

# Improving health, enabling better days

## 2016 Social Impact Report

Teva Pharmaceutical  
Industries Ltd.



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# — Our approach to Social Impact

Our mission is to improve the health and well-being of people across the globe, at every stage of life. Rooted in our purpose and values, we strive to reach millions of people with our medicines and programs every day in a responsible, sustainable way.

Today, remarkable healthcare advances allow people to live longer and better lives. Medicines transform once-fatal diseases into conditions people live with for years. Technology detects illnesses and vulnerabilities sooner, enabling us to harness data and focus medicines where they carry the greatest impact. We feel privileged and humbled to have contributed to these advancements over the past 116 years.

Yet, the science and delivery of care are more complex than ever. Healthcare systems once optimized to treat diseases struggle to coordinate an individual’s overall well-being. Increasingly, people suffer from more than one chronic condition, and too many face barriers to accessing the affordable treatments they need. We are committed to doing our part to address these challenges and demonstrate social value, knowing the way we act—and the way we conduct our business—matters.

## OUR PURPOSE & VALUES



### Our responsibility encompasses:

#### Everyone we touch.

People are our priority—patients, caregivers, family members, healthcare professionals, business partners, and our own employees. With the world’s largest medicine cabinet and unique specialty medicines, we make reliable treatments more accessible and affordable and endeavor to change lives for the better, while forging solutions to future health needs.

#### Everywhere we go.

We have a responsibility to communities across the globe. No matter where we are, we treat our environment with respect by acting sustainably.

#### Everything we do.

In an ever-changing world, we strive to constantly evolve and improve, recognizing there is always more to learn—even from missteps. We are dedicated to acting with integrity and transparency.

Through these efforts, we believe we can enhance our communities, protect our environment, and ultimately, enable our patients to live better days.

To ensure our efforts are aligned with stakeholder expectations, the Corporate Responsibility Committee of Teva’s Board of Directors oversees and guides this approach. A dedicated team reporting to the Group Executive Vice President of Corporate Marketing and Communications furthers the processes required to embed the Social Impact spirit and practices into our culture everywhere we work.

# — A letter to our stakeholders

## From Dr. Yitzhak Peterburg, Teva's Interim President & CEO

Since our founding, Teva has aspired to deliver medicines and health solutions to people who need them, when they need them the most. As a global medicines company, we have a tremendous opportunity to improve lives and make a positive social impact. To realize this potential good, we foster a culture of accountability, responsibility, and ethical business practices throughout Teva.

Over the past year, we faced several challenges, both as an industry and as a company. Yet, the ideals that led to Teva's founding remain guiding principles for our organization today. In the current business environment, we make every effort to focus on our core strengths and remember the millions of patients who depend on our medicines and services. Our commitment to Social Impact allows us to address the needs of our diverse stakeholders, including patients, our employees, physicians, and shareholders—both today and in the long-term.

The *2016 Social Impact Report* describes how Teva has advanced long-term commitments, while refocusing our work to address new challenges and opportunities. As I reflect on our progress, the following achievements stand out:

- **Codifying policies to foster transparency and integrity.** We instituted policies and guidance to promote ethical, responsible, and transparent business activities everywhere we operate. Efforts included a new Supplier Code of Conduct, as well as guidelines for engaging with patient advocacy organizations, which foster strong relationships, based on trust.
- **Fostering talent and diversity of ideas.** Responsibility to society flourishes when it is rooted in how we care for those around us. This belief was manifested in one of our major accomplishments last year—welcoming our Actavis Generics colleagues. Our company, which began as a small, local firm 116 years ago, is now a diverse and gender-equal network of employees across the globe, inspired by our shared purpose of enabling better days.
- **Increasing access to affordable, high-quality generic medicines.** Unfortunately, many individuals around the world are living without access to much-needed therapies. Last year, we launched nearly 1,000 generic medicines, enabling millions of patients to access and afford safe and reliable treatments.

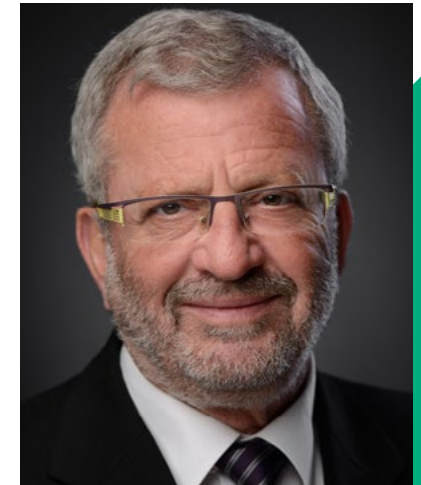
- **Developing therapies for conditions with great need and few options.**

We advanced specialty medicines that can change patients' lives for the better, including those with neurological and movement disorders, asthma, migraine, and multiple sclerosis. Pushing our understanding of therapy beyond the boundaries of medicine, we also continued to innovate devices, services, and technologies that make care more personal, convenient, and effective.

This report tells the story of our actions in 2016—and the many ways in which we endeavor to make our world better and healthier. Yet, there is much work ahead. Our employees and leadership are more dedicated than ever to improving the lives of the millions of people for whom we make a significant difference through our medicines, services, and solutions.

Thank you for your interest.

**Dr. Yitzhak Peterburg**  
Interim President & CEO  
Teva Pharmaceutical Industries Ltd.





A man and a woman are walking a stroller on a paved path in a park. The man is pushing the stroller, and the woman is walking beside him. They are both wearing dark jackets and pants. The sun is low on the horizon, creating a warm, golden glow and lens flare effects. The background shows a grassy field and trees.

# About Teva

# — Teva at a glance: 2016

## Teva is

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a leading pharmaceutical company, committed to increasing access to high-quality healthcare for people across the globe, at every stage of life.

## We specialize in

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developing, manufacturing, and delivering affordable generic medicines, as well as innovative and specialty pharmaceuticals, over-the-counter healthcare products and Active Pharmaceutical Ingredients (APIs).

## We have a presence in

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more than 260 locations, with 84 manufacturing sites and 26 R&D facilities.

## We are headquartered in

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Israel, where Teva was founded in 1901.

## Our President & CEO is

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Dr. Yitzhak Peterburg, who has been serving as Interim President & CEO since February 2017.

## We are publicly traded on

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the New York Stock Exchange (NYSE: TEVA) and the Tel Aviv Stock Exchange (TASE: TEVA).



## Our legacy is

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**116 years** of making healthcare accessible and affordable, reaching more than **200 million patients** every day.



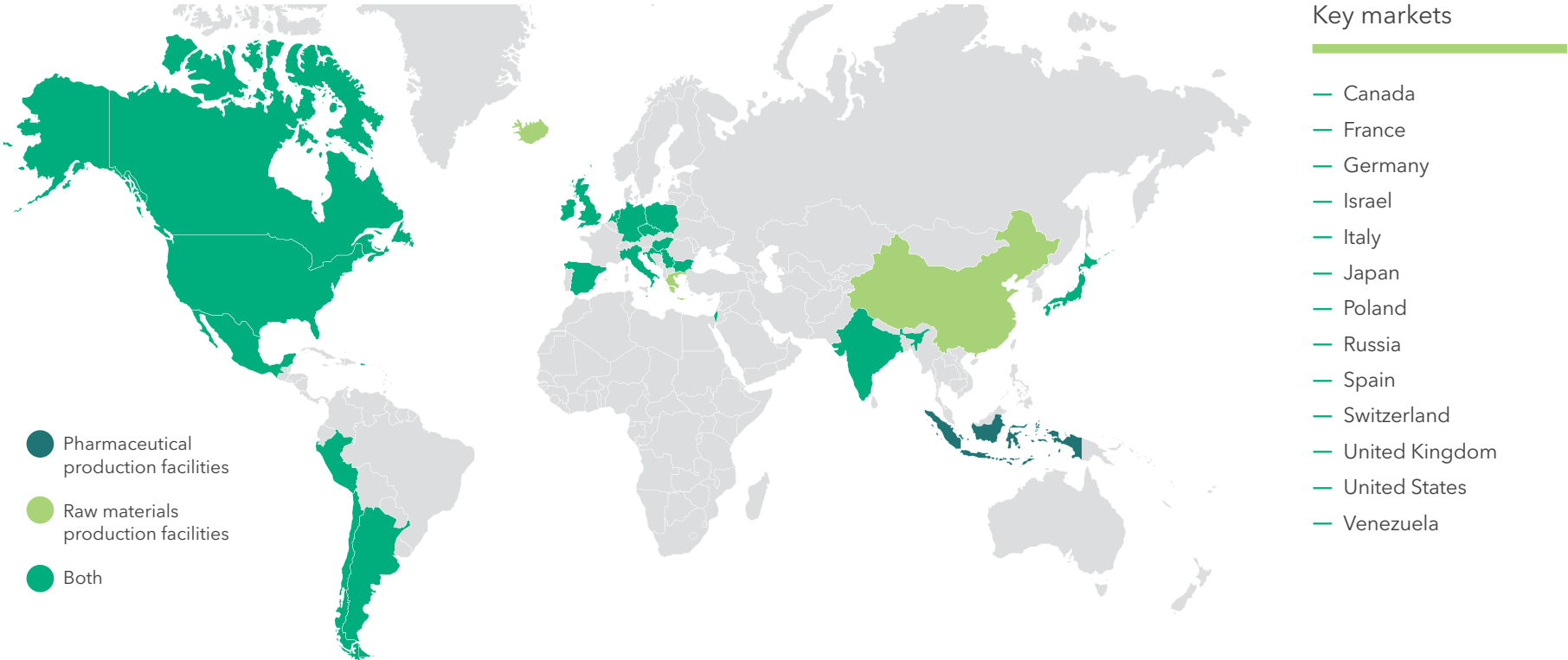
## Our future is

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building on our legacy to integrate pharmaceutical products into new healthcare solutions **to enable people to live better days.**



# Production sites - 2016



### Key brands

 <p><b>CENTRAL NERVOUS SYSTEM</b></p> <ul style="list-style-type: none"> <li>— COPAXONE®</li> <li>— AZILECT®</li> </ul>	 <p><b>ONCOLOGY</b></p> <ul style="list-style-type: none"> <li>— BENDEKA®</li> <li>— TREANDA®</li> </ul>	 <p><b>RESPIRATORY</b></p> <ul style="list-style-type: none"> <li>— ProAir®</li> <li>— QVAR®</li> </ul>	 <p><b>WOMEN'S HEALTH</b></p> <ul style="list-style-type: none"> <li>— PARAGARD®</li> </ul>
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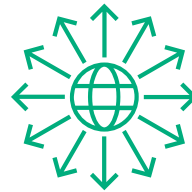


