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Despite turbulences in both the Croatian and international markets and a deep economic recession in Croatia in 2010, PLIVA’s operations were stable and its revenues at their 2009 levels. At the same time, PLIVA increased its gross income, EBIT and net income, which shows the company’s significantly increased operating efficiency and competitiveness within the Teva Group, primarily thanks to the increased production of finished dosage forms and active pharmaceutical ingredients, higher efficiency, investment growth and a far better utilisation of production capacities.

The company’s exports account for around 80% of its sales, and its largest export markets are Russia and the United States of America, where PLIVA’s exports amounted to around half a billion kuna in 2010. As the largest Croatian exporter to the USA, PLIVA was presented with a prestigious Ron Brown Award.

In accordance with its announcements, PLIVA entered a new investment cycle in 2011, and plans to invest about USD 120 million over the next three to five years. The largest sum, i.e. almost USD 100 million, is earmarked for a new production facility in Savski Marof, while USD 21 million will be invested in the expansion of production capacities for oral solid forms and creams in Zagreb.

The project for the construction of the new production facility in Savski Marof is being carried out as planned, and the works on the new factory are estimated to begin by the end of 2011. This investment will bring about multiple benefits both to PLIVA and the wider community because it will create new jobs, which is, I believe, one of its most important aspects for Croatia. In addition to new employment at PLIVA, this and other similar projects considerably encourage further production growth in Croatia, especially thanks to the possibility of a more significant engagement of domestic suppliers with whom we cooperate as the largest pharmaceutical company.

PLIVA is aware of the fact that its business success and reputation also depend on its working environment. Consequently, it has embedded environmental protection principles into its operations, thereby contributing to the protection of health and the improvement of the quality of life in the communities in which it operates. Through its economic decisions and cooperation with the local community and the relevant state authorities, the company is trying to find the most acceptable economical and environmental solutions to protect the environment to the maximum extent. An exceptionally important segment of each investment is the analysis of its potential environmental impact and the company invests considerable efforts to achieve an optimal harmonisation between economic and environmental requirements.

As a member of Global Compact since 2007, PLIVA started a number of initiatives that yielded positive results, and in 2010 PLIVA drafted its first Progress Report. The fact that PLIVA is a company with the highest market share and the biggest number of pharmaceutical products in the Croatian market has to be taken into account since PLIVA, as a respectable partner to the Croatian healthcare system, operates in a strategically important industry both for the country and its citizens. Therefore, PLIVA’s Management Board pays special attention to compliance with ethical principles, protection of human rights, product and work process safety, occupational safety and health and environmental protection, requiring each and every one of its employees to do the same.

In 2010 we continued to carry out our public health campaigns, make charitable contributions to hospitals, support major projects focusing on health protection and prevention, and sponsor valuable conferences and symposia. We invested almost HRK 11 million in these projects, and thus maintained their 2009 levels.

We are, however, aware of the fact that there is room for improvement, and we shall work on these improvements and report on our achievements in our next Sustainable Development Report.

Matko Bolanča, MBA
President of the Management Board and General Manager of PLIVA in Croatia
President of the Sustainable Development Committee

FROM THE PRESIDENT OF THE MANAGEMENT BOARD
Organisational Profile

In December 2008, Teva, an Israeli company, acquired Barr Pharmaceuticals and thus became PLIVA’s new owner. Today, PLIVA is a member of the Teva Group, the largest global generic pharmaceuticals company.

About PLIVA

With 90 years of successful pharmaceutical experience, PLIVA is today a member of the Teva Group, the largest global generic pharmaceuticals company. We at PLIVA are dedicated to providing our customers with high quality, affordable medicines for a better quality of life.

PLIVA’s product portfolio includes oral solid and injectable dosage forms, creams/ointments, over-the-counter products, cytostatics and active pharmaceutical ingredients. Prescription medicines are bought by wholesalers and hospitals, while over-the-counter medicines are in free sale in pharmacies.

PLIVA’s strong product portfolio covers the following major therapeutic groups: cardiovascular, gastrointestinal, anti-infectives, cytostatics, musculoskeletal, neurological and psychiatric diseases and infusion solutions. PLIVA’s leading products are Sumamed and other azithromycin-based semi-finished and finished products, Torasemide/Diuver, Trazodone, Contrykal, Finlepsin and Cerucal.

PLIVA’s biggest market is Croatia. Its second ranking market is Russia, and its third ranking market is the USA. These are followed by Poland, Ukraine, Bosnia and Herzegovina, the Czech Republic, United Kingdom, Kazakhstan and Hungary.
Management Board of PLIVA CROATIA

The Management Board of PLIVA CROATIA is led by its President Matko Bolanča. The members of the Management Board are Mirjana Mesec, Miran Denac and Zoran Bunčić.

- **Supervisory Board**
  President Allan Oberman and members Tim Orešković and Theo Andriessen.

- **Organisation**
  PLIVA’s organisation is a combination of matrix and functional organisation, and it is harmonised at the Teva Group level. The primary organisational units in PLIVA CROATIA are Product Supply, TAPI, Research and Development, and Commercial Operations. In addition to these units, PLIVA CROATIA also has the following support functions: Legal Affairs, Human Resources, Finance, IT, Security and Communications.

- **Share Capital**
  The company’s share capital totals HRK 3,142,360,000.00

Stakeholders

PLIVA pays particular attention to the development of strong relationships with various stakeholders in its economic and social environment, and especially its employees, citizens, the media, professional audiences (physicians and pharmacists), scientific and educational institutions, business partners and suppliers, non-governmental organisations, associations for people with illnesses and diseases and people with special needs, and local communities. As PLIVA is the largest drug manufacturer in Croatia, healthcare authorities and drug regulatory agencies represent a separate stakeholder group.

In line with its strategy and business policy, and when possible in consultation with its stakeholders, PLIVA plans various activities to enhance its relationship with individual stakeholders on a yearly basis and depending on their specific expectations. This primarily refers to a continuous exchange of information and dialogue, but also to common projects of interest both for PLIVA and its wider environment.

Public health campaigns, which are organised by PLIVA in Croatia and whose purpose is the prevention of diseases, education and health improvement, are a good example of this practice. The public’s response to these campaigns increases every year. They are organised in cooperation with specialised associations and healthcare institutions (diabetes and osteoporosis associations, the cardiovascular centre, public health institutes, etc.), and are conducted under the auspices of the Ministry of Health and Social Welfare or, in the case of PLIVA’s project for collection and disposal of expired medicines, in cooperation with the City of Zagreb’s Office for Labour, Healthcare, Social Welfare and War Veterans.

Additionally, PLIVA continuously collaborates with all Croatian universities, sponsors scholarship programmes and supports various scientific symposia, and its experts participate in proposing and drafting legal regulations in various fields.
PLIVA has published its annual Sustainable Development Report for nine consecutive years to make its operations as transparent as possible and to present the results achieved under the implementation of the sustainable development principles to the public.

The Sustainable Development Report is drafted for PLIVA in Croatia.

The Sustainable Development Report for 2010 covers economic, society and environmental performance indicators. It has been drafted in line with the 2006 Global Reporting Initiative guidelines.

Although they include some data required for Level B, all reports to date can be classified as Level C.

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Business Results of PLIVA CROATIA in 2010

Despite turbulences in both the Croatian and international markets and a deep economic recession in Croatia in 2010, PLIVA’s operations were stable and its revenues at their 2009 levels.

- At the same time, PLIVA increased its gross income, EBIT and net income, which shows the company’s significantly increased operating efficiency and competitiveness within the Teva Group, primarily thanks to the increased production of finished dosage forms and active pharmaceutical ingredients, higher efficiency, investment growth and a far better utilisation of production capacities.

- PLIVA holds the leading position in the Croatian market, both in the categories of prescription medicines and of over-the-counter medicines. It is ahead of its first competitor by around 20% in each of these segments, in both financial and value terms. The most recent business results confirm that positive trends have continued in the first half of this year.

- In 2011 PLIVA had almost 200 molecules in more than 290 pharmaceutical dosage forms included on the reimbursement list of the Croatian National Institute for Health Insurance, and it plans to register a large number of new products. Since PLIVA is the only company in Croatia with vertically integrated production, it can at any time offer value added products, both in terms of new delivery systems and innovative routes of administration and in terms of new medicinal products.

