# Teva 2019 Environmental, Social and Governance Progress Report

teva

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# A Message from Our President & CEO, Kåre Schultz

As I write this, we are in the midst of an unprecedented health crisis—one that has impacted the lives of so many around the world. This global emergency highlights the importance of our industry and Teva's essential role in providing high quality medicines. We are collaborating with governments and health services to support emerging needs. At the same time, we are keeping all of our employees fully employed and safeguarding their well-being as they work diligently to ensure the safe supply of our medicines to the nearly 200 million patients who depend on us every day.

Our response at this challenging time is just one example of how we increase access to quality, affordable treatments and contribute to communities across the globe. This work is only possible because of our commitment to operate responsibly, ethically and transparently.

For us, Environmental, Social and Governance (ESG) means working to improve the health of our patients and communities while running an accountable business. It is embedded throughout our operations. This year, our ESG Progress Report outlines our efforts and includes new disclosures and goals, external validations and clear alignment with global health priorities. Highlights from 2019 include:

- **Environmental:** Reduced greenhouse gas emissions by 17% from 2017 and implemented our Environment, Health and Safety Management System (EHSMS) across 93% of our sites
- **Social:** Received more than 1,000 approvals for new generic medicines, donated $246 million worth of medicines to patients across the globe and partnered to address childhood cancer medicine shortages by supplying 17,000 vials of 13 medicines in Ethiopia
- **Governance:** Trained more than 15,000 employees on eight ethical behavior topics using an innovative and engaging format and published policies on Access to Medicines and Expanded Access Programs

This progress was bolstered by solid financial performance, as we completed our two-year restructuring plan to build a strong and sustainable future for Teva. Looking to the future, we will continue to advance our ESG efforts to create value for our investors, employees and many stakeholders. We will strive for full compliance, while demonstrating integrity, ensuring the quality of our medicines and keeping patients at the heart of what we do.

**Kåre Schultz**

President & CEO
Teva Pharmaceutical Industries Ltd.

# About Teva

- We are the **world's leading provider of generic medicines**, with an **innovative portfolio, including specialty medicines and biosimilars**.
- Our mission is to be a **global leader** in **generics** and **biopharmaceuticals**, improving the **lives of patients**.
- We are **headquartered in Israel**, where Teva was founded in 1901.
- We specialize in developing, manufacturing and delivering quality, affordable **generic medicines**, as well as **innovative and specialty pharmaceuticals**, **over-the-counter healthcare products** and **active pharmaceutical** ingredients that we supply to industry peers.
- We are led by **Kåre Schultz, President & CEO**. Our Board of Directors is chaired by Dr. Sol J. Barer and includes 10 additional directors.
- We have a presence in **60 countries**, with **65 manufacturing facilities**.
- We are publicly traded on the **New York Stock Exchange (NYSE: TEVA)** and the **Tel Aviv Stock Exchange (TASE: TEVA)**.

## In 2019

Employed **39,288** individuals

Manufactured **73 billion** tablets and capsules and **753 million** sterile units

Had a net revenue of **$16.89 billion USD**

Had a market capitalization of **$10.86 billion USD**

# Our Portfolio

## Leading Specialty Medicines

| | |
|---|---|
| **Central Nervous System** | AJOVY (fremanezumab-vfrm) injection 225 mg/1.5 mL<br>Austedo (deutetrabenazine) 6 mg, 9 mg, and 12 mg tablets<br>COPAXONE (glatiramer acetate injection) |
| **Respiratory** | AirDuo digihaler (fluticasone propionate 113 mcg and salmeterol 14 mcg) Inhalation Powder<br>ArmonAir digihaler (fluticasone propionate) Inhalation Powder<br>ProAir digihaler (albuterol sulfate 117 mcg) Inhalation Powder<br>DuoResp Spiromax budesonide/formoterol<br>CINQAIR (reslizumab) Injection 100 mg/10 mL<br>ProAir RespiClick (albuterol sulfate) Inhalation Powder<br>QVAR RediHaler (beclomethasone dipropionate HFA) Breath-Actuated Inhalation Aerosol 40 mcg • 80 mcg |
| **Oncology** | BENDEKA (bendamustine HCl) injection<br>GRANIX (TBO-FILGRASTIM) Injection<br>Herzuma (trastuzumab-pkrb) For Injection • 420 mg/vial • 150 mg/vial<br>TREANDA (bendamustine HCl) for Injection<br>Trisenox (arsenic trioxide) injection<br>Truxima (rituximab-abbs) Injection |

## Generic Medicines

**1,800** molecules

**12-20%** of all prescriptions in markets around the world

Supplied to all **leading pharmaceutical companies** for clinical trials

# Environmental, Social and Governance at Teva

## Our Approach

At Teva, we seek to align our corporate resources and expertise with relevant areas of global health and social need and conduct our business responsibly. We are dedicated to promoting the health of patients and increasing access to treatment, while cultivating a culture of compliance, ethics and transparency. Our strategy is grounded in key environmental, social and governance (ESG) topics and reflects our efforts to contribute to healthy communities and lead a responsible business. Each year, we publish a report to highlight our efforts in these areas and share our performance and stories with our stakeholders, including our employees, investors and the global health community.

Our activities are overseen by the Compliance Committee of our Board of Directors, which provides direction on the company's policies and practices for complying with laws, regulations and internal procedures. In August 2019, Teva conducted a dedicated session on ESG for our Board of Directors.

This report is organized according to the topics material to our business. For more information on our 2019 material issues and our latest materiality assessment update, see our material topics.

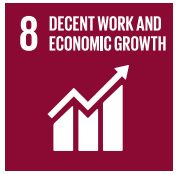
## Commitment to Sustainable Development Goals

In 2015, the United Nations implemented 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development. The goals create a blueprint to end poverty and hunger, maintain a sustainable environment and spread peace and good fortune to all people. With a mission focused on improving health, Teva inherently supports the SDGs.

At its core, our business contributes to Goal 3: Good Health and Well-Being. We are the world's leading provider of generic medicines and the leading supplier of medicines on the World Health Organization (WHO) Essential Medicines List (EML), which includes treatments that address key health needs.

Teva's work is centered on advancing the health and wellness of our patients. Beyond developing new medicines, we donate treatments to those in need and protect and promote the well-being of our employees and communities. We also focus on addressing SDG 3.4 to reduce premature mortality from non-communicable diseases (NCDs), and in the past few years, we have focused specifically on patients with multiple chronic conditions (MCC).

We also support several other SDGs, which are highlighted in each chapter of this report. Some of these include:



# 2019 ESG Highlights

## Our Patients

### Expanded portfolio of quality medicines worldwide

25 approvals for innovative specialty medicines

1,000+ approvals for generic medicines

$1B+ invested in research and development

$246M* worth of medicines donated to patients

Launched **resources** for those who support patients, including **tools for pharmacists** and **caregiver programs** in **7 countries**

4 additional clinics selected for Enhancing Access2Care to develop creative strategies to prevent and treat chronic conditions

3 awards for increasing access to medicine, public health leadership in addressing multiple chronic conditions and partnering to deliver essential medicines

*WAC

## Our People

93% of sites implemented global Environment, Health and Safety Management System

### Best-recorded employee safety performance

11% reduction in total recordable injury rate

23% improvement in lost time injury rate

4% improvement in total lost workdays

46% of management positions held by women

19,200+ employees acknowledged in first year of global recognition program

82% of employees completed annual survey

## Our Planet

### Reduced:

greenhouse gas emissions by 17% from 2017

total waste by 13% from 2018

total energy consumption by 6% from 2018

## Our Protocols

15,000+ employees trained on 8 key ethical behavior topics

4 policies and positions published on Clinical Trial Transparency & Disclosure, Access to Medicines, Animal Welfare and Expanded Access Programs

140 new suppliers under EcoVadis risk mitigation framework, which helps monitor supply chain sustainability

## Our Performance

**2020 AMR Benchmark from Access to Medicine Foundation**

37% improvement from 2018

**Sustainalytics**

Top 14% of pharmaceutical companies

**FTSE4Good**

88th percentile for sub-sector

**Dow Jones Sustainability Index**

55th percentile, compared to 40th in 2017

**ISS QualityScore**

Highest score for environmental and social performance

# Our Economic Impact

Teva's first-ever Global Economic Impact Report highlighted the billions of dollars in savings from Teva's generic medicines and the contributions of our economic activity to jobs, gross domestic product (GDP) and labor income. The report was based on an independent analysis conducted in 2019 by Matrix Global Advisors, a Washington DC-based economic policy firm. It reviews Teva's economic impact in 2018 in 19 of the 60 countries in which we operate, which represent 77% of Teva's global workforce and 85% of our direct economic activity.

Teva's generic medicines were responsible for **$54.6 billion** in savings across 18 countries, including:

- **$41.9 billion** in the US, including **$5.9 billion** in out-of-pocket costs to patients
- **$8.6 billion** across 12 European countries
- **$400 million** in Israel

Across 19 countries, Teva's economic activity:

- Supported nearly **230,000** direct and indirect jobs
- Contributed **$50.7 billion** to GDP, including **$15.0 billion** in the US and **$3.0 billion** in Israel (nearly 1% of Israel's total GDP)
- Generated **$10.0 billion** in labor income

# Contributing to Healthy Communities

Health is what we study in our labs; it is the foundation of our business and what we ultimately want for every patient we serve. Teva increases access to quality, affordable medicines, and we are always striving to manufacture and develop new treatments for our patients. As our world grows more dynamic, we are faced with new health challenges, many of which Teva is uniquely positioned to address. We dedicate ourselves to improving the health of people across the globe, while also supporting individuals in improving their own health.

# Access and Affordability

Our social and business goals are united by a commitment to bring more treatments to more people in more countries at affordable prices. We manufacture more than 3,500 drug products, but we know those products are only valuable if the patients who need them can access them. As the world's leading provider of generic medicines, Teva makes it possible for more people around the world to afford quality medicines. We also form partnerships to improve access, provide assistance to alleviate patients' financial burdens, donate medicines to those in need, participate in global health tenders and respond to urgent drug shortages. Teva's Position on Access to Medicines was published in 2019 and outlines our commitment to enabling better access for patients around the world.

## Expanding our generics pipeline

With more than 1,150 generic medicines in our development pipeline, supplying affordable medicines is a fundamental way we contribute to improving access to medicines. As highlighted in the Teva Global Economic Impact Report, Teva's generic medicines were responsible for nearly $55 billion in savings across 18 countries in 2018. In 2019, we launched new generic medicines and received more than 1,000 approvals for generic medicines around the world. Below are some highlights.

- **Generic version of EpiPen® (Epinephrine Injection, USP) in the US,** Epinephrine Injection (Auto-Injector) is a prescription medicine in a disposable auto-injector used to treat life-threatening, allergic emergencies, including anaphylaxis, in people who are at risk for, or have a history of, serious allergic emergencies.
- **Generic version of Gilenya® (Teva-Fingolimod) in Canada,** a monotherapy for the treatment of patients with the relapsing-remitting form of multiple sclerosis (MS). Canada has the highest prevalence of MS in the world, with more than 77,000 cases in the country.[1]
- **Octreo-ratiopharm in Germany,** the only available generic alternative to octreotide containing long-acting release injection in Germany. Octreo-ratiopharm is for the treatment of acromegaly, a disease in which the pituitary gland produces too much growth hormone, and of gastro-entero-pancreatic endocrine tumors, which arise from cells in the gut that release hormones that control various functions of the digestive system. Given the highly complex development, this is a significant achievement, which saved the healthcare system in Germany $8.8 million in 2019.

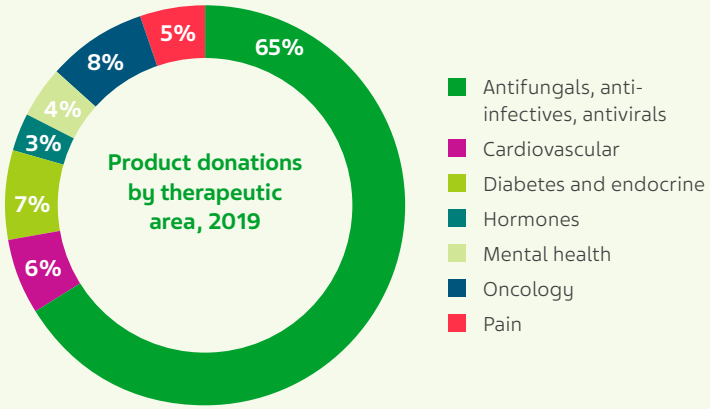
[1] Government of Canada. 2019. What is Multiple Sclerosis?. Available: https://www.canada.ca/en/public-health/services/chronic-diseases/multiple-sclerosis.html (Accessed September, 2019)

## Donating medicines to patients around the world

Even affordable medicines may not be accessible to the most disadvantaged populations. Teva has collaborated with key partners for decades to get medicines to those in need, often in countries where Teva does not have a presence. In 2019, Teva donated 2.7 million packages of medicines to patients around the world, valued at $246 million. Our donated medicines covered various therapeutic areas, including chronic health conditions, such as cardiovascular disease, diabetes, mental health and pain, as well as antifungals, anti-infectives and antivirals.

Teva's donation partners help enable access to Teva medicines. Teva has partnered with Operation Blessing for years to provide free medical services. Through four strategic approaches, medical brigades, community health volunteers, rural clinics and in-country hospitals, Operation Blessing supplies basic medicines and critical medical supplies. In 2019, Teva provided more than 97,000 units of medicines to 47 different institutions across El Salvador, Guatemala, Haiti and Honduras.

Teva has partnered with Direct Relief and Global HOPE (Hematology-Oncology Pediatric Excellence), a program of Texas Children's Hospital, to enable access to medicines in sub-Saharan Africa, where an overwhelming majority of children with cancer and hematologic diseases do not survive. While more than 80% of children with cancer are cured in high-income countries, only about 20% are cured in many low- and middle-income countries.[1] Global HOPE will determine how much medicine is needed at its clinics in Malawi, and Direct Relief will safely transport Teva medicines.




eyeforpharma AWARDS

Teva received **eyeforpharma's 2019 Most Valuable Collaboration Award** for our partnership with Direct Relief, reflecting patient and health professional recognition of our work to improve access to medicines.

1 Gupta S, Howard SC, Hunger SP, et al. Treating Childhood Cancer in Low- and Middle-Income Countries. In: Disease Control Priorities, volume 3. http://dcp-3.org/chapter/900/treating-childhood-cancers-low-and-middle-income-countries; Howard SC, Zaidi A, Cao X, et al. The My Child Matters programme: effect of public-private partnerships on paediatric cancer care in low-income and middle-income countries. Lancet Oncol. 2018;19(5):e252-e266.