# — 2016 Social Impact highlights

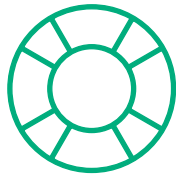
Access,  
affordability &  
collaboration



Launched nearly  
**1,000**  
new generic products



Expanded our  
generics to reach  
**100** COUNTRIES



Selected by international healthcare organizations and other non-profits to **SUPPLY LIFE-SAVING MEDICINES**

Developed, implemented,  
and operated  
**63** patient support  
programs in **35** countries



REACHING  
MORE THAN  
**300,000**  
PATIENTS



**FINALIZED OUR FIRST  
POLICY** to define and  
clarify how we engage  
with patient organizations



Hosted inaugural **IMPROVING HEALTH  
GLOBAL PATIENT ADVOCACY DIALOGUE**  
with health organizations from around the world



Became a member of the **European  
Federation of Pharmaceutical Industries and  
Associations (EFPIA)** and the **Pharmaceutical  
Research and Manufacturers of America (PhRMA)**








# — 2016 Social Impact highlights

Novel  
therapies &  
innovation

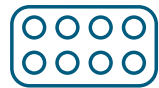
Advanced our specialty portfolio with

 **6** new product approvals

 **8** new drug submissions

 **6** late-stage programs

 **9** new programs in the clinical pipeline



Progressed **NOVEL TREATMENTS** for chorea associated with Huntington's disease and for tardive dyskinesia



Brought a **NEW TREATMENT OPTION** to patients with severe asthma

Advanced a **NEW MEDICINE** to treat chronic and episodic migraine



Continued supporting **ACADEMIC COLLABORATIONS** and **POST-DOCTORAL** and **PhD FELLOWSHIPS** through our Network for Neuroscience Excellence



Created a **NEW MEDICAL SCIENTIFIC UNIT** to proactively monitor the safety of medicines throughout their lifecycles

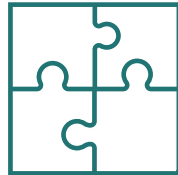


Worked with regulators to **REMOVE THE PREGNANCY CONTRAINDICATION** for COPAXONE® in the European Union (EU) to offer new options for women suffering from relapsing forms of multiple sclerosis



# — 2016 Social Impact highlights

Employees & communities



Welcomed **14,000** new team members

ACROSS

**60 COUNTRIES** from our acquisition of Actavis Generics

Maintained a gender-balanced workplace, with women representing:



**47%** of our global workforce



**49%** of managers



**REDESIGNED** Teva's performance and reward process to strengthen our high-performing culture

Improved employee safety with



**15%** reduction in our global recordable injury rate



**13%** reduction in our global lost days rate



Donated medicines worth more than **\$22 MILLION** for emergency relief



Contributed **\$48.4 MILLION** in **28** countries to support patients and communities



Surveyed our employees and found that **83%** believe Teva has a positive impact on society and communities



# — 2016 Social Impact highlights

## Environment & supply chain

Reduced total water withdrawal by **4%**



Decreased total waste by **24%**



Recycled **43%** of waste



Reduced Scope 1 and 2 greenhouse gas emissions by **11%**



Reduced ozone-depleting substances by **14%**



Increased renewable energy production by **56%**



**INCREASED OUR WORK WITH DIVERSE U.S. BUSINESSES**, including small companies and minority-, women-, and LGBT-owned enterprises



Developed our first **SUPPLIER CODE OF CONDUCT** and made it available to all suppliers

Trained or retrained **98%** of employees worldwide on our Code of Conduct





## — 2016 Social Impact performance summary

Employees	Unit	2012	2013	2014	2015	2016	Change in 2016
Israel	#	7,174	6,747	6,774	6,817	6,732	-1%
Europe	#	18,871	18,987	18,507	19,069	25,247	32%
U.S. and Canada	#	9,187	8,454	7,671	7,255	10,855	50%
Rest of world	#	8,606	8,093	8,126	8,142	11,866	46%
<b>Employees at year end</b>	<b>#</b>	<b>43,838</b>	<b>42,481</b>	<b>41,078</b>	<b>41,283</b>	<b>54,700</b>	<b>33%</b>
Employees on permanent contract	%	95%	94%	96%	95%	94%	-1%
Women in management positions	%			49%	50%	49%	-1%
Employee new hires - women	#		2,212	1,641	2,708	2,497	-8%
Employee new hires - men	#		2,069	1,823	2,440	2,624	8%
<b>Employee new hires</b>	<b>#</b>		<b>4,281</b>	<b>3,464</b>	<b>5,148</b>	<b>5,121</b>	<b>-1%</b>
Employee leavers - women	#		2,386	2,027	2,456	4,144	69%
Employee leavers - men	#		2,755	2,506	2,832	4,334	53%
<b>Employee leavers</b>	<b>#</b>		<b>5,141</b>	<b>4,533</b>	<b>5,288</b>	<b>8,478</b>	<b>60%</b>
Employee turnover	%		12%	11%	13%	15%	21%

Safety	Unit	2012	2013	2014	2015	2016	Change in 2016
Number of injuries	Injuries	440	306	209	212	186	-12%
Injury rate per 100 employees	Rate	1.25	0.89	0.61	0.55	0.47	-15%
Number of lost days due to injury	Days	2,428	2,028	1,383	1,976	2,293	16%
Lost day rate per 100 employees	Rate	0.72	0.52	0.42	0.38	0.33	-13%





Environment	Unit	2012	2013	2014	2015	2016	Change in 2016
Scope 1 Energy consumption	TWh	1.86	1.76	1.71	1.64	1.53	-7%
Scope 2 Energy consumption	TWh	1.31	1.26	1.26	1.26	1.21	-4%
<b>Total energy consumption</b>	<b>TWh</b>	<b>3.18</b>	<b>3.01</b>	<b>2.97</b>	<b>2.90</b>	<b>2.74</b>	<b>-6%</b>
Scope 1 GHG emissions	Tons CO2e	463,308	438,420	428,744	405,044	392,268	-3%
Scope 2 GHG emissions	Tons CO2e	632,180	613,541	575,015	542,262	455,017	-16%
<b>Total Scope 1 and 2 GHG emissions</b>	<b>Tons CO2e</b>	<b>1,095,488</b>	<b>1,051,961</b>	<b>1,003,759</b>	<b>947,306</b>	<b>847,285</b>	<b>-11%</b>
<b>Water withdrawal</b>	<b>millions m3</b>	<b>8.49</b>	<b>8.34</b>	<b>7.46</b>	<b>8.11</b>	<b>7.75</b>	<b>-4%</b>
Water discharge	millions m3	5.72	6.04	5.79	6.11	6.96	14%
Percent water discharged	%	67%	72%	78%	75%	90%	19%
Waste to recycling	Tons			64,644	101,092	93,708	-7%
Waste to landfill	Tons			18,972	10,419	15,229	46%
<b>Total waste</b>	<b>Tons</b>			<b>224,189</b>	<b>288,688</b>	<b>219,144</b>	<b>-24%</b>
Percent waste recycled	%			29%	35%	43%	22%
<b>Energy intensity</b>	<b>MWH/employee</b>	69.12	67.03	69.15	67.76	63.72	-6%
<b>GHG emissions intensity</b>	<b>Tons CO2e/employee</b>	23.34	23.41	23.34	21.11	19.74	-11%
<b>Water intensity</b>	<b>m3/employee</b>	184.71	185.57	173.42	189.20	180.48	-5%
<b>Waste intensity</b>	<b>Tons/employee</b>			5.21	6.74	5.10	-24%

Notes: See Data tables for detailed notes and methodologies

# — Our Social Impact priorities

In 2016, we confirmed an updated list of Teva's Social Impact priorities—10 areas that represent the most significant impacts of our business and the interests of our stakeholders. These areas inform the structure and content of this report. This list follows years of extensive consultation with both internal and external stakeholders, and revises our material priorities, which were established in 2013. In 2017-2018, we plan to conduct a new materiality assessment, which will include consultation with internal and external stakeholders through a structured process.

## ENABLING BETTER DAYS

- Making medicines affordable
- Delivering new and better treatments
- Ensuring our medicines are safe
- Expanding assistance for patients
- Collaborating to improve healthcare systems

## DOING BUSINESS ETHICALLY AND RESPONSIBLY

- Engaging our employees in an empowering workplace
- Caring for our communities
- Reducing our impact on the environment
- Maintaining ethical business standards
- Strengthening compliance



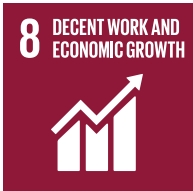
# — Aligning with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) provide a framework for ending global poverty, fighting inequalities, and tackling climate change by 2030. The 17 Goals and their 169 targets were adopted by 193 Member States in 2015.

Teva supports the SDGs and plays an active role in helping to achieve them. Our business particularly furthers Goal 3: *ensure healthy lives and promote well-being for all at all ages*. Below are highlights of our economic, social, and environmental contributions to advancing the SDGs.



We advance good health and well-being through our core business of making medicines affordable and developing specialty treatments to address unmet needs.



We promote ethical and responsible business behavior, advancing diversity, gender equality, and inclusion throughout our business. In 2016, we provided an attractive workplace for more than 57,000 individuals and many more through our suppliers of goods and services.



We make significant investments in research and development to deliver treatments that address patient needs, while focusing on environmentally-conscious production and increasing resource efficiency.



We practice environmentally-sound management of chemicals and waste throughout their lifecycles, engage in ethical procurement practices, and publicly report on our sustainability practices.



We combat the impact of climate change by improving our energy and emissions efficiencies, and generating and purchasing renewable energy.



# Advancing access, affordability and collaboration

## IN FOCUS

Our promise is simple: enable better days. Making this promise real for the 200 million people we serve each day is a central focus of every decision we make, every product we develop, and every therapy we bring to market—yet, we can only have an impact when medicines

are accessible and affordable. In our ever-changing environment, reducing barriers between patients and the treatment they need requires innovative thinking, comprehensive approaches, knowledge-sharing, and collaboration.

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## IN PROGRESS

Our vast portfolio of generic medicines helps people live their best lives—with increased access to affordable treatments. We look at our patients holistically to understand how their conditions, as well as the medicines that treat those conditions, affect their lives.