- The prescription medicines hold the highest share in the sales structure, and Sumamed has continued to be the leading product. It is followed by other finished and semi-finished azithromycin based products, trazodone, ambrobene, torasemide, cerucal, diuver and corinfar.

- The share of PLIVA’s exports grew to almost 80%, primarily due to the fact that its manufacturing sites in Zagreb and Savski Marof became the strategic manufacturing sites for all of Teva and that they manufacture the products intended for exports to the USA, the largest global pharmaceutical market where PLIVA’s last year’s exports amounted to almost half a billion kuna.

- PLIVA generated the highest sales from the Croatian market. Its second ranking market is Russia, and its third ranking market is the USA. They are followed by Poland, Ukraine, Bosnia and Herzegovina, Ireland, the Netherlands, Kazakhstan and the Czech Republic.

- As announced, PLIVA entered a new investment cycle in 2011, and plans to invest about USD 120 million over the next three to five years. The largest sum, i.e. almost USD 100 million, is earmarked for a new production facility in Savski Marof, while USD 21 million will be invested in the expansion of production capacities for oral solid forms and creams in Zagreb. The equipment for the production facility in Zagreb has been already ordered and the design activities are underway. The machines are expected to be installed in the second half of 2011.

- The project for the construction of the new production facility in Savski Marof is also carried out as planned. The necessary documents are drafted and the requisite approvals and permits procured. According to our estimates, the works on the construction of the new factory will bring about multiple benefits to both PLIVA and the wider community.

- This and other similar projects may considerably encourage further production growth in Croatia, especially thanks to new employment at PLIVA and the possibility of a more significant engagement of domestic suppliers with whom we cooperate as the largest pharmaceutical company.
Number of Employees

On 31 December 2010 PLIVA had 1861 employees or 11.5% less than in the end of 2009.

Awards Received by PLIVA in 2010

Best in Customer Service Award
PLIVA RECEIVED THE AWARD FOR EXCELLENCE
In today’s increasingly global competitive environment, quality customer service is more critically important than ever before. The Best in Customer Service Award is a national competition, developed to reward and recognise organisations that demonstrate excellence in customer service. The purpose of the award is to promote excellence, best practices, leadership, creativity and innovation.

Organisations compete against one another and are evaluated against five criteria:
(1) Service Leadership;
(2) Service Culture;
(3) Service Positioning;
(4) Service Relationship Marketing and
(5) Service Recovery
All companies with headquarters or a subsidiary based in Croatia are eligible to participate in this competition.

ISO 13485

PLIVA received the ISO 13485 certificate for its antiseptic and disinfectant product range, which will enable the harmonisation with European standards and appropriate labelling of its products. The certificate covers development, production, warehousing and sale and disinfectants and biocides.

On the basis of this certificate and in accordance with Directive 93/42/EEC, some of PLIVA’s products will bear the appropriate labelling, which will facilitate their future launch in European markets.

The First Choice Employer

According to the results of the “First Choice Employers 2010” survey comprising more than 2000 respondents and conducted by the employment website MojPosao in February, PLIVA was among the top ten, which shows a continuously good perception of the company among respondents.
Society Performance Indicators
Employment

Figure 1 Employee structure by gender and age on 31 December 2010

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<tr>
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<th>MEN</th>
<th>WOMEN</th>
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<tr>
<td>Up to 30 years old</td>
<td>102</td>
<td>employees</td>
</tr>
<tr>
<td>From 30 to 34 years old</td>
<td>82</td>
<td>employees</td>
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<tr>
<td>From 35 to 39 years old</td>
<td>127</td>
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<tr>
<td>From 40 to 44 years old</td>
<td>152</td>
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<tr>
<td>From 45 to 49 years old</td>
<td>182</td>
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<td>From 50 to 54 years old</td>
<td>107</td>
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<tr>
<td>From 55 to 59 years old</td>
<td>55</td>
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<td>Older than 60</td>
<td>8</td>
<td>employees</td>
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<tr>
<td>Up to 30 years old</td>
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<td>From 30 to 34 years old</td>
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<td>From 45 to 49 years old</td>
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<td>From 55 to 59 years old</td>
<td>14</td>
<td>employees</td>
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<tr>
<td>Older than 60</td>
<td>0</td>
<td>employees</td>
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</tbody>
</table>

Human Resources

PLIVA's strength lies in the diversity, expertise and commitment of its employees. The credit for its success has gone to them for many generations. PLIVA has almost half a century long tradition of a careful selection of new employees, and pays special attention to recruitment processes. Our goal is to attract candidates with superior capabilities, motivated for continuous learning and professional development and able to successfully cooperate with their co-workers and others. Most often we employ recent graduates and invest in their development and further professional advancement. One of the reasons is that our operations are relatively specific and for many positions, especially those in production, quality assurance and research and development, on-the-job learning assures the best performance.

On 31 December 2010 PLIVA CROATIA Ltd. had 1835 employees.

The company employs 1020 women, or 55.6%. As the majority of PLIVA's activities are located in Zagreb and its surroundings, 98.5% of our employees work in Zagreb and its surroundings, and 1.5% in Slavonia and Baranja, Dalmatia, Istria and Primorje, Gorski Kotar and Lika. The average age of employees in 2010 was 41 years old. The majority of employees, i.e. 764 or 41.6%, were in the age range of 40–49.

A detailed gender and age structure is given in Figure 1.
In 2010, the number of employees with open-ended contracts was 1802 or 98.2% and those with fixed-term contracts was 33 or 1.8%. PLIVA employees with fixed-term contracts have the same labour rights and benefits as those with open-ended contracts.

As far as PLIVA’s educational structure is concerned, the employees with graduate and postgraduate degrees (M. Sc., M.A., Ph.D.) account for more than a third, i.e. 41.7%.

**Figure 2** Educational structure on 31 December 2010

- M.Sc., M.A., Ph.D. 7.2%
- B.Sc., B.A. or two-year post-secondary 36.7%
- High school 45.7%
- Skilled, semi-skilled and unskilled workers 10.3%

In 2010, 321 employees left PLIVA. The fluctuation rate was 16.1%. The most common cause for termination of employment was the termination of employment contracts by the employer due to the restructuring of business operations following the company’s takeover by TEVA.

Women accounted for 53% of employees whose employment contracts were terminated, but their share in the total number of employees is also somewhat higher.

**Figure 3** Age structure of employees whose employment was terminated in 2010

- up to 29 years old 13%
- from 30 to 39 years old 16%
- from 40 to 49 years old 40%
- from 50 to 59 years old 28%
- older than 60 years 3%

As in the years before, the trend of an increasing share of highly educated employees and a decreasing share of skilled, semi-skilled and unskilled workers in the total number of employees continued in 2010. In 2010 PLIVA CROATIA recruited 35 employees, mainly in marketing and sales, production and quality control.
High-quality and educated employees are one of the strongest sources of PLIVA’s success and labour market competitiveness.

PLIVA is committed to providing each employee with the opportunity to acquire the knowledge required for their employment role and it therefore supports and encourages lifelong learning. As pharmaceutical operations are specific, PLIVA provides additional on-the-job training to its new employees, for example, in production or quality assurance, and invests in their further professional advancement.

PLIVA supports both on-the-job learning and other forms of training conducted through coaching and mentorship, multidisciplinary task forces, seminars, conferences, postgraduate and specialty studies and foreign languages and computing courses. 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.

For the past few years PLIVA has paid special attention to development of managers and employees who are high performers with key talents. The specific goals of these programmes are: identification, development and maintenance of key talents; development and definition of a succession plan for high and middle management, and development and implementation of managerial and leadership skills.

PLIVA is dedicated and pays special attention to continuous training and education. The training system covers activities focused on planning, organisation and realisation of training programmes, and has a substantial annual budget. In 2010, the budget for training programmes for employees of PLIVA CROATIA Ltd. amounted to almost HRK 5.35 million or approximately an average of HRK 2,910.00 per employee. These costs do not include literature costs, which amounted to an additional HRK 382,000.00.

Education and Training

Figure 4 Structure of training costs at PLIVA CROATIA Ltd.
PLIVA’s strategy is to continuously invest in the development of each and every one of its employees, thus offering them a number of opportunities to identify and develop their own potential.

The company organises the preparation and exams for those employees whose job positions require them to pass vocational or state exams.