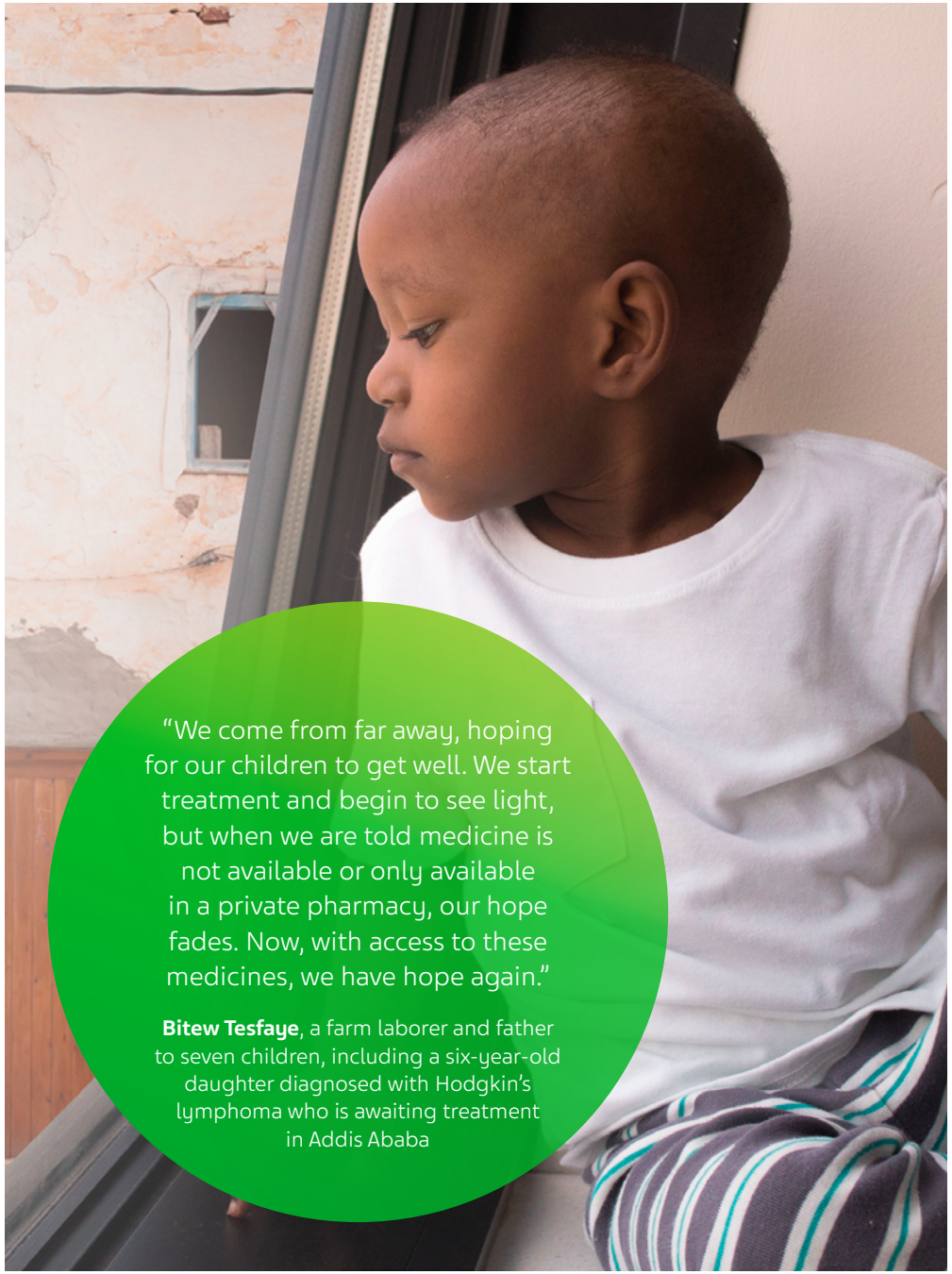
## Supplying essential medicines to children in times of need

Drug shortages can leave patients without access to critical treatments. They can occur for many reasons, such as delays, discontinuations or manufacturing problems. With a medicine cabinet of more than 3,500 drug products, Teva works closely with regulatory authorities around the world to alert them to anticipated shortage issues and leverage our vast portfolio to support supply, when possible.

Teva manufactures 84% of cancer medicines listed on the World Health Organization's (WHO) Essential Medicines List (EML), so when Ethiopia faced a shortage of childhood cancer medicines, we formed an initiative with Access to Childhood Cancer Essentials (ACCESS), Direct Relief and the Ethiopian Pharmaceutical Fund Supply Agency (EPFSA) to address the problem. We identified 13 Teva cancer medicines from the EML and sent 17,000 vials to Ethiopia within six weeks—a process that can typically take upwards of six to nine months.

When the US faced a shortage of Vincristine, a childhood cancer medication, Teva announced we would re-introduce the product, manufacturing it at our US plant, which provides the fastest route to market. Teva hopes the reintroduction will help address the shortages and bring this life-saving medicine to children in need.

While we can't meet every need around the world, we strive to be a good partner to regulatory bodies and supply needed medicines whenever possible.



"We come from far away, hoping for our children to get well. We start treatment and begin to see light, but when we are told medicine is not available or only available in a private pharmacy, our hope fades. Now, with access to these medicines, we have hope again."

**Bitew Tesfaye**, a farm laborer and father to seven children, including a six-year-old daughter diagnosed with Hodgkin's lymphoma who is awaiting treatment in Addis Ababa

## Helping patients afford their medicines

Teva's patient assistance programs provide Teva medicines at no cost for eligible patients. The Teva Cares Foundation in the US works to address financial barriers to access to medicines, supplying free treatments to hundreds of patients each year. In 2019, we provided $40.5 million worth of medicines to 12,800 patients through the Teva Cares Foundation.

## Responding to requests for medicines

Through global health tenders, Teva works with non-profit and non-governmental health organizations to provide quality medicines to vulnerable populations. We focus on creating equitable access in lower-middle-income countries, including many where Teva does not have a commercial presence. In 2019, Teva provided 121 million units of medicine through global health tenders, a 21% increase from 2018.

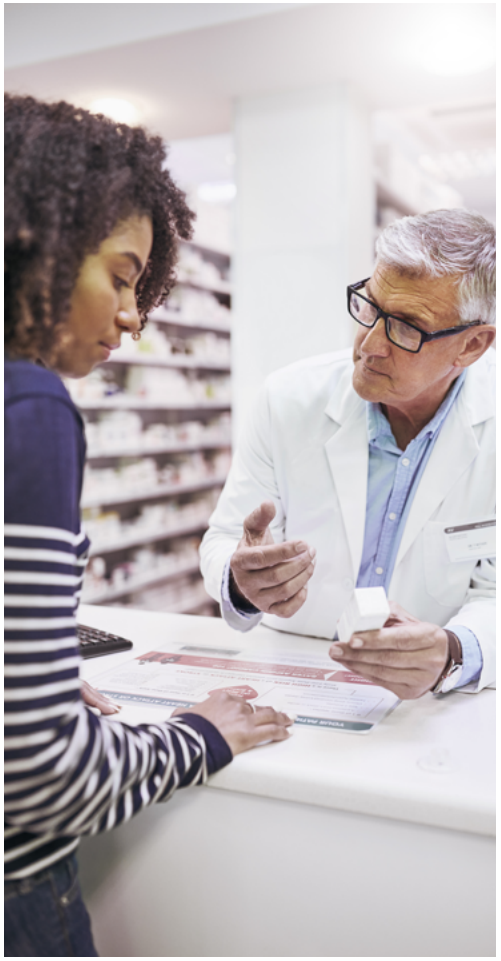
- 119,900 million units of Pyridoxine (50 mg and 100 mg) to UN organizations
- Myfenax (250 mg and 500 mg), Cyclosporine (25 mg and 50 mg) to Pan American Health Organization (PAHO)
- 810,000+ tablets of Linezolid (600 mg) to UN organizations
- Mephaquin (250 mg) to IFET

## Increasing the availability of quality medicines

The WHO's Prequalification of Medicines Programme (PQP) helps ensure medicines supplied by procurement agencies meet acceptable standards of quality, safety and efficacy. Only 100 medicines are on this list. Teva submitted an application for Atazanavir (capsule) 300 mg to be included. This was the first time the WHO evaluated this antiretroviral medicine for HIV at the 300 mg dosage for inclusion in the program. Just six weeks later, it was added to the list, increasing developing countries' access to this quality medicine.

## Offering investigational medicines

In some cases, people cannot wait for a medicine in development to be approved, due to a critical or life-threatening condition. Through seven programs around the world, Teva provides more than 300 patients with access to certain medicines before they are on the market. In 2019, we published our Policy on Expanded Access Programs, which helps ensure patient access to Teva's investigational products, including drugs and biologics.



**Expanding access in the Ukraine**

In 2019, **Teva Ukraine** became the leading participant in terms of value in the state reimbursement program, "Affordable Medicines," and second in terms of volume. Ten Teva products, or 25 SKUs, were featured in all three areas of the program: cardiovascular diseases, asthma and type 2 diabetes. Teva is the only company represented in all of these areas. We were the first to join the program when it launched in April 2017 and have since grown our contribution, having supplied 6.8 million medicines of the program's total 57.9 million last year (12%).

## Science and Innovation

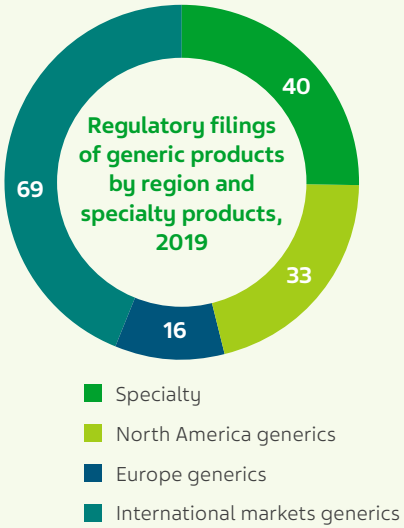
Teva's global research and development (R&D) organization is devoted to developing new medicines, devices and combination products that provide meaningful therapeutic benefit to patients worldwide. In 2019, we invested more than $1 billion in R&D, working to uncover innovative treatments and bring new medicines to market. With more than 3,300 R&D employees and R&D facilities in 28 countries, Teva conducts more than 250 clinical and pharmacokinetic studies annually to support our mission to be a global leader in generics and biopharmaceuticals. R&D includes the important work happening in our laboratories all over the world, but it is much more. It is the clinical trials we oversee and the partnerships we have with leading academic and research institutions that help uncover novel science. These efforts all help us in our quest to find, test and launch future treatments to advance health.

### Launching innovative specialty medicines

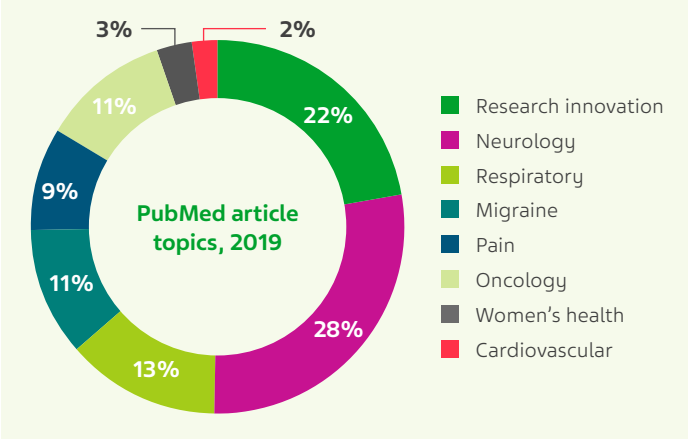
With approximately 25 specialty, or innovative, medicines in our development portfolio, we focus on developing treatments that address central nervous system disorders, respiratory conditions and oncology. In 2019, we received 25 approvals for innovative specialty medicines around the world, bringing new hope to patients with critical health conditions. For example, in 2019, we received approval for AJOVY® (fremanezumab) injection in Europe and AirDuo® Digihaler™ (fluticasone propionate 113 mcg and salmeterol 14 mcg) in the US. In 2019, Teva filed 158 submissions to regulatory agencies worldwide for generic and specialty products.

### Advancing treatment options with biosimilars

Biosimilars are medicines that are highly similar to approved biologics (complex medicines made from living cells or organisms). Because biosimilars do not require as many expensive or lengthy clinical trials, they have the potential to lead to faster access to these medicines, more treatment options and greater cost competition. In November and December 2018, we received approvals from the US Food and Drug Administration (FDA) for TRUXIMA® (rituximab-abbs) and HERZUMA® (trastuzumab-pkrb), which are oncology biosimilar candidates, through our exclusive partnership with Celltrion. In 2019, TRUXIMA® (rituximab-abbs) was launched in the US. In addition, we have approximately 20 original biologic and biosimilar programs in various phases of development.



## Working with global academic partners




R&D partnerships help Teva expand our pipeline and advance our work in developing therapies that can impact the lives of patients. In 2019, Teva R&D researchers published 123 articles in peer-reviewed scientific journals on developing and evaluating medicines to treat diseases in neurology, migraine, pain, respiratory and oncology. Teva assisted our investigators who were interested in presenting their new research at conferences, resulting in 264 scientific conference presentations. Teva's Global Publication Policy defines our position on scientific and medical publications to ensure full transparency and compliance with all applicable external laws, guidelines and requirements, while protecting Teva's intellectual property.

We participate in the Innovative Medicines Initiative (IMI), the largest public-private partnership in the life sciences industry, which aims to speed up the development of innovative medicines, particularly in areas of unmet need. Teva participates in seven IMI consortia.

Teva recently expanded our scientific collaboration with Tel Aviv University (TAU) to advance innovative cancer and brain research. Leading Teva and TAU researchers will collaborate using advanced analyses of the immune system to test the efficacy of immunotherapy in unique models. As part of a wider initiative to collaborate with Israeli academia, Teva recently partnered with Yeda Research and Development Company, the Weizmann Institute of Science's commercial arm, to research and develop specific innovative antibodies for treating various types of cancer.

# Global Health Priorities

Teva has developed deep expertise in select health conditions. Yet, we are reminded daily—by the places where we live and work, the communities we serve and the latest diseases, epidemics and pandemics—that the world's health challenges are constantly evolving. In 2019, we donated more than $3.65 million to our communities and organizations that help address health challenges around the world.

## Mobilizing quickly in response to the COVID-19 pandemic

2020 brought an unprecedented global health crisis, affecting all nations and industries. We recognize our company plays a critical role, particularly during these uncertain times. While this report details our 2019 efforts, it is being published in 2020—and we feel it is important to share our ongoing response to COVID-19. As we face this global health challenge, Teva is focused on:

- **Safeguarding the health and well-being of our employees.** We are limiting the number of people in our facilities to only those who are essential and may not work remotely, enforcing strict guidelines to protect and ensure our employees' safety and keeping our workforce fully employed.
- **Ensuring continued, safe supply of our essential medicines and active pharmaceutical ingredients (APIs).** All facilities that research, manufacture, order, pack and distribute medicines and provide critical customer and patient services remain fully operational to meet demand from patients around the world.
- **Supporting government and healthcare organization efforts to curb the pandemic.** We are providing millions of tablets of investigational treatments and securing and scaling production of medicines and APIs that may prove essential in treating COVID-19.

We will continue to operate conscientiously, supporting our communities and protecting our dedicated employees who are working diligently to secure continued supply of our medicines for the nearly 200 million patients who depend on us each day. Our latest updates and resources can be found on Teva's COVID-19 Updates page.

## Addressing multiple chronic conditions

### Improving adherence to care among vulnerable populations

One in three adults around the world suffer from multiple chronic conditions (MCC), or two or more chronic conditions at the same time. When we looked at the data, we asked ourselves: How can patients cope when they have multiple diseases? How can they better manage their own health?

For three years, Teva has partnered with Mount Sinai's Arnhold Institute for Global Health to design and implement novel programs for vulnerable patients with MCC, providing behavior change tools to help them better manage their own health. Teva and Arnhold Institute team members developed the Peak Health Wellness Program, a peer-led behavior change program to help New Yorkers with MCC track their medications, change their lifestyles and control their conditions.

This intervention may help medication adherence and care engagement and aims to be a model for other vulnerable populations worldwide. Most recently, we applied our insights to help community nurses and volunteers in Navrongo, Ghana treat depression and hypertension. In partnership with the Navrongo Health Research Centre, this program aims to create an integrated disease screening and care model for many common chronic conditions.

**Peak Health Wellness Program**

**Pilot Intervention**

- 12 sessions

**Validated Content**

- Diet, Exercise Counseling
- Medication Adherence
- Stress Relief and Emotional Coping
- Connecting with Your Doctor and Care Team

PeakHealth wellness program

In 2019, a new study made possible through Teva's partnership with Mount Sinai's Arnhold Institute for Global Health offered a novel method for identifying patterns in the frequency and cost of MCC. The study, published in *BMJ Open*, examines 190,000 patients with Medicaid insurance in New York City between 2012 and 2014. Results show 61.5% of those patients have MCC. Using this new method, researchers found high blood pressure and high cholesterol were the most common pair of conditions, and with the addition of diabetes, these made up the most common combination of three conditions. The results also reveal several unexpected disease clusters, such as lung disease and heart attack, which could inform new approaches for managing conditions.

Read more about the new published study by Mount Sinai researchers. →

## Establishing a global dialogue

We share our research on MCC with partners and peers, so we can collectively address the growing burden of non-communicable diseases (NCDs). In 2019, Teva participated in several events to move the conversation forward and discuss solutions.

**72nd World Health Assembly (WHA), Switzerland**

Teva co-hosted a panel discussion with the Mission of Israel to the United Nations, Philips Healthcare and the NCD Alliance (NCDA) on the growing challenge of MCC. Moderated by Sir George Alleyne, Director Emeritus of PAHO, the panel discussed MCC in the context of priorities for the UN High-Level Meeting on Universal Health Coverage in September 2019.

*Highlights from Teva's panel during the World Health Assembly (WHA) in Geneva, 2019*

**2019 NHS Health and Care Innovation Expo, England**

Amalia Adler-Waxman, Teva's Vice President of ESG and Global Health, discussed MCC and the National Health Service (NHS) Long-Term Plan, including how integrated care systems and innovation can help patients take control of their well-being.

