Meeting Patient Needs
2012 Corporate Social Responsibility Report

Letter from the CEO

As one of the world's largest medicine companies, Teva has a tremendous responsibility to our patients, as well as to our customers, shareholders and employees and to the communities in which we live and work. We consider this responsibility a foundation of doing business, and are guided by our values – integrity, respect, collaboration, excellence and leadership - in everything we do.

In 2012, we began the process of integrating our existing Corporate Social Responsibility (CSR) activities around the world. Although Teva is a global organization, we view CSR as a local endeavor. We conducted an assessment to understand which issues were viewed as the most important to our business and to our stakeholders. These findings are now the global platform we will use to advance CSR activities uniformly across our businesses and geographies, in areas such as environmental management, access to medicines and community relations.

We are proud to help improve access to medicines for patients around the world. We provide high-quality generic medicines, run patient support programs for our specialty products, and operate a donation program and partnerships with nonprofit organizations. These efforts bring our medicines to patients who otherwise would not have access to them. The ability to serve this population of patients is one of the greatest challenges of our society.

We also seek to improve our existing medicines and make them more convenient and potentially more efficacious, thus helping societies and patients manage their condition more easily and effectively. We will realize our vision as we build a vibrant platform that leverages both our local generics leadership and our global specialty excellence.

Every story has a beginning – and Teva's first CSR report truly reflects a global program in the making. The report reflects our deep commitment to responsible global business activities that contribute to society, in keeping with Teva's core values. This is our beginning – the first step towards our globalized efforts, and we look forward to continue sharing our journey with you.

I am proud to sign this letter on behalf of all Teva employees around the world, who are driven, as I am, by the passion to make a lasting difference to our patients, customers, communities and other stakeholders worldwide.

Yours,

Eyal Desheh
Acting President and CEO, Teva Pharmaceutical Industries

Teva has direct operations in 60 countries, with more than 45,500 dedicated employees worldwide

ABOUT TEVA

Our company vision is to be the most indispensable medicines company in the world, upholding our obligations to our patients, customers, shareholders and employees. This vision is at the heart of everything we do, and it is the foundation of our success.

Established in 1901, today Teva ranks among the 10 top pharmaceutical companies in the world. As a forward-looking global pharmaceutical company, Teva spearheads the development, production and marketing of a wide range of specialty medicines, generic and over-the-counter (OTC) products, active pharmaceutical ingredients (API) and new therapeutic entities.

In every single action, we follow our guiding values of Integrity, Respect, Collaboration, Excellence and Leadership. These values embody the nature of how Teva operates. They enable us to bring safe and effective medicines to the world through the quality of our people and of our products. They are the foundation of our commitment to patients and of our unceasing dedication to making a difference.

Global Reach

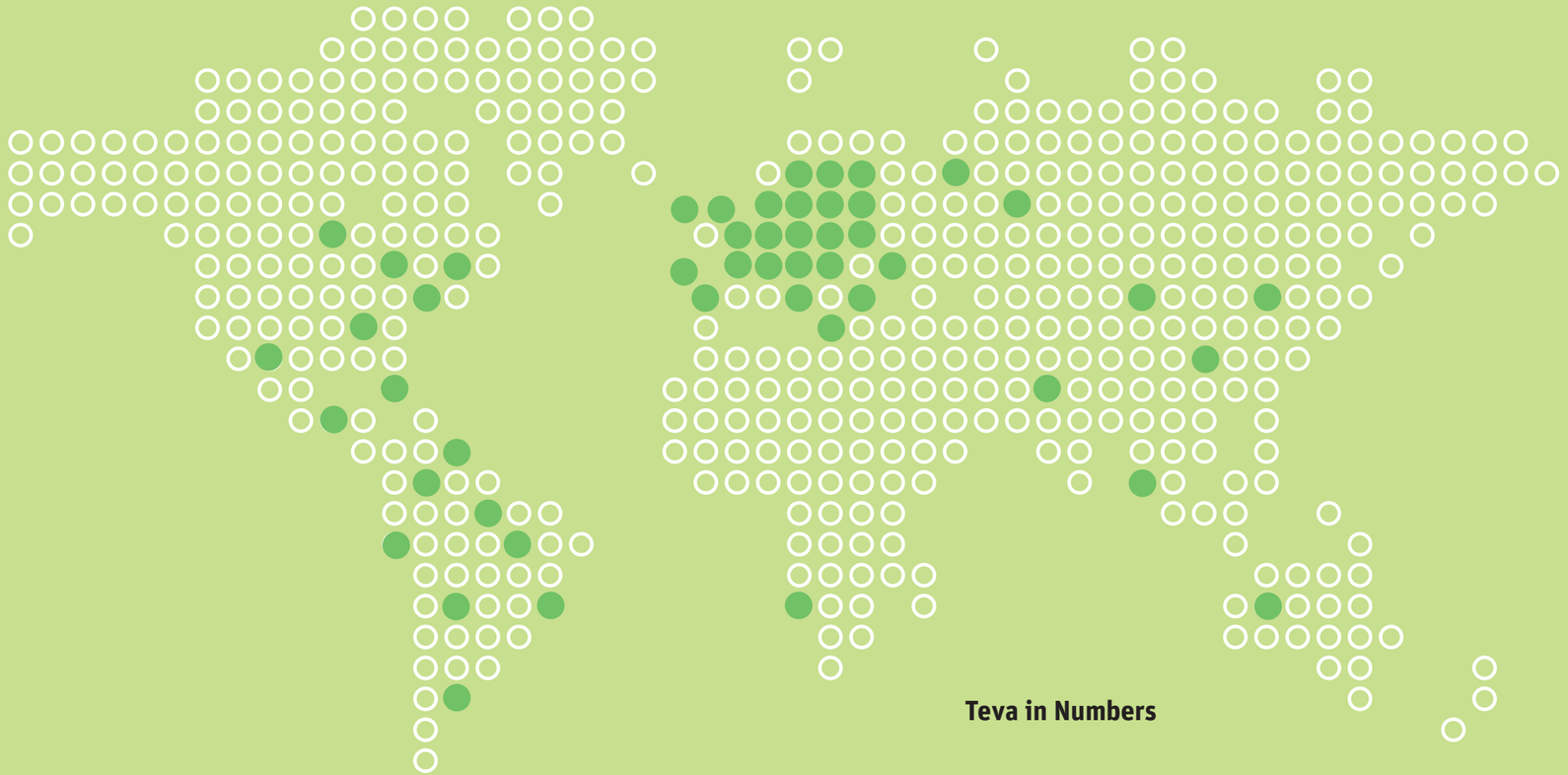
Headquartered in Israel, Teva has direct operations in 60 countries and employs more than 45,500 people worldwide. Our operations are conducted through a network of global subsidiaries primarily located in North America, Europe, Latin America, Asia and Israel. They include 54 finished product pharmaceutical manufacturing sites, 21 active pharmaceutical ingredient (API) sites and 34 research and development centers. Teva's net revenues in 2012 were $20.3 billion. More than 80 percent of our sales are outside Israel.

ABOUT THIS REPORT

This is Teva's first global Corporate Social Responsibility (CSR) report. The Global Reporting Initiative framework was used as a guideline, and focus areas were determined largely through an assessment of material issues conducted with internal and external stakeholders.

This report covers the calendar year 2012 except where otherwise noted. It describes our approach and activities related to CSR, along with performance data and descriptions of key programs. Our CSR program is still in its early stages, and this report will serve as a baseline document to guide the expansion of our efforts.

All stakeholder feedback is welcome, and should be addressed to social.responsibility@teva.co.il



Teva in Numbers

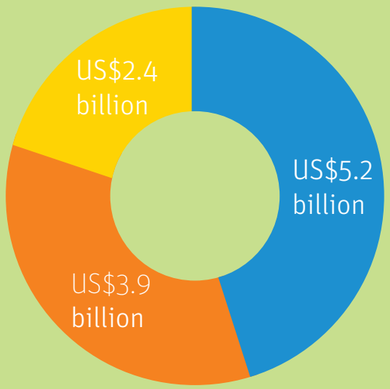
*Products sold in **120** markets worldwide*

***73** billon tablets and capsules produced each year*

***450** product launches in 2012*

***$20.3** billion in net revenues, 2012*

Revenue from Generic and OTC Medicines, 2012



Products

Teva products connect science and life. Our offerings include specialty medicines, generic medicines, APIs and OTC products.

Teva develops and manufactures specialty medicines to meet patient needs in central nervous system (CNS), pain and respiratory conditions, as well as women's health, oncology and biologics. We deliver innovative specialty medicine solutions for patients and healthcare providers worldwide through our advanced medicines, devices and services.

We are also the world's leading provider of affordable generic medicines, with more than 1,000 generic products in our pipeline in forms ranging from tablets and capsules to ointments, creams and liquids, inhalants and injectables.
Our generic therapeutic options include cardiovascular, anti-infective, CNS, anti-inflammatory, oncolytic, anti-diabetic, analgesic and dermatologic medicines, as well as respiratory and women's health treatments.

Our R&D efforts focus on developing more high-value generic medicines, developing new therapeutic entities (NTEs) to address specific unmet patient needs and building on our strength in CNS, respiratory and other therapeutic areas with innovative specialty medicines.

Teva seeks to redefine what it means to be a global healthcare company by bringing safer, more effective and more innovative medications to patients worldwide.

More Information

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

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

At the heart of Teva

Corporate Social Responsibility at Teva

Overview

Nowhere is the practice of CSR more vital than in the field of healthcare. For Teva, being a responsible global citizen means pursuing business success by developing products and policies that address patients' needs and benefit wider society.

This is Teva's first global CSR report, and reflects the reality that our CSR program is in its early stages. We are working to introduce global platforms to advance CSR practices throughout Teva. In future reports, we aim to publish measurable goals to track our CSR performance.

Vision and Values

Teva boasts more than 100 years of ethical and responsible business practices. Our vision today is to be the most indispensable medicines provider in the world, fulfilling our obligations to patients, customers, shareholders and employees.

We are also committed to conducting our business activities in ways that contribute to society, community and the environment. Teva employees worldwide steadfastly uphold our core values of integrity, respect, collaboration, excellence and leadership.

Teva's Values

At Teva, everything we do is informed by mutually reinforcing principles:

Individual **Integrity** drives mutual **Respect** ...

Mutual **Respect** leads to healthy **Collaboration** ...

Healthy **Collaboration** powers our pursuit of **Excellence** ...

Our pursuit of **Excellence** is key to Teva's ongoing **Leadership** ...

... and ongoing **Leadership** depends upon our individual **Integrity**.

CSR Management

Teva's worldwide business operations are managed regionally, but our core functions, including corporate social responsibility, are managed globally. A dedicated CSR team is responsible for global implementation of responsibility policies and practices. Our Corporate Social Responsibility Vice President leads this team, and reports to the Human Resources Corporate Vice President & Chief Integration Officer. The Corporate Responsibility Committee of our Board of Directors sets global CSR strategy and has ultimate oversight of CSR issues and policy.

For more on our policies, please see Governance and Ethics, p.9.

UN Global Compact

Teva has participated in the United Nations Global Compact since January 2010 and provides comprehensive annual reports on progress. The Compact promotes corporate best practices in areas ranging from human rights protection and ethics to environmental sustainability and non-discriminatory employment. More than 7,000 businesses worldwide participate in the Compact.

We are committed to implementing the Global Compact's 10 principles across our operations and are developing assessment and measurement processes to drive improvements in social and environmental impacts and programs.

We strongly identify with the Compact's principles and objectives, which fully align with our business and CSR approach. For more information, please see our 2012 Communication on Progress.

Stakeholder Engagement

Our success depends on understanding the wide range of people, businesses and communities with which we work. Dialogue, engagement and partnerships are critical to helping us understand the requirements and perspectives of key stakeholders, especially the patient needs that drive our business. Often, stakeholder engagement takes place in the normal course of business operations – through communications with patients, customers, suppliers, employees, regulators and others. Examples of such interaction in 2012 included:

Key Stakeholder Group	Engagement Type
Customers	Questionnaires, meetings
Employees	Local/global surveys, town hall meetings
Government and regulators	Roundtables, reports
Investors	Investor days, group and individual meetings, conference calls
Local communities	Partnerships, donations, volunteering
Non-governmental organizations	Local stakeholder consultation sessions, environmental reporting
Peer companies	Industry associations

Materiality

In November 2012, Teva undertook an assessment of our most important - or material - CSR issues worldwide. The goal was to gather information to help us build strategically on our CSR initiatives and to integrate key issues more closely into our business.

The exercise drew on quantitative and qualitative input from 13 senior internal stakeholders as well as 10 external stakeholders including academic institutions, non-profit organizations and social investors. Issues related to our products, to healthcare access, and to ethical behavior received the highest rankings from stakeholders noted that the size and scale of our business overall means that our global footprint is significant in other areas as well.

The results underlined Teva's impact on the health and wellbeing of society, and the close links between our CSR approach and our patient-led business model. We recognize that this materiality effort is a first step in our ongoing effort to evolve our CSR strategy. The materiality findings shaped the content of this publication.

Top 10 Materiality Issues Identified by Stakeholders

- Patient Safety
- Affordability of Medicines
- Availability of Medicines
- Human Rights
- Bribery and Corruption
- Clinical Trials
- Transparency and Disclosure
- Strengthening Healthcare Infrastructure
- Health and Safety
- Product Labeling

Governance and Ethics

Teva aims to build a culture of integrity and ethical behavior in every country where we do business. We uphold the highest ethical standards for our Board of Directors, executives and employees.

