

## PLIVA Croatia Ltd.

### Global Compact Annual Communication on Progress for 2019-2020

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#### Basic Information

Company: PLIVA Croatia Ltd.

Country: Croatia

Membership date: March 2007

Sector: pharmaceutical industry

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#### Contact information

Adress: Prilaz baruna Filipovića 25

Phone: + 385 (0) 1 372 4863

Fax: + 385 (0) 1 3724358

Contact person: Tamara Sušanj Šulentić

E-mail: [tamara.susanj-sulentic@pliva.com](mailto:tamara.susanj-sulentic@pliva.com)

Web: [www.pliva.hr](http://www.pliva.hr)

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#### Brief description

With a century of successful operation in pharmaceutical industry, PLIVA is now a member of Teva Group, one of the largest pharmaceutical companies in the world. Our fundamental goal is to improve the quality of life and health protection by providing more affordable high quality medicinal products.

As a result of its large number of experts, innovative technology and continuous investment in the production system, PLIVA has become the largest pharmaceutical company in Croatia and one of the leaders in the South East Europe. As one of the largest economic operators in Croatia, PLIVA is one of the leading exporters: almost 90% of the products are exported, with the largest markets being the USA, Russia and EU countries.

PLIVA's production portfolio includes a large number of finished forms of medicinal products for almost all therapeutic groups and active pharmaceutical ingredients. Focused on the development of generics and drugs with limited market competition, PLIVA has the widest range of generic medicinal products in Central and Eastern Europe.

On account of the approvals of the American Food and Drug Administration (FDA), the British Medicines and Healthcare Products Regulatory Agency (MHRA) and other relevant European

agencies, PLIVA has been ranked among the manufacturers that meet the world's quality standards for the global market.

PLIVA's former achievements and current status are largely a result of its research and development of medicinal products and active pharmaceutical ingredients, making Zagreb one of the leading research and development centers within Teva Group. Apart from Croatia, PLIVA operates successfully in the markets of South and Eastern Europe, i.e. Bosnia and Herzegovina, Slovenia, Serbia, Macedonia and Montenegro.

As a company that is aware of its corporate social responsibility, we wish to continue investing in the development of healthcare system with the aim of improving the conditions and quality of treatment, at the same time being a true partner of the community where we achieve our business results and return a part of the profit through educational campaigns, public health actions, donations, sponsorships, volunteer work of our employees or otherwise.

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## 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 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 a century 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 twelve consecutive years. The Sustainable Development Report covers economic, society and environmental performance indicators. It has been drafted in line with the 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 seventh 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,

Mihael Furjan

President of Management Board

PLIVA CROATIA Ltd

## 1. 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.

Given that the legislation of the Republic of Croatia regulates non-discrimination issues in several laws, PLIVA has additionally prescribed the procedure for receiving and addressing complaints about harassment and sexual harassment. Two authorized persons have been appointed to receive and resolve such complaints.

### **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.

PLIVA is one of the first signatories to the Diversity Charter, an initiative launched in 16 EU countries, with the aim of promoting the implementation of the diversity policy in the

business sector. Since the very beginning, PLIVA has been supporting diversity in the workplace and the fight against discrimination. The Diversity Charter was signed in October 2017 by the presidents of the Boards of 34 companies and organizations from Croatia, thus committing themselves to the implementation of the diversity and non-discrimination policy in their working environments, as well as in their business environment. Organizations that have adopted the Charter are expected to adopt a policy on respect for diversity, as well as to apply and promote principles of diversity, and report on their activities related to these matters. Understanding and accepting diversity as the core value of modern society is evidence that PLIVA actively reflects on its competitiveness and keeps up with global trends.

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## **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 2017, covering 35% 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.

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**

PLIVA year by year keeps recording a growth in the number of new employees. On 31 December 2020, PLIVA had 2560 active employees

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

**2020 GENDER SHARE Women 60% Men 40%**

QUALIFICATIONS	GENDER	NUMBER	SHARE	TOTAL NUMBER	SHARE IN TOTAL NUMBER
Unqualified worker 0/0	M	7	1%	17	1%
Unqualified worker 1/1	M	2	0%	6	0%
Semi-qualified worker 2/2	M	14	1%	29	1%
Qualified worker	M	58	6%	85	4%
High school education	M	465	48%	841	35%
Highly qualified worker	M	8	1%	8	0%
3 - year high education	M	0	0%	0	0%
University education	M	56	6%	126	5%
MS	M	343	35%	1240	51%
PhD	M	19	2%	65	3%

### EDUCATION AND LIFELONG LEARNING

Qualified and educated people are one of the most powerful sources of PLIVA's success and competitive strength in the labor market. PLIVA supports and promotes the concept of lifelong learning by organizing various programs and activities aimed at continuous education and personal development of each individual. PLIVA's investment in employee development is of great importance as it positively affects the employee's personal satisfaction and motivation, at the same time generating competent experts with relevant knowledge in their field of work.