## Enhancing access to care

In 2017, Teva established Enhancing Access2Care with Direct Relief and Volunteers in Medicine (VIM) to address two Teva priorities—MCC and access to medicine. The goal of the three-year program was to address challenges of people with MCC and support VIM clinics in communities across North America by developing creative and effective strategies to prevent and treat chronic conditions. We help community health centers, free and charitable clinics and other safety-net providers enhance management skills via training, capacity building and information sharing. In 2019, four additional VIM clinics were selected as awardees.

**Enhancing Access2Care in 2019**

**325 patients** enrolled across **4 programs**, which educate and empower patients to take a more active role in their healthcare

3 programs are specifically focused on **behavioral/ mental health** and **social determinants**

2 programs incorporate **smoking cessation**

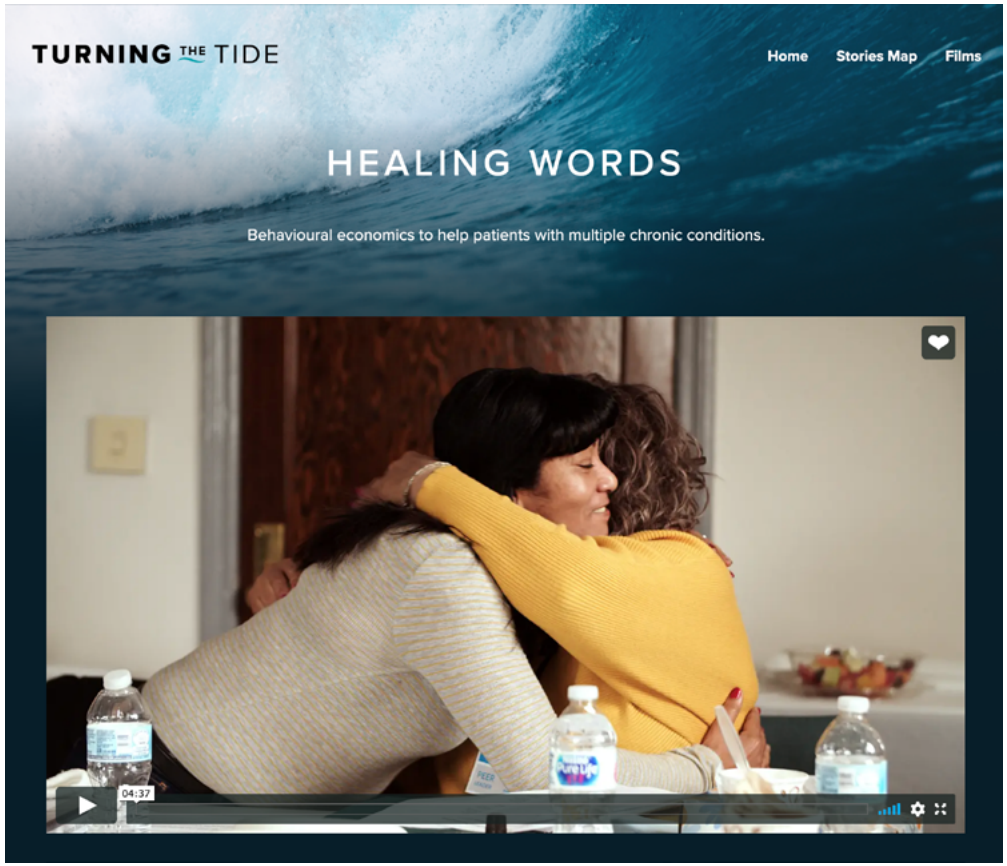
1 program uses **telehealth** for complex care management

3 programs use **text messaging engagement platforms**

## Creating new partnerships

In 2019, Teva established a partnership with NCDA, a global thought leader on NCD policy and practice, convener of the civil society movement and an advocate for people at risk of, or living with, NCDs. The partnership aims to foster dialogue around specific challenges of MCC in the context of universal health coverage.

Teva participated in a panel hosted by NCDA: *Putting people living with NCDs at the center of universal health coverage*. Together with NCDA, European Coalition for People with Obesity and American Heart Association, we discussed challenges faced by health systems in delivering quality care and shared examples of programs that address current and future needs of those with MCC. *Turning the Tide*, a new series of short films by NCDA highlighting bold actions to address NCDs, features Teva and Mount Sinai's unique team-based approach to tackling MCC.




Teva received **eyeforpharma's 2019 Global Health Pioneer Award**, reflecting patient and health professional recognition of our work to champion MCC.

Teva was recognized by the 2019 Pharma Intelligence Global Generics & Biosimilars Awards for **CSR Initiative of the Year**.

**Teva Netherlands** developed *My Medication Review*, an innovative tool to help pharmacists put together an overview of all relevant drug information for patients with multiple medications. This program empowers pharmacists to educate and inform patients whose different conditions are often treated individually. The goal is to enhance patients' recognition of their medication and, ultimately, improve their adherence to prescriptions.

## Supporting efforts to address antimicrobial resistance

Antibiotics can treat bacterial infections, but overuse and misuse of antibiotics are contributing to a global health challenge: antimicrobial resistance (AMR). This happens when bacteria become resistant to antibiotics, making antibiotics ineffective. In the US alone, 35,000 people die each year as a result of drug-resistant infections.[1] Globally, these infections kill 700,000 people each year, including 230,000 from multidrug-resistant tuberculosis.[2] If no action is taken, this could increase to 10 million deaths each year by 2050.[2]

Teva is a large manufacturer of antibiotics and their active ingredients and manufactures 70% of the antibiotics and anti-infectives registered on the WHO EML. We work with our peers, researchers and governments to address AMR.

In **Israel, Teva** sponsored and participated in a hackathon hosted by the Mimshak Fellowship Program of the Israel Society of Ecology and Environmental Sciences and the Heschel Center for Sustainability to uncover innovative ways to address antibiotic resistance. Sixty participants from academia, non-profit organizations and industry spent 36 hours brainstorming creative multi-system approaches.

## Our response to address the opioid crisis

We understand the abuse of opioids—whether illicit opioids or those available legally by prescription that are misused or subsequently diverted—is a public health crisis in the US and other countries around the world. We are committed to helping address opioid abuse and support health authorities and other stakeholders in addressing the various aspects of this public health crisis.

### Our AMR activities and efforts include:

**37% improvement** on Access to Medicine Foundation's (ATMF) 2020 AMR benchmark, only independent comparison of pharmaceutical companies' efforts to bring AMR under control; Teva's **Appropriate Access & Stewardship** efforts to avoid use of sales agents to mitigate against overselling was recognized as a **benchmark best practice**

Serving on the board of the **AMR Industry Alliance**, which brings together 100+ biotech, diagnostic, generic and research-based pharmaceutical companies to drive progress in reducing AMR

Developing materials and tools to **increase awareness of AMR** and encourage appropriate use among employees

Developing **35+ generic antibiotics and antifungals**, 20+ of which target WHO priority pathogens

Helping to **develop and improve** the AMR Industry Alliance's Common Manufacturing Framework

Promoting access to **critical antibiotic and antifungal medicines** for those in need through donations and global health tenders

Download Teva's Position on AMR. →

[1] Centers for Disease Control and Prevention (CDC). Antibiotic Resistance Threats in the United States 2019, Atlanta, GA: US Department of Health and Human Services, CDC; 2019. Available: https://www.cdc.gov/drugresistance/pdf/threats-report/2019-ar-threats-report-508.pdf (accessed April, 2020).

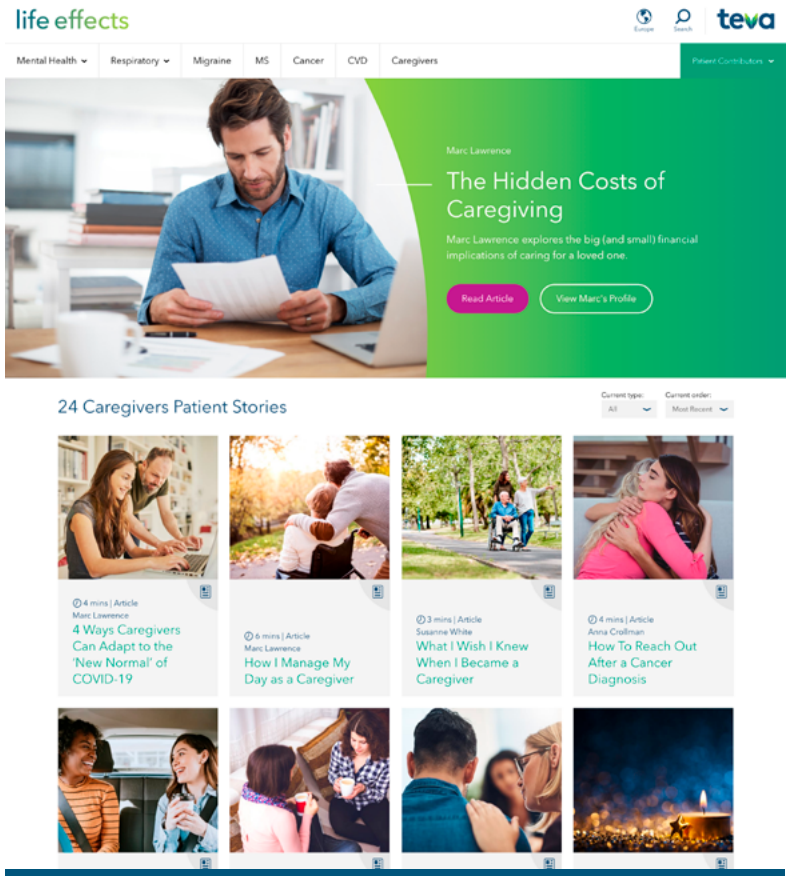
[2] World Health Organization (WHO), 2019. No time to wait: Securing the future from drug-resistant infections. Report to the Secretary-General of the United Nations. Available: https://www.who.int/antimicrobial-resistance/interagency-coordination-group/final-report/en/ (accessed April, 2020).

# Patient Engagement

Teva has worked directly with patients for decades to better understand their experiences and how we can use our knowledge and resources to improve their lives. We recognize caregivers, whether they are parents, children, siblings, friends or neighbors, play an important role in patients' health and well-being. Recently, we expanded our collaboration with caregivers, which has allowed us to learn more about how we can better support them in supporting patients. Their insights also inform new, innovative patient programs and resources.

## Reaching patients and caregivers through Life Effects

In 2019, Teva launched Life Effects, our digital hub for patients, by patients, in the United Kingdom (UK) and Ireland. The UK launch took place at Teva's Digital Transformation Zone at the NHS Digital Expo, where patients shared their experiences living with chronic conditions and how they have benefited from Teva's Life Effects initiative. Life Effects contributors now include caregivers, who share their experiences and how caring for a loved one impacts their lives. With 48 patient and caregiver contributors across six countries, we collaborate to produce articles, videos and podcasts, highlighting real-life experiences, tips and stories. Life Effects spans 10 conditions and includes more than 400 original pieces across the US and Europe sites.




Check out Life Effects →

## Partnering to improve outcomes for migraine patients

Teva works closely with the Neurological Alliance, a national coalition of more than 80 neurological organizations working to transform outcomes for the millions of people in England with neurological conditions. The Alliance's former CEO highlighted findings from the biennial Neurology Patient Experience Survey at Teva's Digital Transformation Zone at the NHS Digital Expo, and Teva's Life Effects program was featured in the Neurological Alliance newsletter.

**Since launching, Life Effects has received:**

**2.3+ million** visits from **1.4+ million** people

**160,000+** podcast downloads

## Understanding caregivers

When we began to approach caregivers in a unified way, we didn't truly understand the magnitude of caregiving. Our global research, coupled with our market insights, revealed that nearly half of the global population consider themselves caregivers. We learned a great deal about this population, including who else they care for and how the caregiver role has impacted their lives and their own health.[1]

**43%**
**of the global population are caregivers** for a family member or loved one, supporting them with managing chronic or long-term medical conditions

**32%** say caring for this person has taken a large emotional toll on them

**28%** say they had to completely alter their daily routine

**22%** say their role as a caregiver has negatively impacted their other relationships

**49%**
care for a parent, grandparent or other older relative

**44%**
are also parents who have children living with them

**37%**
care for a spouse or partner

**21%**
care for a child under 17

**62%**
work

**53%**
are female

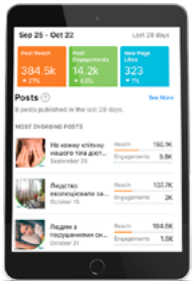
**24%**
feel they do not have enough support to care for the individual properly

[1] Teva Brand Research, 2020. Teva's Primary Global Brand Activation Research. Switzerland: 2015-2020.

In 2019, we implemented caregiver programs across seven countries: Canada, Israel, Ukraine, France, Chile, Argentina and Russia.

In **Chile**, we developed a strategic approach to supporting caregivers, including an online course to improve their expertise and knowledge. The course provides guidance on coping with disease and developing relationships with healthcare professionals, as well as a web-based platform with videos showcasing the right questions to ask physicians.

In **Israel**, we introduced an employee caregivers' policy and a caregivers' Facebook community—a safe space for caregivers to ask questions, share experiences and seek emotional support. The Facebook community has reached an engagement level of 94%. We also organized a conference with speakers from the Israeli government and caregiving organizations from Canada and Israel to discuss how we can collaborate to address, and drive awareness of, the caregivers' unmet needs.



In **Ukraine**, we've focused on women, who are the primary caregivers, according to our research. We created a new social media channel that reaches approximately 400,000 patients and caregivers each month and developed user-friendly Q&As for 50 medicines that are available via QR codes on packages.

## Supporting patient advocacy organizations

Insights and advice from patient organizations inspire us to create programs that support and empower patients and caregivers. Sometimes patients and caregivers become ambassadors for Teva, communicating the value of our medicines by sharing their stories and experiences. We publicly disclose the support we provide to patient advocacy organizations as part of our Global Patient Advocacy Disclosure.

# Leading a Responsible Business

As a global company that affects the health of millions of people, we have an immense responsibility—a responsibility to act ethically and with integrity and maintain accountability throughout our supply chain to ensure our medicines get to those who need them, safely and consistently. At the same time, we work hard to keep our employees healthy and safe and treat our planet with respect. Acting responsibly helps ensure our long-term sustainability, allowing us to focus on what matters most—improving health.

# Our People

Teva's employees are the heart of our company. Each of our more than 39,000 colleagues makes unique contributions to discover new medicines and deliver quality treatments to patients safely, quickly and reliably. We care deeply about our employees and their health, safety and well-being. In 2019, we trained our employees to ensure a healthy and safe workforce, implemented new programs that foster a diverse and inclusive culture and offered educational opportunities to promote growth and development.


Employee GRI Disclosures

Employee Workplace Safety GRI Disclosures

Diversity and Equal Opportunity GRI Disclosures

Teva's Position on Diversity and Inclusion

Teva's Position on Human Rights

Teva's Position on Occupational Health and Safety

Teva's Position on Government Affairs


## Promoting diversity and inclusion

At Teva, we pride ourselves on getting it done together. This value reflects our desire to create and sustain an inclusive and diverse work environment, as outlined in our Position on Diversity and Inclusion. Teva embraces and respects individuals of all backgrounds. For instance, in the US, the Teva Inclusion Network is made up of nine employee resource groups (ERGs), which bring together employees with shared characteristics and life experiences to foster opportunities for networking, mentoring, collaboration, community outreach, career development, leadership training and cultural exchanges.

Teva has been a signatory to the United Nations (UN) Global Compact since 2010, taking measures to respect all people and their human rights throughout Teva and our supply chain, as outlined by our Position on Human Rights.

HUMAN RIGHTS CAMPAIGN FOUNDATION

For the second time, **Teva US** received a **perfect score of 100 on the Corporate Equality Index (CEI)**, the nation's premier benchmarking survey and report on corporate policies and practices related to lesbian, gay, bisexual, transgender and queer (LGBTQ) workplace equality, administered by the Human Rights Campaign (HRC) Foundation. The top marks include the distinction of "Best Places to Work for LGBTQ Equality."

**Current ERGs in the US:**

- Women@Teva
- Men@Teva
- Black Heritage
- Hispanic/Latino Heritage
- Asian Heritage
- Abilities (for those working with disabilities)
- Vets@Teva
- Pride
- Parenting Stages

**Teva Ukraine** and 12 other companies signed a pledge to promote gender equality and prevent domestic violence. The pledge, initiated by the United Nations Population Fund (UNFPA) and the CSR Development Center, supports businesses in helping to address the UN Sustainable Development Goals.

