

The United Nations Global Compact Communication on Progress (COP)

Square Pharmaceuticals Ltd Bangladesh



Overview of Square Group

Square Pharmaceuticals Ltd is the flagship company of Square Group. In stark contrast to its present stature, Square had a rather humble beginning. In 1958, the Company started out as a small scale pharmaceutical venture at Pabna, a small town in Northern Bangladesh. It was a partnership effort of four young and enterprising men under the leadership of the Chairman, **Mr. Samson H Chowdhury**, whose determination and passion saw it through the turmoil of the early days.

In 1964, the Company was turned into a Private Limited Company. After the independence of Bangladesh, 1975 was quite a significant year for Square as it established a technical collaboration with Janssen Pharmaceuticals of Belgium; a subsidiary of Johnson & Johnson, USA. In its relentless quest for higher technology, Square signed a technological collaboration agreement with F. Hoffman-La Roche & Co. Ltd in 1982. 1985 was another historical year for Square as the Company gained the market leadership for the first time in Bangladesh pharmaceuticals market and since then it has been maintaining its position as the leading pharmaceutical Company of the country. In 1987, Square became the first Bangladeshi company to export its product abroad. The Company stepped into a new era when it was transformed into a Public Limited Company in 1991 and subsequently it was publicly listed at both the stock exchanges in the year 1995. Square Pharmaceutical Ltd has been successfully retaining its market leader position in Bangladesh for the last consecutive 22 years and its current market share is approximately 16%.

With a vision to diversify its product line, in 1988 Square launched its Toiletries Division which later (in 1994) became an independent company named 'Square Toiletries Ltd'. Following the same strategy, in 1995 the Chemical Division of Square was established to produce raw materials for its pharmaceutical products. Square, so far has diversified its business in many industries. Group's ventures are:

Pharmaceuticals & Healthcare

Square Pharmaceuticals Ltd
Square Cephalosporins Ltd
Square Herbal & Nutraceuticals Ltd
Square Hospitals Ltd

FMCG

Square Toiletries Ltd
Square Consumer Products Ltd
Health & Hygiene Products Ltd

Textile & Apparel

Square Textiles Ltd
Square Spinning Ltd
Square Knit Fabrics Ltd
Square Fashions Ltd
Square Yarns Ltd

Others

Square Informatix Ltd (ICT)
Square Agro Development & Processing Ltd
(Agriculture)

Square Pharmaceuticals Ltd (SPL) is one of the two Public Limited Companies of the Group and both are listed at the two stock exchanges of Bangladesh i.e. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). These two companies' shares are considered 'Blue Chip' at both the stock exchanges.

At present, with an annual group turnover of around \$300 million, Square is playing a major role in furthering the industrialization efforts in Bangladesh. And more than 15,000 people are presently employed under the greater umbrella of Square. You can learn more about the Square Group in the following link:

<http://www.square-bd.com>

External Forums

SQUARE gives highest importance to the principles of Corporate Governance and its implementation within the organization. In the 2004 annual report of Square Pharmaceuticals Ltd, the Company published its Corporate Governance report and similar reports were also published in 2005 & 2006. This report focuses on our good governance initiatives within the company and our commitment to corporate social responsibility. The reports are also available in the following link:

<http://www.squarepharma.com.bd/FinancialReport.html>

Internal Communication

Code of Conduct and Orientation Training: All new recruits at SQUARE undergo a mandatory training on Company's Code of Conduct. This training ensures that all employees are informed and accountable to Corporate Standard.

Signing of UN Global Compact

In August 2004, Square Pharmaceuticals Ltd as the representative of Square Group endorsed the United Nations Global Compact. Square is one of the pioneers in Bangladesh to participate in this initiative. Square's commitment to instill and advancing the 10 principles is publicly asserted in its annual reports, website, speeches and in public round table sessions organized by various local institution.

The next part illustrates the Company's Action and Performance for each of the Global Compact's 10 Principles under the four main categories: Human Rights, Labor, Environment and Anti-Corruption.