Teva's Board of Directors is responsible for formulating company policy and supervising the CEO's performance of duties and oversight of operations. At the end of 2012, 12 of Teva's 16 Directors were independent and two were women.

The Board has appointed six standing committees - the Audit Committee, the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee, the Finance and Investment Committee, the Corporate Responsibility Committee and the Scientific Advisory Committee. Except for the Scientific Advisory Committee, each has a charter formalizing its procedures and duties. These committee charters are available on our website at *www.tevapharm.com*

CODE OF BUSINESS CONDUCT

Our Code of Business Conduct is the foundation of Teva's culture of integrity and ethical behavior. It is available in 18 languages.

Teva's Code of Business Conduct states our commitment to making safe, quality products for our patients in a manner that fully complies with applicable laws and regulations. The Code encompasses compliance with antitrust/ competition, trade, securities, copyright, occupational health and safety, environmental and other business regulations, as well as with laws governing criminal offenses. Additionally, it covers the protection of company property and of proprietary information and data security. The Code comprises principles contained in the U.S. Sarbanes Oxley Act, the U.S. Foreign Corrupt Practices Act (FCPA), and other applicable laws and industry codes.

The Code of Business Conduct is available here: http://www.tevapharm.com/About/docs%20for%20corp%20gov/Code_of_Business_Conduct.pdf

We require all employees to uphold the Code, a commitment they make when joining the company and reconfirm every two years following obligatory online training.

ANTI-CORRUPTION POLICY

We are currently updating our Anti-Corruption Policy to provide detailed guidance for complying with anti-corruption and anti-bribery laws applicable to our businesses worldwide. We are currently updating our policy we aim to further strengthen our compliance with the requirements of the FCPA and other anti-corruption laws.

Our Anti-Corruption Policy facilitates meaningful and fully compliant collaboration with healthcare professionals and government officials in the development of products, and in our training and education procedures for the safe and effective use of those products. The policy also establishes rules in related areas including the organization of training events, sponsoring educational opportunities for healthcare professionals, engagement of consultants and intermediaries, hospitality for healthcare professionals and government officials and charitable contributions (see page 19 Relationships with Healthcare Professionals).

We train all relevant employees in the policy every two years under the supervision of regional compliance officers at Teva sites around the world. A team of internal risk managers and auditors monitor adherence to the policy.

Reporting Violations

We encourage employees to raise questions on ethical conduct or other compliance matters with their manager, or with an appropriate representative in specialized areas such as compliance, legal, medical, internal audit or human resources.

Employees can also report violations of the Code of Business Conduct and Anti-Corruption Policy anonymously. Teva has a confidential e-mail system for reporting violations, as well as a hotline available in 57 countries. Both reporting mechanisms reach the compliance department directly. In 2012, employees reported 84 concerns. We addressed every report and when appropriate conducted further investigations.

HUMAN RIGHTS

Teva participates in the UN Global Compact (UNGC), and publishes an annual progress update available online. Six of the ten UNGC principles focus on human rights.
These are (along with Teva's response):

- **Businesses should support and respect the protection of internationally proclaimed human rights and Businesses should make sure they are not complicit in human rights abuses:** Our Code of Business Conduct states that each employee should respect the rights of and deal fairly with our customers, suppliers, competitors and other employees.
- **Upholding freedom of association and effective recognition of the right to collective bargaining:** We believe in the right to earn a living wage and respect the right of employees to form associations freely and to engage in collective bargaining. We maintain positive relations with employee representative groups across all our sites.
- **Eliminating all forms of forced and compulsory labor:** We strongly support the elimination all forms of forced labor. All Teva employees around the world are employed of their own free will.
- **Abolishing child labor:** Due to the nature of our business, the likelihood of child labor in any of Teva's operations around the world, including the operations of first-tier suppliers, is effectively impossible (employees working on our products must be trained researchers). Nevertheless, we strongly support the elimination of child labor in any form.
- **Eliminating discrimination in respect of employment and occupation:** Teva recruits employees without discrimination on the basis of race, religion, sex, personal status, sexual orientation, country of origin, age or disability and requires this policy to be implemented globally.

ANIMAL RESEARCH

Our patients come first and in their interest we conduct some animal research. Along with the rest of our industry, we accept the necessity of such research for discovering new therapeutic drugs and to assure the safety of patients we help treat.

We recognize that animal research is a complex issue, controversial to some. We are committed to conducting ethical research throughout the entire R&D process and to minimizing the use of animals in our scientific studies. We use existing alternatives whenever possible and continuously explore other potential non-animal methods.

Our Approach

All animal research at Teva complies with local laws and internationally accepted principles and is conducted responsibly. In addition, all our research laboratories have received Good Laboratory Practice (GLP) accreditation, ensuring the uniformity, consistency, reliability, reproducibility, quality and integrity of their work.

We operate four laboratories that conduct animal research, one each in Israel and the United States and two in Hungary. Our laboratories subscribe to the 3Rs, an industry standard for animal use in research:

- **Replacement** – Use non-animal methods when possible
- **Reduction** – Use methods which reduce the number of animals used
- **Refinement** – Use methods that improve animal welfare.

At our Israeli laboratory and R&D facilities, staff must apply to use animals in their research studies. An internal ethical committee made up of veterinarians, researchers, Teva employees who are not involved in biological research and external experts, reviews each application. The committee approves applications which meet the following criteria: the use of animals is justified; the number of animals used is not excessive; and the study complies with all laws, regulations and international guidelines.

To ensure the humane use of animals, we have initiated programs for pain relief through analgesic medications and anesthetic procedures. Recently, we expanded the use of in-silico predictions, replacing animal testing in assessing the safety of drug intermediates and contaminants. At present, we track only the number and type of animals in our Israeli laboratory, but our goal is to expand this monitoring program and our animal research policies globally.

We currently do not track research conducted on behalf of Teva by contractors. However, we aim to work only with vendors who comply with local laws and in countries and regions where modern regulations for use of animals in research are strictly enforced.

RISK MANAGEMENT

Risk management is critical to the safe and successful operation of a healthcare company. Prioritizing and implementing stringent risk management processes and practices means that patients who depend on our products will face fewer risks.

Teva integrates risk management seamlessly into our corporate culture, decision-making processes and accountability structure across all business units worldwide. Our business units and executive bodies use a shared corporate risk management methodology that builds company-wide awareness of potential challenges and how to mitigate them.

Our Approach

We monitor and communicate risks at three levels – globally, within regions and within business units. Teva has three committees that oversee risk management and continuously scrutinize risk potential:

- Board of Directors and Executive Management: The Teva Executive Committee (TEC), Teva's highest executive body, supervises the entire risk management process. It meets twice a year to review the status of corporate risks and risk management processes. The Audit Committee of Teva's Board of Directors has ultimate responsibility for managing risk to the company and meets annually.
- Global Risk Management Unit: The Global Risk Management Unit is a dedicated risk management team of experts responsible for implementing risk management processes throughout the company. They also support risk management activities across our individual business units and regions. The head of the unit is Teva's Global Risk Manager, who reports to the Chief Financial Officer.
- Risk Champions: Risk Champions are senior executives appointed by the TEC who are in charge of managing risk within their region or business unit.

Methodology

We identify risks using questionnaires and interviews with business unit managers and senior executives serving on the TEC. Our Global Risk Management Unit holds workshops for each business unit and for the TEC in which risks are identified and rated according to severity and probability. From these workshops we develop a heat map showing the magnitude of every risk identified and assign each one a risk owner. Risk owners are responsible for preparing mitigation plans based on scenario analyses for the risks within their business unit. They also create key risk indicators to consistently track progress. Risk owners report to the Teva Executive Committee on a quarterly basis.

Case Study

Protecting Patients from Counterfeit Drugs

We are in the process of adopting California's electronic pedigree (or e-pedigree) legislation throughout the U.S. market and in other markets. The e-pedigree system includes imprintation of a 2D barcode on our products and a computerized system that tracks and identifies our products throughout the supply chain to ensure their authenticity.

E-pedigree is an important tool to protect patients from counterfeit products. We have also adopted a company-wide anti-counterfiet policy in order to further mitigate risk.

Teva promotes public policies that give patients access to affordable, safe, effective and innovative medicines

PUBLIC POLICY

In our dealings with governments, we advocate a continuous focus on patient care and improving health outcomes. We assist legislators and policymakers on issues that impact our business and are of importance to patients, customers and the wider healthcare industry. We draw on our extensive global experience to inform public policy discussions and legislative initiatives at both national and international levels.

Our Approach

Our public policy efforts are often driven as a response to proposed changes to legislation around the world. We manage our public policy and government affairs efforts at a corporate level. In 2012, we established a new process that improves internal communication on public policy across our global organization. The goal is to fully integrate public policy initiatives and approaches so that we can best fulfill our commitment to patients' wellbeing across our business units and regions.

Teva lobbies government agencies by commenting on draft legislation and regulations and advising legislators on how manufacturers of medicines can best serve our patients as well as other industry issues. We collaborate with other healthcare companies and related organizations such as pharmacies and pharmacy benefit managers. We also work with patient and consumer advocates and other advocacy groups on public policy issues where we share concerns, such as prescription drug abuse or access to contraceptives.

Teva is a member of, or works with, the following organizations on public policy issues relevant to our industry:

- World Health Organization (WHO)
- World Intellectual Property Organization (WIPO)
- International Federation of Pharmaceutical Manufacturers & Associations (IFPMA)
- Generic Pharmaceutical Association (GPhA)
- European Generic Association (EGA)

2012 Engagement

The U.S. Food and Drug Administration User Fee bill became law in 2012, legislation that Teva helped bring to final form. Globally, we were involved in policy issues relating to the European Falsified Medicines Directive, the European Union's pending Unified Patent Court and pricing and reimbursements issues.

Political Contributions

Teva does not make corporate political contributions. In the United States, Teva employees may choose to make personal contributions to our political action committee, Teva PAC. This contributes to candidates seeking elected office at state and federal level. All contributions are voluntary and made in accordance with the Federal Election Campaign Act.

In the 2012 election cycle, Teva PAC contributed $204,500 to candidates: 54 percent to Republicans and 46 percent to Democrats.

Our Approach to Supporting Patients
Access to Medicines
Clinical Trials
Relationships with Healthcare Professionals
Responsible Sales and Marketing
Approach to Product Labeling
Patient Advocacy
Patient Safety
Privacy and Data Security
Manufacturing and Supply Chain

Everyone on the planet requires healthcare; we are all patients.

Overview

Teva was formed more than a century ago with a goal of promoting widespread access to affordable healthcare. In our early decades, we distributed imported medications to scattered communities throughout Israel. Today, as one of the world's leading healthcare companies, operating in 60 countries, we help millions of patients each day. While much has changed in the healthcare and pharmaceutical industries since Teva's early days, our dedication to helping patients remains steadfast.

Both our business operations and our CSR strategy are centered on improving patient health around the world. In this, our first global CSR report, we lay out our policies and approaches to critical patient health issues. Our efforts in these areas will continue to develop as our CSR program evolves.

OUR APPROACH TO SUPPORTING PATIENTS

Our efforts to fight disease focus on developing and producing specialty medicines, generic and over-the-counter products, active pharmaceutical ingredients and new therapeutic entities. Within this context, our commitment to patients covers many aspects of their healthcare journey:

- We work to promote access to high quality, affordable medicines around the world
- Our clinical trials are conducted with the highest ethical standards and we emphasize transparency in trial design and data access (see Clinical Trials, p. 19)
- We collaborate with healthcare professionals to enhance our understanding of patient needs and ensure that our financial support is impactful and ethical (see Relationships with Healthcare Professionals, p. 19)
- Our sales and marketing efforts follow the laws and regulations of markets where we operate (see Responsible Sales and Marketing, p. 20)
- The labeling on our products provides valuable information for patients and meets all requirements (see Approach to Product Labeling, p. 21)
- We work closely with patient advocacy groups to understand the patient perspective and to gain insights that help us find cures and fight disease (see Patient Advocacy, p. 22)
- We employ a range of programs and processes to ensure patient safety (see Patient Safety, p. 26)
- We protect patient privacy through our robust data security policies (see Privacy and Data Security, p. 27).
- We follow best practices in safe manufacturing and work with our suppliers to ensure a consistent supply of high-quality materials (see Manufacturing and Supply Chain, p. 28)

ACCESS TO MEDICINES

Widespread access to healthcare benefits patients and strengthens social and economic infrastructure in both developed and developing countries. Promoting greater access to medicines is at the heart of Teva's patient-led mission. Our business operations help expand healthcare access around the world.

Our approach to developing and marketing drugs is founded first and foremost on the health needs of the countries in which Teva operates. We offer a wide range of products, including many generic alternatives to innovative pharmaceuticals, that provide millions of people with sometimes life-saving access to affordable medicines. We also work to make our proprietary pharmaceutical products accessible to patients in regions that face economic challenges. Additionally, Teva partners with stakeholders in countries to build health infrastructure and donate medicines to needy communities.

In 2012, Teva created an Institutional and Community Affairs group to lead and coordinate our work on access to medicines and other global community-related initiatives. The group will leverage one of Teva's core competencies-providing cost-effective medical solutions to those in need – to make positive health impacts in developing countries.