## Investing in professional growth

We maintain a range of materials to support employees of all levels in developing skills and contributing to Teva's strategy, ultimately driving business performance. Much of our training is in-role, amplified by global and locally-tailored training modules to meet different challenges and help gain new skills. In 2019, Teva acquired a company-wide license for LinkedIn Learning, which offers an extensive catalogue of online video lessons taught by industry experts. It has over 14,500 videos on a wide array of topics, including business, creative and technology, in seven different languages. The platform uses machine learning to suggest content relevant to users, according to skills defined as "areas of interest" or based on function (e.g., information technology, science, human resources), and also recommends courses according to trends for the industry. In 2019, more than 7,000 hours of training were recorded and 150,700 videos watched across a variety of topics, including project management, communications skills, Microsoft Excel and more.

## Enhancing managers' skills

We launched the Teva Skills Enhancement Strategy to improve our employees' development and growth. As part of this strategy, global managers' development programs were initiated across Teva, helping managers build people and leadership skills and learn how to effectively manage across Teva. We also partnered with Wharton Business School on a uniquely designed program for our senior commercial managers, focused on enhancing business and leadership skills. In 2019, 350 managers participated in the development programs, which we are continuing to scale up in 2020. Online resources for managers were introduced as well.

## Training our R&D colleagues

In 2019, Teva launched a new program, *Learn, Grow, Inspire*, and its purpose is to do just that. The initiative provides all Global R&D colleagues with access to self-paced learning, innovative webcasts and trainings, so they can learn more about disease states and leverage the vast, existing knowledge in the R&D space. This is a key way for employees to participate in learning and development trainings and cultivate their expertise. *Learn, Grow, Inspire* includes self-study, live training, therapeutic area training and team workshops. In a matter of months, we hosted seven successful webcasts, with more than 5,000 colleagues in attendance.

## Recognizing our employees

We aim to create an empowering culture that recognizes and acknowledges our employees' accomplishments. In 2019, we implemented Teva STARS, a global, easy-to-use recognition platform that enables Teva employees to formally recognize, acknowledge and celebrate each other. Recognitions range from a simple "thank you" to a monetary reward and help foster positive reinforcement and encouragement among employees.

### Teva STARS 2019 by the numbers

- **55,500** STARS recognition moments
- **19,200** STARS recipients from 55 countries
- **20,600** STARS users (50%)
- **41%** peer-to-peer engagement
- Top award reason: **"Getting it done together"**
- **Every 8 minutes**, a Teva STAR is given around the world

teva | stars

Each year, we survey our employees to glean insights into their well-being and engagement and learn how we can support them and help them work to the best of their ability. In 2019, 82% of our employees completed our annual Teva Organizational Health Survey. We saw key improvements in terms of how we reward and recognize, and enable and engage employees.

## Supporting health and well-being

Through practical tools and local programs, we address the physical, financial, social and emotional needs of our employees and their families. We offer programs and initiatives that promote healthy diets, physical activity and mental well-being. For example, in the US, we provide comprehensive mental health coverage, including a $0 copay for in-network patient counseling. In Germany, we provide colon cancer screening examinations, and in Bulgaria, we provide voluntary oncological preventive examinations for employees. We also provide annual medical check-ups and examinations for employees across many of our markets, including Canada, the US, India, Israel and Germany.

**Teva Croatia** organizes stimulating, healthy and enjoyable physical activities. *Healthy Walking Paths* was established in Zagreb, Croatia as part of the *Healthy Workplace Program*, an initiative to improve employees' physical and mental health and prevent illnesses. Walking trails of different lengths and tailored to different health needs were created across the office. The routes are marked with interactive bulletin boards, which provide tips on the benefits of walking and suggestions for enhancing physical and mental well-being.

## Ensuring workplace health and safety

Every person has the right to a safe and healthy work environment, and we believe all injuries, illnesses and safety incidents are preventable. We aspire toward Target Zero: Zero Incidents, Zero Injuries and Zero Releases (spills and accidental discharges). We also ensure our employees are properly trained on the safety precautions implemented across our company, as outlined in our Position on Occupational Health and Safety. We are working toward fully installing Teva's Global Environment, Health and Safety Management System (EHSMS), which establishes a global standard for health and safety. In 2019, implementation of this system increased from 80% to 93% globally.

As a result of our planned improvement initiatives and measures in place to protect our workforce, Teva achieved our best-recorded safety performance in 2019.

Teva is a member of the International Process Safety Group (IPSG) and the ORC HSE Strategies Occupational Safety and Health Network, through which we share and learn about occupational health and safety (OHS) best practices.

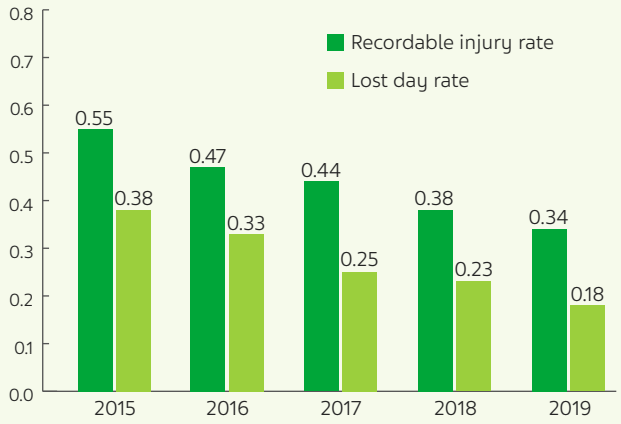
In 2019, we reported our best-recorded safety management performance:

**11% reduction**
in total recordable injury rate

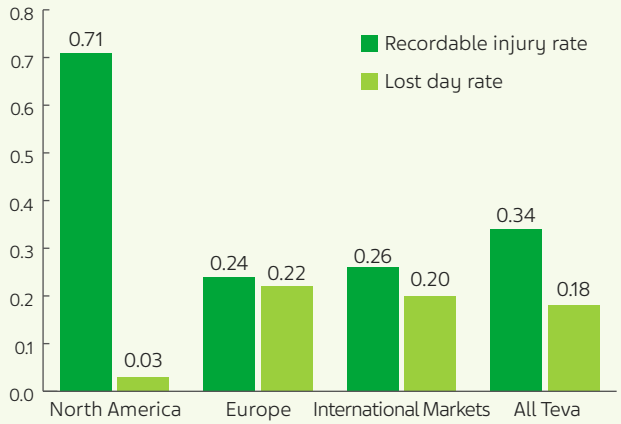
**23% improvement**
in lost day rate

**4% improvement**
in total lost workdays

**Workplace safety performance**




**Workplace safety performance by region**

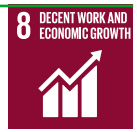



Teva's facility in Goa, India was awarded the **Safety Excellence Award in 2019 by Frost and Sullivan's Sustainability Awards**, which recognize and honor efforts made by companies that actively integrate sustainability principles into their business culture.

### OUR PEOPLE GOALS: 2020

1. Continue to invest in managers and employees' development to effectively lead in times of disruption.
2. Continue to increase engagement and enable employees to grow.
3. Enhance employee recognition program, focusing on peer-to-peer interaction to promote a culture of appreciation for our people and create a meaningful work environment.

# Compliance and Ethics




Our 360-degree approach to compliance promotes ethical and transparent behavior across our business, because compliance is everyone's responsibility. Teva is accountable for its employees' conduct and we have processes in place to ensure we make ethical business decisions. Teva's compliance program focuses on eight key pillars.

**Elements of Teva's compliance program**

| | |
|---|---|
| Established Compliance Organization | Policy and Standards |
| Tone From Leadership | Approvals and Controls |
| Compliance Training | Risk Assessment and Monitoring |
| Third-Party Due Diligence | Office of Business Integrity |


Anti-Corruption GRI Disclosures

Teva's Code of Conduct

Teva's Policy on the Prevention of Corruption

Teva's Policy on Clinical Trial Transparency & Disclosure

Teva's Position on Marketing and Promotional Practices

Teva's Position on Animal Welfare

Teva's Global Data Privacy Policy


## Maintaining an ethical workforce

Our Way of Life

We continue to implement the Our Way of Life (OWL) Training Program, an employee training series featuring virtual compliance courses. OWL reinforces our compliance principles and commitment to integrity. It represents knowledge, wisdom and oversight of Teva's business practices—helping to create accountability for compliance across the business. In 2019, the training program covered key topics, including conflicts of interests, preventing corruption, why speaking up matters, preventing harassment and a culture of ethics and compliance. Anti-trust training was also included in the Code of Conduct recertification.

More than 15,000 employees were trained on eight key ethical behavior topic, using an innovative and engaging format in 2019. These were rolled out during three separate training campaigns throughout the year, which collectively achieved a 99% completion rate.

Teva encourages employees and others who interact with our company to report potential non-compliance or Code of Conduct breaches to our Office of Business Integrity.

In 2019, the Office of Business Integrity received 207 reports.

- **27%** were related to business integrity issues and shared with the Audit Committee of the Board of Directors
- **38%** of these were substantiated

Substantiated reports received various corrective actions, including:

- Coaching
- Policy/process reviews
- Reprimands/warnings
- Terminations
- Vendor disengaged

## Disclosing our clinical trial data

At Teva, we believe it is our responsibility to inform patients about the results of trials in which they participate. Data from our studies are handled with care to ensure patient safety, data quality and corporate integrity, as outlined in our Policy on Clinical Trial Transparency & Disclosure. We established a new Transparency and Disclosure team in 2019, which manages activities including clinical trial registrations and results disclosures on ClinicalTrials.gov and the EU Clinical Trials Register for specialty products. We recently made clinical trial data available to the public on our new clinical trial transparency website.

In December 2016, we reached a resolution with the US Securities and Exchange Commission (SEC) and Department of Justice (DOJ) to fully resolve Foreign Corrupt Practices Act (FCPA) investigations by the DOJ and SEC. The resolution included a deferred prosecution agreement (DPA) by Teva to retain an independent compliance monitor for a period of three years. In November 2019, Teva's independent compliance monitor certified that Teva's compliance program is reasonably designed and implemented to prevent and address violations of anti-corruption laws.

## Upholding data privacy

Teva continues to maintain a comprehensive global privacy program, addressing our privacy obligations across countries and regions. Teva's Global Data Privacy Policy is intended to support compliance with laws and regulations applicable to Teva's processing of personal data throughout the world. Our obligations include maintenance of active certifications, such as the EU-US Privacy Shield, and continued compliance with our obligations under the EU General Data Protection Regulation. During 2019, we expanded the framework to support new regulations in the US (California Consumer Privacy Act) and in other countries around the world. We implemented an internal information technology (IT) tool to support our obligations, including data subject requests, and launched Teva's Global Data Incident and Breach Policy, along with a global training campaign.

## Conducting animal research responsibly

For more than a century, Teva has been dedicated to developing medicines to improve people's lives. We have significant research operations and a vast network of external partners and contract research organizations to support the development of our growing portfolio of generic, specialty and biopharmaceutical products.

Teva maintains high standards for conducting all aspects of our business ethically and in accordance with all laws, governmental regulations and industry standards, as well as Teva's internal policies. Animal-based biomedical research is no exception. Use of animals in any testing or process only occurs when deemed absolutely necessary from a scientific or regulatory perspective and after alternate methods have been fully explored and rejected. Our Position on Animal Welfare applies to all companies that are owned or operated by Teva, as well as active joint ventures and vendors that supply Teva with materials, goods or services.

### COMPLIANCE AND ETHICS GOALS: 2020

1. Cultivate accountability for compliance within the business and continue to enhance compliance culture.
2. Realign compliance organization to support changing business needs.
3. Reinforce the expectation that compliance behavior will be addressed appropriately.
4. Continue to develop our people and compliance community.
5. Identify continuous improvements related to operational areas to increase efficiency, as necessary.

# Environmental Sustainability

As a global company with 65 manufacturing facilities around the world, we work to continuously improve the impact of our manufacturing and daily operations on the environment. Recognizing the potential impact our facilities and our medicines can have, we implement measures to avoid, reduce or control pollution and promote responsible and efficient use of energy and natural resources across our company and supply chain.


Environmental GRI Disclosures

Teva's Position on Environmental Sustainability

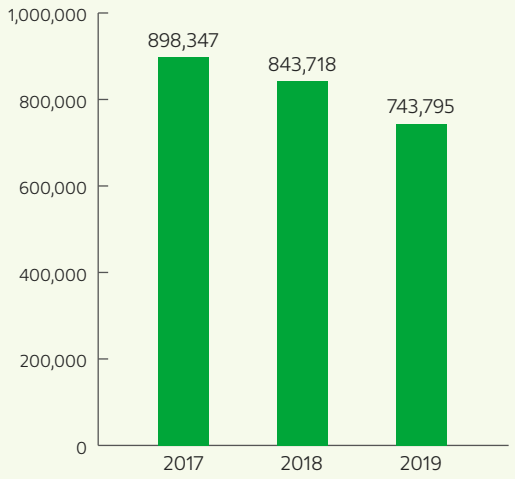
CDP Climate Change and Water Security Ratings

Teva's Position on Antimicrobial Resistance


## Reducing the impact of our operations

Teva's EHSMS includes standards that help us stay on track and manage our environmental sustainability. Teva's EHSMS is designed to ensure compliance with all applicable regulatory requirements, establish minimum global standards and promote continuous improvement in Environment, Health and Safety (EHS) and sustainability performance. This system is now adopted across 93% of Teva facilities. Our EHS Information Management System centralizes all of our information, allowing us to track any potential incidents and take the necessary steps to improve and prevent future problems. We work to minimize the discharge of pharmaceuticals in the environment from our manufacturing facilities and extended supply chain, with a specific emphasis on antimicrobial compounds.

**Total Scope 1 and 2 greenhouse gas emissions (tons $CO_2e$)**




In 2019, we retired our prior (2014–2020) environmental sustainability goals, as we either achieved them or they were no longer applicable due to the Actavis integration. In order to not lose momentum in the environmental sustainability area, we established a new interim greenhouse gas (GHG) goal, while we develop a set of new next generation, long-term environmental sustainability targets. The interim GHG goal aims to achieve a 10% absolute reduction in Scope 1 and 2 emissions from our 2017 baseline (adjusted for business divestitures) by the end of 2020. We are proud to announce that we have already significantly exceeded this interim 2020 goal, one year ahead of time, having reduced our GHG emissions by 17.2% between 2017 and 2019. Compared to 2018, we also increased our renewable energy consumption by 9.4%, while decreasing our total energy consumption by 5.7%.

**CDP Disclosures**

- In 2019, we received a B score from CDP, a non-profit that manages the global disclosure system for environmental impacts, for our efforts to address climate change. Our score declined from the A-score we received in 2018 due to two additional CDP scoring criteria that we did not meet—specifically, establishing GHG emission targets beyond five years and increasing engagement with our value chain on climate issues. It is our goal to establish a long-term, Science-Based Target for GHG emission reductions in 2020 and analyze opportunities to improve supplier engagement on climate issues.
- Teva made a CDP Water Security Minimum Version Submission in 2019 for the first time, as part of our commitment to increase our focus on the importance of water as a limited resource, particularly in water scarce areas. We received a B- score from CDP, a solid starting point for continued improvement. We are working on a full submission for 2020.

CDP
DRIVING SUSTAINABLE ECONOMIES

## ENVIRONMENTAL SUSTAINABILITY GOALS: 2020

1. Establish next generation environmental sustainability targets to guide our future efforts.
2. Continue advancing work to implement the Common Antibiotic Manufacturing Framework of the AMR Industry Alliance across the Teva network.
3. Continue to identify opportunities to enhance our responsible use of natural resources, such as water and energy, and to reduce waste.

## Reducing our environmental footprint in countries around the world

**Teva Chile** has committed to reducing GHG emissions as part of the Paris Agreement on Climate Change. In 2019, Teva became one of the first pharmaceutical companies in Chile to obtain the "Huella Chile" quantification seal, one of four recognitions in a voluntary program created by the Ministry of Environment of Chile to help organizations manage their GHG emissions. Teva received the first seal in 2019 for our work in 2017 and 2018, after:

- Committing to contribute to GHG emission reductions to enable Chile to become carbon neutral by 2050
- Identifying sources of GHG emissions
- Selecting the calculation method
- Collecting and calculating data using the required method
- Submitting information to the government
- Obtaining government verification

HuellaChile
Programa de Gestión del Carbono

**Teva UK** has partnered with TerraCycle since 2016 to operate an inhaler recycling initiative, encouraging people with respiratory-related illnesses to recycle their used or outdated inhalers at community pharmacies or with dispensing doctors. Teva currently provides approximately 11.5 million inhalers to patients across the UK, and we recognize the potential environmental impact of these products. In 2019, we updated the recycling box, providing new resources and pointing patients to Teva's "Let's Talk Respiratory" website. There are currently 57 independent pharmacies and 147 dispensing doctors using the inhaler recycling box initiative. 4,739 kg of inhalers have been collected, equating to 385,285 units of inhalers not sent to landfill. At the end of 2019, we launched a trial program in hospital settings, and we are currently working with six hospitals in the UK, with hopes to expand the initiative and continue to reduce the environmental impact of inhalers.

