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# *A Modern Company and Social Dialogue*

In 2017, the Polpharma Group announced its commitment to the goals set out in the Sustainable Development Agenda for 2030. We have demonstrated our commitment by implementing a CSR strategy, which addressed 6 out of 17 SDGs goals (The Sustainable Development Goals).

At the same time, relying on our experience in the implementation of the ethics programme and the CSR strategy, we offer a number of general reflections, shedding light on the reasons why “selfishness” in business is *passé* and social responsibility is very much *à la mode*. To begin with, it seems that responsible business management should take into account two perspectives. Clearly, the first is dictated by concern for company economic interests and growth strategy. However, the second, just as important, concerns the integration of the company with its social environment. Various forms of “dialogue with stakeholders” provide examples of such integration, though the significance of these initiatives is deeper than one might think.

Every company is a social entity and, through its actions, participates in the debate, which leads to the emergence of a common system of values. This is where we shape the limits of mutual expectations, the awareness of the common good, the sense of responsibility and rule of law – or the direct opposites of these values – a sense of impunity, indifference and egoism. One needs to be aware of the kind of order that we want to build together and the goals we want to achieve. The 17 Sustainable Development Goals (SDG) help make this dialogue more concrete and allow each organisation to delineate the areas in which its potential will contribute to the improvement of the quality of life, in more ways than purely economic.

## A pharmaceutical company and social responsibility

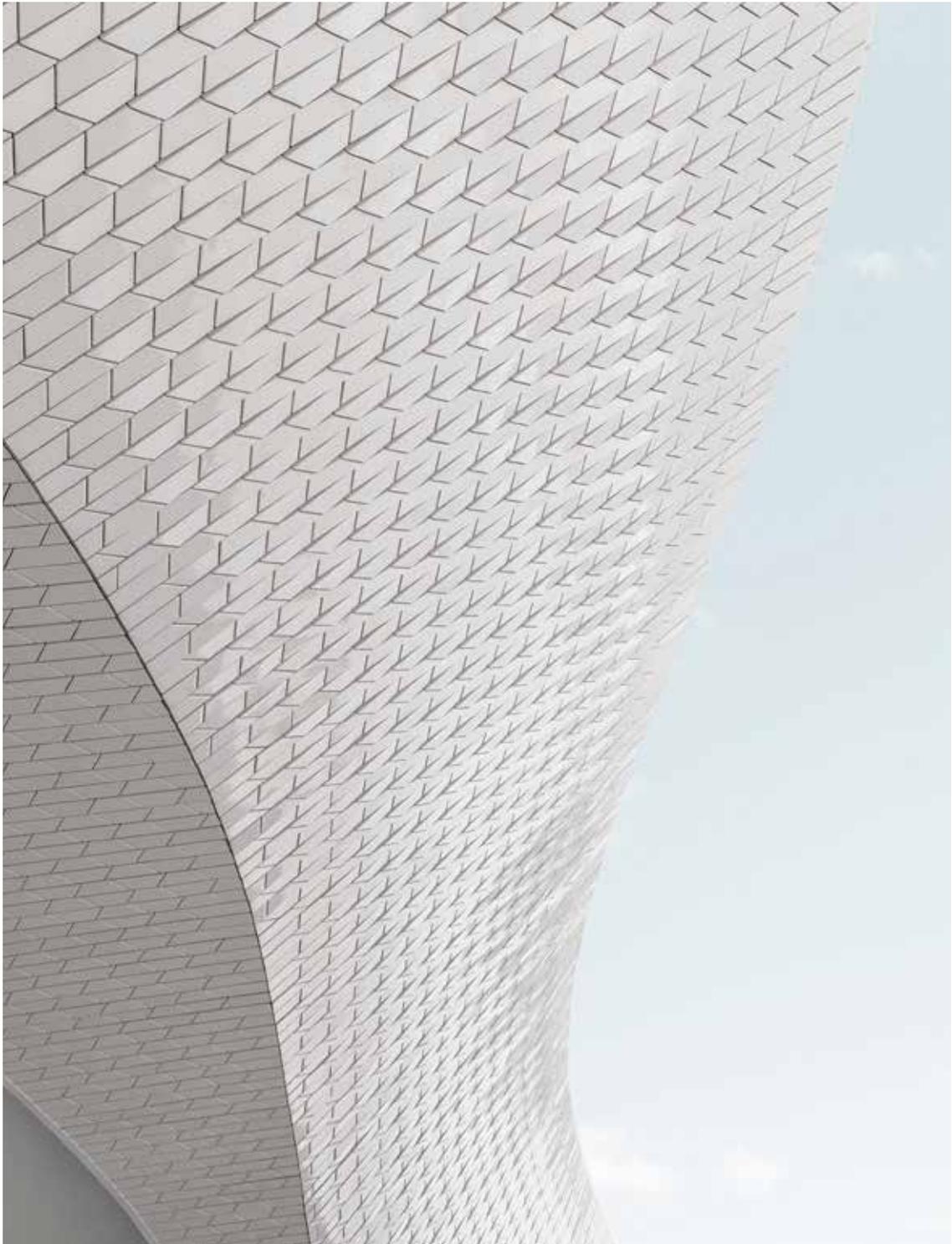
This sense of responsibility is particularly important in the pharmaceutical industry. After all, our products meet the most vital needs of patients and consumers. They help overcome disease and give patients hope of recovery. Since we deal with such values as life and health, we must take into account the moral dimension of our work, which transcends business. The peculiar character of the product determines the role of the company in the context of social responsibility. Expectations towards a pharmaceutical company concern not only product quality, but also what we might call “social empathy”, a sense of caring and solidarity. We have to meet these expectations. What’s more, this also means that we must care about the health of the market, the quality of relationships with business partners and commitment to these values, so that we can operate in a healthy, secure and predictable world. And all this must be expressed in workable solutions.