Promoting Access in Developed Countries

As the world's largest generic drug manufacturer, Teva plays a key role in providing patients with access to affordable medicines. Our broad portfolio of generic drugs helps us bring the latest advances in medicine to millions of patients, while keeping costs down throughout national healthcare systems. Our generic drugs offer affordable medicines that address most pressing health issues in the developed world, including asthma and diabetes, and we lead in the treatment of multiple sclerosis.

Generic pharmaceuticals are the chemical and therapeutic equivalents of originator (brand name) pharmaceuticals and are typically sold at prices substantially below those of originator products. Like their brand-name equivalents, generics are required to meet governmental safety regulations, such as those relating to manufacturing processes and drug safety agency inspections.

Regulations on generic drug availability differ around the world. In the United States, the world's largest market, generics may be produced if relevant patents on their brand-name equivalents (and any additional government-mandated market exclusivity periods) have expired or otherwise been invalidated. According to the U.S. Food and Drug Administration (FDA), generics save American consumers an average of $50 per prescription. In recent years, governments of many countries, including France, Japan and Brazil, have issued regulations designed to increase generic penetration in order to reduce healthcare costs.

*Each day, Teva products are used to fill **2.7** million prescriptions in the European Union and **1.5** million more in the United States.*

Expanding Healthcare Access in the Developing World

Patients in developing countries face complex healthcare challenges and often lack the financial resources to acquire needed medicines. Teva's new Global Health Program will seek to enable affordable healthcare access in the developing world. We also use a variety of tools to keep both our generic and proprietary products accessible and affordable in economically challenged regions.

Global Health Program

Teva is committed to developing, manufacturing and distributing lifesaving pharmaceuticals to reduce the burden of disease globally. We recognize that certain Teva products and product constituents such as Active Pharmaceutical Ingredients (APIs) can help address the unmet needs of people in low-income and lower middle-income countries. Teva has a goal of developing new formulations to enable affordable access to critical pharmaceuticals for people in the developing world.

Our work in this area is just beginning, through our newly formed Global Health Program. As an increasingly active stakeholder in global public health, we are learning the field and engaging in dialogue with government agencies and non-governmental organizations as we shape our future approach and strategies.

Partnerships

We have begun collaborative discussions with organizations including:

- Bill and Melinda Gates Foundation
- Family Health International 360
- UNAIDS
- Tuberculosis (TB) Alliance
- World Health Organization
- Médecins Sans Frontières
- UNFPA
- Braun School of Public Health and Community Medicine (Hebrew University-Hadassah)
- Azriely College of Engineering.

Other Need-Focused Research and Development

In addition to our Global Health Program projects, some of our broader research and development (R&D) efforts focus on the needs of developing countries and poor patients.

New Therapeutic Entities

In 2012, our R&D group developed the concept of New Therapeutic Entities® (NTEs) as a means to address existing unmet patient needs, and to help specific patient populations that urgently require different options. The innovative program aims at 'industrializing' the development of new medicines that are based on existing, known molecules, but have been re-designed to address specific unmet needs. Examples include combinations of different molecules to reduce pill burden or side-effects, reformulations to extend dosing schedules or avoid logistical issues such as need for refrigeration, and new delivery systems to improve patient experience.

Teva is well placed within the industry to scale up development of these new solutions, due to our unique, integrated R&D group (which covers both generic and specialty medicines), our vast portfolio of molecules, and our technical and technological capabilities.

Product Donations

Our product donations help expand access to medicines in many communities around the world by providing pharmaceuticals to people with significant medical needs. In 2012, we donated more than $71 million in products, equipment and services to community health programs in the United States, Canada, Switzerland, Baltic nations and elsewhere. For more on our product donations, see Our Community, p. 19.

Through donations and partnerships with non-profit groups, we also make our medicines available to communities that are recovering from natural disasters. For more information, see Disaster Relief, p. 32.

Case Study

Neuroscience Research

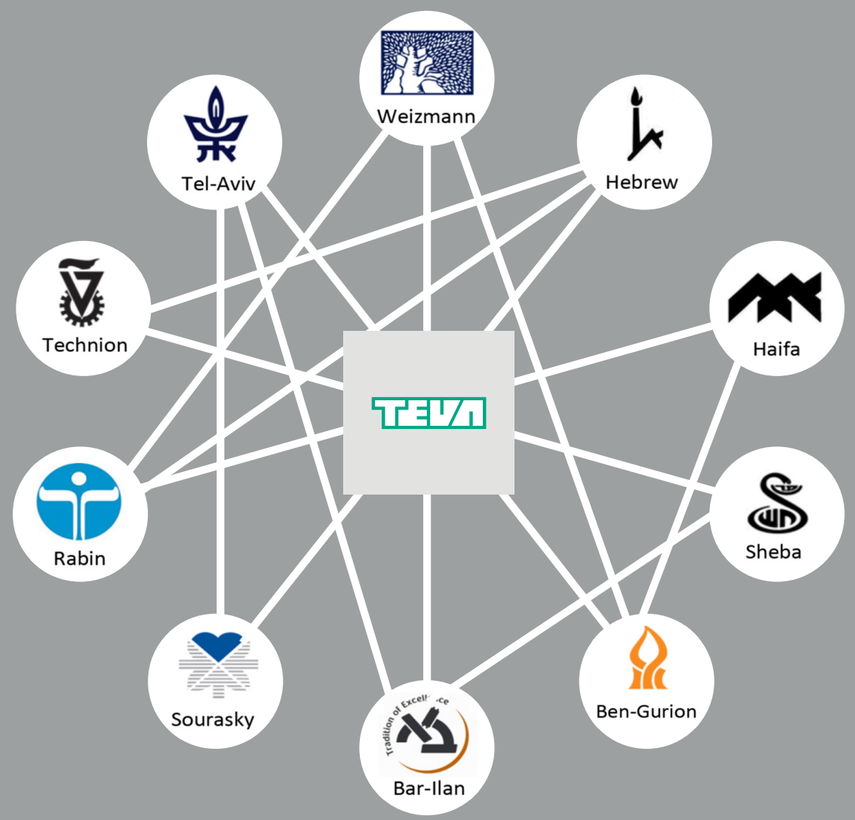
As the global population grows and ages, the impact of neuro-degenerative diseases is increasing. In a first-of-its-kind collaboration, Teva has established the Israeli National Network of Excellence in Neuroscience (NNE).

The NNE brings together the country's leading research and medical institutions, which collectively have made Israel one of the world's leading neuroscience research centers. With funding of $15 million over five years, Teva is supporting a wide range of research projects, post-doctoral fellowships and pre-doctoral scholarships.

The goal is to further current neuroscience research efforts while nurturing the research talent of the future.

The network will enable participants to tap into broader sets of expertise, knowledge and technologies.

National Network of Excellence (NNE) in Neuroscience



CLINICAL TRIALS

Patient safety is our primary focus throughout the process of pharmaceutical development. Clinical trials play a crucial role in helping ensure that medicines are safe and effective before they are brought to market. We follow best practices in trial design, and use a variety of oversight procedures to ensure trial quality.

Teva strictly follows the most advanced global standards for clinical trials, with emphasis on the health of potential patients as well as those taking part in trials. All trials are conducted in accordance with the international Declaration of Helsinki, which lays out ethical principles for medical research involving human subjects. We conduct clinical trials only when trial data is critical to product development. To maximize patient safety, we have voluntarily expanded the scope of our trials to include tests and evaluations after drugs have entered the market.

A trial can involve dozens or thousands of patients, depending on the nature of the study. Teva conducts clinical trials all around the world. In June 2013, we had 105 studies in progress at locations in 59 countries. (Some trials are specific to a country or region, while others include a global sample of patients). Most of our clinical trials take multiple years to complete. Eleven Teva clinical trials began screening patients in 2010, 16 in 2011 and 25 in 2012.

Our Clinical Development group coordinates global trial planning, ensuring that all trials around the world meet Teva's standards for study design and program strategy. The planning procedures for every trial require input from experts in regulatory affairs, global medical affairs, health economics, pharmacology, biometrics, pharmacovigilance, and other areas. All planned trials must receive a positive recommendation from Teva's Clinical Development Committee and be approved by the Project Approval Committee before implementation. All employees who have involvement in clinical trials receive mandatory training related to their role.

In order to ensure the quality of clinical trials, our Global Clinical Quality Assurance group conducts random and targeted audits of clinical trial sites. We conducted 43 audits in 2012, covering seven therapeutic areas. No "critical" observations were made at any sites. We identified some "major" and "minor" issues that were appropriately documented, addressed and closed. All findings were referred to appropriate managing departments for corrective action.
Our Clinical Quality Policy also includes oversight of clinical vendors, laboratories and contract research organizations.

All the trials we conduct are registered with appropriate government authorities. Clinical trial results are posted within the timelines set by local and regional regulations.

RELATIONSHIPS WITH HEALTHCARE PROFESSIONALS

Healthcare professionals (HCPs) provide the frontline in patient care around the world. Our role is to produce medicines that improve the outcomes of their efforts.

To this end, we work closely with HCPs on clinical research projects and medical consultation in countries where we operate. We also occasionally sponsor HCPs to attend relevant meetings or educational events. These collaborations provide us with valuable medical insight and help us understand patient concerns. In all dealings with HCPs, we maintain high ethical standards.

Ethical and Impactful Financial Support

We target our work with healthcare professionals on areas that advance our healthcare mission, following all codes and regulations governing interaction with HCPs. When applicable we compensate HCPs, taking care to ensure that such payments are not perceived as inducements or rewards for prescribing our products.

In some countries, certain HCPs can qualify as government officials for the purposes of anti-corruption laws. To ensure clarity in managing these relationships, we have:

- Issued a Global Compliance Manual reflecting best practices
- Begun to revamp our Code of Conduct and Anti-Corruption Policy
- Developed several compliance policies and procedures at the regional level
- Substantially increased the number of employees in our regional compliance departments.

Our Anti-Corruption Policy is available here

RESPONSIBLE SALES AND MARKETING

When patients require medicine, they need information and assistance in understanding side effects, dosages and other drug-related issues. Healthcare providers play an important role in this process. Teva believes that pharmaceutical sales and marketing efforts should further assist patients in understanding scientific information about products and should never obscure relevant information.

Ethical Marketing

Ensuring the ethical promotion of our products is a central goal at Teva. Our high standards are reflected in our Code of Conduct, which governs our approach to sales and marketing and in our policies and procedures on interacting with healthcare professionals and patients. While marketing regulations may differ by region, we adhere to the ethical marketing guidelines in our Code of Conduct in all markets, even if this puts us at a competitive disadvantage.

We create customized marketing materials and supplementary educational information for each of our distinct customer groups, in order to comply with all appropriate laws and regulations. A rigorous review process ensures that all promotional materials, messages and presentations comply with internal policies and meet legal, medical and regulatory requirements. Such materials must be approved by a Promotion and Advertising Review Committee (PARC), comprised of members from our Legal, Medical and Regulatory departments, to ensure they:

- Are consistent with approved product labeling
- Are accurate and not misleading
- Make claims about a product only when properly substantiated
- Reflect the balance between risks and benefits
- Comply with all other applicable regulations.

Staff Training

We train our staff on our Code of Conduct annually, and provide frequent supplementary training on responsible sales policies for our marketing employees. Each year, employees are trained in appropriate promotional techniques by region to ensure compliance with local laws and guidelines. They also receive regular training on how to answer medical questions, and on appropriate handling of medical information requests.

We provide Foreign Corrupt Practices Act (FCPA) training for employees authorized to approve payment to healthcare providers and anyone in a position to influence a decision-maker in a healthcare system. We also train all relevant employees in compliance measures related to Corporate Integrity Agreements (government agreements that mandate specific oversight and compliance measures). Teva is committed to ongoing training, particularly for all customer-facing employees.

Setting High Expectations for Our Staff

Our leadership enforces high standards of conduct for our employees. Teva does not tolerate behavior that is unethical, illegal or dishonest. Our sales and marketing staff members are required to comply with the laws of the countries in which we operate and with the regulatory rules that affect our business. Failure to do so can result in severe penalties including termination and potential criminal or civil actions.

Information Transparency

Access to current scientific information about our products is vital to patients, and we seek to be as transparent as possible about product-related medical data. We make this information available through on-label messaging, company and product websites, communications from our field-based medical and sales teams and by providing information materials at major medical gatherings.

Teva makes a clear distinction between promotional materials and scientific information about our products. Our sales representatives can distribute and discuss only approved on-label information and promotional materials that meet legal, medical and regulatory guidelines as outlined above. When Teva sales representatives receive specific medical information requests related to scientific or off-label questions, they refer these to specially trained colleagues in our Medical Information Department.

Additional Compliance Efforts

Teva will continue to honor the obligations of our Corporate Integrity Agreements (CIAs) relating to our Ivax and Cephalon companies throughout their duration. These agreements require robust internal compliance programs and oversight, senior leadership commitment and monitoring of our interactions with healthcare professionals and patients. The culture of compliance we have built at Teva will not end with the termination of these specific CIAs in 2013 and 2014. Effective compliance oversight is a fundamental part of our operations.

We carefully monitor compliance with the FCPA (see Governance and Ethics, p. 9).
We also explicitly separate sales and marketing considerations from our independent medical education grants, charitable donations and support of external medical and patient groups.

Product labels provide a critical way for communicating with patients

APPROACH TO PRODUCT LABELING

It is imperative that patients understand details about product usage, side effects, medical risks and other relevant information when they use Teva medicines. We provide this material on the packaging and leaflets of all Teva products and regularly update labeling to ensure that messaging is current. Serialization and other labeling practices also help us guard against counterfeiting to keep patients safe.