In 2016, we expanded our generics reach to 100 countries through our acquisition of Actavis Generics. In addition, we:

- Supplied medicines to international non-profit organizations for underserved populations

- Collaborated with advocacy groups to provide information and educational resources to patients with conditions such as multiple sclerosis, migraine, asthma, and diabetes
  - Explored solutions to help patients in emerging markets gain remote access to care, improving outcomes and allowing them to receive treatment more quickly
- 

## IN FUTURE

We will make healthcare more affordable to a wider range of patients, including in emerging markets. In 2017, we plan to launch more than 1,500 generics, and in the long-term, we aspire to offer affordable generics for nearly 85% of branded medicines with expiring patents. We will explore innovative ways to connect new and existing medicines with powerful technologies,

such as e-health and smart devices, to help patients track their health and adjust treatments to enhance outcomes.

We will succeed when those we serve feel more in control of their health and when they can say, more often, and with confidence, “Today is a better day.”



# — A unique ability to increase access to affordable medicines

As a large generics manufacturer with a global footprint, we have proven our dedication to making vital treatments accessible. We consistently introduce affordable, high-quality medications, while tailoring treatments to patient needs.

## Minimizing the burden of healthcare with generic medicines

Generic medicines create affordable alternatives to treat hundreds of medical conditions, allowing healthcare systems to better manage budgets, while offering more therapies, coverage, and comprehensive care to patients.

In the U.S., between 2002 and 2014, new generics reduced the cost of medicines by 51% to 66% in their first year on the market, and by up to 80% after five years. In 2016, U.S. patients and taxpayers saved \$253 billion USD

through the use of generics. Generics now comprise 89% of prescriptions dispensed, but only 26% of total drug costs. Further, patients are three times more likely to collect their generic medication prescriptions from the pharmacy than brand-name medication prescriptions—which translates into additional savings, as the economic impact of patients not adhering to prescriptions can reach up to \$289 billion USD each year. The U.S. Congressional Budget Office estimates that without generics, the country would be burdened with an additional \$120 billion USD in prescription costs each year.<sup>1</sup> In Europe, over the last 10 years, generic medicines have more than doubled access to medicine in key therapeutic areas with no impact on overall costs.<sup>2</sup>

Teva filled one of every six generic prescriptions in the U.S. in 2016, and one of every eight generic prescriptions in the UK, making us instrumental in delivering savings to healthcare systems. We accounted for

nearly 13% of savings generated from generics prescriptions in the U.S., and boasted similar or higher savings in other countries, such as the UK, where we accounted for 22% of savings for the healthcare system and patients in 2016.

Teva also originated 26 of 52 First-Time Generic Drug Approvals posted on the FDA website in 2016, demonstrating our pace of developing new treatments, and our commitment to offering more affordable medicines.

## Expanding our reach

In 2016, we significantly boosted our ability to provide generic medicines to more patients with the acquisition of Actavis Generics, formerly a division of Allergan plc. Our newly combined portfolio of more than 1,000 molecules reached patients in approximately 100 countries.



Generics have saved the U.S. healthcare system **\$1.67 TRILLION USD** over the past decade<sup>1</sup>



**120 BILLION DOSES** of Teva's generic products reach patients in about **100 markets every year**



Teva launched **NEARLY 1,000 NEW GENERIC PRODUCTS** in 2016 and expects to launch even more in 2017

<sup>1</sup> QuintilesIMS Institute, 2017

<sup>2</sup> IMS Institute for Healthcare Informatics, 2015



# — A commitment to getting generics to society’s most vulnerable



**TEVA WORKS WITH ORGANIZATIONS TO PROVIDE HIGH-QUALITY TREATMENTS TO PATIENTS WHO NEED THEM MOST, PARTICULARLY IN DEVELOPING COUNTRIES OR CRISIS ZONES, WHERE PEOPLE LACK ACCESS TO THE MEDICINE THEY NEED.**

## Responding to national drug shortages

Over the past year, we provided medications in times of emergency, either directly, or in partnership with non-profit humanitarian relief organizations. In one European country, we helped support the national health service in overcoming a shortage of a stomach cancer medication, which due to costs, left many without a viable treatment. We provided 4,000 units to treat more than 650 patients and offered flexible payment terms.

## Bringing rare, reliable treatments to Latin America

In Latin America, where many people lack access to affordable care, we worked with an international non-profit organization to supply a generic rare immunosuppressant medicine that improves acceptance of organ transplants. This medication requires absolute consistent quality—as even a slight variation can cost patient lives. This organization selected our generic medicine based on cost and reliable

quality. In 2017, we will proudly supply about 900,000 capsules for thousands of transplant patients in Argentina, Paraguay, and Brazil.

## Creating a simpler contraception solution

In 2016, we started a phase 1 clinical trial for an injectable contraceptive option that can provide women with pregnancy protection for six months—double the amount of time offered by current injectable contraceptives. With just two injections a year, women could benefit from less frequent administration and decrease the burden on medical systems, facilities, and providers. This project is a collaboration with FHI 360, a non-profit human development organization, and is supported by the Bill & Melinda Gates Foundation.

## Partnering to help prevent the spread of multidrug-resistant tuberculosis

Linezolid is a very rare medication used as a last survival treatment option for multidrug-resistant tuberculosis

(MDR-TB), which affects as many as half a million people each year. Our generic is the only affordable alternative to the high-cost original therapy, offering savings of more than \$2,000 per patient each year. We supply millions of doses to international healthcare organizations and will supply thousands more in 2017. By providing this medication to low- and middle-income countries in high volumes, we can increase our manufacturing capacity, allowing us to maintain an affordable price and play a role in the global fight to eliminate MDR-TB.

## Supplying medications to medication suppliers

We are often the preferred supplier for governments and non-profit organizations because of our broad portfolio of affordable and reliable generic medicines. Volume sales enable increased production, which results in lower costs for patients. We are also a regular supplier for other major pharmaceutical companies, who use our generics in clinical trials—demonstrating that our generics are not only lower-cost options, but also considered by the industry as equal in performance to the original therapies.

# — A holistic approach to addressing patient needs

As patients and caregivers become more knowledgeable and proactive in treatment decisions, they can provide vital insights on the acceptance and use of health-related products and services. Engaging patients can improve quality of care, patient satisfaction, and health outcomes, while also reducing medical error and healthcare costs. We work with patient advocacy organizations around the world to advance our understanding of patient needs, amplify the patient voice within our company, and ultimately support patients who require specific solutions and assistance. More than ever, we value our relationships with these organizations and our shared commitment to helping patients and caregivers on their journeys to improved health and better lives.

## Establishing a stricter framework for engaging patient organizations

In 2016, we developed our first-ever global Patient Organization Engagement Policy, based on positive past practice and aligned with our Code of Conduct. The Policy, which will be finalized in 2017, will define and clarify how we engage with patient organizations, grounded in putting patients first, without an expectation of commercial benefit to our company. As the breadth and influence of our engagement with patient organizations grows, it is important to frame our activity in a formal policy that makes our approach clear to stakeholders and sets guidelines for our activities. In addition to defining the nature of Teva's support and the principles that govern all interactions, the Policy will clearly underscore that our support for

Patient Organizations is focused on improving the welfare of patients, their families, and other caregivers.

## Putting patient needs first through open dialogue

In May 2016, we hosted the inaugural Improving Health Global Patient Advocacy Dialogue in Amsterdam, where patient advocacy organization representatives from around the world convened. Working collaboratively with the patient advocacy community, we identified common goals for supporting patients and those who care for them, as well as opportunities for patients and their families to have a greater voice in developing treatments and co-creating solutions to cost and access barriers. A second meeting will be held in 2017 to discuss our proposed Patient Organization Engagement Policy and receive valuable feedback.

## Promoting behavior change through patient support programs

We develop, implement, and operate patient support programs worldwide that deliver high-impact personalized services. These programs play a critical role in empowering patients and improving health outcomes by encouraging adherence to prescribed medications and treatment plans, and achieving more consistent results through positive behavior change.

TEVA'S GUIDING PRINCIPLES FOR PATIENT ORGANIZATION ENGAGEMENT

- ETHICAL CONDUCT AND INTEGRITY
- TRANSPARENCY
- MUTUAL BENEFIT
- INDEPENDENCE
- COMPLIANCE
- NON-PROMOTION

### Teva patient support programs – 2016



# — A joint effort to improve healthcare systems

Improving the world's health requires collaboration and knowledge-sharing so that effective solutions developed in one setting can be applied to challenges at national, regional, and global levels.

## Progressing value added medicines

In 2016, we chaired the newly-formed "Value Added Medicines" group of Medicines for Europe, comprised of 12 leading pharmaceutical companies. Knowing up to 40% of healthcare spending is ineffective, the group focuses on reinventing, rethinking, and optimizing existing medicines to improve the delivery of care. This is critical, as while most existing treatments deliver on their promises, some may need to be adapted to match specific patient needs. To raise awareness and gain support for this effort, the group presented its recommended approach, which brings together policymakers, payers, patients, and healthcare professionals, to the European Parliament.

## Partnering to extend our research

In 2016, we joined the Pharmaceutical Research and Manufacturers of



We need changes that will require the cooperation of everyone—from policymakers to patients, healthcare providers, payers, and industry. The Value Added Medicines group is currently engaging with different stakeholders, as it will require that each of us look at the challenges with healthcare delivery, taking into account the whole of the patient's journey, not just the parts each of us affect."

*Christoph Stoller, Chair, Value Added Medicines Group, Medicines for Europe, SVP Generics and Commercial Operations Europe, Teva*

America (PhRMA) and formally became a member of the European Federation of Pharmaceutical Industries and Associations (EFPIA).

Through EFPIA's representation in the Innovative Medicines Initiative (IMI), we are participating in IMI working groups exploring big data in health. We are also engaged with two consortia to advance the development of personalized medicine approaches to autism spectrum disorders and acute or chronic pain. These consortia provide a platform to contribute our research and resources to a collaboration with other corporate and academic partners, which can help advance new approaches to improving health for patients with these conditions.

We are also partnering with other large pharmaceutical companies to develop two additional IMI consortia on neurodegenerative diseases and tracking responses to medication during pregnancy. Our participation gives us access to new target identification tools, biomarkers, clinical trial infrastructure, and pharmacovigilance activities that improve patient outcomes and advance all stages of our work—from discovery to clinical development to post-marketing activities.

