



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

Teva Pharmaceutical Industries Ltd
April 2011





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Company Profile

Teva Pharmaceutical Industries Ltd.

The number 1 generic pharmaceutical company worldwide

A top 15 global pharmaceutical company

63 billion tablets manufactured in 2010

Operations in 60 countries

Distribution of products to over 100 markets

Global product portfolio of 1,480 molecules

40,000 employees in Teva

\$16 billion in sales in 2010

Strategic goal of \$31 billion in sales by 2015



Teva Pharmaceutical Industries Ltd. is a global pharmaceutical company specializing in the development, production and marketing of generic and proprietary branded pharmaceuticals as well as active pharmaceutical ingredients. Teva is among the top 20 pharmaceutical companies and among the largest generic pharmaceutical companies in the world. Teva enjoys a firmly established international presence, serving 100 markets around the globe. Teva has its headquarters in Israel, though more than 80% of Teva's sales, which totaled US\$ 16 billion in 2009, are in North America and Europe. Teva has over 40,000 employees worldwide and production facilities in Israel, North America, Europe and Latin America.

Teva's worldwide operations are conducted through a network of global subsidiaries primarily located in North America, Europe, Latin America, Asia and Israel. Teva has direct operations in approximately 60 countries, as well as 40 finished dosage pharmaceutical manufacturing sites in 19 countries and pharmaceutical R&D centers in 18 countries. Teva's key subsidiary companies are:

North America and Canada

- United States: Teva Pharmaceuticals USA, Inc. and Plantex USA, Inc.
- Canada: Teva Canada Ltd. (formerly known as Novopharm Ltd.)

Europe

- Hungary: TEVA Hungary Pharmaceutical Marketing Private Limited Company
- United Kingdom: Teva UK Limited
- The Netherlands: Teva Pharmaceuticals Europe B.V., Pharmachemie B.V., Plantex Chemicals B.V.
- France: Teva Santé SAS, Laboratoire ratiopharm S.A.
- Croatia: Pliva Hrvatska d.o.o.
- Germany: AWD.Pharma GmbH & Co. KG , Teva GmbH, CT Arzneimittel GMBH, ratiopharm GmbH
- Poland: Teva Pharmaceuticals Polska sp. z o.o.
- Italy: Teva Italia S.r.l., ratiopharm Italia S.r.l.
- Spain: Teva pharma S.L.U.
- Czech Republic: Teva Czech Industries s.r.o., Teva Pharmaceuticals CR, s.r.o.
- Russia: Teva Limited Liability Company.

Latin America

- Chile: Laboratorio Chile S.A.
- Mexico: Lemery S.A. de C.V.
- Argentina: IVAX Argentina S.A., Teva-Tuteur S.A.

Israel

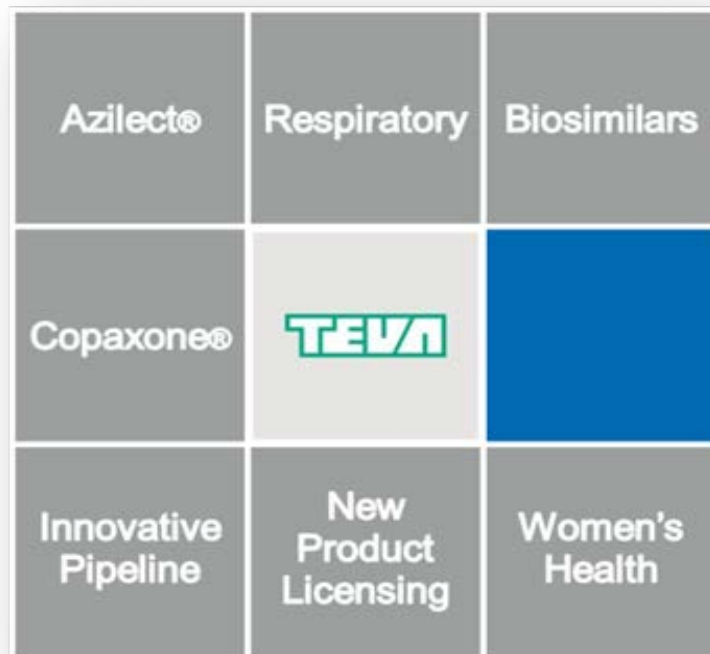
- Assia Chemical Industries Ltd., Salomon, Levin and Elstein Ltd.



In addition to the subsidiaries listed above, Teva has operations in various strategic and important locations, including China, India, Turkey, Japan and other emerging and smaller markets.

Teva's principles of corporate governance can be downloaded from www.tevapharm.com.

Teva's core business lines of fully-integrated human pharmaceuticals include either generic drugs for all major therapeutic and sterile requirements in a variety of dosage forms, from tablets and capsules to ointments, creams and liquids, or innovative drugs in niche markets where Teva has a relative advantage in research and development.



For more about Teva, please see: <http://www.tevapharm.com>

For Teva's financial reports, please see: <http://tevapharm.com/financial/reports.asp>



Teva's global presence can be seen in the chart below:

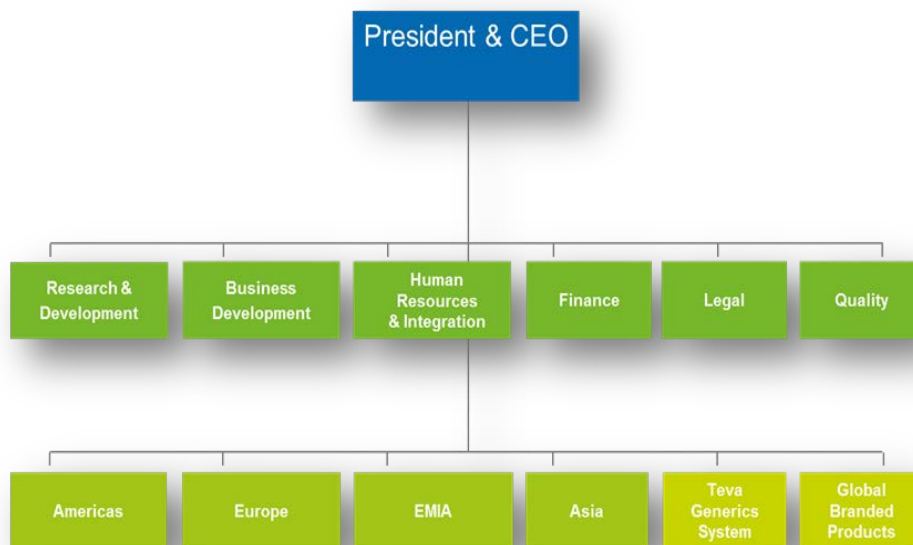
Teva Worldwide production sites GROW BEST TEVA



- 21 Countries
- 39 Pharma production sites
- 20 API production sites

Teva's Business Structure

Teva is structured on a functional basis for global leadership, and on a regional basis for business operations.