Given the specificities of the pharmaceutical industry and the continuously and rapidly changing regulatory requirements, special attention is also paid to regular GMP (Good Manufacturing Practice) training of employees. The GMP training covered around 1200 employees, who on average attended 20 hours of GMP training in 2010.

As this is the obligatory in-house training, the corresponding data are not included in any further analysis. Due to a demand for more flexible forms of training, e-learning courses were also offered to employees. A large number of e-learning courses (i.e. over 50), which enable the employees to take a more flexible approach to the acquisition of new knowledge, is the reason why the total number of training hours decreased despite the increased number of training topics.

PLIVA CROATIA has its own learning centre, which offers tailored programmes and encourages the exchange of knowledge and communication in the company. In 2010, it organised 27 seminars covering various topics – from expert seminars to those for the development of general and business competencies – which were attended by over 230 employees. Seminars are held by both external and PLIVA’s experts. The advantage of these programmes is better adjustment to our needs and the promotion of knowledge and information exchange within the company.

PLIVA’s management is committed to continual professional development, for which they were given an excellent opportunity in February 2010. Guest speaker Leandro Herrero presented the rate of changes in the business environment in an original and interesting manner, and encouraged them to embrace outside the square thinking and search for new trends and innovative and creative solutions.
In 2010 PLIVA’s employees attended 31 hours of training on an average. The employees of different qualifications attended different training programmes. Skilled, semi-skilled and unskilled workers mostly attended training required for certain jobs, e.g. forklift operators, operators of reactors with compressed gases, etc. The employees with university qualifications more often attended various professional programmes such as seminars, conferences and postgraduate studies.

As far as the share of various training programmes with regard to employees of different age is concerned, younger employees mostly focus on vocational training programmes, i.e. postgraduate studies, seminars and conferences.
Compensation and Benefits

The compensation and benefits system is a part of PLIVA’s performance management system which is applied to all employees, regardless of their job or position in the company.

The compensation and benefits system covers the system of base pays, which are based on job complexity and responsibilities, the performance management system, which yields a variable part of the pay and the system of other benefits.

From year to year each and every one of PLIVA’s employees may have significant influence over their salary by their work, engagement and achievements. There is also a system related to the long-term achievement of company results. This system includes share options and it is intended for PLIVA’s highly positioned managers who are responsible for defining and realising PLIVA’s business strategy.

Creation, development and implementation of the entire compensation and benefits system and training of managers in its implementation fall under the responsibility of Human Resources, which also ensures its objective and correct implementation.

PLIVA’s employees are also entitled to many other rights, which are defined by the Collective Agreement, such as: systematic preventive check-ups, years-of-service awards for more than 10 continuous years of service with the employer, annual leave allowance, a Christmas bonus, Christmas gifts for children up to 15 years of age if they have health insurance via their parent working at PLIVA, support in the purchase of medicinal products and medical aids, aid in the event of disability, death of a family member, or support for the family of a deceased PLIVA employee.

Scholarships and Practice

Although most training activities are focused on training of PLIVA’s own employees, education for PLIVA has always represented much more.

PLIVA pays a lot of attention to the attraction of its future employees as early as during their schooling. The interested pupils and students may do work experience at PLIVA, and for them this is one of the first opportunities to put acquired theoretical knowledge into practice by using the state-of-the-art technologies under the supervision of their PLIVA mentors. In 2010, 32 students did work experience at PLIVA. As most of them are just beginning to grasp all the types of assignments to be performed by the employees having the same or similar qualifications, practical work is also an opportunity for them to define their professional interests and ambitions.

PLIVA also provides support to a considerable number of students in writing seminar papers and bachelor’s theses, enabling them access to literature and various databases and learn something new by using new methods and equipment. Students may also count on professional support in writing bachelor’s theses and by working on various projects get prepared for their future jobs.

Furthermore, PLIVA also has a long scholarship tradition to attract students with superior achievements and capabilities, and earmarks considerable funds for scholarships for students who have the competencies we need. In 2010, PLIVA granted scholarships to 10 students, mostly from the University of Zagreb’s Faculty of Chemical Engineering and Technology, Faculty of Pharmacy and Biochemistry, Faculty of Food Technology and Biotechnology and Faculty of Mechanical Engineering and Naval Architecture.

There is also a special scholarship programme for children who have lost one or both parents formerly employed by PLIVA CROATIA Ltd.
The Collective Agreement defines the following employee rights, which are not stipulated by the law or whose duration or amount stipulated by the law is shorter or lower:

1. period of notice – depending on years of service with the employer – up to 6 months;
2. severance payment – regular severance payment amounting to a half of the average monthly gross salary paid to the employee three months prior to termination of their employment contract for each year of service with the employer;
3. severance payment – incentive severance payment depending on years of service with the employer and amounting to 8 to 27 average monthly gross salaries of the employees in the Company, paid three months prior to termination of the employment contract by mutual agreement;
4. annual leave lasting 30 days, or over 30 days in the case of some special family obligations or for some special categories of employees;
5. Saturday shall not be included in the duration of the annual leave;
6. incentive part of the salary;
7. permanent monthly bonus depending on type of performed assignments (higher for jobs where pay is determined on the basis of job complexity coefficient);
8. especially increased pay base for very difficult working conditions;
9. increased salary for work on Saturdays and work in shifts;
10. allowance amounting to salary for the previous month for:
   - annual leave,
   - paid leave of absence,
   - statutory national holiday,
   - training, prequalification and professional training on the basis of the employer’s decision,
   - standstill not caused by an employee;
11. sick leave allowance paid by the employer – 80% of the salary paid in the month prior to the beginning of the sick leave;
12. preventive medical examinations at least once in two years;
13. pecuniary compensations to employees and their family members in the case of:
   - employee’s death,
   - death of an immediate family member,
   - employee’s disability,
   - purchase of medical appliances or for prescription charges, if on a sick leave exceeding 90 days;
14. one-off allowance for annual leave;
15. years-of-service award;
16. pension package;
17. cash grant for a Christmas gift for children;
18. Christmas bonus;
19. paid public transportation costs;
20. car allowance for using private cars for business purposes;
21. exemption of employee regress liability for a damage caused to a third party out of ordinary negligence;
22. employer’s liability for damage caused to the employee, i.e. for occupational injury, occupational disease or disease in connection with the principle of actual liability (causation);
23. the obligation to draft a layoff management programme in the case of termination of at least five employment contracts in a 6-month period.

Additionally, the Bylaw on Labour Relations defines the employee right to the paid leave of absence for training. The Bylaw on Employee Earnings defines the performance appraisal system and the system for bonus payment, and the right to compensation for extraordinary work achievements.
Diversity and Equal Opportunity

The Management Board is made up of four members, of whom one is female (25%) and three are male (75%).

Human Rights

Non-discrimination

In 2010 no incidents of discrimination or complaints related to harassment were reported.
Science and Education

Among a number of symposia that PLIVA sponsored or supported financially in 2010, we would like to mention the Fifth Croatian Congress of Psychiatry held in Šibenik from 29 September to 3 October 2010. This is the largest and already a traditional meeting of Croatian psychiatrists, dedicated to the preservation and improvement of mental health. Its 15 topics covered all important fields of psychiatry, and included the presentation of the Medicus issue dedicated to Addiction Diseases, Childhood and Adolescent Psychiatry and Psychotherapy.

The Fourth Croatian Congress of Pharmacy with International Participation was held in the organisation of the Croatian Pharmaceutical Society in Opatija. It attracted pharmacists from pharmacies and hospitals, universities and educational institutions, state and regulatory authorities and those from the pharmaceutical industry, i.e. nearly 900 of them from 15 countries. The Congress was held under the slogan “Challenges in the pharmaceutical science and practice”. The programme covered the latest achievements in pharmaceutical and related sciences and pharmacy practice news. Special attention was paid to the harmonisation of pharmaceutical training, regulatory requirements and pharmacy practice with those in Europe, which is especially important given the preparations for Croatia’s accession to the European Union.

ADIVA – Advice for Health is a new professional training programme for pharmacists organised by the Croatian Chamber of Pharmacists and PHOENIX Farmacija. The goal of the ADIVA programme is to help pharmacists in providing advice to patients and thus improve the general perception of pharmacists and promote pharmacy in Croatia. Additional pharmacist services and ADIVA – Advice for Health bring about a number of benefits to all citizens, providing them with professional and easy to understand advice on the appropriate use of medicinal products, prevention of diseases and improvement of healthcare. The values and the quality of this programme were recognised by more than 700 pharmacists from 530 pharmacies from all over Croatia. The partner in the first cycle of this programme was PLIVA CROATIA Ltd., and the topic of the programme was acute respiratory diseases, with a special focus on the prevention and suppression of seasonal and pandemic H1N1 flu virus. Gastrointestinal diseases were the topic of the second programme cycle.

