

PLIVA CROATIA Ltd.

Global Compact Annual Communication on Progress for 2016 - 2017

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 the nature of business

PLIVA, the leading pharmaceutical company in Croatia, was founded 96 years ago, in 1921. Since 2008 PLIVA has been an important member of the Teva Group, one of the largest global pharmaceutical companies.

People are at the heart of everything we do, and our purpose is not only helping those who are ill, but also trying to make the healthy ones stay healthy. We care about sustainable healthcare, the wellbeing of our employees, the communities we operate in, and the environment we systematically take care of. For this reason every year we launch a large number of new, high quality generic drugs and therapeutic systems.

PLIVA's business activities include manufacturing finished forms of drugs and active pharmaceutical substances, commercial activities (marketing and sales on the Croatian and the SEE market) and research and development of generic drugs and active pharmaceutical substances. With its active pharmaceutical substances and intermediates PLIVA has been present in the most demanding US and European markets since mid-1960.

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.

Through both its current and future efforts PLIVA wants to be available to an ever greater number of patients, and be a good and reliable partner to healthcare systems in Croatia and Southeast Europe.

CEO Commitment

António Guterres
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 you 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, environment and anti-corruption.

In the past year PLIVA marked nearly a century of existence. With its long pharmaceutical tradition and experience, PLIVA has been affirming its commitment to the communities it operates in, by not only providing high quality drugs, which are the foundation of our business, but also by contributing to improving health, education and the quality of life in those communities.

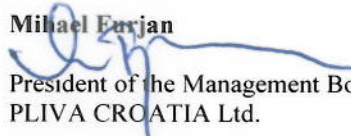
PLIVA is aware of its importance in the Croatian healthcare system, and as a member of the Teva Group it fully complies with the Code of Business Conduct laid down by Teva Pharmaceutical Industries Ltd., expecting from its directors, officials and employees to comply with high ethical standards as well as laws, rules and regulations. Compliance with business ethics, human rights protection, product and work process safety, occupational health and safety and environmental protection are among our top priorities. Both PLIVA's current and future efforts are focused on benefiting a large number of patients, and PLIVA wants to remain a good and reliable partner to healthcare systems in Croatia and across Southeast Europe.

In 2015 and 2016 PLIVA was focused on completing the largest investment cycle in the company's history and opened a new multipurpose synthesis production facility. With this investment cycle PLIVA has significantly increased its production capacities and created new jobs. New production facilities and BAT technologies greatly contribute to cleaner production and reduce the overall environmental impact.

As the largest pharmaceutical company and one of major exporters in Croatia, we are aware of our role in the Croatian pharmaceutical industry and the overall economic and healthcare system, as well as of our responsibility to our community. Through our activities we continually prove to be a good employer and a true leader in all segments of business and healthcare, always putting the patient at the centre of everything we do. We truly believe that our work and investment will continue to make us an important partner of the Croatian economy, healthcare and the community we live and operate in. Through our daily work we comply with Teva's highest ethical and corporate standards and all the international norms related to the pharmaceutical industry. Complying with highest management and operation standards is something we expect not only from our employees, but also partners we cooperate with. We believe that is the way to encourage the culture of social responsibility in our business environment.

Sincerely yours,

Mihael Furjan


President of the 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, as 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 detailing 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 rules governing employee privacy, 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, and preventive medical examinations for all employees 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, by the end of 2015, covering 39.6% of its employees. It is important to mention that collective agreements cover all 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.

In the area of managing rewards and benefits for employees, PLIVA has been continually following trends on the labour market. We compare salaries and benefits with those of our competitors' and we make analyses to be able to offer our employees competitive conditions, position ourselves on the labour market, and ensure fairness within the company.

Lifelong learning: PLIVA is committed to enabling each employee the opportunity to acquire the knowledge required for their place of work. We make sure that 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

PLIVA is one of the few companies in Croatia recording a growth in the number of new employees. On 31 December 2014, PLIVA had 1998 employees, compared to 31 December 2015 when the number went up to 2119 employees.

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

2014

GENDER	SHARE
Women	58%
Men	42%

2015

GENDER	SHARE
Women	59%
Men	41%

Qualification structure

As far as PLIVA's educational structure is concerned, on 31 December 2014 almost half of all employees had tertiary education, 49%, including master and doctorate degrees; in 2015 this percentage was more than 51%.

Educated and skilled employees are one of the most powerful sources of PLIVA's success and competitive strength on the labour market. For that reason managers and employees are encouraged to think about development in a much wider sense than just traditional seminar attendance, and to use development-oriented activities such as involvement in projects, expanding area of work, mentorship, visiting other departments or sites in Teva, knowledge sharing etc.

As for the number of training hours, in 2014 PLIVA's employees on average spent 40 hours in some form of training. In 2015 the average was 43 hours. Our employees regularly take part in seminars and conferences, lectures and trainings in the country and abroad, thus gaining new and broadening existing know-how and skills. In addition, within the company we organize interpersonal skills courses, language and IT courses and encourage pursuing studies. As a pharmaceutical company we are subject to very strict regulations, so we pay a lot of attention to continual training in the area of good manufacturing practice (GMP), including regular training on internal processes and standard operative procedures. Of the total training hours, around 50% is in the area of GMP.