## Developing future healthcare leaders

In 2016, Teva partnered with Fudan University in China to offer students



## INNOVATIVE MEDICINES INITIATIVE (IMI)

is the largest public-private partnership in the world that aims to improve health by speeding up the development of, and patient access to, innovative medicines.

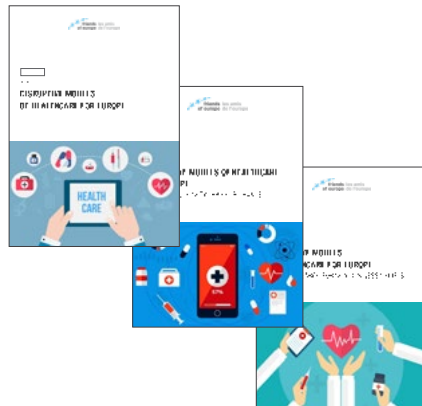
majoring in health economics or a related field the opportunity to intern at Teva, as well as participate in scientific healthcare symposiums and research projects. The scientific strategy collaboration aims to develop future leaders in health policy, allowing students to gain hands-on experience in health economics and health outcomes research.

## Collaborating to explore disruptive healthcare models

Together with Friends of Europe, a leading think tank, Teva participated in three high-level roundtable discussions examining disruptive models for overhauling and improving healthcare systems across Europe. The discussions



sought to illustrate how healthcare structures must adapt to keep pace with diagnostic and clinical advances and leverage digital health. They also assessed regulatory changes and the need for new business models. With our support, three papers were published following the discussions to provide an analysis of new policy directions and solutions that could transform both patient health and healthcare economics.



## Fighting antimicrobial resistance

Our society is facing a global public health crisis in which people are developing resistance to known antibiotics and the pace of antibiotic development is slowing. About 700,000 deaths are attributed to antimicrobial resistance (AMR) each year, and the International Federation of Pharmaceutical Manufacturers & Associations estimates that if action is not taken, AMR will lead to more than 10 million annual deaths by 2050. During the 2016 World Economic Forum, Teva engaged in a high-level discussion on AMR with peers and leading industry associations. Later in the year, a call-to-action was announced to address this issue at the global level—the Declaration by the Pharmaceutical, Biotechnology and Diagnostics Industries on Combating Antimicrobial Resistance—which had 100 signatories by January 2017, including Teva.

## Engaging to support ALS research

ALS is a progressive neurodegenerative disorder affecting about 450,000 people worldwide. The ALS Biomarker Initiative, led by the non-profit organization Target ALS, brings together various players in the healthcare sector to guide clinical studies of potential ALS biomarkers in up to 400 patients. We assisted with the initial multi-million-dollar design of this study to move this groundbreaking initiative forward. As the only corporate member of the consortium, we also support the ALS Neural Survival Crowdsourcing Challenge, run by the non-profit organization Sage Bionetworks, which crowdsources support for tools that assess ALS neural model imaging to help predict disease pathology.

## Uniting for better health in the United Kingdom

Generic medicines save the UK's National Health Service (NHS) more than \$18 billion USD per year. As the UK's largest generics company, our generic medicines account for more than \$4 billion USD of these savings, about 22% of the total. We are involved in several partnerships with NHS organizations to provide support to patients and support the NHS mission to improve and modernize services while delivering cost efficiencies. Our ongoing support led us to become a key partner in the 2016 NHS Health and Care Innovation Expo in Manchester. As the sponsor of the "Digital Health Zone," we helped bring together a range of distinguished thought leaders in digital and mobile health, as well as our own experts, to share information with 5,000 delegates on innovation and opportunities in digital health.

## An ambitious vision for our patients

We strive to help solve the health challenges of a changing world, putting patients at the center of our work. This means fully understanding the care they need now and anticipating their needs in the future. It requires developing solutions that transform care—and helping to ensure those solutions are within reach. It involves forming partnerships to help us have an even greater impact. The result of these efforts will exceed better health. Being healthier gives people options, control of their lives, time with loved one, and achieves our ultimate goal of enabling patients to live better days.



# Pioneering novel therapies, improving lives

## IN FOCUS

Goal three of the United Nations Sustainable Development Goals lays out a bold objective: *ensure healthy lives and promote well-being for all at all ages*. The mandate is clear, though the challenge is great. Healthcare systems already strained under the heavy burden of disease and resource challenges must learn to care for the multiple health conditions of a growing and aging population. Despite innovations and improvements, there is a growing need to address these issues:

- Infectious diseases, including HIV, tuberculosis, and malaria, are still threats to billions of people. Nearly half of the world's population is at risk of contracting malaria.
- Child mortality is an important measure of global health. While there has been significant improvement

in recent years, the global mortality rate for children under five was 43 per 1000 live births in 2015—totaling 5.9 million deaths.

- Estimates from 2012 attribute about 38 million deaths per year to non-communicable diseases (NCDs). Cardiovascular disease, cancer, diabetes, and chronic respiratory disease accounted for more than 75% of deaths among individuals younger than 70.

Statistics like these that illustrate that advancing global health is a critical priority for sustainable development. Investments in research and healthcare infrastructure are needed. Our dedication to increasing access to high-quality healthcare and developing specialty medicines makes us uniquely qualified to work collaboratively toward achieving well-being for all.

## IN PROGRESS

In addition to developing the world's largest portfolio of generic medicines, we focus on discovering and developing innovative new therapies that can change patients' lives for the better. Beyond this, we recognize therapies alone are not enough—a sensible, holistic solution must encompass:

- Effective, targeted methods of delivering medicines into the body
- An understanding of how medicines affect, and are affected by, genetic factors, lifestyles, and other medicines taken at the same time

- New ways of accessing and delivering care across already stressed healthcare systems
- Advances in patient education and support

In 2016, we sought to make a difference in each of these areas. We invested in new strategies and technologies for medicine delivery. We also increased the number, types, and delivery options for our treatments and improved the safety profile of certain medicines.

## IN FUTURE

We will continue to develop, personalize, and improve therapies for central nervous system, respiratory, oncology, women's health, and select local/regional therapeutic areas. With 24 phase 1 programs or planned Investigational New Drugs between now and 2019 and

16 programs in phase 2 through submission, our pipeline is evidence of our commitment. To help make targeted treatments available to more patients, we will also advance new approaches to healthcare, such as personalized medicine, drug repurposing, and mobile health.

# — A promising pipeline of novel medicines

Our discovery programs in 2016 yielded several new specialty medicines in our core therapeutic areas. Many other medicines advanced along the path to FDA submission and approval.



6 new product approvals



8 new drug submissions



6 late stage programs advanced



9 new programs in the clinical pipeline

## Paving the way in multiple sclerosis

The new, less-frequently dosed formulation of our leading multiple sclerosis treatment was introduced in 2014 and is now available in more than 50 countries.

The goal of this formulation was to make patients' lives easier, allowing them to self-administer three times a week, rather than daily. More than 80% of people who rely on this medicine took advantage of the more convenient, longer-acting product in 2016, offering greater flexibility in their daily lives.



We are very proud to continue to make this important treatment available to patients and physicians who trust its efficacy, safety, and tolerability."

Dr. Rob Koremans, *President and CEO, Global Specialty Medicines, Teva*

## Making strides in movement disorders

Patients affected by certain movement disorders have been underserved by the lack of effective therapies. This fact was forefront in our minds as we sought to develop novel treatments for chorea associated with Huntington's disease (HD) and for tardive dyskinesia (TD).

The daily physical and social struggle of people living with movement disorders motivated the urgency of our work:

— HD is a rare, fatal, degenerative brain disorder that poses a difficult challenge to those attempting to develop treatment. According to the World Health Organization, it affects as many seven people per 100,000 in western countries. In 2016, the FDA accepted our resubmitted New Drug Application

in support of our treatment for chorea, a disorder characterized by involuntary movements and associated with HD.

— TD affects about 500,000 people in the U.S. The condition is characterized by repetitive and uncontrollable movements of the tongue, lips, face, and other parts of the body. In 2015, the U.S. Food and Drug Administration (FDA) granted Breakthrough Therapy Designation for our proposed treatment (deutetrabenazine) and highlighted it as a first-time therapeutic medicine for this condition, and in 2016, we pursued phase 3 trials in preparation for an FDA New Drug Application.



The involuntary movements of HD-associated chorea make every day a major challenge for patients, impacting activities such as eating and getting dressed. This symptom can often lead to stigmatization and social isolation. We are very proud to be developing the first new treatment in more than 10 years to reduce the severity of HD-associated chorea and bring some relief to those who suffer from it. Our hope is that this treatment will also gain approval for another movement disorder, TD, often a side effect of anti-psychotic therapy."

Michael Hayden, MD, PhD, *President of Global R&D and Chief Scientific Officer, Teva*



# Making a difference for those with severe asthma

The March 2016 FDA approval of CINQAIR® (reslizumab) Injection was the culmination of years of hard work to bring a new treatment option to patients with a form of severe asthma that is uncontrolled by other treatments. Following this first approval of CINQAIR® (reslizumab) in the U.S., we also sought, and received, approval in Europe and Canada.



The approval of CINQAIR® marks an important advancement in the treatment paradigm for asthma, as the therapy has demonstrated significant improvement in multiple measures of asthma control."

Professor Mario Castro, Washington University School of Medicine, Division of Pulmonary and Critical Care Medicine and Lead Investigator, Reslizumab Trial

As part of our efforts to improve the health of people living with asthma, we look beyond medicine. For example, we have partnered with the UK National Health Service to offer pilot asthma programs and invested in technology that collects meaningful data every time an asthma patient uses their inhaler. The data produced helps advise both patients and physicians on medication usage and adherence, leading to deeper understanding and better care. What we learned from this pilot also provides greater insight into conditions that move the needle on patient outcomes and inform our future work.

# Providing relief for migraine

We are deeply committed to understanding and bringing relief to people suffering migraine headaches. With more than one billion people affected worldwide, migraine is the third most prevalent illness globally and the sixth most disabling illness in the world. Chronic and episodic migraine—where patients suffer multiple headache days each month—are particularly erosive to quality of life.

We are advancing a new medicine, fremanezumab, which has the potential to treat chronic and episodic migraine. Phase 2 trials to date have shown fremanezumab significantly reduces monthly migraine days after just one administration. We have started phase 3 trials to confirm these findings, and early results represent meaningful hope for patients suffering from debilitating headaches—hope for the kind of relief that leads to better days. To provide further education and assistance, our online forum, MoretoMigraine.com, enables patients to learn about migraine and seek advice.