Competition in Consulting Skills

The final day of the competition in consulting skills, a professional training programme for pharmacy students and pharmacists, was held at the University of Zagreb’s Faculty of Pharmacy in November, with PLIVA as the principal sponsor. The competition lasted four days and consisted of a presentation of PLIVA’s history and products, and lectures about communication skills. On the last competition day, the 15 finalists were required to provide appropriate therapy to real patients in a real pharmacy setting. In this way PLIVA invests in the professional development of future pharmacists, i.e. its potential new colleagues.

Positive Concert Powered by PLIVA in Fight against AIDS

PLIVA considerably contributed to AIDS prevention in the week dedicated to the fight against this disease, which culminated with the “Positive Concert” organised by the Croatian Association for Fight Against HIV and Viral Hepatitis (HUHIV, Hrvatska udruga za borbu protiv HIVa i virusnog hepatitisa) and supported by the Ministry of Health and PLIVA as its principal sponsor. Through a number of workshops and lectures and by providing professional support at Cvjetni trg from 24 November to 1 December 2010, HUHIV and PLIVA enabled citizens to become informed about HIV, AIDS and hepatitis, HIV and hepatitis testing, prevention, protection and treatment, as well as about all important aspects of communication and relationships with people who are HIV and hepatitis positive. Under the slogan “Do not discriminate – learn more” and through other educational and sports activities, in particular a hockey match between Medveščak and Linz, all citizens were invited to support this commendable action. A concert was held in the end of the week and its purpose was to raise awareness among young people and encourage them to be sexually responsible. By respecting and protecting both themselves and others they may stop the spread of the HIV virus, and by getting informed they may help in the fight against prejudices associated with this disease.
PLIVA's portal www.PLIVAzdravlje.hr is the first and the leading portal in Croatia intended for the public. The portal provides up-to-date, reliable and trustworthy information and its cooperation with the leading Croatian medical and other renowned experts guarantees the quality of its contents.

Applications for Mobile Phones

PLIVAzdravlje on iPhone

The PLIVAzdravlje portal recognised the demand of an increasing number of iPhone/iPod touch users and it is the first health portal giving its readers an opportunity to use these new applications.

Since May 2010 PLIVAzdravlje has been available free of charge on mobile phones. The Virtual Atlas for iPhone was one of the first Croatian iPhone applications and the first iPhone application covering health issues.

As the interest of our users exceeded all our expectations, we developed applications for various other contents of our portal. By the end of 2010 we developed RRS PLIVAzdravlje for iPhone/iPod Touch, an application which enables readers to view articles and news in either abridged or full format. The Nutrition by Disease application, just like the one on the portal, provides information about appropriate nutrition and food and their effects on individual diseases.

Furthermore, as we were increasingly contacted by users of Android-based devices, we decided to develop the application for Android operating systems, which continuously increase their share in the Smartphone market and which are expected on the market at the beginning of 2011.

PLIVAzdravlje has therefore become the health portal that enables the use of iPhone/iPod touch applications. The App Store was enriched by PLIVA’s Virtual Atlas, PLIVAzdravlje news and Nutrition by Disease applications.

All these applications are free and easy to use.
On-line Courses on the PLIVAmned.net Portal

The potentials of internet use gave a completely new dimension to the continuous training of physicians, primarily through a multimedia approach and interaction. Interactive and dynamic web content encourages self-learning, which is the basis for the lifelong learning of physicians and a considerable time saver, irrespective of the place of work or residence.

Quality online tests on the PLIVAmned.net portal enable physicians in Croatia to check on their own medical knowledge in a simple way and earn points for license renewal.

The purpose of the on-line learning on the PLIVAmned.net portal is to simplify license renewal by using internet technology. Continuous learning and the collection of points for license renewal for independent work is an obligation of all physicians in Croatia. Each successful course on the PLIVAmned.net portal gives five points, and the number of courses posted on the portal by the end of 2010 was 26. Hypothetically, physicians can renew their licences exclusively by taking courses on the PLIVAmned.net portal, and thus considerably save time and other resources. On the basis of the tests posted on the portal, mentors draft multiple-choice tests with 50 test questions (one correct answer out of five possible choices), of which at least 30 (60%) should be correct for a pass. With each successful test five points are gained in accordance with the Chamber’s Bylaw. The courses are primarily intended for general practitioners and family medicine physicians. After the course is completed, physicians can also find guidelines for further discussions. The test results are immediately displayed on the screen, and instructions on how to proceed are sent by email. The course participants may communicate in writing with their mentors throughout the course. Each on-line test is published in Liječničke novine (Calendar of Events) and on the PLIVAmned.net portal. The analysis of data is facilitated because all answers are centrally stored and statistically processed, and each test is entered in the database. So far 5900 physicians have taken our courses, which covered various medical fields. The success rate has been 81%. Continuous learning is an obligation of all physicians in Croatia, and PLIVA’s free on-line courses on PliVamed.net show that the target population is highly interested in this type of education. The main reasons are practicality and the possibility of interactions between authors and course attendants. This is reason enough to organise such courses in the future and thereby continuously enhance the quality of education.

Medicus

In 2010 we published two issues of the MEDICUS journal. Adolescent health has always been a hot topic, so therefore in 2010 we published its sequel. The other issue was dedicated to the pharmacotherapy of cardiovascular diseases, given their high morbidity and mortality rates. Medicus has continuously offered new knowledge from the fields of medicine, pharmacy and public health. It has served as a link between various medical specialties, and as such used in everyday work by both general practitioners/family physicians and specialists. Medicus has been also included in the bibliographical database EMBASE/Excerpta Medica.
Employee Care

PLIVA’s efforts are continuously focused on occupational safety and health (OSH), and it is committed to constant improvements in safety at work by ensuring safe work conditions, reducing occupational injuries and preventing occupational diseases, which all contributes to the creation of a pleasant and satisfying work environment.

Health and Safety

Safety at Work

In 2010 safety-at-work processes focused on the activities whose goal was to eliminate and reduce occupational risk, reduce occupational injuries, and protect the health of employees and their working and living environments. This goal was achieved by implementing measures that upgrade safety levels and improve employee health.

The basic activities included further regulation of the OSH management system through the drafting and adoption of a number of documents, internal audits of OSH implementation, planning safety-at-work processes as integral work processes within the work plan, training of all those involved in safety at work (OSH representatives, compliance officers and experts), incorporation of safety at work rules during the introduction of new products or transfer of old products, OSH-relevant preventive measures, monitoring of the occupational health status, supervision of the OSH implementation and measures for further improvements.

Work risks are integral parts of production processes. Sometimes they cannot be eliminated, but they can be minimised. Consequently, safety measures are integral parts of work processes. Therefore, a proactive approach and a set of safety-at-work measures should be integrated into everyday routine activities to minimise these risks.

OSH Management System

The OSH system has been implemented in the business operations system and harmonised with legislative requirements:

• The Management Board of PLIVA, as the employer.
• Its OSH representatives (managers at different management levels), who are given the relevant authorisations to implement the OSH rules and measures.
• The organisational unit Occupational Safety and Health and Environmental Protection provides professional support to the employer, its representatives, employees and their OSH compliance officers, and conducts internal audits of the implementation of OSH measures.
• The Occupational Safety and Health Committee is an advisory body of PLIVA’s Management Board which:
  - promotes continuous improvements in OSH;
  - recommends the implementation of certain OSH rules to the employer;
  - promotes the policy of prevention of occupational injuries and diseases;
  - supervises the implementation of OSH measures;
  - supervises health protection of employees; etc.
• Occupational Safety and Health Compliance Officers have to act in the interest of employees and monitor the implementation of OSH rules and measures in the units in which they are appointed.
• Employees also have certain OSH obligations and rights that are stipulated by the law and the Collective Agreement.
The OSH Implementation

Occupational Safety and Health at PLIVA is continuously ensured through:

- drafting of hazard assessments and their revisions, i.e. the assessment of the residual workplace risk regarding occupational injuries and diseases;
- internal OSH audits;
- OSH training of employees, and of OSH representatives and compliance officers;
- providing work tools with implemented safety-at-work rules (measures);
- applying safer technological processes;
- embedding safety-at-work rules in design, construction and reconstruction of facilities and work equipment;
- testing of work environment;
- testing of work equipment;
- taking care of employee health;
- reporting to the Management Board, OSH representatives (managers on all management levels), employees and their OSH compliance officers;
- motivating employees to apply safety-at-work rules in their work;
- participating in projects related to the construction and reconstruction of facilities and work equipment or those related to product introduction or transfer by embedding safety-at-work rules in order to ensure technical solutions for their implementation;
- OSH documentation and records;
- external audits by labour inspectors.