The Corporate Responsibility Function within Teva is led by a dedicated team, headed by the CR Director who reports to the Human Resources Corporate VP & Chief Integration Officer.

Teva Vision and Values

Teva Pharmaceutical Industries is committed to conducting its business activities in a way which reflects the values of contribution to society, community and the environment. Teva is steadfast in upholding the core values of leadership, excellence, creativity, and strategic discipline. In all Teva's activities and in Teva's business strategy, Teva is committed to supporting the interests of all stakeholders and in particular, Teva's broad range of customers.

Teva's Vision

Teva is committed to providing **high-quality, affordable** generic pharmaceuticals and innovative medical solutions, to improve global healthcare.

Teva's Business Objectives

Sustain our commitment to **growth**
Expand our global **leadership** position
Remain lean, **agile** and responsive

Teva's Community Objective

Teva is committed to improving global healthcare. We recognize our responsibility to invest in and support the communities we serve.



CEO Commitment

H.E. Ban Ki-Moon

Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

TEVA PHARMACEUTICALS: Participation in the UN Global Compact

I am pleased to reconfirm that Teva Pharmaceutical Industries Ltd supports the Ten Principles of the United Nations Global Compact in respect to human rights, labor rights, the environment and anti-corruption.

Teva Pharmaceuticals boasts more than 100 years of ethical and responsible business practices, and has always made significant efforts to support broader societal advancement in our business approach as we have expanded globally over the years. We strongly identify with the principles and objectives of the UN Global Compact and feel these are in full alignment with our business approach to date, and our expectation of our continued business activities in the future.

With this second Communication on Progress, we articulate our continued support for the Global Compact principles. We undertake to make a clear annual statement to all internal and external stakeholders of this commitment, in accordance with the UNGC guidelines and believe this second Communication on Progress, which describes our Company's efforts to implement the ten principles during 2010, complies with this undertaking.

Sincerely yours,

Shlomo Yanai

President & CEO
Teva Pharmaceutical Industries Ltd.

Israel, April 2011



Principle 1:

Business should support and respect the protection of internationally proclaimed human rights.

Teva is committed to upholding all laws, regulations and practices which are designed to protect human rights in all activities in Israel and all over the globe. Teva strictly opposes all form of discrimination and actively recruits all individuals without regard to differences of colour, race, gender, nationality, religion, sexual orientation or other personal indicators of diversity. Teva is strictly committed to practices which prevent all forms of sexual discrimination, sexual harassment, child labor and forced labour.

Teva is committed to the strictest ethical standards, as are demanded by the sectors in which Teva operates. Teva has adopted three different Codes of Conduct which encompass different aspects of our business activity:

- The Code of Ethics and Responsible Business Practices which is based on principles contained in the Sarbanes-Oxley Act (SOX).
- The IFPMA Code of Pharmaceutical Marketing Practices.
- Internal implementation of the program for prevention of restrictive trade practices.
- Foreign Corrupt Practices Act (FCPA).

Teva's Code of Ethics and Responsible Business Practices

Teva's Code of Ethics, which is based on the principles of Sarbanes Oxley, was updated in 2006 and adapted to meet the specific requirements of Teva's business, approved by the Board of Directors and implemented in all business units throughout the world in a uniform way. The Internal Auditor at Teva is responsible for compliance with the Code, and reports all updates and incidents directly to the CEO of Teva and to the Audit Committee. Teva's Code of Ethics has been translated into 14 languages to ensure optimum accessibility and ease of reading for Teva employees around the world.



Embedding an ethical culture

The Code of Ethics is assimilated in a structured process which is strictly monitored, in order to ensure that every single Teva employee understands the ethical frameworks to which Teva is committed and confirms his or her personal commitment. Every new employee who joins the Company, either through recruitment or via a merger or acquisition, is requested to read the Code of Ethics and sign a declaration of commitment to behave in accordance with its requirements. Within four months of joining the Company, each new employee participates in an orientation training program in which the application of the Code of Ethics is discussed in detail. Annually, approximately 6,000 hours are invested in training on the subject of ethics.

In addition, every Teva employee completes a computerized Ethics Training Module which contains explanations of key concepts and expectations, ethical issues relating to their work, and guidance in case of doubt. Two programs exist, one for production employees, and one for all other employees. Upon completing the module, employees take a test to ensure they have assimilated the content.

Teva encourages employees to report breaches of the Code or other ethical concerns in different ways. Employees may post anonymous complaints on a special website which is monitored by the Internal Controller, or make a free call to the "The Hot Line" – a global telephone line which is available 24 hours a day.

In 2010, 113 queries were received in relation to ethical issues (93 in 2009). All instances were investigated by the Internal Auditor and appropriate measures were taken, including employee dismissals in the case of justified complaints.

Compliance

Teva does not contribute to political campaigns or political parties. In 2010, there were no legal actions brought against Teva with regard to criminal actions. Similarly, there were no legal actions brought against Teva with regard to anti-competitive activity in Israel.



Providing a working environment where everyone thrives and grows

Teva people are the powerhouse of the Company and their diversity brings a unique mix of talent, creativity and value to the organization. Teva people are characterized by flexibility, self-assurance and determined to find the best solutions to all issues and opportunities. Teva's empowering working environment inspires people who are achievement-oriented, take initiative and are ready to embrace change and challenge. Teva owe these behaviors to a legacy of leadership which has created a unique Teva culture.

Teva's culture, creative approach and long record of global success are what make Teva an industry leader. The way Teva operates brings out the best in Teva's people with continuous opportunities for personal growth alongside the Company's growth. Teva encourages each and every one of its employees to develop within a working environment which offers many development opportunities, enables them to identify with a common purposeful goal, and provides a clear ethical framework and supportive work culture. All of this contributes to a shared feeling of loyalty to the Company, high motivation, efficiency and creativity, growth and personal development. Teva supports the development of managers who can continue to contribute to the Company in roles of increasing scope and responsibility.

Globally, the Human Resources Division develops processes and tools for all Teva Divisions around the world, aiming to add value for employees, and advance common goals, leveraging the advantages of scale of the Teva global organization.

Locally, Teva Human Resources Division in Israel is focused on three main areas: the Center of Excellence which develops cross-organizational tools in Israel for people development; the Operations and Service Center, providing a central service function for all employee processes; the Human Resources Business Partners who are responsible for implementation of Human Resources processes in different local Divisional groups.

Teva is considered one of the best companies to work for around the world. For example, in Israel, Teva ranked 4th in surveys by De Marker and BDlcode in Israel. Teva's CEO, Shlomo Yanai, was selected by Fortune Magazine as one of the "Business people of the Year" in 2010.