Labeling for Local Markets

Our product labels must provide clear instructions for appropriate medicine use and fully articulate any risks to patients. This can present a challenge, given regional differences in regulations, patient/healthcare provider expectations and languages. For both our branded and generic products, we use country-specific labels to ensure language accuracy and patient familiarity, as well as regulatory compliance.

We regularly use focus groups and market studies to understand how patients in different regions interact with products, labels and leaflets.

The results of this research, along with the regulatory expertise of our local teams around the world, help inform the design and messaging of our product labels and leaflets.

We conduct a thorough review of the messaging on our labels each year or whenever there is a relevant change in regulatory guidelines or product information.

Authenticating Products

Our labels help patients verify the authenticity and safety of our medicines. We meet all anti-counterfeiting requirements in the markets we serve, and in many countries we incorporate product serialization to reduce incidences of counterfeiting. We also use tools such as two-dimensional bar coding and electronic pedigree documentation to track products and help patients or authorities verify the source of medicines.

Teva's efforts on behalf of patients go beyond our business operations

PATIENT ADVOCACY

We support a wide range of external projects and programs, run by independent non-profit organizations that promote patient health. These partners include patient advocacy groups, professional medical associations, trade associations, organizations with healthcare objectives and other charitable organizations with a 501 (c)(3) or similar status. Our partnerships with and support for such organizations help us understand the patient perspective, find cures and fight disease. We work to advance the missions of our partner organizations and seek to be the industry's leading exponent of patient/professional relations through proactive and ethical patient advocacy efforts.

Supporting Advocacy Organizations

Teva provides direct financial support for innovative and high-quality initiatives conducted by non-profit healthcare groups, including patient groups, across a wide range of therapeutic areas. In addition, we sometimes contribute to fundraising events for these organizations. We only support groups that meet the following criteria:

- Provide broad public benefit, advance medical care and/or improve patient outcomes
- Provide awareness and understanding to patients, caregivers and healthcare providers of the impact of legislation, policy and regulations on diagnosis, access to treatments and patient care.

We commission independent research to help track our support for patient advocacy and to understand best practices. A 2012 survey by the Brooks Group and Mark Krueger and Associates ranked Teva second in the global pharmaceutical sector for Multiple Sclerosis patient advocacy. In 2012, Teva contributed NIS 1,354,443 (approximately $376,000) to 36 patient organizations in Israel, and NIS 1,430,684 (approximately $397,000) to 38 medical institutions in Israel.

Our Patient Advocacy Partners

Teva works with more than 50 patient advocacy and professional groups globally, supporting more than 220 programs. Our partners include:

Multiple Sclerosis: American Academy of Neurology, Consortium of MS Centers, Foundation of the Consortium of MS Centers, International Organization of MS Nurses, MS Association of America, MS Foundation, MS World, National MS Society

Oncology: American Society of Clinical Oncology, American Society of Hematology, CancerCare, Conquer Cancer Foundation, Hematology Oncology Pharmacists Association, Leukemia and Lymphoma Society, Livestrong, Lymphoma Research Foundation, National CML Association, National Coalition of Cancer Survivorship, National Comprehensive Cancer Network, Oncology Nursing Society, Patient Advocacy Foundation, Prevent Cancer Foundation, ZERO

Pain: American Academy of Pain Management, American Academy of Pain Medicine, American Chronic Pain Association, Center for Practical Bioethics, Reflex Sympathetic Dystrophy Syndrome Association, US Pain Foundation

Parkinson's Disease: American Academy of Neurology, Davis Phinney Foundation, Michael J. Fox Foundation, National Parkinson's Foundation, Parkinson's Action Network, Parkinson's Disease Foundation, The Parkinson's Alliance

Pharmacy: Academy of Managed Care Pharmacy, American Pharmacist Association, American Society of Health System Pharmacists, National Alliance of State Pharmacy Associations, National Community Pharmacy Association

Women's Health: American College of Obstetrics and Gynecology, American Society for Reproductive Medicine, Association of Professors of Gynecology and Obstetrics, Association of Reproductive Health Professionals, National Medical Association, North American Menopause Society, Nurse Practitioners in Women's Health, Planned Parenthood, RESOLVE: The National Infertility Association, Society for Emergency Contraception

Miscellaneous: American Academy of Physician Assistants, American Association of Nurse Practitioners, American Brain Foundation, American Psychiatric Association, Congenital Hyperinsulinism Society, Gerontological Society of America, Narcolepsy Network, National Alliance on Mental Illness, National Family Caregivers Association, National Sleep Foundation, Tourette's Syndrome Association.

Advocacy Ethics

We consider funding requests if they are unsolicited, developed independently of Teva and meet a legitimate advocacy objective. Additionally, programs must be impartial and balanced. All the support we provide is completely independent of product promotion or sales considerations. We have strict review procedures in place to avoid any real or perceived exceptions to this rule.

Regulations on industry engagement with advocacy organizations are constantly evolving and we monitor changes closely to ensure our continued compliance. In the U.S., our support of advocacy activities also complies with guidelines from the FDA, the American Medical Association and the Pharmaceutical Research and Manufacturers of America.

Patient Advocate and Professional Relations

Our relationships with certain partners go beyond financial support and include information sharing, networking, monitoring policy development and generating solutions.

In seeking to support patients and healthcare providers, we focus on creating relationships, providing information and proposing practical solutions. We maintain a broad network of contacts with strategic advocacy organizations and track emerging third-party groups and influencers in all therapeutic areas. We pursue projects in alliance with such advocacy groups to improve health outcomes through better healthcare-related guidelines, governance, disease management and access to medicines.

Our collaborative work with advocacy groups also has direct impacts on our business success. These partnerships help us to understand and engage in emerging policy trends and to communicate the social and economic value of Teva's products.

Recent Advocacy Efforts

Some highlights from our patient advocacy work in 2012 include:

- Multiple sclerosis (MS) – We held discussions with multiple MS patient advocacy groups regarding access to MS medications and issues around complex molecules and biosimilars (see case study below).
- Contraception – We proposed advocacy group summits within the nursing community to obtain feedback and build awareness about barriers to contraception utilization, and the appropriate role of IUDs.
- Oncology – We served as a National Partner to the Leukemia and Lymphoma Society (LLS) for the Light the Night Walk, raising nearly $105,000 for this campaign through 526 walkers on 70 Teva teams across the United States. These funds help the LLS support crucial research and provide critical services to patients and their families free of charge.
- Expanded advocacy work – Our U.S. Medical Advocacy team initiated involvement with key advocacy organizations in Oncology - Wake, Pain, Neuro-Psychology and Women's Health - while maintaining and strengthening relations with MS and Parkinson's Disease organizations.
- Program development – We continued to build advocacy efforts around access, large complex molecules issues, adherence, safety and efficacy.

Case Study

MS Advocacy in Action

Teva has developed some of the leading medicines to treat multiple sclerosis (MS) and our support for MS patients extends far beyond the lab or pharmacy. Our work with the Multiple Sclerosis Association of America (MSAA) and the MS Coalition exemplifies this commitment.

Our long-running partnership with MSAA involves regular educational programs for MS patients, caregivers and healthcare professionals treating the disease. Recently, we have added a new dimension to this partnership, helping MSAA understand how the 2010 Affordable Care Act (U.S. healthcare reform) will impact the MS community, particularly in accessing healthcare.

In 2012, our U.S. Medical Advocacy team gave a presentation to MSAA's Healthcare Advisory Council and our Government Affairs Group hosted a follow-up meeting in Washington, DC.

Our experts contributed insights about state and federal policy, covering a wide range of topics including biosimilars, drug regulation and federally mandated healthcare marketplaces.

MSAA's interest led us to stage Teva's first MS Policy Forum, a summit for all our MS non-profit partners focused on policy and legislative issues. This hugely successful gathering provided valuable insights for our partners and strengthened our relationship with the MS Coalition-a collective of MS non-profit associations. MSAA has since expanded its focus on public policy, citing Teva's Advocacy team as a key partner.

We are proud of these advocacy accomplishments in 2012 and look to build on them in 2013. Plans include a webinar on healthcare marketplaces and a second MS Policy Forum. We are also in discussion with MS non-profits about developing education initiatives related to healthcare access for the MS population.

PATIENT SAFETY

Keeping patients safe and healthy is the overarching aim of our company and we work to ensure patient safety when developing products and monitoring their use. The complex chemistry that allows medicines to produce desired effects in the human body can also create unwanted side effects in some instances. Teva invests heavily in pharmacovigilance so that we can be aware of all the effects of our medicines and take appropriate action to keep patients safe.

Safety Oversight

Teva's Patient Safety & Pharmacovigilance Group (Teva PhV) is responsible for defining and implementing patient safety policies and systems and ensuring compliance with all relevant global and local regulations. We also have a worldwide network of highly trained Local Safety Officers (most of whom are physicians and pharmacists) covering every market where Teva products are sold. Safety Officers undergo continuous training on all new drug safety regulations and guidelines and regularly attend conferences organized by professional pharmaceutical organizations.

All Teva employees - from Research and Development teams to Sales and Marketing professionals - are trained to report adverse patient safety events to relevant Local Safety Officers.

Teva uses a three-tiered hierarchy for medical safety evaluations:

- Product Safety Group – evaluates the safety profile for a specific product
- Medical Scientific Group – evaluates the safety profile across Teva's product portfolio
- Safety Board – the highest authority overseeing product safety in Teva; includes the most senior representatives from Global Patient Safety & PhV, Regulatory Affairs, Medical Affairs and Teva's Chief Medical Office.

Safe Medicine Development and Continuous Monitoring

Teva PhV is involved with every step of the medicine development process. Each product under development is assigned a Product Safety Group, which includes a Safety Physician, a PhV Associate and a Clinical Leader, with additional experts involved as needed. This group evaluates a product's effects, analyzing findings from animal studies and reports from medical literature.
The Product Safety Group closely tracks each step in the medical development process to ensure that all potential safety concerns are properly addressed.

Extensive clinical trials help ensure patient safety and Teva takes great care to conduct rigorous trials that meet the highest global regulatory standards (see Clinical Trials, p. 19).

Even after our medicines have undergone extensive testing and been approved to enter the market, Teva continuously monitors all products. We believe this is crucial to ensure patient safety and detect any emerging concerns. Clinical trials are conducted in sterile environments and real world use by large numbers of diverse patients sometimes exposes new issues.

Data Collection and Pharmacovigilance

Teva PhV uses robust processes to record and track every single adverse event report for every single Teva product – from the earliest clinical trials through the life of the medicine in global markets. Safety data is collected and analyzed on an ongoing basis by the Teva PhV team. We collect safety information data from a wide variety of sources including (but not limited to) published literature, regulatory authorities, clinical trials, market research and healthcare providers.

All safety information is collected into one vast global safety database that encompasses all Teva products. The Medical Scientific Group, a highly trained team of safety physicians (medical doctors), continuously analyzes this data and issues regular company safety reports as required by regulatory authorities.

Pharmacovigilance at Teva is not merely an exercise in data collection and reporting.

We strive for a flawless safety record, relying on both knowledge and action to protect patients. Teva operates a sophisticated 'signal detection' process within our pharmacovigilance system to identify any possible risks to patients as early as possible, enabling preventative action if necessary. Whenever a Serious Adverse Event is reported, Teva begins an investigation and reports information to appropriate health authorities in less than 15 days.

Patient Communication

We communicate any safety information relevant to patients through channels such as patient leaflets, product labels and healthcare providers. Teva is careful to communicate safety concerns as soon as they have been verified. Premature warnings could lead to unnecessary disruptions of treatment, while delays in communication could compromise patient safety.

Safety Board

In mid-2013 Teva established a high-level Safety Board, which will meet at least four times a year to review and evaluate notable safety issues.

Protecting the private data of patients is a key concern at Teva

PRIVACY AND DATA SECURITY

In our clinical trials and records, we follow best practices in secure data management. Our security efforts cover the entire lifecycle of data management, from collection through processing and storage. We comply with all data security laws and regulations in the countries where we operate.

Manufacturing and Supply Chain

Patients who use our products rely on an unrestricted supply of safe, innovative medicines to meet their medical needs

Overview

To create our products, we depend upon a secure and accountable supply chain of trusted partner companies. We make every effort to meet our obligations to patients by maintaining a fail-safe network of suppliers. We also emphasize reliability and responsibility in our manufacturing processes.

Our global manufacturing and supply chain network encompasses 21 Teva-owned manufacturing sites that produce more than half of our active pharmaceutical ingredients (APIs) and 54 Teva-owned finished dosage pharmaceutical manufacturing sites. We also have strategic relationships with a small number of contract manufacturing sites in India that are governed by the same rules of quality and good practice as our internal Teva sites.

In addition, thousands of third-party suppliers provide us with raw materials (including the rest of our APIs) and packaging, and around 500 suppliers produce final packaged products. This global network supplies Teva and our patients with drugs in more than 60 countries. In 2012, we paid $3.6 billion to external suppliers of raw materials.

Our Approach

We require all suppliers and our owned manufacturing facilities to adhere to stringent standards outlined in the pharmaceutical industry's current Good Manufacturing Practices (cGMP) and Good Distribution Practices (GDP) as well as other requirements from regulatory authorities globally. These standards help to safeguard the health of our patients as well as to produce good-quality medicine.