Hazard Assessments

Hazard assessments and their revisions are drafted continuously. They analyse, primarily from safety and health aspects, various jobs and residual workplace risks. On the basis of their results, the measures to remove or reduce residual risk, timelines, and responsibilities are defined.
Internal Audits

The OSH status is determined on the basis of both the rate of occupational injuries and the internal audits carried out by the OSH experts. Internal audits are one of the important indicators of the OSH status. They are carried out to determine whether the OSH system meets legal requirements and employer’s bylaws. They also reveal deficiencies and define the timeline and responsibilities for their rectification. In 2010 either full or targeted internal audits were carried out in different organisational units.

External Audits

The OSH status is also determined by audits carried out by state inspection services. In 2010 PLIVA was audited by a number of OSH services, including a Coordinated Audit by several services at the Savski Marof site, which did not find any incompliances with OSH legal requirements.

Training

Raising the awareness of the necessity for OSH implementation is based on various and continuous OSH training programmes that are intended for:
- employees,
- OSH compliance officers,
- OSH representatives (managers),
- professional training of employees in the performance of certain assignments.
In 2010 various training programmes were conducted.

Reporting

PLIVA ensured reporting on the established OSH status through standardised reports on:
- OSH status,
- occupational injuries and diseases,
- accidents and disturbances in technological processes,
- hazards and deficiencies determined by internal audits, inspections of occupational injuries or accidents, and testing of work environment and work tools,
- new OSH regulations, rules and knowledge.

Healthcare

PLIVA takes care of its employees’ health through:
- continuous health supervision of employees working under special work conditions (with the increased engagement of occupational medicine specialists who supervise working and ancillary rooms and review hazard assessments and minutes of work environment testing prior to periodic examinations),
- preventive medical examinations of all PLIVA employees,
- cooperation with occupational medicine specialists (medical examinations, workplace examinations, assistance in drafting risk assessments, expert assistance, etc.),
- organisation and implementation of active medical vacation in medical recreation centres and health centres,
- organisation and implementation of vaccination against infectious diseases,
- employee training in the provision of first aid,
- organisation of various free time activities via PLIVA’s Sports Club, etc.

Employee Motivation

In order to raise the level of employee motivation in implementing safety-at-work rules, i.e. for working in a safer way and respecting working discipline, PLIVA established the annual “Award for Occupational Safety and Health Achievements”. In 2010 both individuals and teams were presented this award.
The OSH Status

The status of safety at work in 2010 may be established on the basis of the following results:

One of the important indicators of the safety-at-work status is a number of injuries per 1,000 employees.

Table 1 Workplace injuries per 1,000 employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Average number of employees</th>
<th>Number of workplace injuries</th>
<th>Number of workplace injuries per 1,000 employees</th>
<th>Total number of injuries</th>
<th>Number of total injuries per 1,000 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2226</td>
<td>16</td>
<td>7.2</td>
<td>34</td>
<td>15.3</td>
</tr>
<tr>
<td>2007</td>
<td>2727</td>
<td>10</td>
<td>3.7</td>
<td>27</td>
<td>9.9</td>
</tr>
<tr>
<td>2008</td>
<td>2818</td>
<td>11</td>
<td>3.9</td>
<td>29</td>
<td>10.3</td>
</tr>
<tr>
<td>2009</td>
<td>2326</td>
<td>15</td>
<td>6.4</td>
<td>22</td>
<td>9.4</td>
</tr>
<tr>
<td>2010</td>
<td>1909</td>
<td>12</td>
<td>6.3</td>
<td>23</td>
<td>12.0</td>
</tr>
</tbody>
</table>

* - Both lost time and other injuries

Workplace injuries – injuries that occurred at the workplace
Out of workplace injuries – injuries that occurred on the way to and from work, business trips
Total injuries = workplace injuries + out of workplace injuries

The data given in Table 1 shows that the number of workplace injuries per 1,000 employees fell by 0.1 with regard to the year before. The number of total injuries per 1,000 employees grew by 2.6 due to the increased number of out-of-workplace injuries, i.e. injuries beyond the employer's control.
The number of workplace injuries per one million hours worked (LTA – lost time accident) is also an important indicator of the OSH status.

* Number of workplace injuries that resulted in one or more days of absence from work

**Table 2** The number of injuries per million hours worked (LTA).

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours worked</th>
<th>Number of workplace injuries*</th>
<th>LTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3,998,712</td>
<td>16</td>
<td>4.00</td>
</tr>
<tr>
<td>2007</td>
<td>4,137,595</td>
<td>10</td>
<td>2.42</td>
</tr>
<tr>
<td>2008</td>
<td>4,748,217</td>
<td>10</td>
<td>2.11</td>
</tr>
<tr>
<td>2009</td>
<td>3,903,018</td>
<td>12</td>
<td>3.07</td>
</tr>
<tr>
<td>2010</td>
<td>3,090,053</td>
<td>9</td>
<td>2.91</td>
</tr>
</tbody>
</table>

* Number of workplace injuries that resulted in one or more days of absence from work

In 2010 the LTA was down 0.16 compared to the year before. The OSH experts, the Occupational Safety and Health and Environmental Protection, managers of injured employees and OSH compliance officers inspect all cases of workplace injury to accurately determine their cause and measures to be taken to prevent their reoccurrence.
Health and Disability Care

As in the years before, in 2010 health protection of employees was ensured through contracts on the provision of healthcare services with occupational medicine specialists and in line with risk assessments and the Procedure on Jobs with Special Working Conditions. PLIVA organised 722 periodic medical examinations for employees working under special working conditions, and it takes the necessary action based on the results of examinations. In accordance with special regulations, PLIVA also organised and conducted 446 sanitary safety examinations, which are obligatory on an annual basis for employees who come or may come in contact with medicinal products and bulk pharmaceuticals. We also organised 256 examinations for employees who use computers while working. Preventive medical examinations were organised for 1201 employees.

Active medical leave programmes are an important part of healthcare, and their purpose is to improve the fitness and general health of employees, along with workplace morale. Active medical leave is provided under the terms of the Collective Agreement on Occupational Safety and Health. In 2010, 51 employees took advantage of the active medical leave programme.

Other

As in the years before, PLIVA organised flu vaccination before winter. The number of employees who used this option was 176.

PLIVA's Blood Donation Volunteers

As in the years before, in 2010 PLIVA organised four blood drives in cooperation with the Croatian Red Cross and the Croatian Institute of Transfusion Medicine. In 2010, the number of blood donors slightly decreased. However, the trend of an increased response among young employees and women continued. Those volunteering to donate blood can have their blood glucose, triglycerides and cholesterol tested at these events. In order to additionally motivate the employees for this charitable cause, we organised an educational trip to Crikvenica. The Blood Donation Volunteers continue to work on the promotion of blood drives and regularly invite all PLIVA employees and retired employees to join them.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of blood donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>672</td>
</tr>
<tr>
<td>2009</td>
<td>662</td>
</tr>
<tr>
<td>2010</td>
<td>618</td>
</tr>
</tbody>
</table>
Christmas Lunch and Party for Employees

As in previous years, PLIVA organised a lunch for all employees on the eve of the Christmas holidays. This was an opportunity for them to spend some time with their directors and managers in an informal and relaxed atmosphere. PLIVA also threw an evening party at Best Club, where it also presented the annual PLIVA Awards.

In line with its Bylaw on PLIVA Award, the nominations were received in three categories: for exceptional results in 2010, for a long time contribution to the Company, and for outstanding achievements in occupational safety and health.

In the middle of December PLIVA traditionally organises a free movie screening for the children of its employees. This time it was MaximUm, dubbed into Croatian.

