	22	100,00%	22	1,14%
	Ž	0	0,00%		
VŠS	M	25	58,14%	43	2,23%
	Ž	18	41,86%		
VSS	M	248	31,08%	798	41,33%
	Ž	550	68,92%		
MR	M	31	31,31%	99	5,13%
	Ž	68	68,69%		
DR	M	14	36,84%	38	1,97%
	Ž	24	63,16%		

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 2012 and 2013, 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.

Occupational safety and health

LIVA continuously focuses on occupational safety and health, and it among a few companies 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.

Healthy Workplace Project

Two years ago a new approach was developed as part of the Healthy Workplace Project. The objective was both to keep old activities and enable the creation and development of new activities and projects. The Healthy Workplace Project integrates all existing activities and offered new complementary activities, such as:

- Periodical medical examinations for employees working under the so-called “aggravated working conditions” - in accordance with the company’s legal obligation, all employees who will commence to work or who are working under aggravated conditions must undergo medical examination before commencement of work and in regular intervals during their employment; employees using computers more than 4 hours a day are also included in regular check-ups.
- Exercising to Health – PLIVA tailored exercises organized after work hours at PLIVA’s premises in Zagreb and Zaprešić (for employees working at the Savski Marof site) and conducted by physical therapists. Occupational medicine specialists highly commended this activity and confirmed that employees who exercised regularly showed better results at periodical medical examinations and were healthier.
- Dietary Habits – Healthy Nutrition - The Committee for Monitoring Food Quality was established following the engagement of the new food catering service provider for PLIVA’s restaurants. The Committee has introduced special measures to improve food catering services and organized staff training in order to ensure that healthy meals are provided in PLIVA’s restaurants. Additionally, the education about healthy dietary habits for employees was introduced. This is an area where the most significant progress can be seen and which we expect to develop even further.
- Organization of regular preventive physical examinations for all employees at least every two years – purpose: early detection of diseases. As already mentioned, regular preventive physical examinations are organized for all employees. The healthcare provider also offers medical examinations for employees’ family members at a minimum price.

New projects

The new activities we are planning to implement are:

1. Prevention of stress - Starting activities to prevent and reduce stress at work
 2. Organized outdoor activities for all employees that will combine healthy habits and work for local communities
 3. Education of employees about healthy dieting
 4. Start a new round of preventive physical examinations and achieve more than an 80% response among employees
 5. Challenge work patterns and start 55+ project that will take into consideration the needs of different generations of employees and that shall aim for full generational harmony.
-

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 and EU laws and regulations and those of PLIVA's stakeholders.

Implementation

Tijekom posljednje tri godine PLIVA je dovršila investicijskim ciklusom vrijednim više od 200 milijuna dolara, a najveći dio ulaganja odnosio se na postrojenja za zaštitu okoliša i gradnju novih proizvodnih pogona. U listopadu 2013. otvoren je novi pogon za proizvodnju suhih oralnih oblika lijekova koji omogućuje bitno povećanje kapaciteta u proizvodnji tableta i kapsula i izravno će utjecati na povećanje izvoza. Ovaj projekt obuhvaća i značajno povećanje kapaciteta za proizvodnju sterilnih oblika lijekova. Osnovna obilježja pogona su inovativna tehnologija i trenutno najmodernija i najsofisticiranija proizvodna oprema dostupna u svijetu. Navedena proizvodnja iziskuje posebne uvjete kontrole proizvodnih prostora i okoliša i predstavlja najosjetljiviji i jedan od najzahtjevnijih oblika farmaceutske proizvodnje uopće.

Nekoliko mjeseci ranije na svojoj drugoj proizvodnoj lokaciji PLIVA je dovršila izgradnju vlastitog pogona za obradu otpadnih voda, obradu procesnih plinova te proširila kapacitete za proizvodnju aktivnih farmaceutskih supstancija za sva svjetska tržišta. U novo postrojenje ugrađene su Najbolje Raspoložive Tehnologije prema uvjetima iz objedinjenih uvjeta zaštite okoliša. To je potvrda da idemo prema ekološki prihvatljivim tehnologijama koje će minimizirati utjecaj na okoliš te istodobno osigurati racionalno korištenje svih potrebnih resursa. Sve to bitno pridonosi čistijoj proizvodnji i smanjenju utjecaja na i emisija u okoliš. Samo ulaganja u postrojenja i opremu namijenjenu zaštiti okoliša iznose više od 20 milijuna dolara.

Uređaj za obradu otpadnih voda temelji se na MBR tehnologiji (Membranski bioreaktor). Nakon odvajanja tokova potencijalno toksičnih voda za uređaj, otpadne vode se obrađuju na uređaju do kvalitete vode za ispuštanje u sustav javne odvodnje.

Puštanjem u rad uređaja za obradu otpadnih voda došlo je do smanjenja koncentracija velikog broja pokazatelja onečišćenja u otpadnim tehnološko-sanitarnim vodama.

Također je optimizacijom proizvodnih procesa i unaprjeđenjem predtretmana otpadnih voda u samim pogonima smanjila se količina ispuštenih otpadnih voda i ukupno opterećenje PLIVINIH otpadnih voda organskim tvarima (KPK) u 2013. godini u odnosu na 2012. godinu.

Puštanjem u rad uređaja za obradu plinova koji se temelji na regenerativno-termičkoj oksidaciji (RTO) u 2013. godini smanjene su sve vrijednosti emisija otpadnih plinova znatno ispod graničnih vrijednosti.

Prepoznati značajniji okolišni utjecaji vezani za proces proizvodnje osnovnih farmaceutskih proizvoda: emisije u zrak i vode, potrošnja vode i energije te opasan i neopasan otpad, kao i razina buke i postojanje neugodnih mirisa u slijedećem periodu nastojati će se još više smanjiti zbog očuvanja prirodnih resursa i smanjenja utjecaja na okoliš na najmanju moguću mjeru.

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.

Tevina Globalna politika o suzbijanju korupcije definira globalne standarde i kontrolne mehanizme kojima se osigurava integritet Tevinog poslovanja te suzbija korupcija. Tevina Globalna politika o odnosima s predstavnicima zdravstvene zajednice definira globalne standarde vezane uz odnose s predstavnicima zdravstvene zajednice, a ti odnosi uključuju i promidžbene i nepromidžbene aktivnosti.

Primjenom Tevine Globalne politike o odnosima s državnim službenicima upravlja se potencijalnim visokorizičnim odnosima s državnim službenicima koji nisu predstavnici zdravstvene zajednice.

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.

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

Implementation

Navedene se politike primjenjuju na sve zaposlenike. 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.

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.