Continuous training and education is a process that involves a variety of activities, from the induction of a new employee starting a career in PLIVA into a specific job to continuous employee development planning as part of the performance management process. The development is planned in accordance with rule 70:20:10 (10% of knowledge is acquired through formal training, 20% through observation and learning from others, and the remaining 70% through activities at work). In this regard, managers and employees are encouraged to think about development in a much broader sense than the standard training attendance and to use development activities such as participation in projects, extension of the field of work, mentoring, visits to other departments or other Teva sites, knowledge sharing, etc.

## **INITIATIVES ON HEALTH PROMOTION**

Occupational health is one of the projects that PLIVA has been continuously working on since 2012. The Healthy Workplace Project includes raising awareness of the importance of caring for your own health, diet, the significance of physical activity and physical checkups, by taking a holistic approach to the promotion of employee health care, adopting a healthy lifestyle and creating a culture of health and wellbeing both in professional and personal life. For the purpose of raising awareness of the importance of health, PLIVA organizes lectures and practical exercises called *Zdravljak*. The following topics have been presented through *Zdravljak*: Post-Vacation Diet, Do-In Exercises - Theory and Practice, Yoga, Salsa Lessons, Environmentally-Friendly Choices in Everyday Life, Mini Public Health Action.

### **PROMOTION OF PHYSICAL ACTIVITY**

PLIVA promotes the importance of physical activity in several ways. Employees in PLIVA have the opportunity to exercise in separate rooms specifically designed for exercising. Through the program of healthy active breaks, a part of the employees has completed training to become internal trainers who spend short daily active breaks with colleagues in their departments to encourage the employees to move and make them aware of the importance of exercise, primarily for the spine. Other activities are planned considering the words of approval and suggestions for additional programs (tai chi, yoga, dance, pilates, etc.) that have been received from employees.

### **NEW INITIATIVES**

In addition to the already well-established activities, there is a whole range of new projects and initiatives aimed at creating an even more enjoyable and healthier work environment and building better employee awareness. A noteworthy one is the new project concerning benefits.

### **BENEFIT WEBSITE**

Considering that the organization invests heavily in employee benefits and has a wide range of market-competitive benefits, PLIVA wanted to enable its employees to find and review all available benefits, as well as other privileges that they can enjoy as the company employees, in one place. In an effort to enhance employee satisfaction and motivation, a unique IT platform has been developed for better systematization and management of the existing benefit system. Benefits / Privileges were classified according to types (basic / flexible / personal / privileges), and by categories (financial, health / welfare, etc.).

### **New projects**

### **EMPLOYEE WELLBEING**

#### **Mental health online workshops and tools**

PLIVA devotes great attention to workplace wellbeing and has initiated a number of activities to systematically promote healthcare and the adoption of healthy lifestyle, which results in creating the culture of health in both professional and private lives of individuals. In order to make the lives of our employees a little bit easier in these challenging times, and at the same time continue promoting the importance of prevention and healthcare, we have started an internal digital initiative called Connected, even when apart. It is a series of newsletters sent to employees weekly, containing a range of articles, tools and exercises for both physical and mental health. This way, our employees are provided with educational, useful and applicable content weekly, all in one place. The authors of the articles are



employees themselves, and as a result the content reflects employees' unique needs. In addition, in cooperation with the Commercial CNS team, we have formed a Mental Health segment, as a platform for psychiatrists to generate expert content for employees, providing them with support. The topics that have been covered include empathy, family relations, care for loved ones and the importance of psychological resilience.

Every week employees can find content for themselves in the newsletter, from relaxation and stretching exercises, activities they can engage in at home with the children of different ages, educational articles or videos, to stories of our employees who have been volunteering during this pandemic.

Connected, even when apart initiative has been used to continue with the activities aimed at raising awareness of prevention and adequate and timely treatment of diseases. Despite the changed working conditions, we decided to mark events such as World Asthma Day, World COPD Day and Movember internally. Given the circumstances, this year we had our experts with years of experience in treating diseases join our employees via video link. They talked about symptoms, treatment and control, provided advice on when to see a specialist or what to do in case of exacerbations, and finally gave advice on how to live with the diseases.