Rewarding employees with a living wage and social benefits

Teva's approach to employee remuneration is based on the view that employees should not only earn a living wage, but also receive support throughout their life and career with the Company. Basic wage levels at Teva always conform to the legal minimum wage, and in most cases, exceed minimum wage levels prescribed by law. Individual salaries are fixed in accordance with level of responsibility, seniority and experience, within a framework which takes into account general market remuneration levels in similar industries. In addition, employees enjoy generous social and welfare benefits compatible with local market norms in their working location.

Employee welfare

Teva ensures a supportive working environment in all locations around the world and mechanisms are in place to ensure appropriate care for employee welfare. For example, Teva in Israel employs a team of 7 social workers who are available to employees to provide support in times of need, or attend to issues which are stressful to employees at work. In addition, Teva maintains a fund to offer financial support for employees in need. In Israel, 2009, 31 employees received assistance amounting to NIS 89,500.





Maintaining a safe and healthy workplace for all

As an important part of its concept as a responsible employer which cares about its employees, their lives, and their workplace, Teva wishes to create a safe and healthy working environment for all its employees throughout its sites and facilities worldwide, and constantly improve the working environment. Teva has set an objective of “zero” accidents while complying with standards practiced by leading companies in the world relating to aspects of safety, hygiene and the creation of a safe working environment.

Teva invests considerable resources in building an organizational culture of safety, where work safety forms a cornerstone for both the Company and its employees. Teva trains and qualifies its managers and employees and ensures they acquire the appropriate skills in safety and methods of preventing hazardous situations and accidents.



Teva invests in the creation of a working culture of safety at work, based on developing awareness, training and safety risk prevention. Global responsibility for safety rests with the Company Director for Quality, Safety and Environment, and in Israel, he leads a forum of over 40 Safety Representatives from different departments. In addition, each operating site at Teva maintains two Working Committees, one to advance overall safety awareness and culture and one to

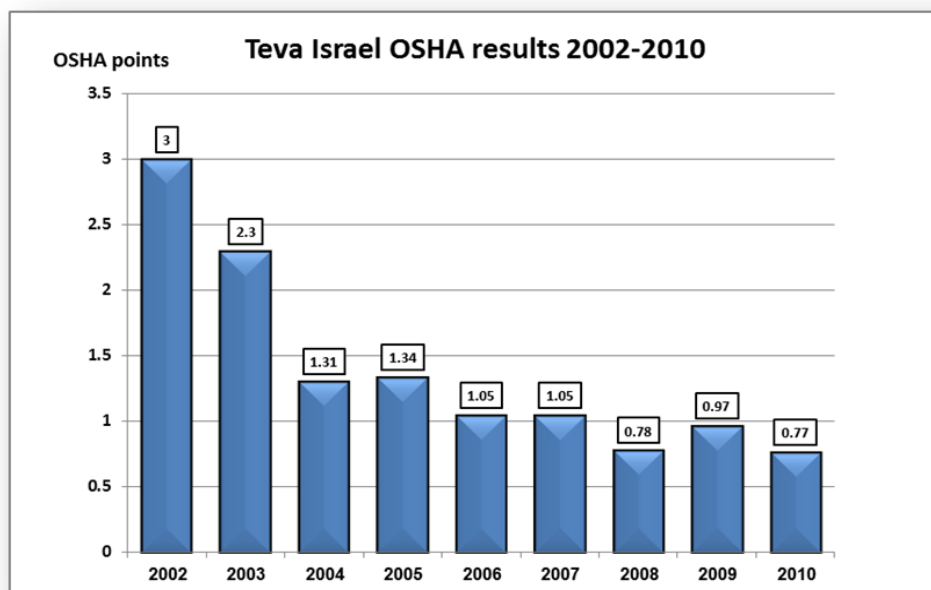


address safety risks and improve procedures in line with policy. In 2010, Teva counted 852 trained Safety Officers in many different locations. All accidents are fully investigated and actions taken to prevent recurrence. On average, Teva employees participate in over 8 hours of safety training on an annual basis, and more than 60,000 hours of safety training are delivered in total each year.

The main safety activities conducted in Teva on a regular basis are as follows:

- In-house safety audits.
- Safety surveys by external experts.
- Development of safety standards and work processes according to unique needs and requirements.
- Fast and comprehensive assimilation of safety-related rules and regulations.
- Issuing a safety plan, including management tools.
- Safety training and communication for employees.

The accident index used in Teva is OSHA (Occupational Safety and Health Administration). The OSHA rate is the ratio between the number of accidents in the Company multiplied by 200,000 (working hours) divided by the number of actual working hours. The number of accidents that occur in Teva sites declines each year, as a result of increasing the awareness of employees and continuous improvement in safety processes. Since the baseline year 2002, a significant decrease in the OSHA rate in Teva has been recorded. The global OSHA rate in 2010 stood at 0.77. No fatalities as a result of work accidents have been recorded in Teva.





Road Safety

In Israel, where the Company operates many company vehicles, Teva invests efforts to raise employee awareness and practices related to road safety. All employees who drive a Company vehicle participate in annual safety training. Employees' families may not drive a Company vehicle without having first completed a safety training program. All Teva cars carry a sign showing a hot-line telephone number for anyone observing a Teva driver behaving unsafely on the road to call in to complain. Whilst a very small number of complaint calls are logged, all are carefully investigated and drivers cautioned appropriately.

In 2010, Teva recorded a 20% reduction in road accidents involving Teva employees.

| Teva Israel road safety : total road accidents 2008-2010 (Teva employee responsibility) | |
|--|-----|
| 2008 | 166 |
| 2009 | 250 |
| 2010 | 204 |

Supporting and empowering communities

During 2009, Teva developed a Global Team for Community Relations supported by the mission statement:

Teva is committed to improving global healthcare. We recognize our responsibility to invest in and support the communities we serve.

The Global Team was established with clear goals to manage cash and product donations to the community in line with a global policy, encourage employee volunteering in line with Teva's broad community investment objectives and recognize and reward employees for their volunteering activities. During 2010, a work-plan was developed and global data collection processes established. From 2011, community data will be collated on a global basis for the first time.



Teva views investment and involvement in local communities as an essential part of its social responsibility and advancement of the human rights of those who are impacted by the Company's activities in an indirect way. Teva's community relations policy leverages Teva's core values – excellence, leadership and innovation - and guides Teva's involvement, together with a commitment to solidarity to the communities which Teva serves.

Teva's core community investment activities, supported by Teva's Board of Directors' Community Involvement Committee, target to increase access to medicine and advance science. Teva advances activities relate to education and familiarization with science subjects, developing learning skills, culture and art, and health-promoting activities. In many of Teva's sites around the world, the local Teva team advances local community involvement projects based on local community needs and personal contact with local community leaders.