To ensure quality control, Teva uses Quality Technical Agreements (QTAs) – legal documents that set out comprehensive quality and compliance expectations for both Teva operations and our suppliers. QTAs include the requirements to follow cGMPs as well as marketing authorization procedures and Teva-specific quality standards.

Teva performs key material supplier audits on a global basis to confirm compliance with our own quality standards, regulatory requirements and cGMP and GDP standards. Suppliers of APIs, finished dosage forms and laboratory and packaging services are audited at least every three years. Suppliers of primary packaging materials and critical excipients (inactive ingredients used in medicines) are audited at least every five years. Audit findings are widely communicated internally to key stakeholders, as well as to the suppliers. Where we uncover issues, suppliers are required to respond with a corrective and preventive action (CAPA) plan. We work with sites that do not pass our audits to implement these plans and improve their quality systems.

2012-2013 Audits

In 2012, we completed audits of 892 suppliers globally and more than 1,100 supplier audits are planned for 2013. This total includes, but is not limited to, contract manufacturers, packagers and laboratories as well as API, ASM and excipients.

As regulations become more rigorous globally, we are committed to maintaining our own manufacturing sites at the appropriate standards. Our new manufacturing sites are designed to meet not only current but potential future regulatory requirements.

Maintaining the Security of Our Supply Chain

This rigorous management of our manufacturing and supply chain network is critical to maintaining a secure supply of our medicines to patients who depend on them. In addition, we operate a number of security measures to keep our supply steady and consistent. These include:

- **Dual sourcing:** For key products and materials, we make sure we have alternate sources, both within and outside our own manufacturing network
- **Collaboration:** We work with suppliers to share information that helps both parties forecast and manage risks and opportunities
- **Monitoring:** Our global purchasing team continually assesses suppliers to confirm the successful production and delivery of our products.

Encouraging Performance Improvements

Teva's efforts to ensure a safe and secure medicines pipeline go beyond compliance. We embrace suppliers as partners, working closely with them to improve their performance. We share best practices from our own operations, provide resources during supplier quality reviews and support investments and upgrades that help them comply with cGMP, GDP and local environmental laws.

Overview

Our Approach

Employee Volunteering

Disaster Relief

Goals and Objectives

Teva Awards and Prizes

Community Relations and Volunteering: Teva's Global Impact

Overview

Teva has a long history of investing in and supporting the local communities where our business operates and we believe we make a positive impact everywhere. In line with our focus on patient needs, our contributions seek to support health and wellness and access to medicines, as well as other local needs and disaster relief. In 2012, we provided $11.6 million in charitable support to non-profit organizations and $71 million in product and in-kind donations. We also strongly encourage employee volunteering in the community.

We are currently working to create a centralized global approach to our community activities.

Our Approach

Historically, Teva's community relations and investment decision-making has been made within each country to meet local needs and take advantage of local strengths. Given our company's rapid growth, we are now moving to a centralized, global approach, while continuing to take into account local needs and opportunities. Our community relations approach is also tied to our corporate strategy of improving global health. We look to provide sustainable ways of giving. These include partnerships with and funding for leading non-profit groups and community programs as well as Teva product donations and employee volunteering efforts.

In 2011, we established a Global Community Relations Forum and network with representatives from each of our main markets and business units. The Forum developed Teva's Global Community Relations Guidelines, which outline a proactive approach to community relations, employee volunteering and support for our business strategy through community work.

Employee Volunteering

Employee volunteering is key to our community strategy and we encourage our employees worldwide to donate their time and expertise. In the past, volunteering policies varied by location and were managed locally. In 2013, we introduced a global volunteering plan to deepen our dialogue with patients and communities by encouraging employee engagement. The plan aims to:

- Provide long lasting and sustainable value to the local community
- Offer our employees an opportunity to develop leadership and other skills
- Increase employee satisfaction and commitment to Teva
- Contribute to a positive Teva brand image.

Employee Volunteering

Number of Employees Volunteering

Total Number of Volunteer Hours

2011 2012

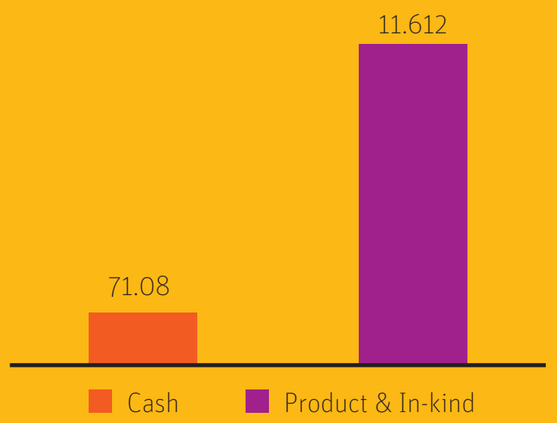
* Many countries do not yet measure employee volunteering and therefore were not able to provide additional data.

In 2012, more than 3,100 employees volunteered more than 30,000 hours with more than 540 community partners globally

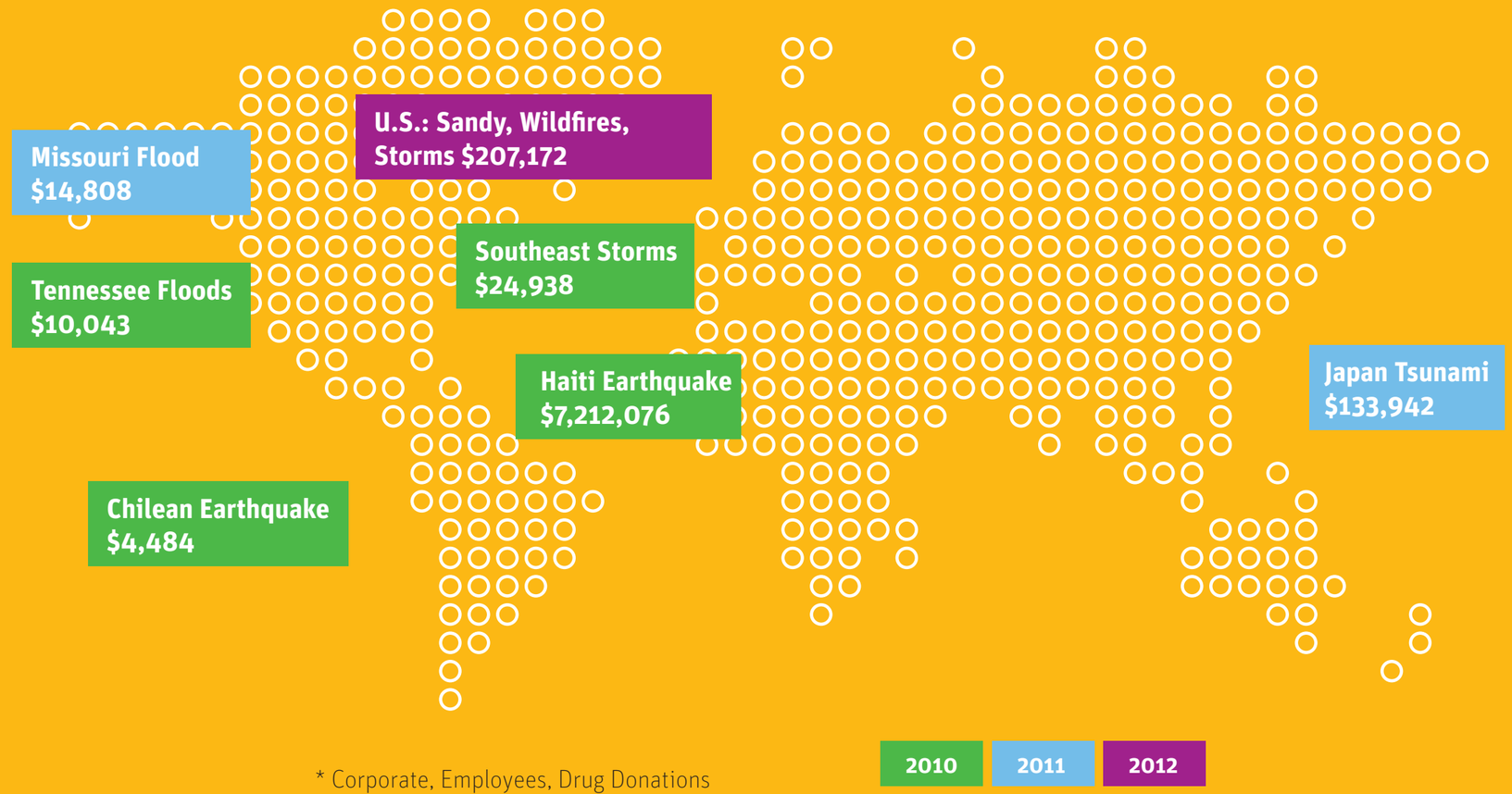
Disaster Relief

In addition to supporting local projects, Teva believes we have a role in assisting communities when natural disasters occur. We typically donate medicines through well-established non-profit organizations taking part in relief efforts. During these difficult events, we are proud to make quality medicine accessible where and when it is needed most around the world. We also match financial contributions made by our employees. For example, we donated more than $7 million worth of medicine to the 2010 Haiti earthquake relief effort. In 2012, when Hurricane Sandy devastated the U.S. East Coast we provided more than $200,000 worth of medical aid.

Total Corporate Giving in $M



Contributions in Emergencies 2010-2012*



* Corporate, Employees, Drug Donations

Goals and Objectives

In 2013 we will continue our efforts to implement our corporate community relations approach worldwide. In particular, we will focus on expanding the work of our global Corporate Social Responsibility forum, creating an executive CSR roundtable forum and further developing employee volunteering.

We aim to increase the number of employees volunteering worldwide and to link all of our volunteering programs to our community relations strategy. As an incentive, we will launch a global volunteering recognition initiative in 2013. We also aim to offer new and diverse initiatives including skills-based and family volunteering opportunities to encourage greater employee participation.

We also plan to develop a global donations policy under which all philanthropic decisions will be made according to global guidelines, while taking into account local needs and opportunities. We expect this approach to strengthen our philanthropy activities and improve sustainable value for Teva and the communities we support.

We currently run community programs in 20 of our locations globally. As some of our newer units become more established and develop organizational capacity, we plan to increase this number.

Teva Awards and Prizes

To celebrate excellence and inspiration in Israel, where Teva was founded we recognize individuals and organizations each year through the following awards:

Teva Founders Prize and Research Grants

Each year since 1993, the Teva Founders Prize and research grants have been given to researchers that excel in life sciences and bio-medical fields. We award prizes in partnership with the Israel National Academy for Sciences. Grants are awarded by the Israel Science Foundation with our guidance and support.

Teva Award for Excellence in Memory of Eli Hurvitz

In 2011, Teva's former Chairman Eli Hurvitz, passed away after leading the company for 57 years. We chose to honor his memory with an award for excellence in education, science and culture - areas we consider essential to the future of the State of Israel

Teva Poetry Prize

For over 10 years, Teva has awarded an annual NIS 20,000 (around $5,500) prize to a promising poet at the Israeli Poetry Festival in Metula. The winner in 2012 was Al Tayeb Ghanayem, who writes in both Hebrew and Arabic.

Photographer: Sivan Farag

Case Study

Teva Wins Excellence Recognition

In 2012, Teva was honored to receive special recognition as 'the most effective corporation' investing in social activities in Israel.
The award was given by a public committee on behalf of Midot, a non-profit organization that promotes effectiveness and impact as the main criteria for social investors.

Teva won the award for its long and sustained investment in promoting excellence in both general and science education in Israel, including developing tools to effectively measure and evaluate projects.
The committee cited our approach of linking social investment to our core business activity and highlighted our effective use of business and human capital.

"Your systematic work toward strengthening organizational and human infrastructure serves as an example to other social investors.
Your endeavors show the entrepreneurial and innovative vision needed to create real social change."

- Talia Aharoni, Awards Committee Chairperson.

COMMUNITY RELATIONS AND VOLUNTEERING: TEVA'S GLOBAL IMPACT

Israel: Partnering to Advance Science Education

Teva has a long-standing partnership with Perach, a non-profit organization dedicated to supporting disadvantaged children throughout Israel, and in which we support by operating two nationwide community programs:

- Havayeda-Teva interactive science centers are located in peripheral towns and under-resourced neighborhoods throughout the country. They offer an informal and enjoyable learning environment for children who, due to geographical and/or socio-economic obstacles, are hindered from accessing the services offered by bigger science museums. In 2012, 140,000 young people visited one of these centers.
- The Nature of Chemistry program encourages chemistry study in high school and at university, aiming to increase the number of chemists and science experts in Israeli industry. Qualified university student volunteers tutor junior high school students in coursework developed by the Department of Science Education at the Weizmann Institute and the Davidson Institute for Science Education. In 2012, 1,600 junior high school students took part, with a high number choosing chemistry as a university major.

Canada: Supporting Cancer Research and Recovery

Our employees in Canada are passionate supporters of cancer research, awareness and recovery initiatives, embracing fundraising and donation activities including:

- Support for the Childhood Cancer Canada Foundation through employee fundraising events, and our Dollars for Scholars payroll deduction plan and corporate funding. The foundation provides scholarships for children who have cancer or are cancer survivors. In 2012, more than 80 children received educational help due to our support.
- Employees participated in the 'Movember' campaign to raise awareness and funds for prostate cancer research, diagnosis and treatment as well as men's mental health initiatives. Through sponsorship to grow moustaches during November, they raised CDN$14,000.
- Employees participating in The Shopper's Drug Mart Weekend to End Women's Cancer Walkathon walked 30km in a day and raised CDN$33,000 for The Princess Margaret Cancer Research Center. Teva matched funds and raised up to CDN$625 per walker.