# Nurturing excellence in neuroscience

Inspired by the challenge of addressing existing and emerging health needs, we fund new research approaches and promising researchers. In 2013, we established the National Network of Excellence in Neuroscience (NNE) to foster collaboration between leading universities and teaching hospitals in Israel, considered global leaders in neuroscience research. We committed up to \$15 million USD over five years to sustain the NNE and support research on new therapeutic approaches for diseases of the brain and mind. By the

end of 2016, scientists supported by NNE had published 59 peer-reviewed scientific papers in leading medical journals.

In addition, we identified ways to integrate NNE research into our everyday work. In 2016 alone, we initiated collaborations with six NNE grantee researchers in neurodegenerative diseases, chronic pain, and Huntington’s disease. NNE supports the advancement of outstanding science that can lead to new treatments, while augmenting the body of knowledge about many medical conditions in a way that benefits the entire scientific and healthcare community.

**NNE THIRD COHORT 2016**

-  9 academic collaborations
-  2 post-doctoral fellowships
-  8 PhD fellowships



# — A pursuit of better healthcare

Data empowers the development and delivery of new treatments to improve health and lengthen lives. Two key opportunities arising from new technologies and the evolution of available data include personalized medicine and drug repurposing.

## Making medicines personal

The tailoring of treatment to the conditions and characteristics of a patient or group of patients—personalized medicine—has emerged over the last decade as a branch of healthcare with transformative potential. Merging our expertise in genetic sequencing and analysis with the health records of the second largest health group in Israel, Maccabi Health Services, we are developing a body of knowledge in our primary therapeutic areas, which we expect will lead to personalized treatment options for various patient groups. In 2016, we initiated a joint study to identify susceptibility to cluster headaches in about 300 patients. Using anonymized data and genetic profiling, we anticipate this data will help us generate more treatment options for patients.

## Evolving medicines to do more

Drug repurposing looks at medicines developed to treat one condition and evaluates their potential to treat an entirely separate condition. A medicine that has been used in real clinical settings can not only be brought to market more quickly to address unmet needs, but also has more data affirming its safety and tolerability and is more cost effective than developing a novel treatment.

The IBM Watson Health Cloud is a health data platform that helps organizations derive individualized insights and obtain a more complete picture of factors affecting health. In 2016, we expanded our collaboration with IBM to include a partnership with IBM Research that can help progress personalized medicines and drug repurposing. By combining our therapeutic technologies with IBM’s cognitive computing, we can help patients, healthcare providers, and payers track treatment to better understand and control chronic conditions.



In the past year, we have examined the molecular profiles of thousands of compounds and built disease models for multiple neurodegenerative diseases. This has enabled us to match specific drugs with specific diseases. We have leveraged our key partnerships and big data resources to achieve these new insights.”

Daphna Laifenfeld PhD, Senior Director, Personalized & Predictive Medicine and Big Data Analytics, Teva





# — A responsibility to ensure medicine safety

It's simple: the safety of the more than 200 million patients who use Teva products each day is non-negotiable.

We comply with applicable laws covering the safety of medicines and provide complete and accurate labeling of products, together with clear patient safety information. Our worldwide network of local safety officers, most of whom are physicians or pharmacists, is supported by our high standards of manufacturing and precision quality assurance, pharmacovigilance operations, clinical trial standards, and our ongoing fight against counterfeiting.

Our global pharmacovigilance division tirelessly monitors, analyzes, and reports potential safety risks associated with the use of a Teva product or device, delivering all required reports to health authorities and ensuring our own review and action.

In 2016, we created a new Medical Scientific Unit (MSU) to proactively monitor the safety aspects of a medicine throughout its lifecycle, from pre-clinical studies, to the range of post-marketing monitoring and reporting, in which we engage. The MSU is staffed with more than 40 professionals, including 24 pharmacists, 9 nurses, veterinarians, a dentist, and a pharmacologist.



Our continuous attention to the safety events in the market allows us to investigate all incident reports and draw relevant conclusions early. During this past year, we have successfully migrated Actavis Generics pharmacovigilance procedures and agreements into our systems, ensuring we have a consistent approach throughout the entire organization."

Hedva Voliovitich, SVP, Global Patient Safety & Pharmacovigilance, Teva

## PHARMACOVIGILANCE PERFORMANCE – 2016

**105,846**  
adverse events reports

**1,283**  
periodic reports

**165**  
Risk Management Plans  
(RMPs) prepared

**132**  
health hazard  
assessments completed

**90**  
responses for health safety  
data from regulatory authorities  
around the world

## Committing to a high standard of quality

Where quality is concerned, we don't compromise. Through every stage of the development, production, and marketing of our medicines, we continue to fortify our Quality Management System to ensure our patients receive products that comply with the most stringent quality standards. On average, our production facilities are inspected, either by a regulatory agency or a customer, every day of the year. In 2016, we hosted more than 1,000 customer audits and were inspected by 45 regulatory agencies, which conducted 140 regulatory audits at 71 Teva sites.

Our Quality Management System is designed to address any findings, while also proactively supporting continuous improvement initiatives. Since 2013, quality improvements have enabled us to reduce the rate of product recalls by 11%.

## Improving safe treatment during pregnancy

Women of childbearing age are the most common population diagnosed with multiple sclerosis (MS). As a global leader in MS treatment, we believe women should not have to choose between a safe pregnancy and a treatment to manage their condition, so we devoted years to studying our leading MS treatment, COPAXONE®, in pregnancy. In 2016, this research resulted in the authorization to remove the pregnancy contraindication from COPAXONE® in Europe, allowing us to offer a proven treatment with a well-established safety and efficacy profile to women suffering from relapsing forms of MS during pregnancy. This is positive news for thousands of women in Europe who hope for better days during pregnancy.



### A PROACTIVE APPROACH TO SAFETY

When the market reported some patients had negative skin reactions to a migraine patch product in 2016, we informed the U.S. Food and Drug Administration (FDA) of the details and began a deep investigation in cooperation with the agency—without delay. As an immediate first step, however, we voluntarily suspended sales and distribution, and initiated a recall of this product from pharmacies to safeguard patients.

## An approach to healthcare that starts with care

From the discovery of new treatments, to the application of technology and analysis to improve patient health, we are in constant pursuit of better treatments—and better days—for our patients.



# Empowering our employees and caring for our communities

## IN FOCUS

In 2016, a global team of 57,000 people in more than 80 countries worked together to develop Teva's new treatments, medicines, services, and products. We recognize the value each team member brings to Teva and strive to prioritize employee well-being and safety, fueling their personal growth and ensuring they feel good about where they work.

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## IN PROGRESS

Our team includes people from many nationalities and backgrounds, and we are proud to promote a culture centered on diversity and respect. Throughout 2016, we developed policies, frameworks, and core human resource processes to help guide our global team across all local offices. We incorporated new businesses, including thousands of colleagues from Actavis Generics—the largest integration Teva has undertaken so far. We are also committed to embracing, enriching, and contributing to the communities in which we live and work.

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## IN FUTURE

We continually develop our corporate culture, enabling every individual to contribute to their fullest. We also recognize that our future depends on the growth of the communities in which we operate, and we will continue to dedicate our time, resources, and expertise to help them thrive.



# — An unwavering commitment to our employees

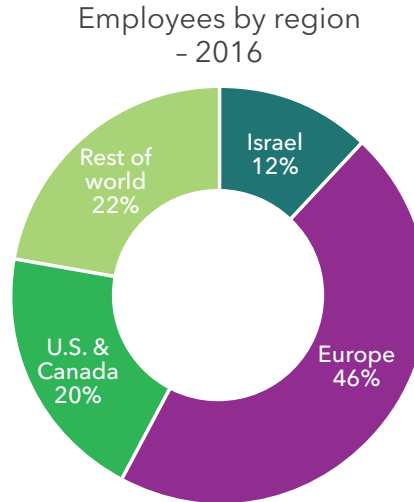
Over the past year, we have had the opportunity to increase the diversity of our workforce, embrace differences and consider new insights and approaches. We warmly welcomed our new colleagues and provided them with the skills and tools needed to contribute effectively.

## Welcoming our Actavis Generics colleagues

In 2015, we announced our most significant acquisition yet—Actavis Generics, Allergan plc’s generic pharmaceuticals business. Merging with an organization of Actavis Generics’ scale—with thousands of employees around the world—was a major undertaking. This was magnified by Actavis Generics affiliation as a division of another company, not an independent entity, which required Teva to create an infrastructure from scratch.

We carefully planned the integration processes ahead of the transaction closure, which followed in August 2016. We sought to make the transition as smooth as possible, maintaining clear and open communication with current and new colleagues.

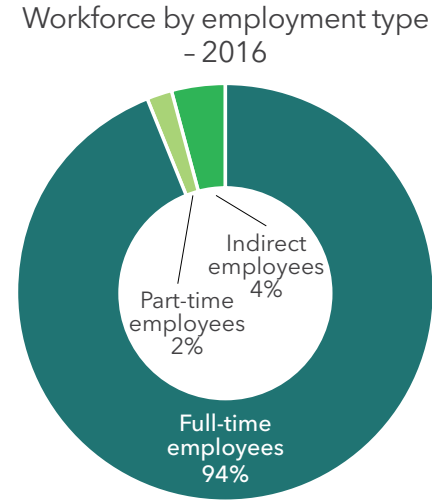
An Integration Management Office team synchronized systems



and procedures for various Teva business functions and Actavis Generics colleagues in equivalent roles. Progress updates were communicated to employees in a timely fashion via an open portal and regular announcements.

This thorough planning and close collaboration paid off. By the day of integration, we were able to seamlessly integrate our business process and supply medicines across the globe. Every Actavis Generics colleague had working access to email, technical support, and a help desk in case of an issue.

A survey of all Actavis Generics colleagues was completed by 4,907



employees across 46 countries and showed they felt welcomed as a result of a successful integration process.

## Connecting performance and reward

We redesigned Teva’s performance and reward process in 2016 to strengthen our high-performing culture. The process features four stages throughout the year in which employees and managers engage in an open dialogue to review goals and achievements, identify development needs, and recognize successful contributions. Outcomes of this annual process inform the employee reward package, which is reviewed annually. In 2016, 98% of eligible employees\* participated in a formal performance review.

Statement	Percent of respondents who agreed
I received a warm welcome to Teva	90%
I feel there has been open communication about the integration	83%
I have the information I need to do my job well	82%
I feel the integration is resulting in the best of both companies	78%
Overall, I feel the integration is as smooth as possible	79%

\*Eligible employees include those with at least one year seniority, excluding those on a long-term leave of absence. 62% of all employees were eligible in 2016.