There are three dimensions of community activity:

- **Partnerships**, where Teva forms an alliance with a local leading non-profit organization to advance social causes, supported by specific community solidarity activities.
- **Employee Volunteering**, in which Teva encourages employees to volunteer in communities in which they live and work.
- **Donations**, through which Teva supports many different non-profit organizations. In 2009, Teva donated over \$60 Million in cash and over \$50 Million in products, equipment and services to community programs in Israel and around the world.

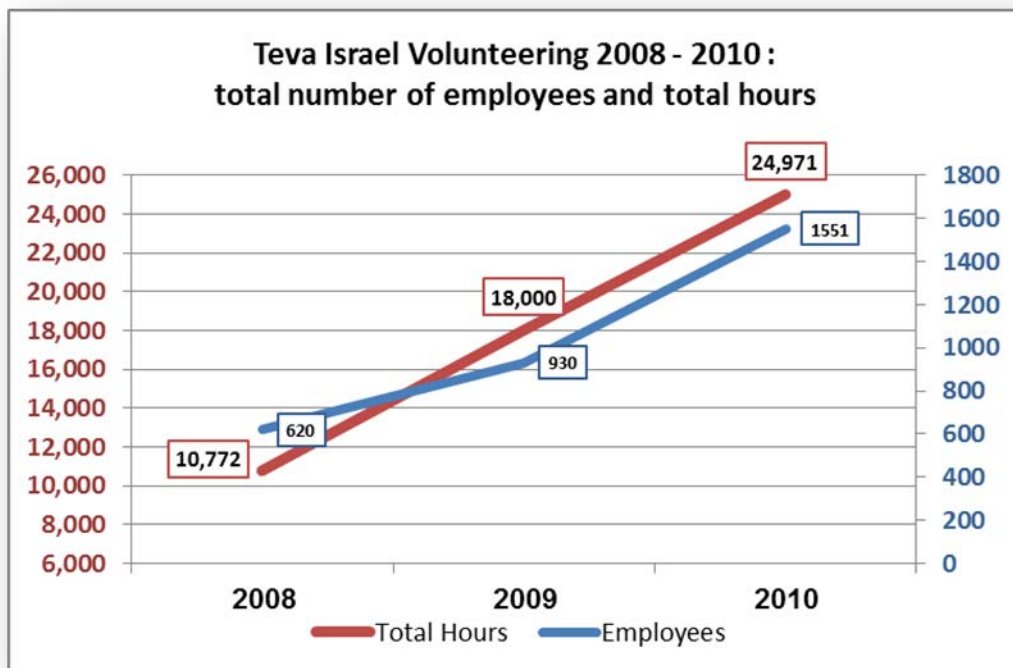
Teva and the Haiti Earthquake Relief Effort

In January 2010, Teva donated over \$7 million in medicine to benefit earthquake victims in Haiti. Shlomo Yanai, President and Chief Executive Officer of Teva , said at the time: "All of us at Teva were devastated to hear about the earthquake and our hearts and thoughts go out to the country of Haiti," "Working with our partners, we are providing essential medical products to assist in the relief efforts."



Employee volunteering

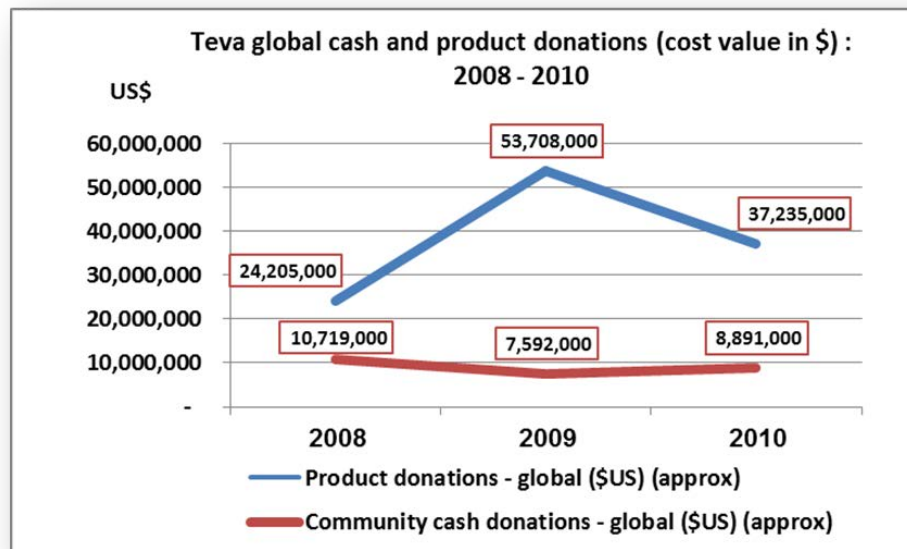
Teva encourages employees and their families, and also Teva pensioners, to take an active part in community life and recognizes prizes outstanding volunteers every year with special awards. Teva makes financial donations to the organizations preferred by employees. During 2010, there was a significant increase in employee volunteering in Israel with over 1,500 employees volunteering almost 25,000 hours in the community. This represents 66% more employees versus 2009 and over 25% of Teva's total employee headcount in Israel. The increase is due to improved management procedures and continued emphasis on employee volunteering activities.



In addition, during 2009, the company rolled out a new process for Employee Volunteer Program management in Israel. Teva maintains a strategic alliance with the "Or Shalom" Society which operates all over Israel and supports families in need and especially children who have been displaced from the family homes, providing hobby groups and a range of other activities.

Cash and Product donations

Teva manages cash and product donations on a global basis and continues to support communities with substantial contributions, aligned with Teva's strategic community objectives.



Participation in the Maala Ranking for Social Responsibility in Israel

Teva demonstrates its commitment to Corporate Social and Environmental Responsibility by participating in the annual Maala Ranking in Israel. Maala is a non-profit organization promoting Corporate Social Responsibility in Israel which produces an annual ranking based on self-declared performance of traded Companies against a detailed questionnaire in five areas: ethics and human rights, responsible workplace, community investment, governance and environmental protection. Teva has participated in this ranking since its inception in 2005, and has continually maintained a leading position. There are three ranking positions: Platinum, Gold and Silver. In 2009, as in previous years, Teva Israel achieved a **Platinum** ranking, the highest available, and is the only pharmaceutical company in the ranking. Teva also supports Maala by paying the highest level of annual membership fees to support work to advance corporate responsibility practices. Teva is included in the Maala ranking in Tel Aviv Stock exchange Index for corporate social responsibility.

For further details, please visit the Maala website: www.maala.org.il



Principle 2:

Business should ensure that they are not complicit in human rights abuses.