Human Rights

Principle # 1: Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence

Principle # 2: Make sure that they are not complicit in human rights abuse

Context:

In the pharmaceutical industry, human rights issues in the public sphere range from compliance with the rule of law to improving access to medicine.

Action & Outcome:

Square Pharmaceuticals Ltd works through different channels to ensure access to medicine and healthcare services to common people. Following are some of its initiatives:

- **Improving Access to Medicine:** Square salutes the people of Bangladesh for their unwavering trust on its products over the last 50 years. The company also engages in activities aimed at enhancing people's access to quality medicine. Square regularly interacts with the underprivileged segment of the society directly or through different NGOs. The Company assists the HIV positive/AIDS patients in gaining better access to medicine through donation of AIDS medicine to local NGOs like Ashar Alo (Light of Hope) Society, Mukto Akash (Open Skies), Confidential Approach to AIDS Prevention (CAAP).
- **Advancing Research & Development Programs:** SPL in collaboration with ICDDR,B (International Center for Diarrhoeal Disease Research, Bangladesh) produced 1.8 million zinc tablets for the center. This was under a project named **SUZY ("Scaling up Zinc Treatment for Young)** aimed at advancing research on zinc therapy on Children with Diarrhoea and Pneumonia. This project was funded by the *Bill and Melinda Gates Foundation*.
- **Building Healthcare System Capacities:** To realize its strategy of forward integration of business and as a part of its commitment to the people of Bangladesh, Square Group established a state of the art hospital named **Square Hospitals Ltd** that went in to operation on December 2006. This is a 300-bed hospital built at the cost of \$ 50 million aimed to provide global standard healthcare services at an affordable cost. Square hopes that this will bring changes in people's attitude to seek better healthcare services from countries like Thailand, Singapore, India etc and in the process save invaluable foreign currencies for the country.

Among others, SPL also provides institutional helps to build healthcare infrastructure. The Company has donated two ambulances to Pabna Municipal Corporation & Ishwardi Municipal Corporation for public use.

- **Informing Physician Community on Latest Development in Medical Science:** Being in the pharmaceutical sector, the Company maintains a very close relation with the physician community. The management believes a better informed and educated doctor community creates a win-win situation for all the stake holders. To further this cause, Square takes multiple initiatives under its **Continual Medical Education (CME)** programs:
 - **PC Education Program:** PC stands for “**P**alli **C**hikitshak” i.e. Village Doctors who doesn’t have a complete medical education from any recognized institute but has obtained local diploma or similar education and practices in the rural areas. Square organizes these programs regularly all over the country. These programs highlight the safe use of drugs and inform the PCs about different aspects of various diseases and use of related drugs.

Year	Number of Programs	Number of Doctors Participated
2006	1835	54903
2007 (up to June)	996	29853

- **Clinical Meeting:** These meetings are organized aiming the main stream local physicians. A dedicated team of medical graduates in the Medical Services Department (MSD) organizes these programs across Bangladesh. These act as a forum for training and knowledge-sharing among the medical professionals and often attended by experts on the respective subject as key-note speakers.

Year	Number of Programs	Number of Doctors Participated
2006	369	11070
2007 (up to June)	183	5307

- **Square Publications:** Square has number of regular publications to support the physician community. Those are:

The Square: This is a quarterly healthcare bulletin published since 1993 and focuses on contemporary critical issues related to medicine, diseases, medical innovation etc. It also re-publishes (with permission) important medical articles that are originally published in internationally renowned medical journals that are

not easily accessible to local physicians. This bulletin is distributed free of cost among the physicians of Bangladesh. An e-version of this bulletin is also available at the following link:

<http://www.squarepharma.com.bd/TheSQUARE.html>

Square: This is a half yearly healthcare bulletin published in Bangla for the “Palli Chikitshak” community to supplement the PC Education Program. An e-version of this bulletin is also available at the following link:

<http://www.squarepharma.com.bd/BanglaSQUARE.html>

e-Square: This is an online healthcare bulletin that includes all latest medical issues and innovations in brief news form. This is available at the following link:

<http://www.squarepharma.com.bd/ESQUARE.html>

The Company collects regular feedback from physicians on its products. Their comments and suggestions on different programs are recorded and appropriate measures are taken where necessary.