LET'S TALK RESPIRATORY

In an effort to safely dispose of unused drugs and protect the environment, **Teva Netherlands** launched Teva Retourbox, an initiative allowing patients to properly dispose of medicines at pharmacies. Teva Retourbox collects unused drugs and packaging materials separately, ensuring aluminum and plastics are disposed of apart from medicinal waste. The Dutch Institute for the Responsible Use of Medication, an organization actively promoting the safety, cost and environmental aspects of prescription drugs, has officially endorsed the project, and we are making strides toward gaining the same support from the Ministry of Health.

Instituut Verantwoord Medicijngebruik ivm

In **Ulm, Germany**, we are developing a state-of-the-art facility that integrates environmental features and will enable high energy efficiency. The building:

- Has a façade made of **electrochromic glass**, which gets darker or brighter depending on electric voltage; this allows automatic control of light and heat passing through the windows, which reduces energy consumption during summer
- Has two stratified tanks that allow **recovery of energy** for cooling and heating systems
- Uses **100% renewable energy**

Teva's EHS Excellence Awards recognize initiatives across the company that drive sustained improvements in EHS systems, processes or performance and promote a safe and responsible culture. Two of our award-winning stories are highlighted below.

In **Goa, India**, we are implementing and investing in energy-efficient technology. We installed a biomass boiler at one of our sites in 2015, which saved $150,000 in 2016, but was only operating at 50% capacity. In 2018 and 2019, we leveraged this biomass boiler and installed steam piping to supply steam to our adjacent site. This allowed us to decommission the heavy-fuel oil boiler, maximizing the efficiency of our existing boiler and using biofuel to generate steam across our site. We were also able to avoid 381 metric tons of $CO_2$ and reduce running costs by $113,000.

Our **Goa, India** site also undertook a project to reduce waste, dispose of hazardous waste through environmentally-friendly and economical processes and convert waste to energy—with the goal of becoming a zero-to-landfill site. Each year, the campus disposed of 333 tons of hazardous waste—70% through incineration and 30% through landfilling. That changed in June 2018, when we began transferring hazardous waste to the cement industry to be co-processed in a cement kiln, reducing the amount of fossil fuel used and $CO_2$ emissions per ton of cement produced, avoiding the use of 120 tons of coal in 2018. This solution supported GHG reductions and Teva's waste reduction activities.

# Quality Manufacturing and Patient Safety

Our medicines undergo exhaustive safety monitoring and quality assurance measures at every stage of the process: from sourcing raw materials to R&D to clinical trials to production and all the way through delivery and patient use. Our robust safety monitoring systems help us detect and manage safety issues, prevent future issues and ensure appropriate reporting to applicable regulatory agencies in accordance with their guidelines.

## 2019 product safety reporting

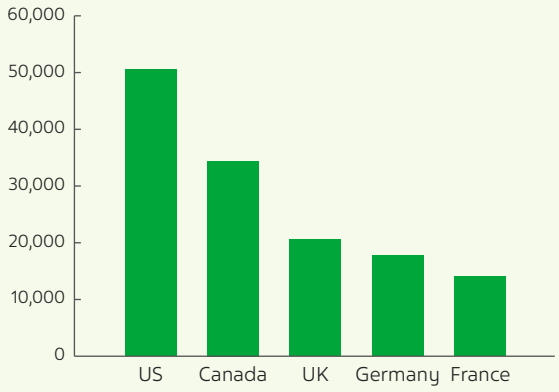
With more than 3,500 medicines that reach nearly 200 million people each day, patient safety is prioritized across our business. Teva's Global Pharmacovigilance (PhV) team monitors the safety of our medicines and takes action, when necessary, to mitigate risks and protect public health by working closely with applicable regulatory authorities. Our PhV team is made up of safety officers across 45 countries, who collect information about patients' experiences with our products, including adverse events. 205,796 adverse events were reported in 2019. Our Corporate Safety Board meets throughout the year to review and address these issues, providing important safety recommendations, such as working with health authorities to make changes to product labels or study designs and communicating information about risks to healthcare providers.

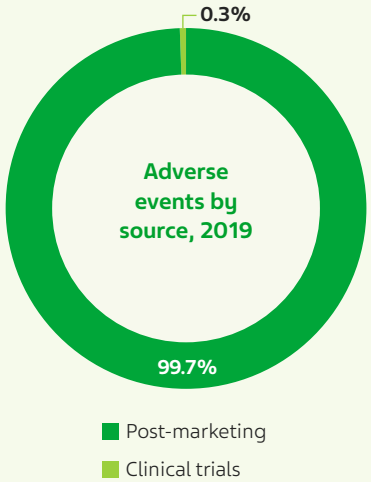
In 2019, we held our fourth annual PhV Week, which welcomed employees from around the world to learn about the importance of safety reporting and the integral role each of us can play in improving patient safety.

### Global pharmacovigilance performance

- **1,659** periodic safety reports
- **258** Risk Management Plans (RMP)
- **205** health hazard assessments
- **25** internal and third-party audits
- **43** PhV inspections by regulatory authorities and third parties

**Top 5 countries from which adverse event reports originated, 2019**



In **Nigeria, Teva** supported a government to government capacity building seminar on patient safety and anti-counterfeiting for senior staff of the Nigerian National Agency for Food and Drug Administration Control (NAFDAC), organized by the Israeli Embassy. The trainings were conducted by leading experts from Teva. As a result of the seminar's success, Israel and Nigeria will continue to share insights on health safety and plan to host continued capacity building seminars on various topics, including biologics and biosimilars development and regulatory pathways, bioequivalence, clinical trials and product safety and anti-counterfeit technologies.

## Ensuring quality manufacturing

Teva operates in 60 countries, and we comply with the audit standards of the countries where a drug product is made. This includes standards defined by the International Council for Harmonisation and Current Good Manufacturing Practices as stipulated by all major authorities like the US Food and Drug Administration (FDA), European Medicines Agency, UK's Medicines and Healthcare Products Regulatory Agency, Japan's Pharmaceuticals and Medical Devices Agency, China's National Medical Products Administration and Russia's Ministry of Health. In addition, we adhere to our own high standards.

Teva has processes in place to identify the gaps by opening a deviation, investigating the situation and putting corrective and preventive actions (CAPAs) in place to rectify. And on a monthly basis, Teva monitors the execution of the CAPAs.

### What we mean when we say "high standards"

To ensure our products are safe and consistently meet high quality standards, we regularly monitor the performance of our production systems:

- **Right First Time (RFT) for Manufacturing and Packaging:** RFT is an indication of the level of process capability for our manufacturing and packaging operations. It is also related to the level of product quality.
- **Manufacturing Investigation Performance:** A deviation is any failure to follow documented procedures, methods and batch records or to operate within controlled conditions. As part of the manufacturing investigation, Teva monitors the following types of deviations:
  - Recurring
  - Human Error
  - Inconclusive
- **Laboratory Investigation Performance:** Investigations related to analysis performed in in-house chemistry and biological laboratories for all commercial, clinical trial and experimental batches intended to be submitted in a registration file.
- **Stability Performance:** Stability studies are performed for validation batches, as well as batches that support the expiration date for all products approved in the market.
- **Regulatory Inspection Performance:** An inspection performed by a regulatory agency (or by a third-party on behalf of a regulatory agency) to assess the compliance of sites within Teva's global network with cGMP and other relevant regulations.
- **Complaints Performance:** A quality complaint is any report indicating a possible deviation from the product specification (i.e., changes in, or deterioration of, the physical and/or chemical characteristics of the product or packaging). These reports may concern the packaging, labeling, medical devices or drug product.
- **Annual Product Review (APR) Product Quality Review (PQR) Performance:** APR is required by regulatory agencies and/or Teva's standard. The APR PQR includes the review of the active pharmaceutical ingredient.

### PATIENT SAFETY GOALS: 2020

1. Continue to ensure company employees complete annual refresher training on PhV.
2. Continue to comply with reporting timelines for submitting documents, such as Periodic Safety Reports and RMPs, to health authorities and responding to safety information requests.

# Supply Chain

Teva's supply chain is an integral part of our company, helping us ensure our medicines reach the nearly 200 million patients who rely on them each day. We operate the largest fully-integrated manufacturing and delivery network in the pharmaceutical industry, with 600 contract manufacturing operations (CMOs) that support development, manufacturing and packaging. We hold each of our partners to the same standards we hold ourselves to and expect them to conduct business ethically, act with integrity and protect human rights.

Teva's Supplier Code of Conduct

Teva's Position on Human Rights

## Sustaining a responsible supply chain

In partnership with EcoVadis—the leading provider of sustainability risk and performance ratings for global supply chains—Amgen, Boehringer Ingelheim, GlaxoSmithKline and Takeda, Teva continues to be part of the Responsible Health Initiative (RHI). The effort is intended to increase shared value across the industry's supply chain by enabling key players in the global health sector to boost not only their own sustainability performance, but also that of the industry's collective suppliers. RHI members are able to identify suppliers with high performance and best practices, mitigate risk and drive value with suppliers.

In 2018, we established a risk mitigation framework in the EcoVadis platform and tracked high-risk suppliers' corrective actions. In 2019, we expanded the number of suppliers under the program by 140.

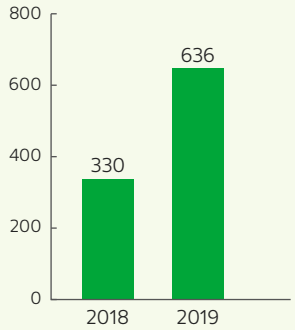
Teva is a member of the Pharmaceutical Supply Chain Initiative (PSCI) and incorporates PSCI Principles into our Supplier Code of Conduct. We hold our suppliers to high ethical standards, and our Supplier Code of Conduct outlines the principles and expectations for establishing and maintaining a business relationship with Teva.

## Working with diverse suppliers

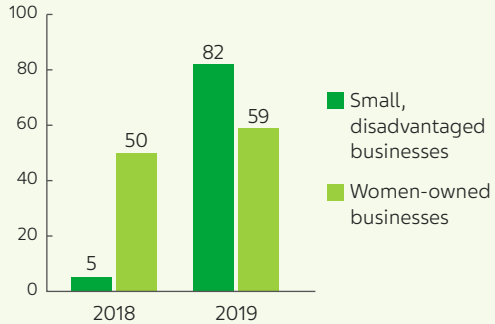
Teva maintains a diverse network of suppliers that reflects our customer and patient populations and offers quality goods and services. In 2019, as part of our efforts to go beyond our US government contracts, we exceeded our annual goal for spending with US small businesses. Teva nearly doubled our engagements with small businesses from 330 to 636, representing 7.3% of our US procurement spend. We grew our engagements with small, disadvantaged businesses from five to 82, representing 0.62% of US procurement spend. Small, disadvantaged businesses are at least 51% owned by one or more individuals who are both socially and economically disadvantaged. We also saw a steady increase in engagements with small, women-owned businesses, from 50 to 59.

Teva has continued relationships with partner organizations to drive additional engagement with the small and diverse supply base at a regional level, participating in seven outreach events to develop and grow relationships with small and diverse suppliers. In 2019, we also saw significant improvement in our reporting capabilities for federal government requirements, as well as improved onboarding processes for small and diverse vendors.

**Small businesses engaged in US**




**Small, disadvantaged businesses and women-owned businesses engaged in US**




## Manufacturing active pharmaceutical ingredients

Medicines are made up of several ingredients, most important of which are active pharmaceutical ingredients (API)—the ingredients that produce the intended effects. Teva api is the world's leading international manufacturer of APIs, with hundreds of quality API products in various therapeutic areas, manufactured across 16 API production facilities. For more than 80 years, Teva api has focused on quality services and products.

**teva | api**

**$750+ million** in external sales

**Supports 75%** of top 50 global pharmaceutical companies

Operates **16 plants**, **5 R&D centers** and **7 regional offices**

### SUPPLY CHAIN GOALS: 2020

1. Drive risk mitigation framework, ensuring corrective actions are in place for suppliers (execute five on-site audits for suppliers with low EcoVadis scores).
2. Lead and improve procurement's responsible supply program in alignment with PSCI principles and relevant internal stakeholders.
3. Increase supplier diversity reporting capabilities (US Federal Government Small Business Report), awareness and transparency, provide internal training and improve external communications.
4. Provide internal supply chain training, improve reporting, increase communication and awareness and support teams in improving our supply chain.
5. Deliver on-time and accurate completion of required US Federal Government 2021 Small Business Subcontracting Plan (due by 11/30).

# About This Report

This report describes our key actions in 2019 to contribute to healthy communities and lead a responsible business. The report is written in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI reporting principles have been applied in compiling this report.

This report fulfills our commitment to submitting an annual Communication on Progress to the United Nations Global Compact.

The Materiality Assessment and Stakeholder Engagement sections of this report were externally assured for the first time by ERM Certification and Verification Services (ERM CVS), based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised).

External emission verification was carried out for the fourth time to verify 2019 Scope 1 and 2 GHG emissions. Teva 2019 emissions have been verified in accordance with the ISO 14064-3:2006 standard by SGS, with limited assurance. The full verification statement can be found here.

Please contact our Vice President of ESG and Global Health, Amalia Adler-Waxman, with any feedback or suggestions at Amalia.Adler-Waxman@tevapharm.com.

# Independent Assurance Statement

ERM CVS was engaged by Teva Pharmaceutical Industries Ltd. ('Teva') to provide assurance in relation to the information set out below and presented in Teva's 2019 Environmental, Social and Governance Progress Report ('the Report').

Engagement summary

| | |
|---|---|
| Scope of our assurance engagement | Whether the 2019 information in the 'Materiality Assessment and Stakeholder Engagement' section of the report presents, in all material respects, a complete and balanced view of Teva's materiality assessment process in accordance with the reporting criteria. |
| Reporting criteria | GRI 101 Principles for Report Content, Stakeholder Inclusiveness and Materiality, GRI Standard 102 Disclosures related to determining report content boundary, stakeholder engagement and material topics 102-40 to 102-47 |
| Assurance standard | ERM CVS' assurance methodology based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised). |
| Assurance level | Limited assurance. |
| Respective responsibilities | Teva is responsible for preparing the Report and for the collection and presentation of the information within it.<br>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement. |

### Our conclusions

Based on our activities, as described below, nothing has come to our attention to indicate that the 2019 information in the `Materiality Assessment and Stakeholder Engagement' section of the Report does not present, in all material respects, a complete and balanced view of Teva's materiality assessment process in accordance with the stated reporting criteria.

### Our assurance activities

A multi-disciplinary team of sustainability and assurance specialists performed a range of assurance procedures which varied across the disclosures covered by our assurance engagement, as follows:

- A review of external media reporting relating to Teva to identify relevant sustainability issues in the reporting period.
- A review of Teva's materiality determination process, including the results of stakeholder engagement processes and associated key material topics which used the Datamaran™ software and methodology.
- Interviews with management representatives responsible for preparing the content and presentation of the material topic areas and with relevant personnel to understand and evaluate the materiality assessment and processes used for determining and reporting the selected scope based on the agreed criteria.
- Review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

### The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the definitions, assumptions and methodologies used in calculating, estimating or evaluating the underlying information.

It is important to understand our assurance conclusions in this context. During our assurance engagement, due to travel restrictions following the outbreak of COVID-19, we changed our planned 'in person' head office visit for our interviews to a 'virtual' visit via video calls for this year's assurance engagement.