Teva's Code of Conduct states: *Each employee should respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing practice.*

Access to medicine

Teva strives to advance healthcare, thereby contributing to the strengthening of local social and economic infrastructure in all its global activities. A core element of this responsibility is the development of greater accessibility to drugs.

Teva's approach to development and marketing of all drugs is founded first and foremost on the health needs of communities in global locations where Teva operates. Teva offers a wide range of pharmaceutical products, many of these generic alternatives of innovative pharmaceuticals, which provide millions of people around the world with sometimes life-saving access to affordable pharmaceutical solutions. Teva companies around the world also donate products to communities.

Quality and Safety

Teva maintains the highest standards of safety and quality in all drug manufacture. Clinical trials are conducted against the most stringent standards available in the world, and even exceed the provisions of such standards. Teva maintains a comprehensive system for pharmacovigilance, in order to monitor side effects and issues relating to drugs long after their sale and use has been approved by the relevant authorities, and has a special unit staffed by experts who maintain checks on drugs and ensure their safety through time. This is to guarantee that Teva is not complicit in any way with regard to any undesired effects of any of Teva's pharmaceuticals.



Product Development

Teva constantly initiates the development of new services and products for the benefit of its customers. As 75% of Teva's global production is in Israel, local production operations have a significant global impact.

Teva's key products in Israel are:

Prescription drugs: Teva is one of the leaders in prescription drugs in Israel, offering a wide range of solutions for different conditions including heart, respiratory, oncology, neurology and psychiatry. Teva's prescription drugs include generics and original drugs.

OTC drugs: Teva also leads in OTC (over-the-counter) drugs, distributing renowned brands such as Acamol, Optalgin, Stilla and more.

Clinical Oncology services: Teva offers the Oncotest service which is part of the Advantest range. Advantest offers advanced solutions for genetic syndromes risk assessment, early detection, treatment optimization and pharmacogenetics.

Medical equipment: Teva offers the most advanced state-of-the art solutions to meet the needs of different patients through its subsidiary Teva Medical Ltd. The company specializes in treatments such as dialysis, intensive care for premature births, intravenous nutrition and more, serving hospitals and health institutions and also patients on a direct basis. Every day in Israel around 25, 000 patients benefit from such treatments provided by Teva, many of which are life-saving.

Innovative products

Copaxone® is the leading drug in the world for treatment of multiple sclerosis and the first drug that was developed in Israel. Copaxone® is distributed by Teva in 47 countries and sales are over \$2 billion US per year. In Israel, for example, 4000 people suffer from multiple sclerosis and over 50% are treated with Copaxone®.

Azilect® is Teva's unique treatment for Parkinson's disease and the first innovative drug produced to treat this sickness. In 2005, Azilect® was approved for distribution in Israel and is now approved in 29 countries. In Israel, around 15,000 people suffer from Parkinson's and 1,000 are treated with Azilect®.

Key components of Teva's product pipeline are as follows:

| Loaded Branded Pipeline | | |
|---|---|---|
| Marketed Products | End Phase III 2011 - 2012 | End Phase III 2013 - 2015 |
| Copaxone® Multiple Sclerosis & CIS | Laquinimod Oral Multiple Sclerosis (Phase III) | TV-1011 (OGX-011) Prostate Cancer 1st line (Phase III) |
| Azilect® - Parkinson's | StemEx® Hemato-oncological (Phase III) | TV-1011 (OGX-011) Prostate Cancer 2nd line (Phase III) |
| PolyHeal™ - Chronic Wounds | NexoBrid® - Burns (Phase III) * | TV-1011 (OGX-011) Lung Cancer (Phase III) |
| QVAR® - Inhaled Steroid | Azilect® MSA (phase II) | DiaPep-277 Type I Diabetes (Phase III) |
| ProAir™ Inhaled short acting beta-mimetic | BDP HFA Nasal (QNAZE™) Rhinitis (Phase III) ** | Laquinimod Crohn's disease (Phase II) |
| Easi-Breathe products Asthma & COPD | BFC Spiromax - Asthma/COPD (Phase III) | CT-011 Hemato-Oncological (Phase II) |
| Seasonique® / LoSeasonique™ Extended Regimen Contraception | Albuterol Spiromax - Asthma/COPD (Phase III) | CT-011 Solid Tumor Oncology (Phase II) |
| Plan B® One-Step Emergency Contraception | FP HFA MDI Asthma (Phase III) | Laquinimod - Lupus (Phase II) |
| ParaGard® Intrauterine Contraception | FCS HFA MDI Asthma (Phase III) | MultiGene Angio Critical Limb Ischemia (Phase II) |
| Enjuvia™ Hormone Therapy | NOMAC/E2 - Oral Contraception (Phase III) * | FP Spiromax - Asthma (Phase III) |
| TEV-TROPIN® Growth Hormone Deficiency | DR-103 Contraception (Phase III) | FSC Spiromax - Asthma (Phase III) |
| TevaGrastim® / RatioGrastim® / Biograstim® - Hematology | Oxybutynin Vaginal Ring Overactive Bladder (Phase III) | Vaginal Ring (undisclosed) |
| Eporatio® / Biopoin® - Hematology | Progesterone Vaginal Ring Infertility (Phase III) | Menopause product (undisclosed) |
| | DR-102 Contraception (Phase III) | Rituximab (Phase II) |
| | Follitropin alfa Gynecology / Andrology (Phase III) | 2 Biosimilars projects (undisclosed) |
| | Glyco - PEG-G-CSF Hematology (Phase III) | |
| | Neugranin Hematology (Phase III) | |

* File submitted in EMA; ** Phase III completed in perennial allergic rhinitis (PAR) and seasonal allergic rhinitis (SAR).

Production and responsible marketing

Teva develops and markets drugs in Israel, evaluating gaps in the market and identifying options for new generic drugs which bring added benefits to patients. Teva launches new generic products first in Israel, thereby ensuring availability of a broad range of products in the Israeli market, including drugs which are unique and have no local alternative.

Responsible Manufacture and Distribution: In Israel, Teva works with over 40 manufacturers and distributors to expand the range of products available to the Israeli public. Teva's logistics center in Shoham, south of Tel Aviv, is one of the most advanced structures for safety and protection against natural disasters.

Drug marketing: Teva maintains the highest ethical standards. Marketing of drugs meets internal ethical guidelines and is monitored by the Ministry of Health in Israel. Teva promotes drugs to healthcare services in line with Teva's Code of Marketing



Ethics. All Teva sales representatives are thoroughly trained in expected procedures and must pass internal examinations on all products in the Teva range to ensure the highest levels of professionalism.

Regulatory affairs: Teva occasionally uses lobbying measures in order to advance regulation which will positively influence the range of drugs available to patients. Such activity is transparent and lobbyists clearly disclose they are acting on behalf of Teva.