After-Work Party on Fridays

December is a month of gift giving and spending more time with colleagues, friends and all dear people. This is why we decided to bring some of this Advent spirit and warmth to work, spending every Friday, whenever we could, enjoying snacks and refreshments with our co-workers at PLIVA Café in the Central Office Building. Many of our colleagues enjoyed the cheerful atmosphere of the first after-work party, decorating a Christmas tree with their good wishes for the year to come.
PLIVA is known for the help it gives to a large number of institutions and organisations taking care of those who need it most. In accordance with its sponsorships and donations policy, in 2010 it earmarked HRK 11 million for a number of healthcare and prevention related projects. It did not forget projects in the fields of education, science, environmental protection, culture and sports.

However, the majority of our projects are focused on healthcare and prevention. In 2010 PLIVA continued to organise its already traditional public health campaigns under the slogan “Dedicated to health”. The purpose of these campaigns is to show that prevention, education and leading a healthy life are the first and the right steps to health. The actions were held in the four biggest cities of Croatia, i.e. Zagreb, Split, Rijeka and Osijek, in the middle of April under the auspices of the Croatian Ministry of Health and Social Welfare.

It is a well known fact that smoking, stress, being overweight and hypertension are main risk factors for the development of cardiovascular diseases, which can be prevented or at least alleviated by adopting a healthy diet and leading a healthy lifestyle. Since cardiovascular diseases are one of the most common causes of death in Croatia, and as the number of cardiovascular patients is continuously increasing, these campaigns are focused on education and prevention. PLIVA’s public health campaigns were attended by several thousand people, who could have a free “check-up”, including have their blood pressure and blood sugar tested, receive free medical counselling on their health and advice on the prevention and treatment of cardiovascular diseases and diabetes from physicians and members of the Croatian Federation of Diabetes Societies. In cooperation with the Multiple Sclerosis Society and Europa Donna Croatia, an organisation fighting breast cancer, we organised the sale of flowers to raise funds to help their members.

For the fourth consecutive year, PLIVA and the Public Health Institute of the Međimurje County held a similar action on the occasion of World Health Day in Čakovec in late September. With the help of physicians and nurses from the County Hospital Čakovec and Health Centre Čakovec, citizens could also have their blood pressure, sugar and triglycerides tested, and receive free medical counselling.

PLIVA’s Mobile Doctor’s Office - a bus transporting healthcare providers - went to Priština, where about 500 citizens could have their blood pressure and glucose tested and, if necessary, get doctor’s advice. This event also has an added value, as the first public health campaign organised outside of Croatia, in Kosovo. Positive experiences and positive responses proved that this action was right on target.
PLIVA Helps

PLIVA provides charitable contributions to a number of organisations throughout the year. One of them is “Osmjeh”, an organisation functioning as part of the Croatian Society for Optimisation of Neurorisk Child Development, which very much appreciated PLIVA’s support in purchasing a digital speech therapy set.

“Until recently we could not even think about purchasing such an expensive piece of equipment, but you fulfilled both our and our little users’ wishes. A digital speech therapy set helps in the rehabilitation of various speech disorders and in the rehabilitation of speech and hearing in children with impaired hearing and cochlear implants. Although innovative and state-of-the-art, this equipment is easy to use: it digitally processes sound signals with the almost same quality and at the almost same rate as the human brain. It is used in diagnostic procedures related to voice and speech, and in the differential diagnosis of psychogenic dysphonia and stuttering. It is also used for treatment of various disorders affecting voice, pronunciation, fluency (stuttering and hastiness), hearing impairment (cochlear implants), hearing processing impairment, developmental speech disorders, reading disorders, and ADHD. This set certainly helps speech therapists in raising the quality of diagnosis and treatment. As our mission is to run a non-profit and charitable organisation providing expert support, it will help all those who need its assistance. Than you once again for your support”, said paediatrician Gordana Sušac.

1850 Parcels for 1850 Smiles

Almost two thousand children from all over Croatia rejoiced in gifts they received from PLIVA for the Christmas holidays. PLIVA gave sweets, hats and scarves with its logo to: Special Hospital for Medical Rehabilitation Krapinske Toplice (there is also a primary school active at the hospital); Paloma from Vukovar; Down Syndrome Organisation; SANUS (for children with malignant diseases) from Split; “Nad Lipom” Primary School for Children with Disabilities in Zagreb; Zagreb Association of the Blind; the Polyclinic for Hearing and Speech Rehabilitation SUVAG; Croatian Red Cross and the Zagreb Red Cross; Andeli Association from Split; Dystrophy Society; Autism Centre; Zagreb Association of Dialysis Patients; Association Bedem ljubavi – for “Vinko Bek”, Children’s Home in Laduč and many others.

Charity Action in Bosnia and Herzegovina

In 2010 PLIVA’s charitable projects crossed the Croatian borders. Instead of organising a cocktail party, our colleagues from PLIVA’s Representative Office in Bosnia and Herzegovina decided to celebrate the New Year’s holidays and mark the end of yet another business year by organising a charity event. They provided 4,700 hot meals and beverages to the public kitchens of the charities Merhamet, La Benevolencija and Caritas, and for the Red Cross public kitchens. The meals and drinks were distributed in 31 public kitchens in three cities – Sarajevo, Banja Luka and Mostar, on 22 December. PLIVA’s employees and business partners took part in this event.
Product Responsibility

As drugs are products of special health importance, every country regulates this field in detail, and ensures strict quality control. This is carried out by domestic and international regulatory authorities that grant marketing authorisations and monitor drugs throughout their life cycles.

Customer Health and Safety

In order to ensure efficient, high quality and safe drugs, the Medicinal Products Act has stipulated the procedure for testing and marketing medicinal products as well as methods for their manufacture, quality control and compliance assessment. The Croatian Ministry of Health is responsible for supervising the supply of medicinal products to the Croatian market, while the Croatian Agency for Medicinal Products and Medical Devices is responsible for issuing marketing authorisations and for pharmacovigilance processes.

Drug quality is assured by implementation of quality standards throughout a product’s life cycle. Quality standards, with which all manufacturers must comply, are known as Good Manufacturing Practices (GMPs), which are practices to be followed during the development, manufacture, quality control, warehousing and distribution of drugs. Manufacturers bear the greatest responsibility for drug quality, but all other participants in this chain are also responsible for the quality of drugs, namely wholesalers, pharmacies, and patients.

Manufacturers must ensure the compliance with all materials incorporated into the drug with quality requirements, as well as production and in-process control in specially designed premises and under stipulated conditions and written procedures, use of qualified and appropriately designed equipment, training of production and quality control staff, medical and sanitary safety examinations, written records evidencing all activities that are available during inspections, assurance of defined storage and distribution conditions leading up to the delivery of drugs to wholesalers, timely and efficient market complaint handling procedures and, if necessary, the timely and efficient recall of drugs of inappropriate quality.

For PLIVA, the concept of quality is not limited to strict compliance with regulatory requirements. It also implies company awareness that only continuous care, ethical behaviour and continuous quality improvements can prevent adverse events during all business processes and the entire drug lifecycle. This is the only way to provide efficient, safe and high quality drugs to our customers.

Information collected during drug development and verification of all indicators of efficiency and safety of drugs within the regulatory approval process represent the first steps in the quality assurance of drugs. The materials PLIVA uses (i.e. raw materials, active pharmaceutical ingredients, excipients, intermediates, semi-finished products, packaging materials and finished products) are carefully planned and controlled from purchasing, quality assessment, production, and storage to distribution. It is also important to ensure that key outsourced services, which may impact on drug quality, comply with quality and pharmaceutical industry requirements. This process starts with the understanding of quality assurance processes of our suppliers and includes the formal assessment of their quality systems. In addition to initial assessment, suppliers and service providers are monitored periodically, i.e. every two to three years. The purpose of this is to purchase materials and services of consistent quality and exclusively from approved suppliers.

However, our product care does not cease upon regulatory approval and launch. Systematic monitoring of all events during the use of drugs, as well as keeping abreast of literature data, all individual information related to the use of drugs and possible unexpected adverse reactions reported by patients, is both our ethical and regulatory obligation. We pay careful attention to market information about a possible
and unexpected side effect (false ones included) as well as product complaints filed by regulatory institutions, inspection authorities, patients or customers. Therefore, incident management and prevention is one of the most important chapters in our company’s quality system manual.