**Jennifer Iansen-Rogers**
Head of Corporate Assurance Services
18 May 2020

ERM Certification and Verification Services, London
www.ermcvs.com Email: post@ermcvs.com

ERMCVS

*ERM CVS is a member of the ERM Group. The work that ERM CVS conducts is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to avoid bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Teva in any respect.*

# Disclosures

# 2019 ESG Data Snapshot

| Employees | Unit | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Israel | Employees | 6,817 | 6,732 | 6,157 | 4,843 | 4,337 | -10.4% |
| Europe | Employees | 19,069 | 25,247 | 21,745 | 19,004 | 18,207 | -4.2% |
| North America | Employees | 7,255 | 10,855 | 9,568 | 7,752 | 7,336 | -5.4% |
| International markets | Employees | 8,142 | 11,866 | 12,048 | 9,579 | 9,408 | -1.8% |
| **Direct employees at year end** | **Employees** | **41,283** | **54,700** | **49,518** | **41,177** | **39,288** | **-4.6%** |
| Women in total workforce | % | 47% | 47% | 46% | 45% | 45% | 0% |
| Employee turnover | % | 13% | 15% | 21% | 31% | 17% | -47.0% |

| Workplace safety | Unit | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Recordable injury rate | Rate | 0.55 | 0.47 | 0.44 | 0.38 | 0.34 | -10.9% |
| Number of lost days due to injury | Days | 1,976 | 2,293 | 2,729 | 1,570 | 1,506 | -4.1% |
| Lost day rate | Rate | 0.38 | 0.33 | 0.25 | 0.23 | 0.18 | -22.5% |

| Environment | Unit | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Scope 1 energy consumption | TWh | 1.64 | 1.53 | 1.93 | 1.63 | 1.61 | -0.9% |
| Scope 2 energy consumption | TWh | 1.26 | 1.21 | 1.47 | 1.36 | 1.31 | -3.9% |
| **Total energy consumption** | **TWh** | **2.90** | **2.74** | **3.39** | **3.10** | **2.92** | **-5.7%** |
| Scope 1 greenhouse gas (GHG) emissions | Tons $CO_2e$ | 405,044 | 392,268 | 442,836 | 376,905 | 339,297 | -10.0% |
| Scope 2 GHG | Tons $CO_2e$ | 542,262 | 455,017 | 455,511 | 466,813 | 404,497 | -13.4% |
| **Total scope 1 and 2 GHG emissions** | Tons $CO_2e$ | **947,306** | **847,285** | **898,347** | **843,718** | **743,795** | **-11.8%** |
| Waste recycled | % | 35% | 43% | 40% | 43% | 38% | -11.9% |
| Waste to landfill | Tons | 10,419 | 15,229 | 12,749 | 11,536 | 11,946 | 3.6% |
| **Total waste** | **Tons** | **288,688** | **219,144** | **208,650** | **170,926** | **148,705** | **-13.0%** |
| Energy intensity | MWh/employee | 68.33 | 63.72 | 68.30 | 71.24 | 74.43 | 4.5% |
| GHG emissions intensity | Tons $CO_2e$/employee | 22.30 | 19.74 | 18.08 | 19.39 | 18.93 | -2.4% |

# GRI Content Index: General Disclosures 2016

| GRI Indicator | Description | Reference | Omissions |
|---|---|---|---|
| 102-1 | Name of the organization | Teva Pharmaceutical Industries Ltd. | |
| 102-2 | Activities, brands, products, and services | 2019 Annual Report (Form 10-K), pages 4-14 | |
| 102-3 | Location of headquarters | 5 Basel Street Petach Tikva, 49131 Israel | |
| 102-4 | Location of operations | Our website: Teva Worldwide | |
| 102-5 | Ownership and legal form | Teva is publicly traded on the New York Stock Exchange (NYSE: TEVA) and the Tel Aviv Stock Exchange (TASE: TEVA). Teva was incorporated in Israel in 1944. For more details, see page 2 of Teva's 2019 Annual Report (Form 10-K). | |
| 102-6 | Markets served | We operate worldwide, with headquarters in Israel and a significant presence in the United States, Europe and many other markets around the world. Our products are sold in 60 countries. Typically, our products represent 12-20% of generic medicine prescriptions in our markets around the world. | |
| 102-7 | Scale of the organization | 2019 ESG Progress Report, page 4 | |
| 102-8 | Information on employees | GRI Content Index, pages 49-50 | |
| 102-9 | Supply chain | 2019 ESG Progress Report, pages 37-38 | |
| 102-10 | Significant changes | Teva completed our two-year restructuring plan in 2019. | |
| 102-11 | Precautionary Principle | We support the precautionary approach introduced by the United Nations in Principle 15 of The Rio Declaration on Environment and Development and act to protect against environmental degradation where full scientific certainty does not exist. See Teva's Position on Environmental Sustainability. | |
| 102-12 | External initiatives | Teva has participated in the UN Global Compact since 2010 and in 2019, we reconfirmed our membership as a participant. | |
| 102-13 | Membership of associations | Teva engages with several industry and trade associations at local or national levels to support responsible business practices and improve access to medicines and healthcare quality for patients. Notably, Teva is a member of the Pharmaceutical Supply Chain Initiative (PSCI), the AMR Industry Alliance, Medicines for Europe (MfE) (Board position), International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA) (Board position). | |
| 102-14 | Statement from senior manager | 2019 ESG Progress Report, page 3 | |
| 102-15 | Key impacts, risks and opportunities | Corporate Governance; 2019 Annual Report (Form 10-K), pages 25-52 | |
| 102-16 | Values, principles, standards | 2019 ESG Progress Report, page 4 | |

| GRI Indicator | Description | Reference | Omissions |
|---|---|---|---|
| **102-17** | Mechanisms for advice and concerns about ethics | 2019 ESG Progress Report, page 29 | |
| **102-18** | Governance structure | Teva's Board of Directors comprises 11 directors; see more details: Proxy Statement for Teva's 2020 Annual Shareholder Meeting | |
| **102-22** | Composition of the highest governance body and its committees | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 15 for information on director independence, executive/non-executive, age, tenure and gender; pages 8-13 for other significant positions and commitments and qualifications for service; page 16 for competencies | |
| **102-23** | Chair of the highest governance body | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 17; Teva's non-executive chairman of the board is Dr. Sol Barer. | |
| **102-24** | Nominating and selecting the highest governance body | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 23, "Corporate Governance and Nominating Committee" and pages 18-19, "Nominees for Directors" | |
| **102-25** | Conflicts of interest | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 109, "Related Party Transactions" | |
| **102-26** | Role of highest governance body in setting purpose, values and strategy | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 17-18, "Board Meetings" and "Board of Directors Role in Risk Oversight"; page 20 for roles and responsibilities of various board committees under "Committees of the Board" | |
| **102-27** | Collective knowledge of highest governance body | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 16-17, "Director Terms and Education" | |
| **102-28** | Evaluating the highest governance body's performance | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 24, "Board Evaluation Process" | |
| **102-29** | Identifying and managing economic, environmental and social impacts | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 26-27, "Shareholder Engagement" and "Social Impact and Responsibility" | |
| **102-30** | Effectiveness of risk management processes | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 17-18, "Board Meetings" and "Board of Directors Role in Risk Oversight" | |
| **102-32** | Highest governance body's role in sustainability reporting | Board Committees and Charters; 2019 ESG Progress Report, page 6 | |
| **102-33** | Communicating critical concerns | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 26-27, "Shareholder Engagement" and "Social Impact and Responsibility" | |
| **102-35** | Remuneration policies | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 19-21, "Non-Employee Director Compensation" (for director compensation); page 21 (for executive compensation) | |

| GRI Indicator | Description | Reference | Omissions |
|---|---|---|---|
| **102-36** | Process for determining remuneration | 2019 Annual Report (Form 10-K), pages 5-6 | |
| **102-37** | Stakeholders' involvement in remuneration | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, pages 26-27, "Shareholder Engagement"; voting results for 2019 | |
| **102-38** | Annual total compensation ratio | Proxy Statement for Teva's 2020 Annual Shareholder Meeting, page 71 | |
| **102-40** | List of stakeholder groups | 2019 ESG Progress Report, page 51 | |
| **102-41** | Collective bargaining agreements | We respect the right of our employees to organize or join associations, and bargain collectively, if they choose to do so. We aim to engage collaboratively with employee representatives and reach agreements that serve both the needs of our employees and our business. 84% of our employees in Israel are covered by collective bargaining agreements. | |
| **102-42** | Identifying and selecting stakeholders | 2019 ESG Progress Report, page 51 | |
| **102-43** | Stakeholder engagement | 2019 ESG Progress Report, page 51 | |
| **102-44** | Key topics and concerns raised | 2019 ESG Progress Report, page 51 | |
| **102-45** | Entities included | This report covers all Teva's owned and operated facilities around the world. | |
| **102-46** | Report content and topic boundaries | 2019 ESG Progress Report, page 52 | |
| **102-47** | List of material topics | 2019 ESG Progress Report, page 52 | |
| **102-48** | Restatements of information | No information was restated in 2019. | |
| **102-49** | Changes in reporting | Additional GRI disclosures are reported in 2019 as a result of our materiality assessment. | |
| **102-50** | Reporting period | 2019 calendar year | |
| **102-51** | Date of most recent report | July 11, 2019 | |
| **102-52** | Reporting cycle | We report on an annual basis. | |
| **102-53** | Contact point | 2019 ESG Progress Report, page 39 | |
| **102-54** | Reporting in accordance with GRI Standards | This report has been prepared in accordance with the GRI Standards: Core option. | |
| **102-55** | GRI Content Index | GRI Reference Table, ESG Progress Report, pages 43-45 | |
| **102-56** | External assurance | 2019 ESG Progress Report, page 40 | |

# GRI Content Index: Topic-Specific Material Disclosures

| GRI Indicator | Management Approach 101-1, 101-2, 101-3 | Topic-Specific Material Disclosures | Reference | Omissions |
|---|---|---|---|---|
| **Economic** | | | | |
| GRI 201: Economic Performance (2016) | Teva Economic Impact Report, page 3 | 201-2 Financial implication and other risks and opportunities due to climate change | Teva has not included climate-related as top corporate risks; however, efforts are undertaken to reduce certain climate-related risks, as warranted and outlined in our Position on Environmental Sustainability. | |
| GRI 203: Indirect Economic Impacts (2016) | Teva Economic Impact Report, page 3 | 203-2: Significant indirect economic impacts | Teva Economic Impact Report, pages 4-7 | |
| GRI 205: Anti-Corruption (2016) | Teva's Global Prevention of Corruption Policy | 205-1 Operations assessed for risks related to corruption | GRI Content Index, page 53 | |
| | | 205-2 Communication and training about anti-corruption policies and procedures | GRI Content Index, page 53 | |
| | | 205-3 Confirmed incidents of corruption and actions taken | GRI Content Index, page 53 | |
| GRI 206: Anti-Competitive Behavior (2016) | Teva's Code of Conduct | 206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices | 2019 Annual Report (Form 10-K), pages 148-156 | |
| **Environmental** | | | | |
| GRI 302: Energy (2016) | Teva's Position on Environmental Sustainability | 302-1 Energy consumption within the organization | GRI Content Index, page 54 | |
| | | 302-3 Energy intensity | GRI Content Index, page 54 | |
| GRI 303: Water and Effluents (2018) | Teva's Position on Environmental Sustainability | 303-1 Interactions with water as a shared resource | GRI Content Index, page 55 | |
| | | 303-2 Management of water discharge-related impacts | GRI Content Index, page 55 | |
| | | 303-3 Water withdrawal | GRI Content Index, page 56 | |
| | | 303-4 Water discharge | GRI Content Index, page 57 | |
| | | 303-5 Water consumption | GRI Content Index, page 57 | |

| GRI Indicator | Management Approach 101-1, 101-2, 101-3 | Topic-Specific Material Disclosures | Reference | Omissions |
|---|---|---|---|---|
| GRI 305: Emissions (2016) | Teva's Position on Environmental Sustainability | 305-1 Direct (Scope 1) GHG emissions | GRI Content Index, page 58 | |
| | | 305-2 Energy indirect (Scope 2) GHG emissions | GRI Content Index, page 58 | |
| | | 305-4 GHG emissions intensity | GRI Content Index, page 58 | |
| | | 305-6 Emissions of ozone-depleting substances (ODS) | GRI Content Index, page 58 | |
| GRI 306: Effluents and Waste (2016) | Teva's Position on Environmental Sustainability | 306-2 Waste by type and disposal method | GRI Content Index, page 59 | |
| | | 306-3 Significant Spills | We centrally track and monitor environmental incidents (spills and releases) across our operations and in 2019 experienced 20 reportable events, compared with 44 in 2018 and 206 in 2017. This improvement was the result of a significant focus being placed on proactive prevention of spills and releases in all operations, but especially in our Teva api business unit that has the greatest risk of such occurrences. None of the 2019 events resulted in a material environmental impact, harm to individuals, or a significant fine or penalty. | |
| GRI 307: Environmental Compliance (2016) | Teva's Position on Environmental Sustainability | 307-1 Non-compliance with environmental laws and regulations | GRI Content Index, page 60 | |

## Social

| | | | | |
|---|---|---|---|---|
| GRI 401: Employment (2016) | 2019 ESG Progress Report, page 25 | 401-1 New employee hires and employee turnover | GRI Content Index, page 60 | See notes to 401-1 |
| | | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Teva Benefit Programs adhere to legal requirements in each country. In many countries, Teva offers beyond the minimum standard by law, and in some countries, even goes above market practice. | |

| GRI Indicator | Management Approach 101-1, 101-2, 101-3 | Topic-Specific Material Disclosures | Reference | Omissions |
|---|---|---|---|---|
| GRI 402: Labor/Management Relations (2016) | 2019 ESG Progress Report, page 26 | 402-1 Minimum notice periods regarding operational changes | With respect to significant operational changes that substantially affect employees, we comply with applicable local labor laws and regulations, commitments in employment contracts and collective bargaining agreements in our countries of operation, which may differ from country to country. Where agreements with unions or work councils are in place, minimum notice and consultation periods are generally specified. In general, globally, we apply a minimum of four-weeks' notice for permanent salaried employees. In addition, where possible, we endeavor to provide notice periods that exceed minimum legal requirements. | |
| GRI 403: Occupational Health and Safety (2016) | Teva's Position on Occupational Health and Safety | 403-2 Types of injury and rates of injury | GRI Content Index, page 61 | See notes to 403-2 |
| GRI 404: Training and Education (2016) | 2019 ESG Progress Report, page 26 | 404-2 Programs for upgrading employee skills | 2019 ESG Progress Report, page 26 | |
| | | 404-3 Performance reviews | GRI Content Index, page 62 | |
| GRI 405: Diversity and Equal Opportunity (2016) | Teva's Position on Diversity and Inclusion | 405-1 Diversity of governance bodies | GRI Content Index, page 63 | |
| GRI 416: Customer Health and Safety (2016) | 2019 ESG Progress Report, page 35 | 416-1 Health and safety impacts of product and service categories | 2019 ESG Progress Report, page 35 | |
| GRI 419: Socioeconomic Compliance (2016) | GRI Content Index, page 64 | 419-1 Non-compliance with laws and regulations in the social and economic area | 2019 Annual Report (Form 10-K), page 146 | |

# GRI: General Disclosures

## 102-8: Information on employees

| Global workforce by employment type | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Permanent employee FTE | 40,868 | 54,260 | 49,089 | 40,780 | **38,542** |
| Supervised workers FTE | 1,975 | 2,169 | 2,227 | 1,756 | **1,497** |
| **Total workforce FTE** | **42,843** | **56,429** | **51,316** | **42,536** | **40,039** |
| Headcount (full/part time) | 41,283 | 54,700 | 49,518 | 41,177 | **39,288** |
| Headcount (supervised) | 1,974 | 2,169 | 2,227 | 1,756 | **1,497** |
| **Total workforce headcount** | **43,257** | **56,869** | **51,745** | **42,933** | **40,785** |

| Employees by region | 2015 | | | 2016 | | | 2017 | | | 2018 | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total | Women | Men | Total | Women | Men | Total | Change in 2019 |
| Israel | 2,916 | 3,901 | **6,817** | 2,884 | 3,848 | **6,732** | 2,677 | 3,480 | **6,157** | 2,036 | 2,807 | **4,843** | 1,794 | 2,543 | **4,337** | **-10.4%** |
| Europe | 10,548 | 8,521 | **19,069** | 13,760 | 11,487 | **25,247** | 11,472 | 10,273 | **21,745** | 9,907 | 9,097 | **19,004** | 9,239 | 8,968 | **18,207** | **-4.2%** |
| North America | 3,320 | 3,935 | **7,255** | 4,954 | 5,901 | **10,855** | 4,348 | 5,220 | **9,568** | 3,337 | 4,415 | **7,752** | 3,229 | 4,107 | **7,336** | **-5.4%** |
| International markets | 2,676 | 5,466 | **8,142** | 3,852 | 8,014 | **11,866** | 4,404 | 7,644 | **12,048** | 3,403 | 6,176 | **9,579** | 3,387 | 6,021 | **9,408** | **-1.8%** |
| **Total headcount** | **19,460** | **21,823** | **41,283** | **25,450** | **29,250** | **54,700** | **22,901** | **26,617** | **49,518** | **18,683** | **22,494** | **41,177** | **17,649** | **21,639** | **39,288** | **-4.6%** |

## 102-8: Information on employees (cont.)

| Employees by type | 2015 | | | 2016 | | | 2017 | | | 2018 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Full-time | 18,370 | 21,662 | **40,032** | 24,271 | 29,071 | **53,342** | 22,330 | 26,552 | **48,882** | 18,135 | 22,421 | **40,556** | 16,774 | 21,356 | **38,130** |
| Part-time | 1,090 | 161 | **1,251** | 1,179 | 179 | **1,358** | 571 | 65 | **636** | 548 | 73 | **621** | 960 | 198 | **1,158** |
| Contingent | 1,007 | 968 | **1,975** | 945 | 1,224 | **2,169** | 663 | 1,564 | **2,227** | 463 | 1,293 | **1,756** | 498 | 999 | **1,497** |
| **Total** | **20,467** | **22,791** | **43,258** | **26,395** | **30,474** | **56,869** | **23,564** | **28,181** | **51,745** | **19,146** | **23,787** | **42,933** | **18,232** | **22,553** | **40,785** |

## 102-40: List of stakeholder groups
## 102-42: Identifying and selecting stakeholders
## 102-43: Stakeholder engagement
## 102-44: Key topics and concerns raised

Teva's primary stakeholders include those who play a role in influencing our business through their connection to Teva, while advancing the broader healthcare industry worldwide through their participation in healthcare as patients, providers, payers or regulators. Equally, our primary stakeholders are those who are most influenced by our business activities. We strategically engage with primary stakeholders across many channels, targeted by stakeholder group, to promote active dialogue, consultation and collaboration for the benefit of patients around the world. Their insights, concerns and expectations help to guide our programs and business activities. Our ongoing engagements serve to validate the topics deemed material to our business and will continue to serve as key components of our materiality assessments.