Advancing access to medicine

Teva strives to ensure maximum access to drugs for the benefit of healthcare patients. Teva targets to work to extremely stretching standards applicable globally for development, production and quality control of drugs, and Teva factories are subject to inspection by the FDA and health authorities in other countries. All Teva plants conform to the requirements of ISO 9001 (quality) and ISO 13485 (medical equipment). Teva deals with all complaints with utmost care and responsiveness and takes measures to prevent recurrence. In 2010, 452 complaints were received and 362 were justified. This is a reduction of 52% of justified complaints versus 2009 (760 complaints). Most of the complaints received relate to minor packaging issues.

Clinical trials: Teva strictly adheres to all the most advanced standards in the world relating to clinical trials, with emphasis on the health of potential patients as well as those taking part in the trials. All trials are conducted in accordance with the international Helsinki protocols and Teva conducts trials only when scientific information is critically required. In 2009, 35 clinical trials were performed with participation of 700 people. In addition, Teva has voluntarily expanded the scope of trials to include tests and evaluations after drugs have entered the market.

Engaging with customers

Teva knows that understanding customers' needs is critical to the Company's success. Teva maintains dialogue with institutional and retail customers and provides training and qualification of personnel to ensure the highest professional standards of sales in pharmacies and other outlets. In addition, Teva engages with doctors, pharmacists and other experts in order to present Teva products and their



advantages and hear their opinions, in accordance with appropriate professional and ethical guidelines for such discussions.

In Israel, Teva's teams of medical representatives meet regularly with doctors and maintain a level of around 60,000 visits per year. Teva also initiates and participates in professional conferences and meetings, and in 2010 arranged hundreds of meetings in hospitals and pharmacies. In Israel, Teva maintains a hotline for patients in Israel and, in 2010, the hotline received approximately 8,000 queries including requests for information, payments, returns, order accuracy and other topics. In the case of issues related to product quality, all queries are referred to the Teva Ombudsman who ensures immediate investigation of the query. In 2009, Teva conducted patient research in 4 studies, with 1,382 participants and 5 focus groups with 243 participants, in order to learn more about patient needs.

Principle 3:

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Teva respects the right of employees to freely form associations and engage in collective bargaining, and maintains positive and fair-minded relations with all the Employee Representative bodies at all Teva sites. Teva believes in the basic right of all individuals to earn a living wage and to enjoy opportunities for personal growth. Teva's management maintains professional and collaborative relationships with employee representative groups, and endeavours to work with them in an open and positive way at all times.

Principle 4:

Business should support the elimination of all forms of forced and compulsory labor.

Teva Pharmaceuticals strongly supports the elimination all forms of forced labor and declares that all Teva employees around the world are employed by Teva of their own free will and are not coerced into any form of employment in any way. All employees are free to leave the Company at any time.



Principle 5:

Business should support the effective abolition of child labor.

The nature of Teva's pharmaceutical business is such that it requires, in the main, highly skilled individuals. Manufacturing sites for pharmaceutical and all ancillary products are strictly regulated and managed to the highest professional standards. In this context, the likelihood of child labor in any of Teva's operations around the world, including the operations of first tier suppliers, is effectively impossible. Nevertheless, Teva Pharmaceuticals strongly supports the elimination of child labor in any form and declares that no children below the age of 17 are employed in any of Teva's business operations anywhere in the world.

Principle 6:

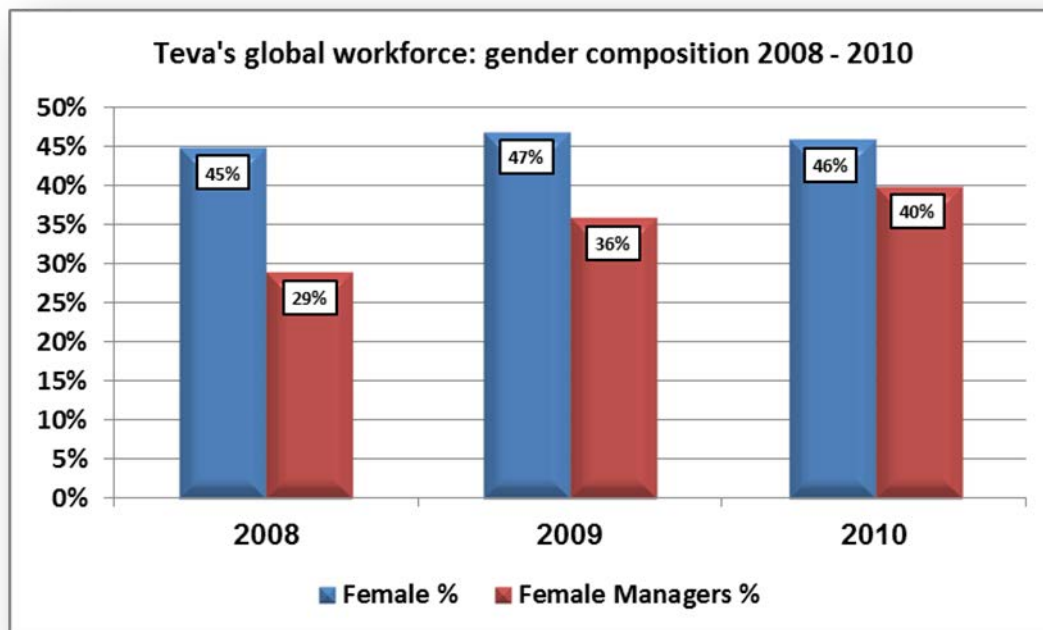
Business should support the elimination of discrimination in respect of employment and occupation.

Teva is committed to maintaining a working environment in which every single employee can contribute to the success of the business, each with his or her own unique expertise. This is clearly demonstrated by Teva in the recruitment process. Teva's recruitment policy is a global policy and applies to every Teva operational location throughout the world. The policy is based first and foremost on an individual's suitability for the intended role, based on an understanding of his or her skills, competencies, professional experience and relevant academic qualifications.

Teva respects employees' right to privacy, and does not collect private information about employees other than records required by law.

Recruitment of diverse populations is based on Teva's commitment to diversity and aims to strengthen the fabric of society on basis of equal opportunity and non-discrimination.

Women at Teva



Teva is conscious of the importance of and contribution of women in the business and strives to make Teva a gender-balanced workplace. Globally, 46% of Teva employees are female and 40% of Teva managers are female (41% in Israel), the highest percentage achieved in recent years.. These figures are well above global and local benchmarks across all industries and reflect Teva's true, practical commitment to equal opportunity for women and their professional advancement.

Principle 7:

Business should support a precautionary approach to environmental challenges.