## Hearing from our people

Each year, we survey our employees to understand how they are collectively engaging with our purpose and mission. In 2016, 89% of all employees responded—our highest response rate yet. The results show we are moving in the right direction.

Questions	2015 results	2016 results
My job makes a difference in people's lives	73%	77%
Teva has a positive impact on society and the communities in which it operates	81%	83%
Teva is environmentally responsible	81%	84%
Teva lives up to high ethical standards	83%	86%
My team understands and appreciates similarities and differences among employees	85%	86%

## Valuing employee diversity

An inclusive workplace grounded in respect and equal opportunity is an empowering workplace. We maintain diversity among our workforce and encourage our employees to be inclusive in their interactions with one another and with patients, communities, and business partners.

In the U.S., we continue to enhance our Teva Inclusion Network. The Network comprises eight Employee Resource Groups (ERGs), which bring together employees with shared characteristics, interests, and life experiences to foster networking and development. All our ERGs were active throughout the year, hosting inspirational speakers, arranging community meetings, participating in webinars, and more.

In Israel, we work with several non-profit organizations who introduce us to job candidates from underserved populations. In 2016, we launched a new initiative to attract researchers from the Arab-Israeli community to our R&D programs, which led to the recruitment of nine accomplished scientists. In collaboration with a technology training center, our employees also mentor members of the Ethiopian-Israeli community seeking technology certification, and we recruited eight of those graduates in 2016.



### TEVA INCLUSION NETWORK EMPLOYEE RESOURCE GROUPS

ABILITIES (people working with disabilities)

ASIAN HERITAGE NETWORK

AFRICAN HERITAGE NETWORK

VETS AT TEVA (veterans)

MEN AT TEVA

LATINO/HISPANIC HERITAGE NETWORK

PRIDE NETWORK (supporting the LGBT community)

WOMEN AT TEVA



## Supporting professional development

The Teva Academy of Medical Excellence is a bespoke online platform to support professional development for Teva's physicians and scientists, allowing them to build core competencies, share best practices, and exceed the standards of good medical governance. The platform contains an onboarding curriculum for new hires, a core curriculum in pharmaceutical medicine, a yearly emerging topic webcast series, and disease area training. Recently accredited by the UK Faculty of Pharmaceutical Medicine at the Royal College of Physicians, three of the curriculum's modules allow employees to receive Continuing Professional Development credits.

## Advancing gender equality

We maintain a gender-equal workplace—47% of our global workforce is women and 49% of managers are women. Of the 11 individuals on our Board of Directors, three (27%) are women, a notable increase since 2015, when only one woman served on the Board. Ensuring women are represented at all levels of our organization is an ongoing priority.

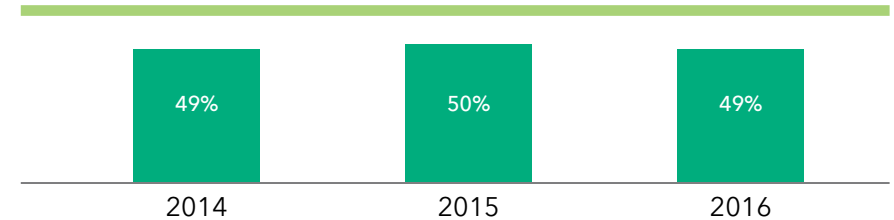
## Maintaining a safe workplace

We believe all people have the right to work in a safe and healthy environment, and we comply with all applicable safety and health regulations. This often goes beyond the minimum compliance requirements by establishing a culture in which safety is a core value, integrated into everything we do.

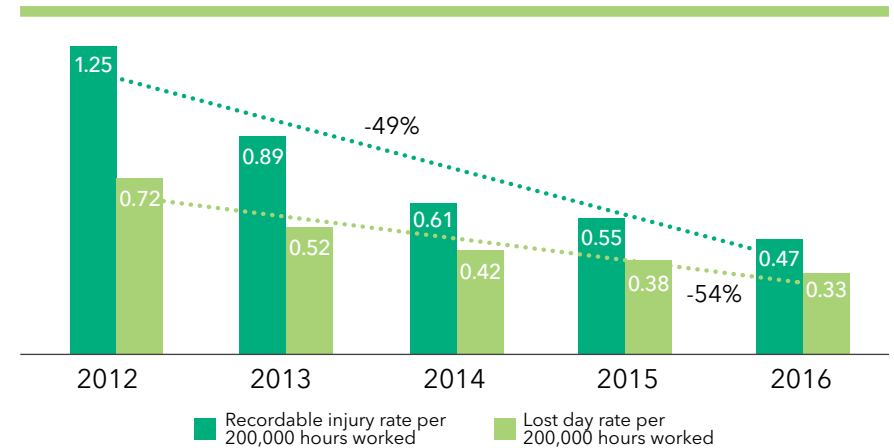
Through the implementation of a comprehensive, multi-year safety improvement plan launched in 2012, we continue to make significant progress toward our long-term aspirational goal of Target Zero: zero incidents, zero injuries, zero releases. We work toward this by:

- Proactively identifying and eliminating hazards
- Continuously improving our safety management systems
- Providing all employees with safety education and training applicable to their role
- Upgrading equipment and infrastructure
- Conducting ongoing auditing and monitoring of safety performance

### Women in management roles – 2014-2016



### Improving safety performance – 2012-2016



Note: see GRI Content Index for basis of calculations

In 2016, we achieved a 15% reduction in our global recordable injury rate and a 13% reduction in our global lost days rate. This is significant progress, which continues a five-year trend of improved safety performance. In 2016, 59% of injuries were due to minor slips, trips, and falls, ergonomic overexertion, or cuts, scratches, and bruises resulting from contact with a moving object. There were no work-related fatalities in Teva's operations in 2016.

## Caring for our employees' health and well-being

Improving health and quality of life is as important for our employees as it is for our patients. We provide practical tools and locally-tailored programs that address the needs and preferences of our employees and help them lead healthier lifestyles.

Our U.S. sites have started a "Journey to Well-being" program to encourage and support the physical, financial, and emotional well-being of employees. The program provides employees with information about their health status and risk factors, along with benefits, services, and resources to support healthier behaviors. We offer employees a range of free amenities, such as on-site fitness centers, virtual medical appointments, financial planners, yoga classes, personal training sessions, weight-loss and smoking-cessation programs, and, in many instances, free medications.

In Israel, employees and their families enjoy generously-subsidized medical and dental insurance that extends significantly beyond legal requirements for coverage. In 2016, we introduced a new initiative—a health and dental consultant to assist employees with medical health claims and appeals, prior authorizations for medical or dental procedures, and other medical insurance issues. We also adjusted our fitness program to enable more employees to participate at times that suit their work-life priorities. For example, in certain cities, we offer evening running groups for employees who are not able to run in the morning.



Our overall well-being strategy is rooted in our corporate purpose: improving health, making people feel better. Our holistic approach to well-being is based on the abiding belief that when our employees feel more energized, focused, and purposeful, they perform better."

*Lesley Billow, Senior Vice President of Human Resources, Teva Americas*

In 2017, we will offer a personal healthcare coordinator to help all U.S. employees:



arrange  
doctor  
appointments



follow  
up with  
providers



navigate the  
healthcare  
system



**BEST EMPLOYERS  
FOR HEALTHY  
LIFESTYLES AWARD  
2016**

Teva USA was among 55 companies from across the country to be recognized for outstanding employee wellness programs in 2016 by the National Business Group on Health, a non-profit organization based in Washington, D.C. that represents large employers on healthcare issues.





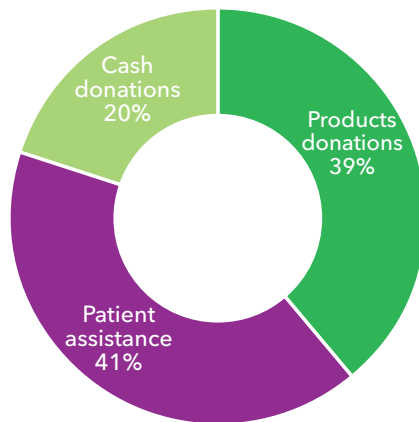
IN 2016, WE HELD OUR FIRST TEVA SOCCER CHAMPIONSHIP IN ISRAEL WITH MORE THAN 300 PARTICIPANTS.



# — A dedication to our communities

As the places where we live and work are located in the heart of the communities we serve, we support our communities by volunteering our time and contributing professional and financial resources. More than 80% of our community giving directly supports healthcare needs. Our corporate giving in 2016 totaled \$48.4 million in 28 countries, and our employees donated tens of thousands of hours to their local communities through volunteering.

Global community support – 2016



## Contributing to our communities around the world

Nearly every Teva department or site contributes to its local community, and many of these efforts are repeated year after year. Below are examples from 2016.

### SPAIN



Through its year-long campaign, **“Humanizing Health,”** Teva Spain identifies patient organizations and public healthcare providers that go the extra mile to improve patient lives and well-being. In 2016, 11 organizations were selected to be recognized on media channels and awarded a **€3,000 EUR grant.**

### ISRAEL



**One in five Teva Israel employees are engaged in a long-term volunteer program.** In addition, 2016 marked our third annual Teva volunteering week, **Teva-Tov**, in which thousands of employees participate in hundreds of social programs and initiatives, such as outdoor activities for disabled children, dance classes with the elderly, hospital visits, fruit-and vegetable-picking for families lacking nutritious options, and more.

### CHILE



Teva colleagues continue to support **Fundación Nuestros Hijos**, which assists children with cancer. In 2016, more than **80% of employees in Chile (780 colleagues)** donated a portion of their salaries each month, while many participated in recreational and educational activities—such as science workshops and games—with the children.

### CZECH REPUBLIC



Teva colleagues from Opava organized a third-annual **children’s day for handicapped children** from a local elementary school. The event had a Middle Ages theme and featured costumes and fun events.



GERMANY



### U.S.



Our community programs and deep community engagement in the U.S. were recognized in 2016:

- PR News awarded Teva **four Corporate Social Responsibility (CSR) honorable mentions** for our Community Partnership Program, direct relief support, and Teva-Tov—a volunteer week held for the first time in the U.S. in May, in which **hundreds of employees volunteered** their time to help improve patient lives.
- *Philadelphia Business Journal* awarded Teva a **Faces of Philanthropy Award** for our partnership with Community Volunteers in Medicine—a volunteer healthcare clinic.
- The Cystic Fibrosis Foundation named Teva a **2016 Corporate Supporter Award honoree**.