The following table shows our primary stakeholder groups, the ways in which we engage and the key topics covered.

| Stakeholder Group | Approach to Engagement | Key Topics Raised |
|---|---|---|
| Patients | Interactions through patient advocacy organizations | Access and affordability of medicines, treatments for unmet needs |
| Employees* | Annual employee surveys, performance reviews, training events, business reviews, team meetings | Opportunities to develop, opportunities to influence, confidence in leadership |
| Regulators | Collaborative engagement and consultation on public policy, as required | Safety, compliance and ethical business conduct, pricing, quality manufacturing |
| Healthcare industry* | Participation in industry associations | Patient safety, quality manufacturing, meeting regulatory requirements |
| Non-profit organizations | Ongoing work with community partners, collaboration in social initiatives to advance healthcare | Environmental sustainability, community support, access to medicines |
| Investors* | Regular investor conferences and presentations, periodical meetings with different investor groups, participation in investor analyst rankings and ratings, such as MSCI, Sustainalytics, DJSI, FTSE, ISS-ESG | Transparency, return on investment, compliance, governance, access to medicines, quality manufacturing |
| Suppliers* | Questionnaires, surveys and audits | Environmental sustainability, compliance, transparency, sustainable supply chain, quality manufacturing |
| Customers* | Questionnaires, surveys and audits | Environmental sustainability, transparency, compliance, governance, employee health and safety |
| Global health leaders* | Participation in global health congresses and meetings, interactions with global health governing bodies | Access and affordability of medicines, treatments for unmet needs, safety of medicines, global health priorities |

*Surveyed as part of 2020 Materiality Assessment

## 102-46: Defining report content and topic boundaries
## 102-47: List of material topics

Teva's material issues are topics that reflect Teva's largest environmental, economic and social impacts on our stakeholders and our business.

Our first materiality assessment took place in 2013. Since then, our reporting followed an internal assessment, gap analysis and stakeholder consultation of Environmental, Social and Governance (ESG) issues.

In 2018, we revisited the topics reported in prior years, following extensive internal and external consultation. We surveyed senior managers in different countries to validate these topics and assess emerging topics. Our analysis and prioritization of material topics resulted in the following list, which we have reported against in our 2018 and 2019 reports:

**Contributing to healthy communities**

- Access and Affordability
- Science and Innovation
- Global Health Priorities
- Patient Engagement

**Leading a responsible business**

- Compliance, Ethics and Transparency
- Environmental Sustainability
- Supply Chain
- Quality Manufacturing and Patient Safety
- Our People

In 2020, we began a new materiality assessment, which is still in progress. When final, results will guide future reporting as well as strategic ESG planning and priorities for 2020 and 2021.

For the assessment, we engaged Datamaran, an AI-powered software that automates processes for identifying and monitoring non-financial risks. From the dataset generated by Datamaran, Teva identified a list of ESG topics material to our business and stakeholders, the definitions of which can be found on our website. Our material topics were then validated by Datamaran's database, which includes corporate reports, mandatory and voluntary regulations and online and social media. Additionally, we validated the data by surveys shared with our direct stakeholders, including investors, employees, suppliers, customers, global health leaders, non-governmental organizations and academia.

Our internal prioritization of topics is still in progress due to the onset of the COVID-19 pandemic, which added both time and additional considerations for the assessment.

As of this report's publication, initial results of high-priority material topics include:

- Business Ethics, Anti-bribery and Anti-corruption
- Access to Health and Medicines
- Quality Manufacturing and Patient Safety
- Pricing
- Sustainable Supply Chain
- Corporate Governance

These are subject to change based on our internal prioritization and finalization of the materiality process.

## GRI 205: Anti-Corruption

### 205-1: Operations assessed for risks related to corruption

Teva's monitoring program assesses compliance risk for all operations that have a touchpoint with either healthcare professionals or government officials. This includes Commercial, Teva Global Operations (TGO) and R&D, and can be broken down as follows:

#### Commercial

- 64 individual countries (32 in Europe, 2 in North America, 30 in international markets)
- Top 5 activity types with highest average risk ranges are: Third-Party Representatives, Discounts and Rebates, Investigatory Sponsored Studies, Market Research and Speaker Programs

#### TGO

- 29 individual countries and 53 individual sites (17 countries, 31 sites in Europe, 7 sites in India and 11 countries and 15 sites in rest of world, excluding the US.)
- Top 5 activity types with highest average risk ranges are: Third-Party Representative, Customs Clearance and Logistics, Fee for Service Engagements, Regulatory Interactions, Destruction or Scrap (of Materials, Assets)

#### R&D

- Top 5 activity types with highest average risk ranges are: Investigator-Sponsored Studies, Advisory Boards, Fee for Service Engagements, Educational Grants, Scientific/Investigator Meetings (non-promotional)

### 205-2: Communication and training about anti-corruption policies and procedures

100% of applicable employees received communications regarding Teva's anti-corruption policies and procedures. Employees who received training on anti-corruption are outlined in the table below and broken down by region.

**2019 Anti-corruption training completions by region**

| Region | Course completed | Incomplete | Grand total | Percent |
|---|---|---|---|---|
| Europe | 4,969 | 8 | 4,977 | 99.84% |
| Global R&D | 2,578 | 10 | 2,588 | 99.61% |
| International Markets | 2,348 | 56 | 2,404 | 97.67% |
| North America | 1,918 | 21 | 1,939 | 98.92% |
| Teva global operations (TGO) | 5,398 | 50 | 5,448 | 99.08% |
| Grand Total | **17,211** | **145** | **17,356** | **99.16%** |

Omissions:

- Unable to track training among governance bodies and business partners
- Employee training by category is unavailable at this time

### 205-3: Confirmed incidents of corruption and action taken

In 2019, the Office of Business Integrity (OBI) received 207 reports about alleged misconduct. 55 of the 207 cases were considered Business Integrity issues (corruption). 52 of the 55 warranted an investigation and five of the 52 are still under active investigation. Of the 47 closed cases, 18 were substantiated (either wholly or partly), resulting in coaching (3 employees), policy/process (4 employees), reprimands/warnings (16 employees), re-training (2 employees), termination (14 employees), or vendor disengagement (4 employees).

# 302: Energy

## 302-1: Energy consumption within the organization

| Energy consumption | Units | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Natural gas (Scope 1) | MWH | 937,689 | 1,007,147 | 1,256,203 | 1,147,525 | 1,149,345 | 0.2% |
| Fuel oil (Scope 1) | MWH | 279,663 | 201,591 | 238,924 | 164,188 | 154,324 | -6.0% |
| Diesel fuel (Scope 1) | MWH | 69,214 | 42,436 | 92,999 | 42,874 | 23,124 | -46.1% |
| Kerosene (Scope 1) | MWH | 7,050 | 8,590 | 1,105 | 2,279 | 2,738 | 20.2% |
| LPG (Scope 1) | MWH | 95,220 | 93,323 | 92,397 | 82,135 | 48,819 | -40.6% |
| Propane (Scope 1) | MWH | 4,053 | 1,032 | 701 | 5,557 | 15,242 | 174.3% |
| Petrol - mobile (Scope 1) | MWH | 142,086 | 91,165 | 149,094 | 171,286 | 124,713 | -27.2% |
| Diesel - mobile (Scope 1) | MWH | 99,165 | 74,905 | 87,423 | 105,755 | 82,289 | -22.2% |
| Renewable electricity produced (Scope 1) | MWH | 512 | 797 | 28 | 554 | 561 | 1.2% |
| Biomass (renewable) (Scope 1) | MWH | 5,503 | 6,584 | 7,516 | 13,694 | 12,822 | -6.4% |
| Electricity purchased from grid (Scope 2) | MWH | 1,137,887 | 938,393 | 991,466 | 908,956 | 808,571 | -11.0% |
| Heating purchased (Scope 2) | MWH | - | 14,898 | 3,841 | 2,665 | 2,799 | 5.0% |
| Steam purchased (Scope 2) | MWH | 81,087 | 68,826 | 83,081 | 69,968 | 77,367 | 10.6% |
| Renewable electricity (Scope 2) | MWH | 43,868 | 185,562 | 389,563 | 381,913 | 421,409 | 10.3% |
| Scope 1 direct | MWH | 1,640,154 | 1,527,571 | 1,926,390 | 1,628,586 | 1,613,977 | -0.9% |
| Scope 2 indirect | MWH | 1,262,842 | 1,207,679 | 1,467,951 | 1,363,502 | 1,310,147 | -3.9% |

| Total energy | Units | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| **Total Energy Consumption** | **MWH** | **2,902,996** | **2,735,250** | **3,394,342** | **3,099,348** | **2,924,124** | **-5.7%** |

1 Notes:

- Renewable electricity produced is via our solar installations in Germany and the US. Biomass is wood or charcoal biomass at sites in India and Greece.

## 302-3: Energy intensity

| Energy intensity | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|
| **MWH/employee** | 68.33 | 63.72 | 68.30 | 71.24 | 74.43 | 4.5% |

# GRI 303: Water and Effluents

## 303-1: Interactions with water as a shared resource

Access to clean and reliable water supplies is essential to Teva's continued business. By and large, water withdrawn is from third-party water suppliers, such as municipality-owned water networks, with the remainder sourced from onsite borewells and surface water where available and permitted. The majority of water we consume at our manufacturing facilities is during active pharmaceutical ingredient (API) and medicine production, with a significant proportion of this associated with the utilities and auxiliary equipment needed to create the right production environments.

Most of the water from our facilities are discharged to municipal wastewater networks, with some of this water first receiving onsite treatment to meet wastewater quality parameters. The water impact most commonly and currently associated with the pharmaceutical industry relates to Pharmaceuticals in the Environment (PiE). Teva has a robust Environment, Health and Safety (EHS) Management System (EHSMS) in place to support compliance and business continuity, which includes standards on emissions management outlining Teva's requirements on PiE. Teva is actively working to assess our impact and implement solutions to PiE and the subsect issue of discharges containing antimicrobials in a coordinated approach with other pharmaceutical companies and stakeholders.

Another impact that Teva and others in the industry are concentrated on relates to water scarcity. Teva has initiated programs to screen our facilities, which are deemed to be in areas either currently or likely to become high to extremely high water scarce in the future. Teva has utilized the World Resources Institute (WRI) Aqueduct Water Risk Atlas for the purpose of these evaluations. Efforts are currently being focused on performing water balances at these facilities to guide what steps can be taken to reduce our impact there. This will provide Teva with insights into utilization of water at these facilities in order to find opportunities to optimize and make efficiencies in water use, so as to reduce our impact on water sheds in these areas and build resilience into our business operations.

As part of our commitment to being a responsible steward of water, particularly in water-scarce areas, Teva made its first-ever (partial) CDP Water Security submission in 2019. We achieved a CDP Water rating of B- on this submission. This sets a solid starting point to build upon, as we intend to submit a full submission in 2020.

Each facility in a water-scarce area is required to set annual goals on water conservation and management as part of Teva's EHSMS. At a corporate level, having achieved our 2020 water scarcity target ahead of time, we are currently devising a new set of long-term Environmental Sustainability goals, which will include water targets—these will be announced in our next report.

## 303-2: Management of water discharge-related impacts

Teva always intends to conform to all applicable regulatory requirements, including those relating to any local, state, regional and national effluent discharge quality. Each of our sites has an EHSMS in place, aligned with Teva's corporate EHS Standards, which provide systems and controls for identifying and complying with all such regulatory and other requirements. Going above and beyond regulatory requirements, as part of Teva's PiE assessment program, including those related to AMR, where Teva identifies Predicted Environmental Concentrations (PEC) above those of the published Predicted No-Effect Concentration (PNEC), Teva will implement improvement measures to reduce discharge levels below the PNEC.

## 303-3: Water withdrawal

| Water withdrawal | | 2019 | | |
|---|---|---|---|---|
| | | Units | All areas | Areas with water stress |
| **Surface water (Total)** | | ML | 446 | 49 |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | ML | 446 | 49 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| **Groundwater (Total)** | | **ML** | **1,728** | **449** |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | ML | 1,587 | 449 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | ML | 141 | 0 |
| **Seawater (Total)** | | ML | 0 | 0 |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| **Produced water (Total)** | | ML | 0 | 0 |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| **Third-party water (Total)** | | ML | 6,215 | 1,379 |
| Freshwater (≤1,000 mg/L Total Dissolved Solids) | | ML | 6,215 | 1,379 |
| Other water (>1,000 mg/L Total Dissolved Solids) | | ML | 0 | 0 |
| **Total third-party water withdrawal by withdrawal source** | **Surface water** | ML | | 567 |
| | **Groundwater** | ML | | 400 |
| | **Seawater** | ML | | 413 |
| | **Produced water** | ML | | 0 |

## 303-4: Water discharge

| Water discharge | | | 2019 | |
|---|---|---|---|---|
| | | Units | All areas | Areas with water stress |
| Water discharge by destination | Surface water | ML | 2,259 | |
| | Groundwater | ML | 79 | |
| | Seawater | ML | 0 | |
| | Third-party water (Total) | ML | 4,085 | |
| | Third-party water sent for use to other organizations | ML | 0 | |
| Total water discharge | Surface water + groundwater + seawater + third-party water (Total) | ML | 6,562 | 1,020 |
| Water discharge by freshwater and other water | Freshwater (≤1,000 mg/L Total Dissolved Solids) | ML | 3,155 | 734 |
| | Other water (>1,000 mg/L Total Dissolved Solids) | ML | 3,407 | 286 |

1 Notes:

- Total water discharge includes wastewater discharged to Evaporation Ponds Total 137.52 ML.

## 303-5: Water consumption

| Water consumption | 2019 | | |
|---|---|---|---|
| | Units | All areas | Areas with water stress |
| Total water consumption | ML | 1,827 | 858 |
| Change in water storage, if water storage has been identified as having a significant water-related impact | ML | **0** | 0 |

## GRI 305: Emissions

### 305-1: Direct (Scope 1) GHG emissions
### 305-2: Energy indirect (Scope 2) GHG emissions
### 305-4: GHG emissions intensity

| GHG emissions | Units | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Scope 1 emissions | **tons $CO_2e$** | 405,044 | 392,268 | 442,836 | 376,905 | 339,297 | -10.0% |
| Scope 2 emissions | **tons $CO_2e$** | 542,262 | 455,017 | 455,511 | 466,813 | 404,497 | -13.4% |
| **Total GHG emissions** | **tons $CO_2e$** | **947,306** | **847,285** | **898,347** | **843,718** | **743,795** | **-11.8%** |
| **GHG emissions cumulative change from baseline 2017** | **tons $CO_2e$** | | | | -6% | -17% | — |
| GHG emissions intensity | tons CO2e/ employee | 22.30 | 19.74 | 18.08 | 19.39 | 18.93 | -2.4% |

1 Notes:

- 2017 and 2018 GHG emissions data have been restated following verification of our emissions for these two years, and adjusted for plant closures and divestments. GHG data for these two years, therefore, represent verified GHG emissions for operations in line with their actual periods of activity during this period. Adjustments were conducted in accordance with the GHG Reporting Standard.