Teva recognizes the importance of protecting the environment as one of the key foundations of doing business and maintains a comprehensive infrastructure for planning, managing, assessing, improving, monitoring and measuring Teva's environmental impacts.



Teva tries to "think green" and encourages all employees to take part. The Company performs internal environmental audits and also complies with environmental audits performed by customers as required. Teva maintains continuous monitoring and control of environmental impacts and employs a single, consistent methodology worldwide.

Teva's key environmental policy guidelines are as follows:

- Strict adherence to all laws and regulations relating to environmental matters at all Teva's operations.
- Planned reductions of Teva's negative impacts on the environment (reduced waste-water levels, reduced air emissions, reduced solid waste and increased recycling).
- Use of the most advanced technologies for biological treatment of organic waste-water.
- Conversion of all Teva manufacturing sites to "green" sites.
- Protection of all natural resources that Teva impacts.

Teva's Environmental Policy and Practices fall within the responsibility of the Director of Safety and Environment. Under his leadership, Teva operates a number of frameworks to ensure ongoing, comprehensive environmental management:

Environmental Management System (EMS)

Teva uses an internet based EMS to track and monitor all environmental metrics in a most comprehensive and advanced system. All sites are responsible for their input into the system and frequent reports are produced in order to review and improve performance.

Green research

In recent years, Teva established a department for planning of environmentally friendly production processes. The department aims to reduce by-products generated as a result of manufacturing processes and develop tools to reduce environmental impacts.

Environmental risks

Over two years ago, a Steering Team for environmental risk management, led by the Director of Safety and Environment at Teva was formed to identify the major environmental risks at a global level. The Team identified 36 specific risks related to the environment. By end of 2010, most of Teva plants will undergo an initial environmental mapping process to evaluate these risks.

Implementation of REACH legislation

Despite the fact that REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) legislation does not apply to pharmaceutical products, and only to intermediate raw materials manufactured or imported into the European Union in quantities of 1 ton per year or more, all Teva manufacturing sites have completed pre-registration in line with Reach regulations. This is a further demonstration of Teva's precautionary approach in managing environmental safety and impacts. In parallel, all Teva suppliers have been requested to make similar assessments of materials used and pre-register them in the same way. In addition, Teva has adopted the REACH format for all MSDS (Material Safety Data Sheets), and as a first stage, Teva will publish all MSDS in the REACH format for all Teva manufacturing plants in Europe.

For more details on REACH, please see: www.hse.gov.uk/REACH/index.htm

Principle 8:

Business should undertake initiatives to promote greater environmental responsibility.

Teva improves its direct environmental impacts in the following ways:

- Reduction of materials usage and resources including raw materials selection and waste handling by type.
- Selection of materials with reduced impact on the environment.
- Reduction of energy consumption and greater energy efficiency, including lighting, air conditioning and cooling systems.

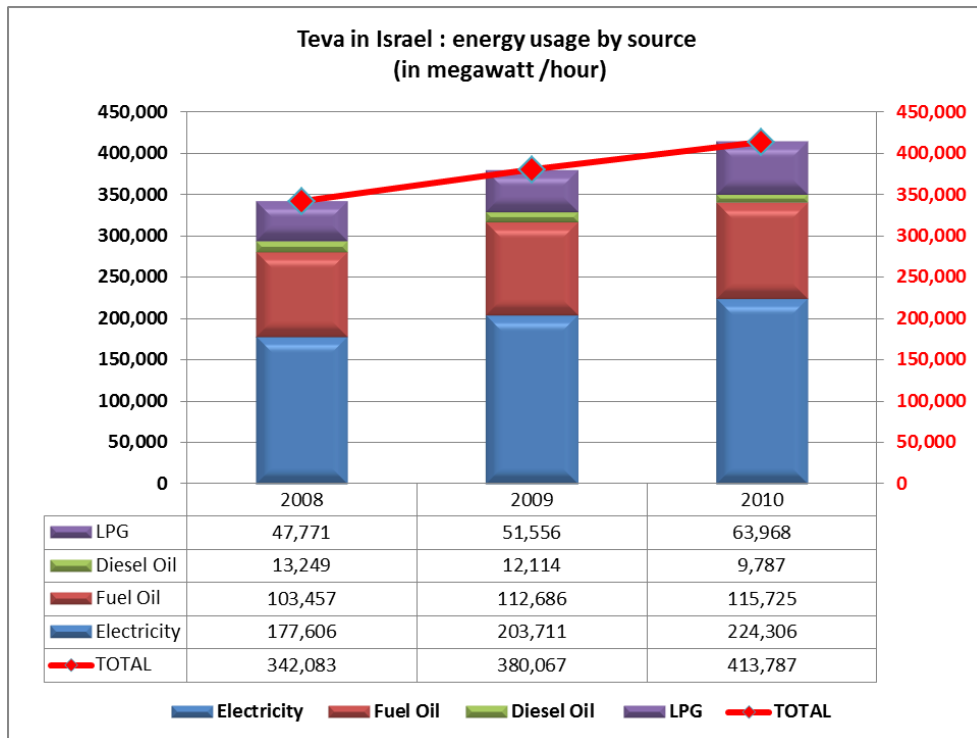


- Efficient water usage and water savings in manufacturing "wet" processes and in sanitation processes through recycling of water, and strict control of all water processes.

Reducing environmental impacts

Teva's production processes have direct impact on the environment due to energy consumption, production of waste, waste-water and air emissions. Teva measures these impacts and targets to reduce. In Israel, where Teva's main manufacturing sites are located, achievements in 2010 were:

Energy consumption:



Increases in Teva's energy consumption between 2008 and 2010 are due to significantly increased production levels in Israel.

Reduction of wastewater and treatment: Teva's makes efforts to reduce waste water levels. Waste water is directed to four main outlets: wastewater treatment at Teva sites, collection and shipment to Ramat Hovav authorized landfill site in the South of Israel, external waste water treatment plants and external sewage channel, after appropriate analysis against regulatory standards.