### INDIA



Teva employees in India supported a **soil and water conservation program** in a local village, which yielded effective results, helping farmers save water, and diversify and increase growth of seasonal crops.

### CROATIA



Our employees in Croatia are engaged with **Love in Action**, a community organization providing much-needed housing near hospitals for children and family members accompanying patients during long treatment periods.



### GERMANY



In Germany, our employees chose to support and promote five social programs throughout the year. Our Fleet and Transport Management team supported **“Johanniter Santa’s Truckers”** for the fourth year. Employees donated Christmas food boxes to families in need, and a team of truck drivers joined the convoy to transport them across Europe.

### Canada



Since 2008, Teva Canada has donated funds in support of the **Teva Canada Survivor Scholarship Program at Childhood Cancer Canada**. The funds, which are raised through a variety of “Show You Care” events, raffles, pizza sales, cafeteria collection boxes, and payroll deductions, support scholarships awarded to students pursuing post-graduate degrees in the advanced health sciences.





## Providing medicines in times of need

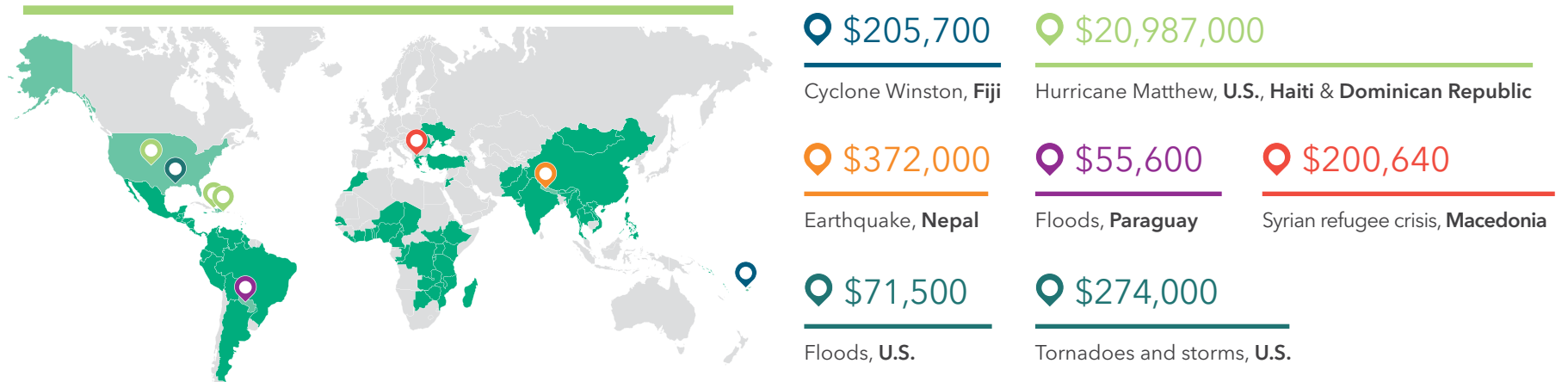
As a healthcare company, we have a unique capacity to provide the most essential assistance when disaster strikes. In many cases, this includes helping patients who need regular medications. We provide support to communities in times of need, often in partnership with accredited humanitarian relief organizations. In 2016, we supported more than 20 emergency relief efforts. Below are some examples:

- In early summer 2016, more than 28,000 cases of Zika were reported in Honduras. This outbreak triggered panic and stress, exacerbated by the increasing incidence of infection and limited prevention and care information available to the general public. One community severely impacted by the Zika crisis was Monte Verde, Honduras, located in a remote area with limited access to healthcare. Operation Blessing International deployed a group of doctors and medical personnel to Monte Verde to alleviate increasing concerns.

These medical professionals operated a free health clinic to examine residents for Zika-related concerns and treat other health issues demanding medical attention. Teva donated medicines to help the doctors meet the needs of Monte Verde in the midst of the crisis.

- In May 2016, a massive wildfire in Fort McMurray, Canada displaced 80,000 people from their homes. Teva colleagues in Canada helped those affected obtain the medications they needed and liaised with insurers and pharmacies to ensure access to essential medicines. We also held an internal fundraising campaign, which raised \$18,000 CAD to help those affected.
- In times of natural disasters or armed conflicts, France-based Tulipe acts as an interface between health companies and humanitarian organizations to provide kits containing health products. In 2016, Teva supplied Tulipe with medicines valued at \$17,000 USD, which were shipped to 24 countries, including Haiti following Hurricane Matthew, 15 African countries, three Middle Eastern countries, and four countries in Southeast Asia.

### Medicines provided for emergency relief efforts – 2016 (wholesale acquisition costs)



## A common goal

While every Teva employee is unique, we have a common aspiration: improve health and enable better days for the people we serve each day. To accomplish this, we invest in our own people and support our communities around the world.



# Creating a culture of responsibility

## IN FOCUS

Lapses in compliance can and do destroy business value. Non-compliance—whether with respect to greenhouse gas emissions, prevention of corruption, financial accounting procedures, safety management, or pharmaceutical manufacturing and marketing—can negatively impact our reputation, profitability, and business continuity, but most importantly, can harm our patients and stakeholders. Ensuring strong practices and controls supports a culture of responsibility, ethics, and transparency, which fortifies our core business processes and allows us to focus on improving health.

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## IN PROGRESS

In 2016, we disseminated global compliance principles throughout our organization and deployed programs to integrate our new Actavis Generics colleagues into our compliance culture. All employees participated in Code of Conduct training and certification or recertification.

Internal compliance remains a core initiative, with a focus on prevention of bribery and corruption. We conducted 22 internal compliance audits in 2016 across 18 countries, from Mexico to Slovakia, South Korea to Ecuador, and many more. We invested in the professional development of our internal compliance auditors, and in 2016, five team members obtained advanced external professional certifications. The Corporate Responsibility Committee of Teva's Board of Directors governs our approach, and Teva's Global Compliance Officer oversees a team of more than 90 compliance staff worldwide.

We also expect our business partners to uphold high ethical standards. In 2016, we published a new Supplier Code of Conduct, while continuing to diversify our supplier base.

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## IN FUTURE

Looking forward, we will intensify our internal conversation about compliance to reinforce a culture of responsibility at all levels. We will advance our supplier assessment program using a risk-based approach, increase supplier diversity in the U.S., and consider a global supplier diversity program.



# — A mindset of compliance

We completed a company-wide rollout of Teva’s Global Compliance Core Principles in 2016, comprising nine short, memorable statements about business conduct that guide our employees’ behavior. These principles are a foundation for our business initiatives and are integrated into our programs around the world. They encompass our values, shape our actions, and guide how we do business. Additional principles addressing the specific needs of our colleagues in Commercial, Medical, and Research and Development functions will provide clear, dependable compliance guidance for their specific roles. We also crafted a Prevention of Corruption Policy, which will be published in 2017.

## Integrating Actavis Generics into our compliance culture

Throughout 2016, we proactively integrated our new Actavis Generics colleagues into our compliance programs. Upon completion of the acquisition, we initiated a company-wide, intensive program of face-to-face and online training sessions on our Code of Conduct and compliance program. Actavis Generics colleagues were immediately introduced to Teva’s Integrity Hotline and trained in the weeks that followed. Within two months, we completed all initial training, ensuring our entire organization was aligned on these important issues. Thousands of hours were dedicated to Actavis Generics colleagues’ compliance training in 2016.



It’s important to understand that compliance is about much more than just rules, policies, and regulations. Compliance is a mindset. I believe it is our mindset—coupled with our culture—that determines how we behave and operate every day.”

Lori Queisser, SVP, Global Compliance Officer, Teva

## Teva’s core compliance principles



We do not buy business



We do not use third parties to do what we cannot legally do



We respect privacy



We manufacture our products with quality and reliability



We report adverse events and product complaints



We avoid or disclose conflicts of interest



We obey our Code of Conduct, applicable laws, regulations, policies, and processes



We are accurate and transparent in our books and records



We stay true to Teva’s values

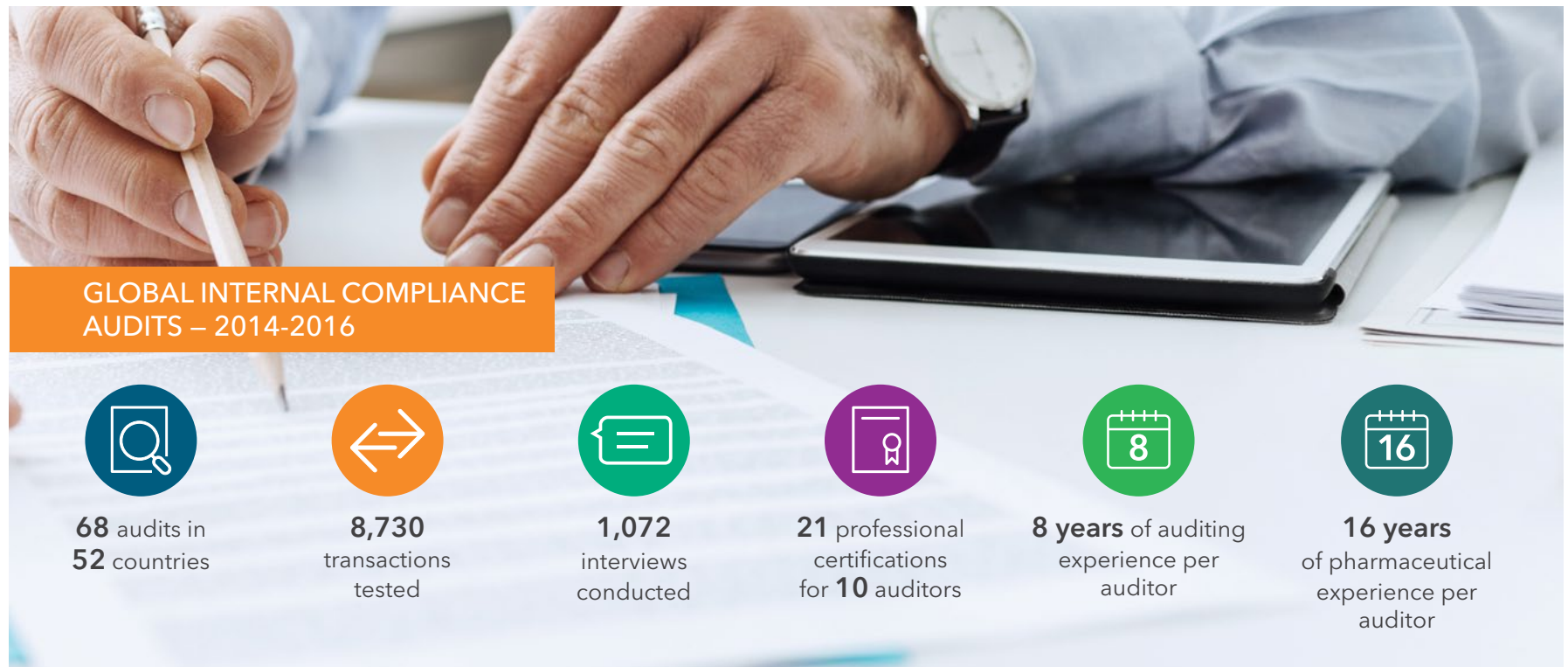
## Ensuring compliance at every level and every location

Teva's Compliance Audit department within our Global Internal Audit (GIA) program assesses our company's level of compliance around the world. GIA is an independent and objective assurance function intended to ensure controls, policies, and procedures are properly designed and operating effectively to minimize compliance risk. The department is staffed by a highly qualified team of 10 auditors, including legal and compliance professionals, and forensic investigators with more than 200 combined years of relevant experience.