## Ethics and complementarity

What we may call an ethical company policy clearly requires the complementary approach. One can hardly imagine responsible action in external relations without ensuring first that ethical standards are observed

internally, within the company. We consider the launch of the Ethics Programme in the Polpharma Group in 2015 one of our most important success stories. We faced a very difficult task at that point. After a round of acquisitions, the Polpharma Group was a conglomerate of several companies with different traditions, organisational culture and mentality. Needless to say, since we were not a global corporation, we could not use any of the ready-made solutions,

merely by copying them. Diversity within the Group thus became not so much a hindrance, as a source of inspiration to create a coherent programme of ethics, based on common values. A programme that would include each employee in all Polpharma Group companies in Poland and in foreign markets, and would become the basis for the culture of our organisation.



We decided to develop our ethical message independently and with full cooperation of the entities making up the Group. Right from the outset, the project had top management support – the Supervisory Board and the Management Board were its ambassadors, members of the Steering Committee and Project Group. However, dialogue with our employees was even more important. Nearly 2,000 people were involved in developing the Code of Ethics, something of which we may be proud, but which also makes us realize just how much we all needed a debate about our common values.

The Code of Ethics, which was the product of this work, is the most important, but not the only component of our Ethics Programme. The success of such an initiative is measured not only by the number of documents produced, but also by the growth of awareness among employees, the proliferation of the right style of work, the quality of business relations, customer satisfaction and finally, a sense of pride in who we are and what we do. These goals are not easy to achieve, and therefore we stress the importance of communication and education. We run regular e-learning courses on ethical standards, but also traditional training sessions, which provide opportunities for discussion and interpretation of our values.

No less important was the effort to "export" ethical standards outside the organization. We have implemented an advanced Supply Chain Sustainability programme, with the objective of defining relationships with business partners in the context of compliance with our ethical standards, respect for the natural environment and good business practices. We have developed a Supplier Code of Conduct, and provisions dictated by ethical standards have become a mandatory part of each contract and each order. The Code of Conduct includes requirements concerning respect for human rights, environmental standards, OHS and child labour. All Polpharma suppliers (over 4,000 companies in many different countries) were included in the risk analysis, and a group of key suppliers were subjected to an even more stringent internal review. Crucially, in addition to requirements imposed on suppliers, we also implemented extensive educational programmes, including workshops and training courses, designed to educate suppliers and strengthen their commitment to the pursuit of higher standards.

## Permanent ethics

What seems most important, however, is to ensure that initiatives intended to maintain high ethical standards are not merely transient. Each organisation faces recurring

challenges: constant employee and contractor churn, changes in the legal environment, expansion to new markets. For a pharmaceutical company, these challenges acquire still greater significance. Documents of the European Commission and reports issued by Polish authorities stress the highly sensitive and irregularity-prone relations between the pharmaceutical industry and the public healthcare system. The task of combating corruption and other fraud, however, is not reserved for public institutions (see the draft bill on transparency in public life and amendments to the act on the liability of collective entities). The pharmaceutical industry should voluntarily set the highest possible standards of conduct and create procedures that leave no loopholes for corruption. The policy of the Polpharma Group states explicitly that each employee is obliged to comply with law, the Code of Ethics of the Polpharma Group and best market practices. When in doubt, each employee should always follow the most restrictive provisions. This is of particular importance when we operate on foreign markets where legal solutions differ from Polish law and may also differ from the standards adopted by the Group.

We are talking about procedures supervised by legal departments as part of compliance tasks, and about such specific issues as the acceptable level of sponsorship, the permissible forms of cooperation with medical doctors, the limits of promotion and marketing, etc. An essential part of this effort was the creation of tools for reporting and responding to reports of violations of the Group's standards. The tools that would ensure whistleblower protection and, thanks to dedicated training programmes, would raise awareness of the need to protect the common good and do the right thing when irregularities are observed.

## Challenges, common initiatives, market stabilization

The Polpharma Group has met its obligations of active involvement in CSR initiatives. We are among the founding members of the Ethics Officers Coalition, which provides a platform for meetings and exchange of experience for ethics officers at various companies. Working within the Coalition, we co-developed the Ethical Programme Minimum Standard for Polish companies. Referring to the tenth principle of the Global Compact, we have implemented numerous measures to thwart corruption. We are currently close to completing our work on the Anti-corruption Code, which is based on our initiatives and experience in this area. We hope that it will be a very clear signal as to our intentions and the practice of our operations.