In line with written procedures, oral and written complaints on the quality of marketed drugs are assessed, possible causes are investigated, and measures for patient protection, including product recall if necessary, are evaluated. In this way, we acquire new knowledge that we use to improve our processes and carry out preventive actions to avoid future complaints. Our company is characterised by the correct management of these processes and rapid response to incident situations, which ensures continuous care for patients and for their health and safety. The implementation of the quality management system, state-of-the-art technologies and talented and responsible employees guarantee product compliance with global quality standards and minimise adverse events.

**Product Labelling**

Every country defines its own drug labelling requirements. In Croatia, drug labelling is governed by the Medicinal Products Act. PLIVA strictly complies with the requirements given therein, i.e. requirements stipulating that packaging should indicate the product trade name, chemical name, strength and form, manufacturer, number of marketing authorisation issued by the Agency for Medicinal Products and Medical Devices, batch number, and expiration date. The Braille alphabet represents an added value for patients because instructions written in Braille on the majority of PLIVA’s leading drugs enable blind and visually impaired people to use drugs properly. Each packaging also contains a detailed leaflet with indications, contra-indications, interactions with other drugs, dosage recommendations and methods of administering, precautions for use, adverse reactions and procedures to follow in the event of overdose.

As one of the first companies in Croatia, PLIVA introduced the Braille alphabet as early as in 1999 to some of its OTC drugs, and has since then extended this practice to all of its drugs.

**Complaint Handling Procedure**

PLIVA works hard to ensure timely and quality market supply of its products.
In the event of delayed deliveries or temporary product shortages due to the reasons that cannot be anticipated, PLIVA would take the necessary and appropriate measures to ensure the availability of necessary drugs for patients, including emergency imports.

In the event of deviations in product quality, pharmacies, wholesalers, patients and physicians may contact PLIVA, which acts in accordance with defined procedures. Responsible persons should record any complaint, adverse reaction or customer complaint, stating the name of the product, strength, and batch number printed on the packaging, and then forward this to PLIVA’s Sales Department to obtain relevant answers and to enable PLIVA to evaluate the complaint by the subsequent research and analysis in Quality. This systematic complaint-handling procedure enables identification and removal of all possible deviations and the procedure also includes feedback on measures taken. There is also a toll-free telephone number that can be called; in addition, citizens can make inquiries by email.

**Cooperation with Suppliers**

In its business operations PLIVA cooperates with more than 1000 suppliers. It purchases raw and packaging materials required for complex pharmaceutical production processes from more than 200 suppliers. Domestic suppliers account for a third of this number, and the rest are foreign suppliers.

All suppliers must comply with high quality standards required for the pharmaceutical industry. The entire operations of both new and long time suppliers are regularly audited and are subject to continuous assessment. PLIVA has an established practice in supplier audits, additionally intensified since October 2006 following the adoption of the European directive that stipulates the obligatory audits of API (active pharmaceutical ingredient) suppliers by drug manufacturers. The suppliers must enable these audits to be performed, which was not possible before in a number of cases, especially in the case of large licences partners. Each audit includes a detailed inspection of the entire production process, including storage, analytical labs and distribution, as well as the corresponding documentation, in order to make a final decision on compliance with Good Manufacturing Practice (GMP). Through every audit and potential corrective actions, we upgrade the quality of the materials we purchase and incorporate into our finished products.
As far as the cooperation with suppliers is concerned, new opportunities can be anticipated in the formation of the anticipated pharmaceutical cluster. The Croatian Employers’ Association and PLIVA initiated the formation of the pharmaceutical cluster in Croatia in order to improve competitiveness and operations of the pharmaceutical companies in Croatia.

The common and coordinated actions of companies and their business partners, the promotion of common interests, the cooperation with other relevant clusters in the country and abroad, the common actions taken with regard to EU funds and state and local administration authorities, and the organisation and coordination of common promotion and market appearance are just some of a number of possible activities of this cluster.

**Marketing Communications**

Marketing communications related to prescription medicinal products in media and commercial channels in Europe, as well as in Croatia, are subject to stringent legal regulations. In Croatia, advertising and marketing communications related to drugs are regulated by the Ordinance on Advertising and Notifications about Medicinal Products, Homeopathic Products and Medical Devices. In communications with the general public, as well as with physicians and pharmacists, PLIVA abides by the provisions of the above ordinance both in the case of prescription and OTC (over the counter) drugs.

To ensure compliance, PLIVA’s Legal Affairs department evaluates whether materials about medicinal products intended for physicians and pharmacists are in accordance with the Ordinance on Advertising and Notifications about Medicinal Products, Homeopathic Products and Medical Devices prior to their publication.

PLIVA advertises and promotes its corporate brand to the public, and focuses an increasing number of activities on patients and end users. Pursuing our vision and being aware of our responsibility to the communities in which we operate, we work in cooperation with healthcare institutions in Croatia on the prevention of diseases and education of patients and the public to contribute to the improvement of the quality of life and health of Croatian citizens. Health and prevention have been the topics of “Dedicated to Health,” our several-month-long public health campaign.

The goal of this campaign, carried out in cooperation with various associations and organisations, has been to familiarise the public with risk factors and provide advice on diabetes and cardiovascular disease prevention through promotional materials, free advice offered by healthcare providers, and free blood pressure and blood sugar testing.

PLIVA continuously nurtures its corporate image, i.e. its brand, both through marketing activities and initiatives and corporate communications in global and local environments. A good example of PLIVA’s intensive efforts is a communication strategy that consists of systematic communications with both external and internal audiences, general and target public groups, as well as its sponsorship, donation and advertising policies. “Dedicated to health” is one of our key public messages. It emphasises PLIVA’s almost 90-year history and its efforts to improve quality of life and health by offering superior and affordable medicines.
PLIVA has confirmed the importance it attributes to employee care, process safety, social responsibility and environmental protection by founding the Sustainable Development Committee in 2002. The Committee plans, directs and coordinates activities relating to sustainable development, and drafts its annual Sustainable Development Reports to acquaint employees, business partners and the community with its achievements in this field.

As one of its co-founders, PLIVA has carried out sustainable-development activities through the Croatian Business Council for Sustainable Development. Together with other Council members, PLIVA promotes economic growth based on corporate social responsibility and environmental protection, supports sustainable development in economic, political, legal and social sectors, encourages changes that will facilitate the transition to sustainable development in Croatia, and represents the business sector in questions related to sustainable development both in Croatia and on the international level.

Council member representatives exchange knowledge and experience, promote efficient models and procedures, advocate social responsibility, openness to the public and ecoefficiency (double effect – benefits for the economy and the environment), and cooperate with members of other social groups on sustainable-development issues.

PLIVA CROATIA Ltd. – a member of the Croatian Business Council for Sustainable Development
Environmental Performance Indicators
Environmental Protection

PLIVA is aware of the fact that its business success and reputation also depend on its environment. Therefore it has opted for business operations that respect and protect the environment and thus contributes to the preservation of health and the improvement of the quality of life in the communities in which it operates.

Through our economic decisions and in cooperation with the local community and the relevant state institutions we try to find the most suitable economic and environmental solutions that minimise our environmental impact.

Our environmental protection measures include monitoring, supervision and optimisation of our current business activities. They are also carried out during the introduction of new products and technologies and the design and reconstruction of our plants and facilities. Each investment is analysed with regard to its potential environmental impact, which results in an optimal harmonisation of economic and environmental requirements.

We control our production processes and materials in accordance with the latest knowledge and standards from the field of environmental protection and thus ensure compliance with the Croatian legislation and other stakeholders’ requirements.

Over the last two years our production portfolio has undergone extensive changes. Some old technologies were replaced with the new ones or with transferred products with a different environmental impact. We analyse all environmental aspects during each product transfer in order to ensure regulatory compliance and maximum environmental protection. In addition to changes in our product portfolio, our production sites are also subject to continuous changes. Consequently, for some products, we choose sites that are more suitable for environmentally demanding production processes. This means that the equipment we use in our production facilities meets higher environmental standards, along with an improved utilisation of raw materials and reuse of some substances. Furthermore, we also have efficient facilities for the treatment of emissions and for the prevention, treatment and control of discharged wastewater quantities.