Hungary: Engaging Young People in Pharmaceuticals and Chemistry

We have a long-standing partnership with the University of Debrecen, financing two external departments focused on the practice of chemistry, chemical engineering and pharmaceuticals. The university's students tour our factories and our professionals give formal lectures and presentations on the application of these subjects.

In 2012, we introduced an innovative competition to promote creative thinking and new ideas. More than 60 students participated in "Jump! Be Creative!" by writing essays on how to improve the quality of life of Hungary's younger generation. Essays dealt with issues ranging from financial security and mental health to environmental protection, culture and entertainment. The winner, a young inventor at the Department of Electrical Engineering, described a life-saving mobile application to detect an accident and automatically call for help.

Czech Republic: Motivating Wheelchair Users to Adopt an Active Life

The Wheelchair Sports Club (SKV) offers wheelchair users the opportunity to participate in sporting activities and events including hockey, tennis, scuba diving, skiing and orienteering. As well as having a good time, taking part helps wheelchair users feel satisfaction in their abilities and independence, and can motivate them to lead an active life. Teva has been SKV's main sponsor since 2010, when a team of Teva employees first entered the national floorball (hockey) tournament. In 2012, our team reached an impressive third place.

Greece: Fitting Together with Disabilities

The Pan-Hellenic Association of Adapted Activities (ALMA) informs communities about autism and mental deficits through educational, athletic and cultural activities that help integrate people with these disabilities into communities. In October 2012, Teva sponsored a three-day event organized by ALMA in collaboration with the Association of Multiple Sclerosis and the Municipality of Aegina to help change attitudes and create bridges of friendship and communication between people with and without disabilities. The event included both educational lectures and recreational activities, including a puppet show, a painting exhibition by the schoolchildren of Aegina, and dance and sporting activities. The community's response was extremely positive. ALMA honored Teva with a "Main Supporter" award for our sponsorship.

United States: Helping Volunteers Help Others

City Year is a non-profit organization that places young volunteers in schools to help keep at-risk students on track for graduation. Volunteers serve full-time for one year as tutors, mentors and role models to improve students' attendance and academic success. Teva provides financial support and our employees mentor volunteers to help them work more effectively.

ConKerr Cancer volunteers brighten the lives of chronically ill children through the simple act of sewing a bright cheery pillowcase for their hospital rooms. In addition to financial support, Teva has organized several volunteer events where our employees get together to sew pillowcases.

Chile: Nuestros Hijos Foundation

Teva is a long-term supporter of the Nuestros Hijos Foundation, which supports children with cancer. In 2012, 77 percent of our employees donated to the organization through our annual matched funding campaign, raising approximately $60,000 for the pediatric oncology unit at the Roberto del Río Hospital in Chile's capital, Santiago. Many of our employees also volunteer their time to bring enjoyment to these children's lives by assisting at recreational activities such as soccer tournaments, birthday parties and beach visits.

Italy: Volunteering Day

In November 2012, Teva held its first Volunteering Day for our Italian employees. More than half of our employees in Italy volunteered their time to help with projects in support of abused children, children from problem homes, young women with health challenges and other groups in need.

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2012 Highlights
Environmental Governance
Compliance
Global Environmental Management
Energy
Climate Change
Water
Waste
Air Emissions
Product Impacts
Engaging Stakeholders

Environmental Responsibility

Teva considers environmental responsibility a foundation of doing business

Overview

Our patients, their families and wider society will thrive only if there is a healthy planet to support human needs. Our goal is to become a corporate leader in environmental performance management.

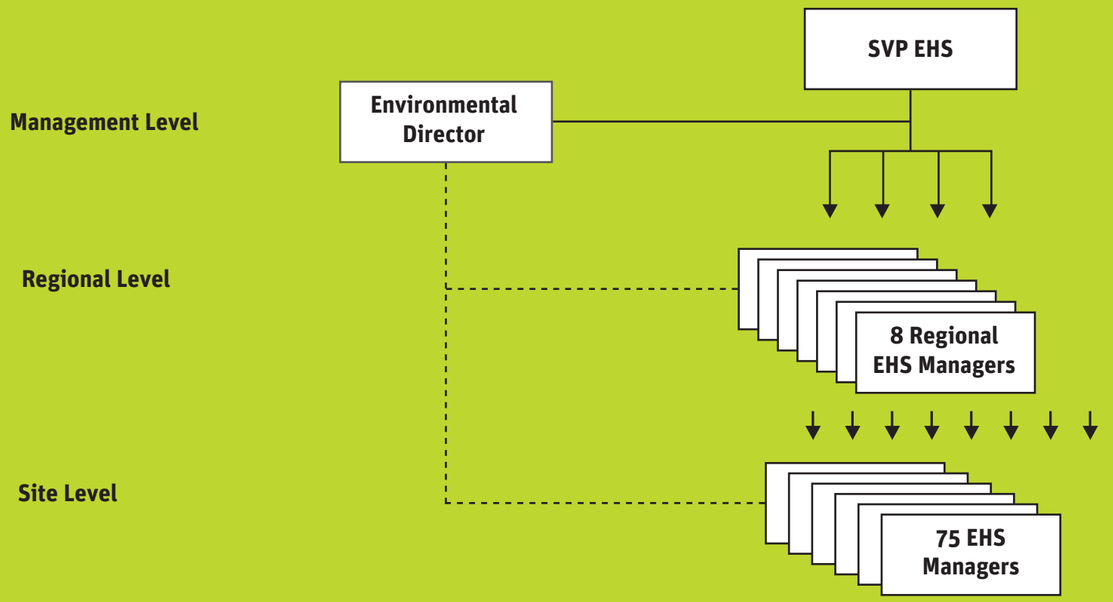
To achieve this, we have mapped out a strategy in our Environmental Objectives Plan. Built on three pillars, it covers:

- **Compliance:** we continuously monitor environmental regulations and strictly adhere to all recognized environmental standards in the countries where we operate
- **Performance:** we seek to reduce our environmental footprint through efficient use of resources and consider the impacts of our products in our research and development processes
- **Culture:** we integrate environmental issues into every facet of our business through our unified environmental management system, common standards of operation and employee engagement efforts.

2012 Highlights

- We introduced an improved data collection system at 82 sites worldwide that tracks key performance indicators (KPIs) related to solvents, energy, water, wastewater, air emissions and waste.
- We invested nearly $4 million in more than 50 energy improvement projects around the globe.
- We submitted our second response to the Carbon Disclosure Project (CDP) showing improvement both in disclosure and performance compared with the previous year.
- We recycled nearly 50 percent of our non-hazardous waste and 17,000 tons of solvent.

ENVIRONMENTAL GOVERNANCE



Our global environmental program is led by the Senior Vice President of Environment, Health and Safety (EHS) who reports to Teva's President and Chief Executive Officer, Global Operations. Day-to-day management is the responsibility of our Director of Environment, who oversees the implementation of our Environmental Objectives Plan and drives progress.

At the regional level, five EHS managers oversee our regional business unit managers with regard to environmental issues, and serve as a link between the EHS global headquarters and sites of operation. At the site level we employ approximately 75 EHS managers, responsible for on-the-ground implementation of EHS policies and work plan objectives.

We focus on four main areas in promoting excellence and knowledge sharing among our sites globally. At the EHS headquarters, content experts in energy, air quality, waste management and green chemistry lead global action plans to promote their effective environmental management. In each area, our internal specialists support and facilitate research on sustainable technical solutions that can be replicated and implemented across our global facilities. Best practices are spread across our sites through knowledge-sharing platforms.

Compliance

All Teva facilities are mandated to comply with local laws and regulations. In 2012, we implemented environmental projects to ensure compliance with current regulations at locations worldwide. Efforts included:

- Six waste water projects in China, Croatia, India, Israel and Italy
- Three air emissions projects in Croatia and Israel
- Three ground water and soil contamination projects in Hungary, Israel and Italy
- Numerous projects at API plants to maintain compliance with Pollutant Release and Transfer Register (PRTR) and Extended Producer Responsibility (EPR) legislation.

In addition, we continuously monitor changes in regulations and directives resulting from new legislation applicable to our operations.

REACH Legislation

Teva takes a precautionary approach to managing our environmental impacts. Though not required of pharmaceutical companies, we follow the European Commission's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation. This requires manufacturers

and importers to register information on the properties of chemical substances in their products in a central database run by the European Chemicals Agency. All our European manufacturing sites have completed REACH pre-registration and we also request our suppliers to pre-register the materials we use in our products. We have also adopted the REACH format for our Material Safety Data Sheets.

Global Environmental Management

As a global company that makes products in more than 20 countries, effective management of our environmental footprint requires a single integrated system encompassing all our facilities. Due to mergers and acquisitions, and cultural and regulatory differences across our sites, implementing a unified approach to our environmental standards has proved challenging in the past. We have worked hard over the past two years to streamline our environmental efforts by creating a common environmental language, setting global baselines for environmental performance and standardizing our data collection methodologies

In 2011, we implemented a pilot global environmental management system to ensure consistent monitoring of energy, water and greenhouse gas (GHG) performance data at all manufacturing operations. In 2012, we upgraded the pilot by introducing an improved data collection system at 82 sites worldwide that tracks key performance indicators (KPIs) in the following categories:

- **Solvents** – usage, recycling
- **Energy** – on-site generation, purchase by fuel type, GHG emissions
- **Water** – consumption by source, recycling
- **Waste Water** – quality and quantity of pollutant by destination
- **Air Emissions** – key pollutants such as NOx, SOx, ozone depleting substances and others
- **Waste** – hazardous waste by type, non-hazardous waste by type, recycling.

In 2013, we plan to build on our environmental KPIs, improve the availability of data for site managers and encourage communication of our performance internally and externally.

The environmental data presented in this report has been collected through the new global management system described above. It covers our main sites of operation, including all manufacturing sites and several major logistics and operations facilities. Five of our production sites have also been externally certified to ISO14001.

ENERGY

Teva owns and operates more than 100 different types of facilities – from production plants and research and development facilities to warehouses and offices. Each facility has a different energy profile, meaning we must manage energy consumption at the site level.

We actively seek to reduce energy consumption and associated GHG emissions across our global facilities, and in 2012 appointed a Global Energy Director to champion our efficiency efforts. The Global Energy Director works closely with the Global Environment Director and is responsible for prioritizing and approving energy efficiency improvement projects throughout our operations.

During 2012 we invested nearly $4 million in more than 50 energy improvement projects around the globe. Initiatives included switching to more efficient and cleaner burning natural gas, installing new gas turbines and multi-evaporators, reconstructing high voltage distribution networks, upgrading lighting and HVAC systems and utilizing waste heat. In 2013, we are continuing our focus on energy efficiency and plan to invest in new improvement projects.

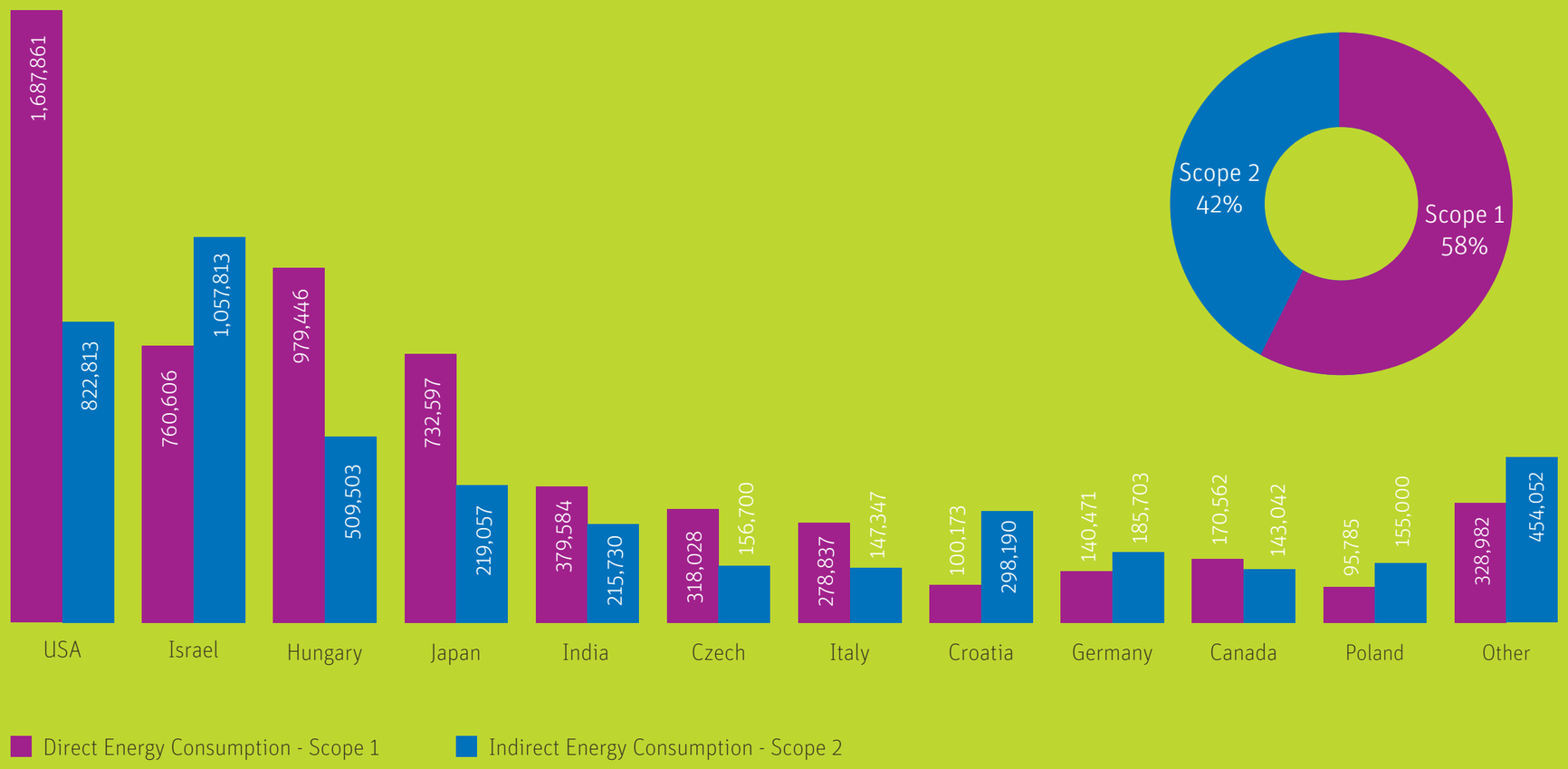
Performance

Most of the energy we use, and the associated GHG emissions, result from our production processes. In 2012, our total global energy consumption was 10,337,882 gigajoules. Sixty-five percent of our Scope 1 (direct) energy use comes from cleaner burning natural gas. In the future we intend to increase the share of natural gas in our direct energy usage portfolio. We will provide data on efficiency trends in our use of energy in our next CSR report.