From the financial aspect of investing in formal training, except for the GMP area, PLIVA has been investing significant funds in the education of its employees. In the past years PLIVA has allocated around 50% of its training budget for acquiring expert knowledge and around 15% for developing soft skills.

QUALIFICATIONS	GENDER	NUMBER	SHARE	TOTAL NUMBER	SHARE IN TOTAL NUMBER
Unqualified worker 0/0	M	13	37,14%	35	1,65%
	F	22	62,86%		
Unqualified worker /1/1	M	4	36,36%	11	0,52%
	F	7	63,64%		
Semi-qualified worker /2/2	M	19	47,50%	40	1,89%
	F	21	52,50%		
Qualified worker	M	54	67,50%	80	3,78%
	F	26	32,50%		
High school education	M	407	51,78%	786	37,09%
	F	379	48,22%		
Highly qualified worker	M	20	95,24%	21	0,99%
	F	1	4,76%		
3-year high education	M	31	50,82%	61	2,88%
	F	30	49,18%		
University education	M	283	30,53%	927	43,75%
	F	644	69,47%		
MS	M	29	29%	100	4,72%
	F	71	71%		
PhD	M	18	31,03%	58	2,74%
	F	40	68,97%		

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 2014 and 2015, no harassment or sexual harassment complaints were submitted.

It must be emphasized that PLIVA fully complies with the principles of gender equality when it comes to salaries, provided that identical positions as categorized by the relevant bylaws are occupied. 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

PLIVA continuously focuses on occupational safety and health, and is 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

Healthy Workplace is one of our projects we have been developing continually since 2012, with the aim of raising awareness among employees of how important it is to take care of one's health, even outside the scope of legal regulations. The project includes raising awareness of the issue, importance of good nutrition and physical activity, and regular check-ups. Three years ago a new approach was developed as a part of the Healthy Workplace Project. The objective was both to keep old activities and enable the creation and development of new ones. The Healthy Workplace Project integrates all existing activities and offers new complementary activities, such as:

- Periodical medical check-ups for employees working under the so-called “aggravated working conditions”: in accordance with the company’s legal obligation, all employees who will commence 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 a new food catering service provider for PLIVA’s restaurants. The Committee 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, education about healthy eating 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.
- Education of employees about a healthy diet is organized through monthly events called A Break for Cooperation, where we present different possibilities of healthy food preparation and consumption, and through monthly print leaflets (for example daily consumption of salt and sugar).
- Organizing regular preventive check-ups for all employees at least every two years, with the purpose of detecting diseases early. As already mentioned, regular preventive check-ups are organized for all employees. The healthcare provider also offers check-ups for employees’ family members at a minimum price.
- 2014 marked the beginning of the 55+ project that will consider the needs of different generations of employees, with the aim of achieving full generational harmony.

New projects

New activities introduced in the company:

- The *Speak up and Praise* program aims at strengthening the culture of respect and acknowledgment among employees
 - Outdoor activities for all employees that combine healthy habits and work for local communities
 - Start a new round of preventive physical check-ups and achieve more than 80% response among employees
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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 commitment to environmental protection through the quality use of all resources, active contribution to long-term social, economic and environmental stability of the communities to which it belongs, 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, 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 optimal compliance between economic and environmental requirements.

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

Implementation

In the last two years PLIVA has completed a more than 200 million dollars investment. A major part of the investment went to new manufacturing facilities and environmental protection. In 2016 PLIVA marked the end of the historical cycle by opening a new multipurpose synthesis plant worth 100 million dollars. With the new facilities PLIVA significantly increased the capacities in the production of active pharmaceutical substances, with more than 95% of products from the new plant intended for export to the major global markets, such as the US, Canada, Japan, EU and Russia.

A significant part of this investment cycle, the largest in the company's history, was a waste water management plant, opened in the same site the year before. All plants have state of the art equipment, selected according to the Best Available Technologies principle, in line with the IPPC Directive recommendations and EU's best practice. All this will significantly contribute to cleaner production and reducing air emissions and ecological footprint.

Efforts will be made in the forthcoming period to further reduce the environmental effects of pharmaceutical production processes (air emissions, effluents, water and energy consumption, hazardous and non-hazardous waste, noise levels and unpleasant odors) and thus preserve natural resources and minimize environmental impact.

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. 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.

Teva's Global Anticorruption Policy defines global standards and control mechanisms to ensure the integrity of its business operations and prevent corruption. Its Global Policy on Interactions with Members of the Healthcare Community defines global standards related to interactions with members of the healthcare community, and these interactions include promotional and non-promotional activities.

Teva's Global Policy on Interactions with Government Officials is followed to manage potentially high risk interactions with government officials who are not members of the healthcare community.

This Policy contains detailed guidelines for compliance with bribery and anti-corruption laws which are applicable to all Teva's activities across the world, as well as for 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

These policies apply to all employees, so the company ensures that every single employee at PLIVA is trained in Teva's Code of Ethics and completes a refresher course 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 relevant ethical principles are applied.

Although the Croatian Ordinance on 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.