Through its actions PLIVA shows that it is a responsible company that wants to be a partner to the local community, a company which takes care of the health of its employees and the wider community and a company that counts on the long-term development of its Savski Marof site, which would definitely bring about many benefits to the local community as well.
**Water Consumption**

An increased water demand results from the increased production at some sites, and especially at the Savski Marof site. Therefore, the water consumption in PLIVA CROATIA increased in 2010 due to increased production requirements. At its sites, PLIVA CROATIA uses either tap water and/or well water. While the Prilaz baruna Filipovića site uses both tap water and well water, the Savski Marof site uses the water from its own wells, except for the preparation of food when they use tap water.

**Table 3 Water consumption in 2010**

<table>
<thead>
<tr>
<th>Site</th>
<th>Water supply (m³)</th>
<th>PLIVA’s own water wells (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prilaz baruna Filipovića</td>
<td>336,959</td>
<td>195,960</td>
</tr>
<tr>
<td>Savski Marof</td>
<td>4,440</td>
<td>1,131,933</td>
</tr>
</tbody>
</table>

**Wastewater**

The methods for wastewater discharge and test indicators are defined by the water permit, separately for each PLIVA site. Flow measurement and wastewater analysis are carried out by both external and in-house appointed laboratories in accordance with the schedule defined in the water permit. In order to optimise 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 2010, there was only a slight increase in the volumes of discharged waste waters in comparison with 2009. We continue to optimise our production and wastewater pre-treatment processes in order to reduce the total chemical oxygen demand (COD) of PLIVA’s wastewater. However, COD levels in 2010 were higher due to increased production.
Air Emissions

Almost all air emission values measured in the reported period from stationary sources were within the stipulated threshold limit values.

Carbon Dioxide (CO₂) Emissions

Carbon dioxide, which plays the major role in the anthropogenic greenhouse effect causing global warming, is mainly produced by fuel combustion. Although energy requirements (production and heating) increased in 2010, we recorded a mild drop in carbon dioxide emissions, along with an increased efficiency in utility production, thanks to a different fuel and increased combustion efficiency.

NOx, SOx and Other Emissions

Wherever our infrastructure allows, we almost exclusively use ground gas for energy production as it releases only CO2 and minimum quantities of other gases. Since we use this fuel, our annual emissions of NOx, CO and SO2 are very low.

Waste Management

The period from 2008 to 2010 was marked by further changes in Croatian legislation. In accordance with these changes, PLIVA reorganised its operations in the field of waste management and continuously improved its hazardous and non-hazardous waste management. The employees in all production facilities were continuously trained accordingly, and the authorised waste management contractors were audited. 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. This period was also marked by PLIVA’s takeover by the Israeli-based company Teva, which improved operations and increased production. Therefore the company was divided into two production segments, i.e. Teva Pharma, which is exclusively focused on the production of finished dosage forms and R&D, and Teva Tapi Croatia, whose role is to produce active pharmaceutical ingredients (APIs). Consequently, the production of pharmaceuticals in 2010 more than doubled, entailing an increase in the quantities of generated and disposed hazardous and non-hazardous waste in PLIVA.

The diagrams below show the quantities of generated and disposed non-hazardous and hazardous waste and the comparison over the last three years.

Diagram 1 Quantities of disposed hazardous waste (2008 – 2010)

Diagram 2 Quantities of disposed non-hazardous waste (2008 – 2010)
Diagram 1 does not reflect a continuous trend of reduction in the quantities of generated and disposed hazardous waste in 2009 and 2010. The reason lies in Teva’s takeover of the company at the beginning of 2009, and the consequent introduction of a number of new products and phasing out of some old products. This significantly increased production volumes and consequently the quantities of various types of process waste, and other types of waste resulting from the write-off of finished product and raw material stocks.

As production significantly increased, in some segments over 100%, we believe that a 55% increase in the quantity of generated hazardous waste in 2010 with regard to 2008 definitely does not reflect the simultaneous increase in production. This shows that the trend of on-site waste management, reduction of waste quantity per product unit, and reduction of total waste management costs has successfully continued. This is best illustrated by the fact that despite increased production volume, the quantity of generated and disposed non-hazardous waste increased by only approximately 12% in 2010 compared to 2009. It also shows better supervision, selection and on-site waste preparation for disposal.

It should be mentioned that in line with the Basel Convention, PLIVA exports all its hazardous waste to Austria, Germany and Hungary because Croatia still does not have facilities that would enable the appropriate treatment of hazardous waste. In line with trends and legal requirements, PLIVA audits authorised waste contractors (Figure 1).

In 2009 and 2010 PLIVA started with the replacement of asbestos-containing roofs, which it passes over to authorised waste contractors. We plan to continue these activities in 2011 and 2012, i.e. until we replace all asbestos-containing roofs.

Over the past three years PLIVA, in cooperation with the competent city and county authorities, initiated a number of campaigns for the collection and disposal of expired medicines from home medicine cabinets. The campaigns were successfully completed, and the citizens of Zagreb, Split and Primorje-Gorski Kotar County collected about 3600 kg of expired medicines. The campaigns continued in Zagreb in 2011, and in 2012 we plan to organise them in Osijek and in the Osijek-Baranja County.

Encouraged by the success of this campaign, in 2010 we placed containers for the continuous collection of expired medicines from our employees. We have so far collected more than 100 kg of expired medicines, which clearly shows a high level of environmental awareness among our employees and citizens. At the same time, we have upgraded our system for the collection of old batteries and toners, which we send to be refilled. This new system proved to be very practical and efficient because neither toners nor batteries are disposed of as non-hazardous waste.
GRI (Global Reporting Initiative) Indicators

PROFILE
1. Strategy and Analysis
1.1. Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy

2. Organizational Profile
2.1. Name of the organization
2.2. Primary brands, products, and/or services
2.3. Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures
2.4. Location of organization’s headquarters
2.5. Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report
2.6. Nature of ownership and legal form
2.7. Markets served
2.8. Scale of the reporting organization
2.9. Significant changes during the reporting period regarding size, structure, or ownership

3. Report Parameters
Report Profile
3.1. Reporting period
3.2. Date of most recent previous report
3.3. Reporting cycle
3.4. Contact point for questions regarding the report or its contents

Report Scope and Boundary
3.5. Process for defining report content
3.6. Boundary of the report
3.7. State any specific limitations on the scope or boundary of the report
3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations
3.10. Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement
3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report

4. Governance, Commitments, and Engagement
4.1. Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight
4.2. Indicate whether the Chair of the highest governance body is also an executive officer
4.3. For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members
4.5. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
4.14 List of stakeholder groups engaged by the organization
4.15. Basis for identification and selection of stakeholders with whom to engage

ECONOMIC PERFORMANCE INDICATORS
EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

ENVIRONMENTAL PERFORMANCE INDICATORS
Energy
EN3 – Direct energy consumption by primary energy source
EN4 – Indirect energy consumption by primary source
Water
EN8 – Total water withdrawal by source
EN9 - Water sources significantly affected by withdrawal of water

Emissions, Effluents and Waste
EN16 - Total direct and indirect greenhouse gas emissions by weight.
EN17 - Other relevant indirect greenhouse gas emissions by weight.
EN 20 - NO, SO2, and other significant air emissions by type and weight.
EN21 - Total water discharge by quality and destination
EN22 - Total weight of waste by type and disposal method
EN24 - Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention

Products and Services
EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

Overall
EN30 - Total environmental protection expenditures and investments by type

SOCIAL PERFORMANCE INDICATORS
LABOR PRACTICES AND DECENT WORK

Employment
LA1 - Total workforce by employment type, employment contract, and region
LA2 - Total number and rate of employee turnover by age group, gender, and region
LA3 - Benefits provided to employees

Occupational Health and Safety
LA6 - Percentage of total workforce represented in formal joint management–worker health and safety committees
LA7 - Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region
LA8 - Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

Training and Education
LA10 - Average hours of training per year per employee by employee category
LA11 - Programs for skills management and lifelong learning

Diversity and Equal Opportunity
LA13 - Composition of governance bodies and breakdown of employees per category

HUMAN RIGHTS PERFORMANCE INDICATORS
Non-discrimination
HR4 - Total number of incidents of discrimination and actions taken

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS
Customer Health and Safety
PR1 - Life cycle stages in which health and safety impacts of products and services are assessed

Product and Service Labelling
PR3 - Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

Marketing Communications
PR6 - Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
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