Employees were given tools for coping better with the current situation we are living in.

### **Walking paths for employees**

As an organisation dedicated to encouraging healthy lifestyle and preventing diseases, for years now PLIVA has been paying particular attention to ensuring employee wellbeing and flexibility at work. By organising a range of activities, we are committed to creating an inspiring and challenging, but also pleasant, healthy and fun workplace for all our employees.

Healthy workplace program has been implemented for years, with the aim of improving employees' health, as a part of raising awareness about the importance of healthcare, nutrition, fitness and disease prevention. We regularly organise activities to mark movements and special days such as Movember, Pink Ribbon Day, World Asthma Day, and many others.

As a part of this programme, and marking this year's European Mobility Week, last week we opened Healthy Walking Paths on our Zagreb site. This initiative aims at emphasising the importance of walking, especially in workplace, and using breaks at work in a healthy and creative way. We believe that every employee should have a possibility to use a working day break and walk outside, in the open. PLIVA's employees will be able to use their active break by walking along the suggested walking paths on PLIVA's site, as the paths are clearly marked on the maps especially designed for this project. Different types of paths promote different walking styles, and are marked with interactive messages. The purpose of the messages is to raise awareness among PLIVA's employees about the best walking techniques, with applicable and practical advice, describing benefits of walking for health as well as recommendations for walkers aimed at achieving both physical and mental benefits. Healthy walking paths were opened by the president of PLIVA's Board, Mihael Furjan, who said that PLIVA had launched a number of initiatives as a part of the Healthy Workplace. He said that staying physically fit helped him be successful and stay stronger, and called on PLIVA's employees to use Healthy Walking Paths during their working day. He also suggested they introduced walking meetings into their schedule, as they raise productivity and lead to creative solutions. Martina Mavrin Jeličić, a kinesiologist, talked

about the best walking and breathing techniques. She stressed how important it was to stay physically active all year round, and not let bad weather interfere with spending time outdoors. It gives us great joy to see how many of PLIVA's employees supported the opening of Healthy Walking Paths and explored the longest paths despite the bad weather.

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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 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**

In the past two years, PLIVA has been committed to building the culture of environment, health and safety for all stakeholders, including their own employees, employer's responsible persons and independent contractors. Furthermore, a Safety 7/24 policy has been implemented, which refers to increasing awareness of safety both at work and at home. Teva's Global EHS focused on the issue of active pharmaceutical ingredients and medicinal products in the environment (Pharmaceuticals in the Environment). The purpose of this project was to prevent pollution of surface water and groundwater, especially drinking water, either due to uncontrolled wastewater discharge from industrial plants, the disposal of unused medicinal products together with municipal waste or improper disposal of hazardous waste from the process of production of active pharmaceutical ingredients and/or medicinal products. Moreover, there have been some savings in water consumption resulting from the implementation of a series of projects, including the project aimed at recovering or reusing steam condensate and wastewater from the purified water production plant.

In 2019 and 2020, Teva organized the Global Safety and Environmental Protection Week. This event is one of the numerous actions taken to raise awareness of the environment, health and safety throughout Teva, and the relevant culture of excellence has been included in all parts of Teva's operations. Focus is still placed on various safety areas that can affect the employees both at home and at work: protection against fire and safety, traffic safety, slipping, stumbling and falling, as well as environmental protection in terms of energy saving and tips on how to help save the Earth.

#### NEW PROJECT

##### **PLIVA/Teva – a green company**

This project aims at raising awareness about the importance of individual contribution and activities in the work place that have an effect on the environment. Together we should start changing our habits to contribute to reducing our environmental footprint, as well as our company's.

The first phase is called "A greener office". It will focus on reducing office waste, namely paper and single use plastic, as these two types of waste make up around 90% of total office waste (around 75% is waste paper and cardboard, 25% is single use plastic). We can significantly reduce this waste by simply changing our own habits.

Avoiding single use plastic is important as it leads to reducing the quantity of waste plastic, which, together with the lost fishing gear, makes up 70% of waste on European coastline and in seas. More than 9 million tons of single use plastic waste ends up in seas, oceans, and woods...

In this project phase, we will focus on the problem of adequate mask disposal. Masks have become obligatory due to the COVID-19 pandemic, which inevitably leads to greater quantities of waste. Single use masks also contain plastic and their inadequate disposal results in environmental pollution.

After these initial phases, the project will develop further in the years ahead.

## 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.

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 applied to manage potentially high risk interactions with government officials who are not members of the healthcare community.

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](http://www.tevapharm.com).

#### Implementation

These policies apply to all employees. 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

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