2012 Global Fuel Mix by Type of Energy Source

Category	
Purchased Electricity	38.9%
Natural Gas	37.5%
Fuel Oil	14.9%
Purchased Steam	3.3%
LPG gas	2.6%
Diesel Fuel	2.3%
Other (5 sources)	0.5%

Energy Consumption by Scope and Country of Operation in GJ



Scope 1 and Scope 2 Energy Consumption

Case Study

Innovative and Holistic Energy Management in Israel

New buildings and refurbishments provide opportunities for us to introduce energy best practice.

For example, when we were building Teva's new Research and Development (R&D) facility in Kfar-Saba, Israel, predictive models showed that heating, ventilation and air-conditioning (HVAC) would account for more than 60 percent of energy demand. We responded by switching to a cutting edge, highly efficient HVAC management and control system that uses real-time environmental sensors to monitor energy consumption, and optimizes energy use through automatic decision-making procedures. For example, the system constantly monitors the optimum performance of chiller towers and manages their start up and shut down.

Other innovative efficiency measures included installing a heat recovery cycle system. This system captures residual heat from the facility's air condensers for use by a neighboring Teva facility, saving more than 500 tons of liquefied petroleum gas per year. We also use condensed water from the R&D facility's air-conditioning system in chilling towers, conserving 5,000 m^3 of water in the course of a year.

Combined, these efforts have cut energy consumption by about 1.3 million KWh per year compared to the original prediction, preventing more than 2,500 tons of CO_2e emissions from entering the atmosphere.

CLIMATE CHANGE

Teva recognizes that climate change is a major challenge for the international community. We are currently analyzing the implications of this global phenomenon throughout our value chain to identify a plan of action for mitigating our own impacts and safeguarding our business.

As a first step, in 2011 we began monitoring our GHG emissions from major Scope 1 and Scope 2 (operational) sources, such as the electricity and steam for our manufacturing processes and the purchased electricity that powers our facilities.

Performance

In 2012, we emitted 962,195 metric tons of CO_2e, which will serve as our baseline for future reduction targets. We publicly report our global carbon emissions data through the CDP framework and submitted our first response in 2012.

Our total emissions in 2011, as submitted to CDP, were 700,429 metric tons of CO_2e.
The increase in emissions in 2012 was due to the addition of 15 new sites as well as production increases at existing sites.

2012 Global Fuel Mix Carbon Intensity by Type of Energy Source

Category	
Purchased Electricity	58.5%
Natural Gas	22.6%
Fuel Oil	12.5%
Purchased Steam	2.4%
LPG gas	1.8%
Diesel Fuel	1.8%
Other	0.4%

2012 GHG Emissions by Scope and Countries of Operation in Tons CO_2e

Country	Direct Energy Consumption-Scope 1	Indirect Energy Consumption-Scope 2
Israel	55,234	185,106
USA	97,612	116,147
Hungary	56,113	41,411
India	28,010	57,013
Japan	56,849	25,235
Czech	17,902	22,384
Germany	8,094	29,004
Italy	15,690	15,816
Croatia	5,791	21,379
Poland	5,421	20,472
Canada	9,593	6,645
Other	19,842	45,432

WATER

We work to reduce water consumption at our global facilities through careful management of manufacturing processes and by recycling water wherever possible. Most water we consume is for production processes and chiller towers. In 2012, we implemented 20 water-saving projects at a range of sites. Measures included installation of recirculation pumps and upgrades to monitoring systems.

We employ advanced technologies to biologically treat our organic wastewater in compliance with local regulations. Where feasible we reuse treated water from internal processes for non-production uses such as landscaping, washing, and cooling.

2012 Total Water Consumption by Country of Operation in Cubic Meters

Category	
Hungary	1,658,000
Israel	1,163,000
USA	985,000
India	876,000
Italy	782,000
Croatia	754,000
Czech	556,000
Japan	496,000
Canada	233,000
Chile	189,000
Poland	162,,387
UK	158,000
Germany	151,000
Other	563,000

Major Global Water Sources in 2012

Category	
Water Supply Network	60.7%
Wells	28.6%
River/Lakes	5.3%
Borewell - Internal & External (IIDC)	2.7%
Other	2.7%

Total Wastewater Quantity by Country of Operation 2012 in Cubic Meters

Category	
Hungary	1,223,786
USA	801,878
Italy	674,047
Croatia	585,815
Czech	524,006
Israel	490,745
Japan	382,733
Canada	207,610
India	182,620
China	176,180
Poland	162,173
UK	156,308
Germany	145,249
Other	384,193

Case Study

Recycling Wastewater in India

At Teva's Active Pharmaceutical Ingredients (API) plant in Malanpur, India, we treated wastewater from our chemical processes through reverse osmosis (RO) technology prior to 2012. While this technology effectively removes certain impurities, it also increases total dissolved solids, requiring us to treat the plant's wastewater a second time to reach the proper effluent quality.

In 2012, we installed advanced treatment technology that purifies and recycles virtually all the plant's wastewater, enabling it to achieve Zero Liquid Discharge (ZLD) status. Nearly 50,000 cubic meters of the highly treated water was recycled for on-site irrigation and use in cooling towers.

WASTE

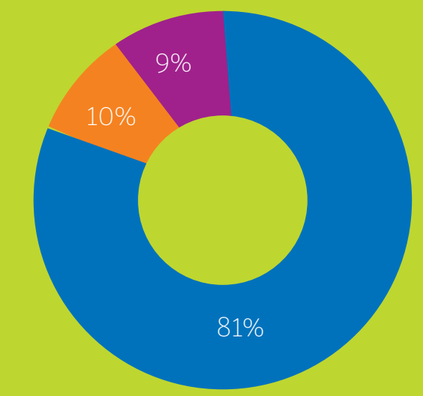
Effective waste management is critical to our manufacturing processes and our environmental responsibility efforts. During 2012 we conducted 30 projects to promote non-hazardous waste reduction, treatment and recycling (see Germany Case Study below). From 2013, we will provide trend data on non-hazardous waste, using 2012 as the baseline.

As a manufacturer of pharmaceuticals we also generate hazardous waste such as drug debris, chemical containers, flammable solids and exhausted solvents. We use different techniques to recover solvents for internal and external reuse. When we are unable to recycle hazardous materials, we focus our efforts on ensuring stringent compliance with local disposal regulations. We implement pre-treatment activities and contract with certified waste treatment companies to ensure careful management of our hazardous waste streams.

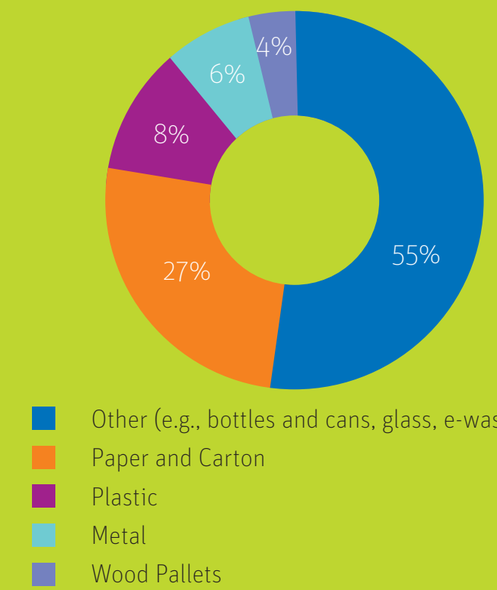
Performance

In 2012, we generated approximately 48,000 tons of non-hazardous waste and approximately 211,000 tons of hazardous waste. We recycled about half of our total non-hazardous waste.

2012 Global Waste Breakdown by Type in Tons



Types of Recycled Waste Globally 2012 in Tons

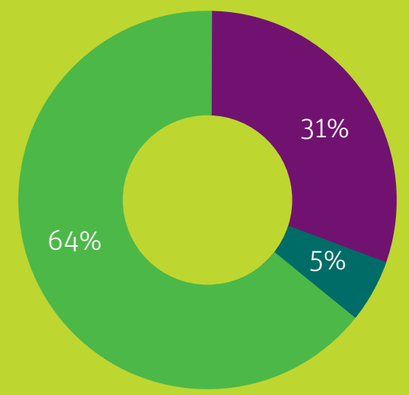


Solvents

Solvents are an important manufacturing input at our API plants. We strive to recover as much used solvent as possible for reuse, implementing complex recycling technologies for this purpose. As a result, our purchase of virgin solvents comprised only 31 percent of the nearly 200,000 tons of solvents we used in 2012.

When we are unable to reuse a solvent, we send it to recycling companies for use in other industries. In 2012, we recycled more than 17,000 tons of solvent this way.

Hazardous Waste Recovery - Solvents



Case Study

German Sites Turn Profit from Recycled Plastics

During 2012, an analysis of plastic waste at our plants in Ulm and Weiler, Germany, showed that we could further sort and separate our mixed plastic and commercial wastes to increase recovery rates.
We have since begun collecting materials at various points in the production process, making sorting more efficient. Materials we cannot collect at source are sorted at our waste disposal center. We also installed a new plastics separation system at both plants to maximize plastics recovery.

In 2012, we generated revenues of about US$24,000 by selling 266 tons of valuable plastic waste to recycling companies.
Efficient waste management created financial opportunities while benefiting the environment - a win-win outcome we hope to replicate at other sites.

AIR EMISSIONS

As a company with direct operations in 60 countries, managing our impact on air quality requires a flexible approach. First and foremost, we remain compliant with air quality regulations applicable at each of our sites. These vary by region and include local laws and regional directives such as Integrated Pollution Prevention Control in Europe, Pollutant Release and Transfer Register legislation in the United States and Europe, and the Clean Air Law in Israel. We strive to anticipate changes in regulation to ensure our sites remain compliant in a constantly evolving global legislative landscape.

In addition, where feasible we go above and beyond legal requirements. In 2012, we upgraded and installed more efficient condensers, scrubbers and absorption units at more than 30 sites to improve air treatment beyond what local regulations demanded.

In 2013, we plan to create standard air emission metrics for all operations, taking into account the various monitoring thresholds at our sites.

PRODUCT IMPACTS

Our research and development process takes into account the environmental impacts of our products at every stage of their lifecycle. We include environmental recommendations in our R&D reports to be implemented during production.

Wherever possible, we employ synthetic methodologies in manufacturing products that minimize water and solvent use. We select solvents according to the following criteria:

- Contamination - we follow the QC3 guidelines of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) and the Treaty for the Prevention of Air Contamination
- Degradation – we use solvents that do not easily break down and enter the environment
- Volatility – we prefer solvents with low-volatility to prevent air pollution and odors
- Presence of organohalogens – we avoid solvents that contain organohalogens and prioritize use of less hazardous alternatives.

Pharmaceuticals in the Environment

Despite careful management of our production processes and the materials used in our products, unused or excreted medicines can enter the environment. We support research on the impacts of pharmaceuticals in the environment by academia and regulatory agencies and we aim to understand the risks associated with disposal of our products and take steps to adopt sustainable solutions.

ENGAGING STAKEHOLDERS

Teva strives to foster transparent and productive dialogue with our stakeholders about our environmental performance. We educate our employees on environmental issues by highlighting our programs and achievements in our corporate newspaper and website.

We promote engagement with external stakeholders through active participation in major environmental frameworks and rankings such as the CDP. We also directly engage with representatives from our local communities through meetings, forums and working groups.

Case Study

Community Advisory Panels in Israel

A local environmental NGO, Negev-Bar-Kaima, teamed up with pharmaceutical industry leaders in southern Israel, including Teva, to facilitate discussions on sustainable economic development. Nine public panels with 300 members from the Negev desert community are currently active.

Participating businesses-including Teva Tech API, a high-volume production facility established in 1995-invite panel participants to their plants throughout the year. The goal is open dialogue about each site's environmental performance and potential impact on the local community. Panel members express concerns and share ideas with plant managers. The meetings foster trust and cooperation and give local citizens a voice in corporate decision-making.