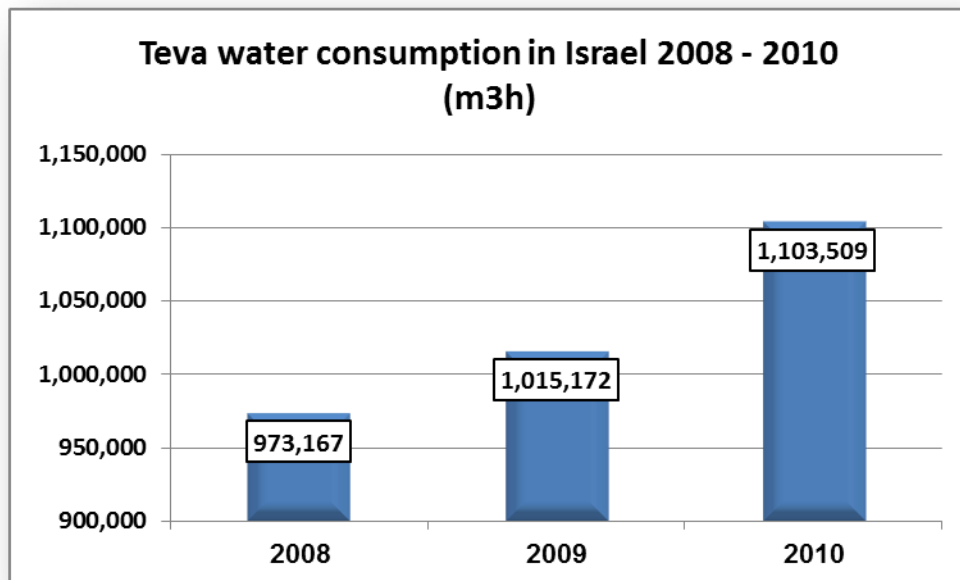


An example of Teva's in-house wastewater treatment is the Teva Tech plant in Ramat Hovav which has a new facility.

Protection of natural resources

Teva protects natural resources by managing waste resulting from Teva production processes, reducing use of raw materials and increasing use of recycled raw materials. Many different divisions at Teva are involved in the efforts to reduce usage of raw materials.

Water consumption: Teva makes consistent efforts to reduce water consumption in manufacturing processes and in office locations through careful management of cleaning processes and recycling of water wherever possible.



Reduction of raw materials in the manufacturing process: Teva's R&D Division examines production processes and identifies where raw materials can be reduced, depending on technological capabilities. Several parameters are checked including improvement in process utilization, reuse of materials, re-use of solvents and more. An example is alternative processes for reusing solvents which assists in reducing



raw materials consumption. In 2009, Teva invested \$10 million at the Teva Tech site in Ramat Hovav, Israel, resulting in 62% of all solvents being re-used.

Solid waste: Teva strives to minimize all waste from production operations. Teva transfers solid waste to an environmental services company in Ramat Hovav, where waste is treated in approved sites.

Electronic waste: Teva collects all electronic waste from company sites including PC's and components, communications equipment, cables, electronic cards and more. In 2010, 15.62 tons (5.29 tons in 2009) of electronic waste was collected by Eco-Community, an organization employing people with special needs, for dismantling and recycling.

Paper consumption: Teva makes consistent efforts to reduce paper usage, which is mainly in offices and distribution operations, through careful management of printing requirements including central printing and double-sided printing.

Reduction of carton and plastic bag usage: Teva's distribution division reduced the amount of cartons used for distribution of orders to customers by 60% through increasing reusable container usage for shipments in Israel. This amounted to an avoidance of 750,000 cartons. Additionally, the use of plastic bags for drug distribution was ceased, saving around 150,000 bags per year.

Teva USA and Canada

Significant steps have been taken to advance green initiatives including:

- Moving to hybrid or smaller more-fuel efficient vehicles in Teva's company car fleet.
- Carpooling for employees travel to and from work.
- Recycling all office paper.
- Reducing paper communications with customers in favor of email.
- Funding a women's shelter through sale of second hand garments donated by employees.
- Electronic order processing, eliminating over 80% of paper use.
- Furnishing offices with repurposed, recycled, or reused office furniture.
- Use of recyclable office carpeting.



- Permanent reusable visitors' cards.
- Use of filtered water in offices and elimination of plastic bottles.

Principle 9:

Business should encourage the development and diffusion of environmentally friendly technologies.

Environmental R&D

Teva maintains a unit of Teva's API Research and Development function to plan and develop production processes which offer greater environmental protection and improved environmental impact. This Eco-R&D Division is sited in Teva's facility in the Negev Desert in Israel.

Green Technology

Teva's business relies on a significant element of information systems and use of technology and Teva has developed an approach to advancing and developing the use of green technologies in all applications. This includes avoidance of printing and paper usage with double-sided printing as a default selection, electronic billing to customers, and use of central printers. Teva adopted the use of Virtual Machines technology in 2008, whereby all technology requirements are managed virtually as far as possible, avoiding physical meetings and printed documentation, and even reducing the number of servers and energy required to maintain business activities.

Principle 10:

Business should work against corruption in all its forms, including extortion and bribery.

In 2010 Teva launched the Teva Anti-Corruption Policy. The purpose of this policy is to provide detailed guidance for complying with anti-corruption and anti-bribery laws that are applicable to all Teva activities worldwide. All employees indicated as relevant to the policy are trained in the Anti-Corruption Policy every two years and the process that manages the policy is under tight control by regional Compliance Officers in all Teva sites in the world.



Every employee at Teva is trained in the Code of Ethics and completes a refresher and test every year. The Internal Risk Management process, together with Internal Auditor checks of adherence to policies related to compliance, fraud, corruption and bribery ensure that Teva maintains corruption-free in all its dealings. Teva's Code of Ethics clearly forbids fraudulent conduct and avoidance of any practice that may create a conflict of interest between those who purchase, prescribe or recommend our products and the best interests of the patients who use our products as well as prohibit the bribes and other illegal payments or gifts to governmental officials.



About this Communication on Progress

Scope

Teva joined the United Nations Global Compact in January 2010 and this is Teva's second Communication on Progress, covering Teva global policy with examples of practice from Teva in Israel during 2009/2010. Teva's first COP was published in March 2010 covering 2008/2009 operations. As a matter of policy, all Teva Pharmaceutical Industries Ltd operations around the world are committed to the Global Compact principles, and are working in many ways to make continuous further progress. The prime focus of this document is Teva in Israel, representing the strategy and policy hub of Teva global operations, and a significant proportion of Teva's global manufacturing capacity. Teva is in the process of developing assessment and measurement processes for global impacts and practices across the range of corporate social and environmental activities. We anticipate expanding and broadening our future annual communications to the Global Compact in line with progress made.

Availability

This Communication on Progress will not be printed in hard copy. It will be available to all through the UN Global Compact website and the Teva corporate website. Teva employees around the world will be informed of this communication which will serve as a basis to further dialog and development of corporate responsibility practices. Employees in Israel have received an internal Corporate Responsibility report which covers all points contained in this communication, and more.





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Ayala Miller welcomes feedback and suggestions from all who read this

Communication on Progress. Thank you!





TEVA

We **lead the way**
We are committed to **excellence**

We are prepared for **change**

We are **accessible**
We value **simplicity**

We are **One Teva**

A large green rectangular graphic with a white Teva logo in the top left corner. The graphic contains several lines of text in white, using a mix of bold and regular weights. The text is arranged in a vertical stack, with each line starting with a phrase like "We" or "We are" followed by a bolded key value.