### 305-6: Emissions of ozone-depleting substances (ODS)

| | Units | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|
| R22 | tons $CO_2e$ | 6,090 | 4,840 | -20.5% |
| HCFC-122 | tons $CO_2e$ | - | 1 | |
| HCFC-124 | tons $CO_2e$ | - | 5 | |
| HFC-227ea | tons $CO_2e$ | 7,705 | 1,273 | -83.5% |
| PFC-410 (PFC-31-10) | tons $CO_2e$ | 1,104 | 1,196 | 8.3% |
| HFC134 | tons $CO_2e$ | 7,557 | 6,790 | -10.2% |

## GRI 306: Effluents and Waste

### 306-2: Waste by type and disposal method

| Waste by disposal type | Units | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Recycling including conversion to energy | **Tons** | 101,092 | 93,708 | 83,472 | 73,193 | 56,102 | -23.4% |
| Bio treatment | **Tons** | 70,864 | 61,861 | 48,571 | 40,142 | 44,435 | 10.7% |
| Incineration | Tons | 47,412 | 48,346 | 63,858 | 46,056 | 36,222 | -21.4% |
| Landfill | Tons | 10,419 | 15,229 | 12,749 | 11,536 | 11,946 | 3.6% |
| Other | Tons | 58,901 | 0 | 0 | 0 | 0 | |
| **Total waste** | **Tons** | **288,688** | **219,144** | **208,650** | **170,926** | **148,705** | **-13.0%** |
| Percentage of waste recycled | % | 35% | 43% | 40% | 43% | 38% | -11.9% |
| Percentage of waste landfilled | % | 4% | 7% | 6% | 7% | 8% | 19.0% |
| Total waste diverted from landfill | Tons | 278,269 | 203,915 | 195,901 | 159,390 | 136,758 | -14.2% |

| Waste by type | Units | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|---|
| Non-hazardous waste | Tons | 49,488 | 50,792 | 75,192 | 61,361 | 54,511 | -11.2% |
| Hazardous waste | Tons | 239,200 | 168,352 | 133,458 | 109,565 | 94,194 | -14.0% |
| Hazardous waste as a percentage of total waste | % | 83% | 77% | 64% | 64% | 63% | -1.2% |
| **Waste intensity** | **Tons/ employee** | **6.74** | **5.10** | **4.07** | **4.15** | **3.78** | **-8.8%** |

## GRI 307: Environmental Compliance

### 307-1: Non-compliance with environmental laws and regulations

Despite Teva's extensive controls to assure compliance, occasionally there are instances when our operations are not in full compliance with environmental regulatory requirements or permit conditions. In 2019, Teva experienced 155 EHS-related regulatory inspections across our operations and successfully completed 92% of these inspections without further action required, with five Notices of Violation received as a result of environmental inspections. Teva sites reported a total of 13 exceedances of environmental permit conditions or limits in 2019. Two significant financial penalties resulting in exceedance fee payments of $128K, with no other significant sanctions or penalties incurred.

## GRI 401: Employment

### 401-1: New employee hires and employee turnover

| New hires and leavers | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <age 30 | age 30-50 | >age 50 | Total | <age 30 | age 30-50 | >age 50 | Total | <age 30 | age 30-50 | >age 50 | Total | <age 30 | age 30-50 | >age 50 | Total | <age 30 | age 30-50 | >age 50 | Total |
| Women new hires | 2% | 4% | 0% | **7%** | 2% | 3% | 0% | **5%** | 2% | 3% | 0% | **6%** | 2% | 2% | 0% | **5%** | 871 | 1,040 | 165 | **2,077** |
| Men new hires | 2% | 3% | 1% | **6%** | 2% | 3% | 0% | **5%** | 2% | 3% | 0% | **5%** | 3% | 2% | 1% | **5%** | 806 | 1,093 | 213 | **2,112** |
| **Total new hires** | **5%** | **7%** | **1%** | **12%** | **3%** | **5%** | **1%** | **9%** | **4%** | **6%** | **1%** | **11%** | **5%** | **5%** | **1%** | **10%** | 1,677 | 2,133 | 378 | **4,189** |
| Women leavers | 1% | 3% | 1% | **6%** | 1% | 5% | 1% | **8%** | 2% | 6% | 2% | **10%** | 2% | 10% | 3% | **15%** | 551 | 1,842 | 716 | **3,109** |
| Men leavers | 1% | 4% | 2% | **7%** | 1% | 5% | 2% | **8%** | 2% | 6% | 3% | **10%** | 3% | 9% | 4% | **16%** | 582 | 2,011 | 893 | **3,486** |
| **Total leavers** | **2%** | **7%** | **3%** | **13%** | **3%** | **10%** | **3%** | **15%** | **3%** | **12%** | **5%** | **21%** | **5%** | **19%** | **7%** | **31%** | 1,133 | 3,853 | 1,609 | **6,595** |
| **Turnover (%)** | **2%** | **7%** | **3%** | **13%** | **3%** | **10%** | **3%** | **15%** | **3%** | **12%** | **5%** | **21%** | **5%** | **19%** | **7%** | **31%** | **3%** | **10%** | **4%** | **17%** |

Notes:

- We are not able to provide the split of new hires and leavers by region at this time.

# GRI 403: Occupational Health and Safety

## 403-2: Types of Injury and Rates of Injury

At the end of 2019, 10 manufacturing sites held OSHAS 18001 or ISO 45001 certification, which superseded OSHAS 18001, including Athens, Opava Commercial, Opava Pharma, Opava Teva API, Waterford, Waterford R&D, Krawków, Dupnitsa, Leskovac and Nerviano.

| Recordable injuries | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|
| Number of recordable injuries | 212 | 186 | 212 | 158 | 130 | -17.7% |
| Recordable injury rate | 0.55 | 0.47 | 0.44 | 0.38 | 0.34 | -10.9% |

| Lost days due to injury | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|
| Number of lost days | 1,976 | 2,293 | 2,729 | 1,570 | 1,506 | -4.1% |
| Number of injuries resulting in lost days | 147 | 129 | 124 | 95 | 68 | -28.4% |
| Lost day rate | 0.38 | 0.33 | 0.25 | 0.23 | 0.18 | -22.5% |

| Occupational disease | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|
| Number of occupational disease cases | N/A | 12 | 4 | 3 | 9 | 200.0% |
| Occupational disease rate | N/A | 0.02 | 0.008 | 0.01 | 0.02 | 224.8% |

| Fatalities | 2015 | 2016 | 2017 | 2018 | 2019 | Change in 2019 |
|---|---|---|---|---|---|---|
| Number of fatalities | 0 | 0 | 0 | 0 | 0 | 0% |

| Contingent workers—safety performance in 2019 | North America | Europe | International markets | Total Teva |
|---|---|---|---|---|
| Fatalities | 0 | 0 | 0 | **0** |
| Recordable injuries | 1 | 3 | 2 | **6** |
| Lost workdays | **0** | **7** | **2** | **9** |

Notes:

- Teva calculates safety performance incidence rates based on a mix of actual work hours and estimates from the numbers of employees and supervised contingent workers. Reported number of employees is estimated based upon 2,000 hrs./yr. per employee.
- Teva follows Occupational Safety and Health Administration (OSHA) definitions for recordable injuries and illnesses. Minor incidents requiring first aid only are not included in the injury rates.
- Teva calculates the number of lost workdays following the OSHA guidelines, including days not normally scheduled as workdays, such as weekends, holidays, etc.
- Occupational disease is defined as disease arising from an employee's work situation or activity, specifically associated with the nature of the work, causing lost workdays or reassignment. This may include repetitive ergonomic issues, hearing loss, respiratory issues, sensitivity to enzymes or chemicals or allergic reactions, etc.

Omissions:

- We are not able to provide safety information by gender.
- We are not able to provide separate injury rates for contracted (supervised) workers as we do not report their total hours worked separately from those of full time employees. For information purposes, we have included the total number of work related injuries and illnesses and lost workdays for these contingent workers.

# GRI 404: Training and Education

## 404-3: Performance reviews

| Employees receiving performance reviews | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men |
| Top executives | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 10 | 3 | 10 |
| Managers | 3,374 | 4,222 | 3,760 | 4,513 | 5,555 | 6,622 | 4,046 | 4,594 | 4,366 | 4,900 |
| Non-managers | 11,572 | 13,849 | 11,819 | 13,833 | 18,163 | 20,619 | 14,946 | 17,038 | 14,316 | 16,611 |
| **Total by gender** | **14,946** | **18,071** | **15,579** | **18,346** | **23,718** | **27,241** | **18,995** | **21,642** | **18,685** | **21,521** |
| **Total by group** | | **33,016** | | **33,925** | | **50,959** | | **40,637** | | **40,206** |
| **Percentage of eligible employees** | | **80%** | | **62%** | | **103%** | | **99%** | | **97%** |

Notes:

- Rate in 2017 is higher than the year-end headcount, as employee numbers during the year were higher than at year-end, due to attrition during the latter part of the year.

# GRI 405: Diversity and Equal Opportunity

## 405-1: Diversity of governance bodies and employees

| Board of Directors by age and gender, 2019 | Women | | | Men | | | Total |
|---|---|---|---|---|---|---|---|
| | <age 30 | age 30-50 | >age 50 | <age 30 | age 30-50 | >age 50 | |
| | 0% | 9% | 9% | 0% | 9% | 73% | 100% |

| Employees by gender | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men |
| Top executives | 21% | 79% | 13% | 87% | 23% | 77% | 23% | 77% | 23% | 77% |
| Managers | 45% | 55% | 44% | 56% | 46% | 54% | 46% | 54% | 46% | 54% |
| Non-managers | 48% | 52% | 46% | 53% | 46% | 54% | 45% | 55% | 45% | 55% |
| **Total employees** | **47%** | **53%** | **47%** | **53%** | **46%** | **54%** | **45%** | **55%** | **45%** | **55%** |

| Employees by age group | 2015 | | | 2016 | | | 2017 | | | 2018 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <age 30 | age 30-50 | >age 50 | <age 30 | age 30-50 | >age 50 | <age 30 | age 30-50 | >age 50 | <age 30 | age 30-50 | >age 50 | <age 30 | age 30-50 | >age 50 |
| Top executives | 0% | 36% | 64% | 0% | 33% | 62% | 0% | 38% | 62% | 0% | 15% | 85% | 8% | 15% | 77% |
| Managers | 2% | 72% | 26% | 2% | 22% | 24% | 2% | 70% | 27% | 2% | 70% | 28% | 2% | 68% | 30% |
| Non-managers | 16% | 63% | 21% | 17% | 62% | 21% | 16% | 62% | 22% | 15% | 61% | 24% | 15% | 60% | 25% |
| **Total employees** | **13%** | **65%** | **22%** | **14%** | **64%** | **22%** | **13%** | **64%** | **23%** | **13%** | **63%** | **25%** | **12%** | **62%** | **26%** |

## GRI 419: Socioeconomic Compliance Management Approach

Teva's Global Compliance program strives to identify, eliminate, minimize, remediate, control and monitor compliance risk at all levels of the organization, especially compliance risk related to potential bribery and corruption. In addition to embedding applicable laws and codes in our policies and procedures, we strive to increase the knowledge and personal responsibility of all employees to avoid situations that are contrary to Teva's values or that may damage Teva's reputation. To accomplish this, our Code of Conduct provides the basis for ethical decision-making, and our activity and third-party approval programs, as well as ongoing training to employees, keep us focused on ethical behavior as the key to long-term corporate and personal success. In certain cases, this Code of Conduct is supplemented by additional policies that cover specific topics in more detail or deal with certain local or regional issues. In 2020, Teva will focus on compliance goals related to cultivating accountability for compliance within the business, realigning our compliance organization to support changing business needs, reinforcing expectations around responsibilities, developing our people and community, and identifying continuous improvements related to operational areas to increase efficiency.

# United Nations Global Compact Principles

The United Nations Global Compact (UNGC) is a strategic policy initiative that encourages companies around the world to adhere to 10 principles of responsible business, relating to human rights, labor standards, environmental protection and anti-corruption. Teva has participated in the UNGC since 2010 and in 2019, we reconfirmed our membership as a participant.

| Global Compact Principles | | Our Position |
|---|---|---|
| 1 | Businesses should support and respect the protection of internationally proclaimed human rights. | We conduct our business responsibly according to the highest ethical standards, including respect for human rights, both in our own operations and throughout our supply network. We maintain a Supplier Code of Conduct and include a relevant contract clause in new and renewing agreements for all procurement. Please refer to Teva's Position on Human Rights. |
| 2 | Businesses should make sure that they are not complicit in human rights abuses. | |
| 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | We respect the rights of employees related to freedom of association and collective bargaining. We maintain a collaborative relationship with employees and address issues relating to their rights in a positive manner. |
| 4 | Businesses should support the elimination of all forms of forced and compulsory labor. | We do not engage in any practice that could be construed as forced labor. All Teva employees are employed lawfully and of their own free will. |
| 5 | Businesses should support the effective abolition of child labor. | We respect and support the rights of children and we are committed to safeguarding their interests. We do not employ children in any part of our business. |
| 6 | Businesses should support the elimination of discrimination in respect of employment and occupation. | We maintain a policy of equal opportunity and inclusive practices for new and current employees in all matters relating to their employment with Teva.<br>Please refer to Teva's Position on Diversity and Inclusion. |
| 7 | Businesses should support a precautionary approach to environmental challenges. | We adopt environmentally-oriented practices in our operations and conserve resources wherever possible. See our responses to environmental disclosures GRI 302, 303, 305 and 306 above. |
| 8 | Businesses should undertake initiatives to promote greater environmental responsibility. | |
| 9 | Businesses should encourage the development and diffusion of environmentally friendly technologies. | |
| 10 | Businesses should work against corruption in all its forms, including extortion and bribery. | We are committed to behaving with integrity and act to eliminate corruption. See our response to GRI 205 above. Please refer to Teva's Global Prevention of Corruption Policy. |

## Cautionary Note Regarding Forward-Looking Statements

This 2019 Environmental, Social and Governance Progress Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are based on management's current beliefs and expectations and are subject to substantial risks and uncertainties, both known and unknown, that could cause our future results, performance or achievements to differ significantly from that expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to impact and effectively execute on our social, economic, environment and governance related strategy and goals; our ability to successfully compete in the marketplace; consolidation of our customer base and commercial alliances among our customers; delays in launches of new products and our ability to achieve expected results from investments in our product pipeline; the effectiveness of our patents and other measures to protect our intellectual property rights; our substantial indebtedness, which may limit our ability to incur additional indebtedness, engage in additional transactions or make new investments; our business and operations in general, including: duration, and geographic reach of the COVID-19 pandemic and its impact on our business, financial condition, operations, cash flows, and liquidity and on the economy in general; interruptions in our supply chain, including due to potential effects of the COVID-19 pandemic on our operations and business in geographic locations impacted by the pandemic and on the business operations of our customers and suppliers; adequacy of and our ability to successfully execute and maintain the activities and efforts related to the measures we have taken or may take in response to the COVID-19 pandemic and associated costs therewith; challenges associated with conducting business globally, including adverse effects of the COVID-19 pandemic, political or economic instability, major hostilities or terrorism; our ability to attract, hire and retain highly skilled personnel; our ability to develop and commercialize additional pharmaceutical products; compliance with anti-corruption sanctions and trade control laws; manufacturing or quality control problems; disruptions of information technology systems; breaches of our data security and privacy; compliance, regulatory and litigation matters, including our ability to reach a final resolution of the remaining opioid-related litigation; costs and delays resulting from the extensive governmental regulation to which we are subject or delays in governmental processing time including due to modified government operations due to the COVID-19 pandemic and effects on product and patent approvals; governmental investigations; potential liability for patent infringement; product liability claims; and other financial and economic risks including our exposure to currency fluctuations and restrictions; and other factors discussed in our our Annual Report on Form 10-K for the year ended December 31, 2019 and subsequent SEC filings, including in the sections captioned "Risk Factors" and "Forward Looking Statements." Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are cautioned not to put undue reliance on these forward-looking statements.