- **Support to Disaster Management**

Square Pharmaceutical Ltd has a clear policy to support disaster management efforts of the Governments in and outside Bangladesh.

- In April 2007, the Company donated **bird flue medicine** to the Government of Bangladesh which will cover the treatment of 200 patients.
- The Company donated medicine responding to severe **earthquakes** in Iran and Pakistan.

- **Support to Social Causes**

SPL gives special importance to community development through supporting important social issues.

- **Reconstruction of Library:** Square took some specific initiatives to support the non-proliferation of drug addiction among local youths at Pabna. “Rebuilding of Ananda Govinda Public Library”, a 100 year old public library, is one of such initiatives. The Company installed modern facilities for readers and also for the preservation of valuable books and documents. This was aimed at attracting local youths to engage in alternative activities like education.
- **Rebuilding of schools and roads:** Square reconstructed a school to create education facilities for under privileged students and constructed two roads for public conveniences.

Labor Standards

Principle # 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Action:

From the very inception, Square lay down and practiced policies to foster good industrial relations in all its plants and establishments. SPL like the other Strategic Business Units (SBU) of the Group maintains and upholds HR policies that are consistent with the Labor Laws of the country. Square Pharmaceuticals Ltd leads the Group in encouraging workers' freedom of association and their right for collective bargaining.

Outcome:

Square Pharmaceuticals Ltd's Workers' Trade Union named "Sqaure Kormochari Samity" (Registrar of Trade Union, Registration No: 1322) was formed on January 22, 1970 and at present there are around 825 members of the Union. The CBA, besides regular IR activities, negotiates with the management on a biannual basis on different issues as per the labor law. The last such meeting between the Management and the CBA was held on December 26, 2006 where after successful negotiation on a pre-agreed agenda, both parties signed an Agreement that will remain effective for the next two years. The parties also agreed up on the next meeting to be held on December, 2008 or January 2009.

Labor Standards

Principle # 4: Business should uphold the elimination of all forms of forced and compulsory labor.

Principal # 5: Business should uphold the effective abolition of child labor.

Action & Outcome

SPL recognizes that progressive labor policies are good business practices, especially for a company that has global ambition. The Company follows laws and encourages a work environment that welcomes diversity and fair treatment in the recruiting process and the workplace. Group's HR policy strictly prohibits any form of forced labor in SPL or in any other SBUs of Square. The Group actively pursues the policy of "No employment for Children in Square" and at present, **no child is employed in Square Pharmaceuticals Ltd or any other SBUs of the Group.**

Labor Standards

Principal # 6: Business should uphold the elimination of discrimination in respect of employment and occupation.

Action

SPL encourages diversity and equal employment opportunity in the recruiting process and the workplace. The Company pursues policies that proactively address all forms of discriminations in terms of minority, gender and cultural issues.

Outcome:

- At present approximately 30% of the workforce is female and the management is pursuing proactive policies to increase this ratio so that it reflects the population of Bangladesh.
- While serving food to the employees, the management ensures the menu and the manner it is served does not ignore the religious or cultural norms of employees from different backgrounds.
- The “Company Declared Annual Holidays” take account of the major festivals of the 4 major (Muslim, Hindu, Christian and Buddhist) religious communities in Bangladesh.
- Square offers transportation facilities (to commute to and from office/plant) to 100% of its female employees working in all its plants and establishments.
- Square has established a school at Pabna named **Square Kindergarten** primarily to extend quality education facility to the children of the employees. This is a 100% “not for profit” initiative where the students receive quality education at a very subsidized rate.

Environment

Principle # 7: Business should support a precautionary approach to environmental challenges.