During 2012, Teva hosted five meetings centered on topics such as environmental regulation, air quality and wastewater. We seriously consider suggestions made by panel members. For example, following a discussion about increasing local environmental awareness, we began supporting academic courses for the public in cooperation with the College of Engineering in the city of Beer Sheva.

Overview
Safety, Health and Wellness
Inclusion and Diversity
Learning and Development
Employee Benefits

Overview

Happy, healthy and productive employees are good for Teva and good for our patients. Our success and continued growth is driven by the performance of every individual who works for us. That's why we devote much time and thought to our employees – how to attract the best talent, promote staff diversity, health and wellbeing, and provide training and development that fulfills their potential.

Our Approach

People are at the core of our business. We help hundreds of millions of patients every day through the efforts of our workforce around the world. Our approach of putting people first includes our employees; we seek to nurture passionate, high-performing individuals, guided by a shared set of values.

To realize Teva's vision we are implementing advanced people management practices to attract, develop and retain value-driven people and establish a high-performing work environment worldwide. We take pride in offering highly competitive, comprehensive and affordable benefit plans, a commitment to continual employee development and an attractive work environment that promotes diversity and inclusion, safety and health.

We work hard to recruit the most talented people while reinforcing the culture and values that make Teva a great place to work. Teva respects the rights of employees to freely form associations and engage in collective bargaining. We maintain fair-minded and collaborative relations with employee representative bodies everywhere we operate. In 2012, we employed 45,948 workers around the world.

Our Workforce: By the Numbers

Our total global, full-time workforce numbers 43,838 and we also employ 2,110 contingent workers.

We hired 6,539 new employees during 2012, mainly in Europe, Asia and North America. Among new full-time hires, 2,804 were women and 3,178 were men.

Total Workforce by Employment Contract

Category	2012
Full-Time Employees	43,838
Contingent Workers	2,110
TOTAL	**45,948**

Total Workforce by Gender

Category	2012
Male	25,141
Female	20,807
TOTAL	**45,948**

Workforce by Region (full-time employees only)

Category	2012
Africa	24
Asia	11,404
Europe	18,871
Latin America	4,324
North America	9,187
Oceania	28
TOTAL	**43,838**

Number of New Employee Hires by Employment Contract

Category	2012
Full-Time Employees	5,982
Contingent Workers	557
TOTAL	**6,539**

Number of Employee Terminations by Gender

Category	2012
Male	3,186
Female	3,280
TOTAL	**6,466**

SAFETY, HEALTH AND WELLNESS

Our Approach

Protecting our employees' safety, health and wellbeing is fundamental to Teva's approach to responsibility and to the success of our operations. We need our employees to be at their best in order to provide excellent service for our patients.

Safety

Teva's global Environment, Health and Safety (EHS) management system directs our safety efforts. It sets the standards that we aim to meet at all our sites, and provides global methodologies, tools and an information system to help facilities consistently implement and monitor our activities. While our safety record is good, our goal is to eliminate all work-related injuries and illnesses.

Toward this end, we commit to:

- Actively foster prevention of health risks, accidents and environmental damages
- Continuously reduce EHS risks and improve performance
- Incorporate health, safety and environmental considerations in all life cycle stages of Teva's products, and in equipment and practices used in Research and Development, Design, Construction, Commissioning, Operations and Sales
- Educate, train and motivate Teva's employees and contractors to work in a safe manner that conforms to regulatory requirements and internal EHS procedures
- Conduct open communication and dialogue on workplace health, safety and environmental sustainability issues with all our stakeholders

We require and encourage all managers and employees to devote the required attention, effort and resources needed to put these principles and policies into practice. Every manager undergoes extensive safety training.

To help support a strong safety culture, we have appointed Safety Champions at many of our sites. These individuals take responsibility for safety in their departments in addition to their usual jobs. In 2012, we had 1,694 champions at 19 sites. In addition, EHS Councils worldwide oversee EHS in their geographic area. These Councils are mandated to allocate the necessary resources to deal with any EHS issues.

We also operate Hazard Reporting Boards to make it easy for all employees to report safety hazards. All concerns raised are evaluated and addressed by relevant managers.

In 2012, across our sites worldwide, there were 252 injuries that resulted in lost workdays and regrettably, two of our fellow employees lost their lives.

- A Teva employee in Zagreb, Croatia was killed in a dust explosion while loading powder into a vessel.
- A Teva employee in Takayama, Japan was killed when falling from height during cleaning of an automatic warehouse.

Injuries and Lost Days

Category	2010	2011	2012
Fatalities	0	0	2
Total number of recordable injuries	555	537	440
OSHA recordable injuries rate*	1.89	1.79	1.25
Total number of injuries resulting in lost workdays	266	302	252
OSHA injuries resulting in lost workdays rate	0.91	1.01	0.72
Total number of lost workdays	3,093	3,542	2,428

* All rates are per 200,000 hours worked

Occupational Health

As a healthcare company, one of the main occupational health risks our employees face is the handling of hazardous chemicals, in particular active pharmaceutical ingredients (APIs). We have detailed guidelines for the safe handling of APIs and drugs, which are periodically reviewed. Following our latest update in 2010, we held training sessions at all production units and laboratories about the safe handling of APIs and other chemical hazards.

Health Promotion

Studies show a direct correlation between workers' lifestyles and their degree of involvement and productivity at work. For their benefit, and ours, we encourage and help our employees and their families to lead healthy lifestyles.

Traditionally, Teva business units have implemented their own health and wellness initiatives in different locations to best reflect local needs, interests and strengths (see examples below). However, in line with our policy of introducing more consistency in our programs globally, we issued a standard health policy in 2012. In addition to specific initiatives such as hearing conservation, medical screening of new employees and ongoing medical check-ups, the policy states our intent to implement a comprehensive health promotion program worldwide.

Case Study

Promoting Good Health Around the World

The following are just a few examples of our worldwide wellness activities:

United States

- Our Walking Spree program encourages employees to walk 10,000 steps a day. It has acted as a great motivator to start exercising since it requires no special equipment and is inexpensive. More than 1,500 staff took part during 2012, including in a virtual "Walk to Washington DC" on Election Day in November.
- Since 2005, we have partnered with Weight Watchers to encourage employees to reach a healthy weight. As an incentive, Teva pays half the sign-up fee. Several locations have enough participants to host on-site meetings.
- We offer wellness initiatives ranging from health coaching for pregnant women and new mothers to programs on smoking cessation, diabetes, and nutrition and exercise.
- Employees facing a serious diagnosis such as cancer are offered a free expert consultation through our relationship with Best Doctors, Inc. Upon request, this organization arranges for medical records to be reviewed by leaders in the relevant field, enabling the patient to get started on the most effective treatment.

Hungary

- The Prize for Renewing People is an annual award given to 10 Hungarian employers who invest in recreation and health promotion activities for their employees. Teva received the award in 2005, 2006 and 2010.
- In 2012, we organized our inaugural Teva Sport Day to promote sport and healthy lifestyles.
- We organize annual blood donation days; in 2011 the Hungarian Red Cross recognized our efforts with an award.

Germany

- Free health support services include: bowel cancer screenings for employees over 40; annual eye tests; annual flu vaccinations; and consultation with a nutritionist.
- We run an annual Skin Protection Day to highlight the importance of skin care and sun protection.

Croatia

- I love walking is a popular annual event for our employees and the public. Participants walk and raise awareness of the health benefits of walking along the way.
- Our Healthy Workplace project includes:
  - Free medical check-ups biennially
  - Bi-weekly exercise classes
  - Free flu vaccination
  - Stress management workshops for employees
  - Healthy meal options in our canteen
  - Information on a range of health issues on our employee health portal.
- 'Extraordinary financial assistance' is offered to employees who need help to pay for medicines and orthopedic aids for themselves or their families.

Israel

- Our Health and Sport program, launched in 2010, combines occupational health and health promotion activities. Available to every employee, it aims to improve health, wellbeing and state of mind; diminish risks of chronic illnesses; build self-confidence; and help people function at their best. Employees can choose from a wide range of activities that match their interests and abilities. Examples include walking 10,000 steps a day, running, bicycling, swimming, Pilates, aerobics, weight control and smoking cessation.

INCLUSION AND DIVERSITY

Teva is an increasingly global company with a rich diversity of perspectives, experiences and voices in our employee base. We believe that building on this diversity is imperative for our ongoing success. Our goal is to create an inclusive workplace culture of involvement and empowerment for everyone.

Respect is one of our core values and underpins our approach to inclusion and diversity. We seek to value and include all individuals, regardless of gender, ethnicity, age or any other differentiator. We strive to provide opportunities for everyone to be heard and to do their personal best. We empower individuals from diverse backgrounds to contribute to, direct and drive our teams and organization.

Our diversity and inclusion efforts are overseen by regional executives in partnership with our Global Engagement and Inclusion Center of Excellence. This approach provides the structure, resources and metrics to support diversity policies and initiatives across our company and tie them to our business strategies.

Inclusion and Diversity Strategy

In fall 2013, we will launch and implement a new Inclusion and Diversity strategy, which we hope will generate positive benefits not only for employees, but also for external stakeholders including patients and suppliers. Our strategy will further empower diverse employees through improved communication channels, learning opportunities and the appointment of Inclusion and Diversity champions. We will also make organizational changes to support an inclusive culture.

Our aim is to improve the diversity of our workforce across all levels to form a stronger connection with the communities where we operate and with the patients we serve. Internally, we want to foster an environment that encourages more open dialogue and exchange of ideas, and where our employees feel they can participate without being judged.

In designing our new approach, we have listened carefully to employees and external experts. We have already identified some key areas for improvement, and begun pilot initiatives. These include:

- Increasing the number of women in senior roles by identifying barriers and opportunities, and instigating a development program for high-potential individuals
- Piloting site-based Inclusion Councils at our manufacturing and distribution sites to enable local advocacy and issue resolution
- Developing courses with our recently restructured Global Research & Development team on understanding inclusion and diversity principles, building self-awareness, managing a diverse workforce and global team management
- Launching the first Employee Resource Group with U.S. military veteran employees at our sites in North Wales, Pennsylvania and Kansas City, Missouri to identify how we can better recruit and on-board U.S. veterans
- Exploring opportunities to develop long-term relationships with schools and career development programs in Kansas City and Philadelphia to help improve our diversity recruitment practices.

THE ABC OF INCLUSION AND DIVERSITY AT TEVA

- **A**dditive to sustaining high employee engagement and maximizing talent pool potential
- **B**uilding block of Respect, a Teva core value
- **C**atalyst for enhancing talent and leadership capabilities for all
- **D**river to strengthen market image, customer reach and innovation
- **E**veryone is welcome (and needed) to participate.

LEARNING AND DEVELOPMENT

To fulfil their potential, our employees need opportunities to learn and develop. At Teva, we view development as a task shared by employees, managers and the organization as a whole. We provide development frameworks in which employees can expand their professional capabilities. Our managers create and maintain a supportive climate that encourages training and development as part of the performance management process. Our employees are encouraged to take personal responsibility, use initiative and strive for excellence and leadership in all they do.

Managing Performance

Performance management is at the core of how we run and improve our business. The process is focused on four main objectives:

- Align individual goals with Teva's strategic goals
- Evaluate employee performance in order to identify development needs
- Guide individual growth by providing ongoing feedback and development opportunities
- Encourage collaboration and dialogue between managers and employees to enhance individual and team development.

During 2012 we launched an extended global policy, applicable to all employees. In January of each year, employees attend a review and feedback session with their managers. Both sides share their evaluation of the past year and agree on goals, set by the employees, for the upcoming year. Interim reviews are carried out mid-year. In addition, we expect our employees and managers to provide and seek frequent formal and informal feedback.

We operate in a meritocracy and emphasize objectivity in the way we review and rate performance. High performance is recognized through a 'Pay for Performance' culture and development opportunities.

Training Opportunities

Through 2012, our training and development activities were largely developed and managed locally.

In 2013, we will start laying the foundation for a new, global, approach to learning and development that will more effectively complement Teva's business strategy by:

- Providing structured programs, training, guidance and reinforcement to build Teva's people development mindset
- Creating the 'Teva Talent Development Way', providing common tools and language
- Instilling employee and organizational responsibility for development
- Adopting a holistic approach to our Talent Program, integrated with other HR components.

EMPLOYEE BENEFITS

In order to attract and retain highly motivated employees, we offer competitive benefit plans across our global operations. These are linked to local market regulations and practices, which can differ significantly. In most local markets, our employees receive pension contributions, medical insurance coverage, risk insurance, paid time off, severance packages, car allowance for senior managers and a lunch subsidy.

Although benefit plans are linked to local market practice, we aim to create as broad a platform as possible for similar benefits across regions in order to maintain a fair system of benefits which provides equal opportunity for all employees.

Our benefits are developed and overseen by a core benefits team of corporate and regional leads who meet frequently to coordinate global projects, share knowledge and explore new initiatives. Best practices from one country or region are often reviewed and leveraged globally.

In 2012, we began consolidating some benefits to reduce risks and costs. We engaged on a global basis with two preferred insurance networks for insurance-related employee benefits, which 11 countries are already using. Through economies of scale, we have reduced premiums for employees, often improved their insurance coverage and generated savings for Teva of around $1.5 million in the project's first 18 months. As we move more countries into the pool, we expect to generate additional cost savings and enhance our benefits management.

We will also launch a best practice online tool - 'BenTrack' - in 2013 for benefits and compensation management.