Principal # 8: Business should undertake initiatives to promote greater environmental responsibility

Principal # 9: Business should encourage the development and diffusion of environmentally friendly technologies

Action

Square Pharmaceuticals Ltd, as part of a progressive business group, believes that the advancement of good health occurs not only through the innovation, production and distribution of its products, but also through the creation and preservation of a healthy environment. The Company is dedicated to identifying emerging environmental issues relevant to the concerned industry and stakeholders and leading efforts to address them strategically and technically through innovative policies and technology program.

The ***Safety, Health and Environment Policy*** of Square Pharmaceuticals Ltd is given below:

- Provide and maintain facilities, plant, equipment, system and working conditions which are safe for our employees, visitors, contractors, and the public as far as practicable.
- Provide information, training and supervision to enable all the activities to be performed by safe, responsible and effective manner.
- Take full account of safety, health and environmental and loss prevention considerations in project planning and decision making.
- Minimize the impact of business activities on the environment in which the operation is located.
- Protect all employees from exposure to any substance that is hazardous to health by containment and control measures.
- Protect all employees as far as practicable from those activities, which are hazardous to health, by providing suitable mechanical means based on assessment of the risks.
- Assess and seek to minimize risk for employees from off-side business related activities.
- Maintain appropriate emergency response procedures.
- Maintain and effective occupational health monitoring system.
- Achieve continuous improvement in its safety, health and environment performances.
- Treat local safety, health and environment regulations as minimum standards.

Outcome:

- Square has established **Effluent Treatment Plant (ETP)** in all its relevant production /manufacturing facilities.
- SPL has a **pre-placement health checkup policy** under which all potential recruits undergo a thorough medical checkup at Company's cost. It also provides extensive medical support to its employees and their immediate family members through Square Hospitals Ltd at a subsidized rate.
- During working hour, Square also serves all its employees **healthy food** that are prepared and served (at company's cost) ensuring highest standard of hygienic condition.

Anti -Corruption

Principle # 10: Business should work against all forms of corruption, including extortion and bribery.

Action:

Transparency is a core value of Square Pharmaceuticals Ltd and other SBUs of the Group and is strictly followed at every step of the business process.

- Every business activity in the Company is modeled in a way that enables the management to ensure highest degree of both financial and behavioral accountability.
- The Company’s HR policy in its “Code of Conduct” section clearly explains issue like “conflict of interest”.
- The Company also has an “Internal Audit” department which specifically deals with this issue. The head of “Internal Audit” directly reports to the Managing Director to ensure better control and faster corrective measures.
- The legal affairs team advises the management on issues related to external compliance and compliance with the law of the land and international laws.

Outcome:

- Square Pharmaceuticals Ltd received the Ceylon National Chamber of Industries (CNCI) Gold Award as an “**Achiever of Industrial Excellence**” for the year 2007. The “CNCI Special SAARC Regional Country Award”, is accorded to the best business entities in the SAARC countries which have achieved the Highest Industrial Excellence in their home countries and have also gained international prominence in **conducting business in the most professional and ethical manner**.
- In 2005, four Directors (including the Chairman, **Mr. Samson H Chowdhury** and the Managing Director, **Mr. Tapan Chowdhury**) of The Company were honored as **VIP (Income Tax)** by the Government. They were included among the top 25 individual income tax payers of the country. In the same year, Square Pharmaceuticals Ltd became one of the top 15 tax paying PLCs of the country.
- Square Pharmaceuticals Limited (SPL) received **Bankers’ Forum Award 2005** for being the most successful entrepreneur. The award was given in recognition to the company’s **ethical and socially-responsible business practices** and smooth operations with the bankers. SPL has never been a bank defaulter over its forty-nine years of business.

- The 2003 Annual Report of Square Pharmaceuticals Ltd was awarded the best financial report for **Transparency & Excellence in Corporate Reporting** by the Institute of Chartered Accountants of Bangladesh (ICAB).
- In 2003, Company’s Chairman, **Mr. Samson H Chowdhury** received the prestigious *The Daily Star – DHL* “**Business Person of the Year**” award for being the key person behind the rise of one of the biggest conglomerate of the country, Square Group.