We prioritize investments in internal compliance audits, devoting nearly \$3 million each year to our efforts. In the first quarter of 2016, we conducted a comprehensive compliance risk assessment of our new Actavis Generics operations and established a plan to migrate elements of their programs to Teva's robust frameworks.

## Initiating a global fraud risk assessment and anti-fraud program

We added a new dimension to our compliance efforts in 2016, completing the first-ever robust fraud risk assessment of our entire organization. This program, created to support our managers and Audit Committee, helps to identify fraud risks and develop risk mitigation strategies, should potential vulnerabilities be identified. Of seven high-rated fraud risks identified through this process, our senior executive team defined two opportunities to strengthen internal controls to elevate Teva's risk tolerance level. Plans have been established to do this and advance our efforts to protect stakeholders.





# — A strong commitment to ethics

Worldwide, our patients, their caregivers, and the communities in which they live trust us to engage in ethical conduct. Since our company was founded 116 years ago, we have made a commitment to act responsibly, maintain integrity, and ensure transparency in every part of our business.

## Reinforcing our Code of Conduct

We offer our Code of Conduct in 41 languages to guide our employees around the world. All new employees receive ethics training when they join the company and all employees participate in a Code of Conduct refresher training every three years. In 2016, 98% of our employees worldwide completed in-person or online Code of Conduct training, reflecting our deep commitment to ethical business practices.

## Preserving business integrity

We encourage our employees, and all those who interact with Teva, to report suspected non-compliance or breaches of our Code of Conduct via our global Integrity Hotline. The Hotline provides local language options in countries around the world. Our Office of Business Integrity (OBI), which receives these reports, provides a range

of tools to support the confidential reporting of non-compliance, including anonymous reporting.

The OBI expanded its hotline reporting tools and distributed hotline posters to all business locations added through acquisitions. All colleagues who joined us through acquisitions were trained on all matters relating to the hotline as part of their training on Teva's Code of Conduct.

## Ensuring ethical conduct in our supply chain

Across the world, our suppliers hold us to the same, high ethical standards as the patients and communities we serve. Our supply chain, including Actavis Generics sites and suppliers added in 2016, is a complex network containing 84 manufacturing sites and thousands of vendors, contractors, and materials and services suppliers. We require our extended supply chain to operate efficiently from both a financial and environmental standpoint, as well as uphold Teva's business standards.

We developed our first Supplier Code of Conduct in 2016 to clearly establish the behavior Teva expects of all business partners. The Code draws from Teva's Code of Conduct and is aligned with the United Nations Global Compact and Pharmaceutical Supply Chain Initiative principles.





## Maintaining a diverse supplier base

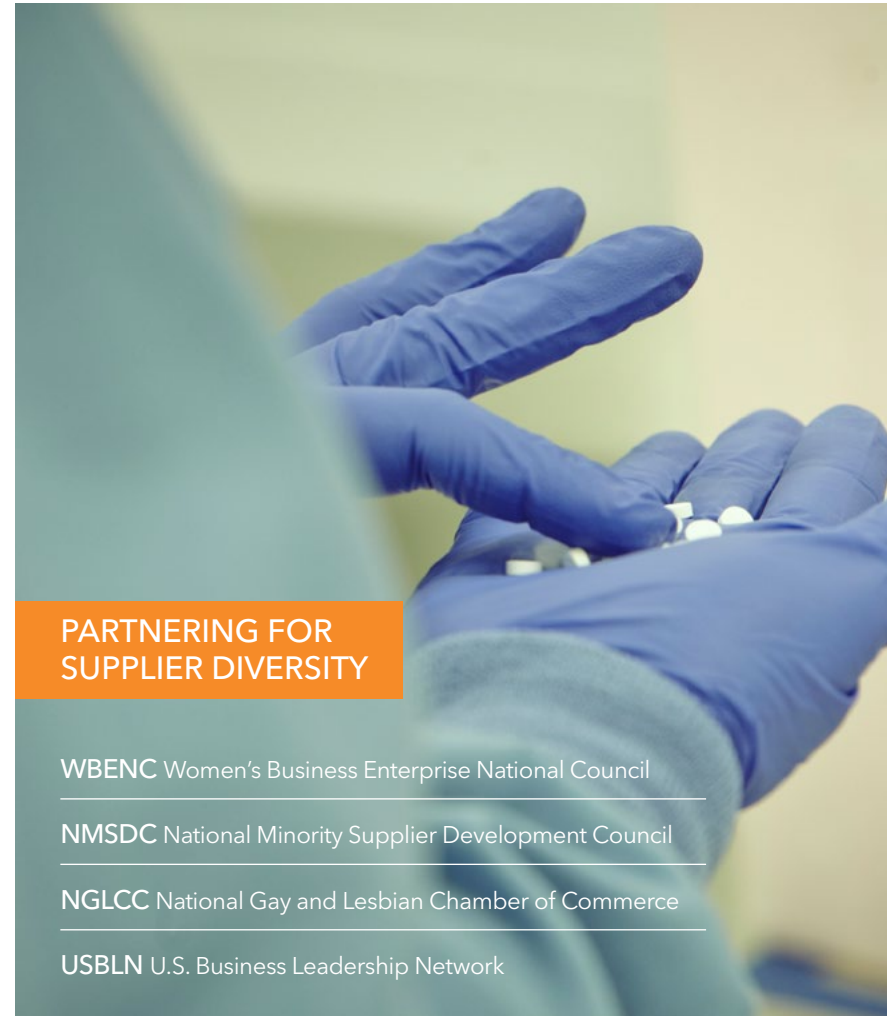
We are committed to developing a network of suppliers that reflects our customer and patient base. Our supplier diversity program provides opportunities for certified diverse and small businesses to help us improve health across the globe, while delivering value to the communities we serve. It also reinforces our commitment to a culture of inclusion and aligns with our standards of ethical conduct.

Since launching our U.S. supplier diversity program in 2015, we continue to help our procurement team identify diverse suppliers. We establish annual spending and supplier inclusion goals, and we have expanded partnerships with several organizations to advance shared goals. In 2016, we increased our work with diverse and small U.S. businesses by 90% and 7%, respectively. We will build on our progress in 2017 and roll out an eLearning module to our global procurement teams and key stakeholder groups.

## Joining forces with a diverse supplier

NCGS Inc., a certified women-owned business enterprise in South Carolina, is a clinical research organization whose business continues to grow with our own. NCGS supports our program for advanced cluster headache treatment development by effectively managing complex, parallel clinical trials. Its dedicated and experienced staff identified synergies across overlapping sites engaged in similar trials—an insight that helped us make these costly trials more economical. For recently completed migraine pivotal trials, NCGS exceeded subject enrollment targets in numbers and timelines for most sites. This strengthened the reliability of our trials and saved development dollars.

NCGS shares our commitment to improving the communities in which they operate, and aligns with our commitment to social responsibility. NCGS donates 10% of profits to charities, supporting at-risk populations, with team members donating time to mentor local community youth, some of whom are offered internships with the company.



### PARTNERING FOR SUPPLIER DIVERSITY

WBENC Women's Business Enterprise National Council

NMSDC National Minority Supplier Development Council

NGLCC National Gay and Lesbian Chamber of Commerce

USBLN U.S. Business Leadership Network



# — A continued focus on enhanced transparency

Support from our stakeholders is critical to our success, and key to maintaining this support is embracing transparency in our business dealings. We voluntarily disclose many aspects of our business activity, including through our Communication on Progress to the United Nations Global Compact since 2010, as well as our voluntary disclosure to the Carbon Disclosure Project. By aspiring to high standards of transparency, we aim to foster a greater sense of trust with our stakeholders as we work to provide access to affordable products and treatments across the globe.

## Disclosing patient organization contributions

We adhere to Codes of Conduct of the European Federation of Pharmaceutical Industries and Associations (EFPIA) and Medicines for Europe, which provide standards for relationships between the pharmaceutical industry and patient organizations. In line with the Codes, we published our first European Patient Organization and Advocacy Disclosure in March 2016, detailing patient group activities across 52 countries, including contributions per activity. In 2017, we will further disclose all patient engagement activities across 65 countries.



## A vision for responsibility

Our commitment to compliance, ethical standards, and responsible supply chain practices relies on vigilance and transparency. We strive to conduct our business—and ourselves—in ways that reflect well on the people we employ, the patients we serve, and the communities in which we live. We are dedicated to fostering a culture of responsibility, integrity, and respect as we endeavor to enable people to live better days.



# Safeguarding the environment



## IN FOCUS

Earth is the only home we have—and we know there is an undeniable relationship between healthy people and a healthy planet. The way we treat our environment impacts the air we breathe, the water we drink, and the food we eat.

We strive to minimize our impact on the earth, in particular, by reducing our energy footprint. One of the most significant human-caused contributors to climate change is the use of fossil fuels for energy. By using fewer fossil fuels through energy efficiency and shifts to renewable energy sources, such as solar and wind, we can help mitigate the earth's rise in temperature.

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## IN PROGRESS

As a global company with 84 manufacturing sites, we hold ourselves accountable for reducing our impact. At a minimum, we observe applicable regulatory requirements for product manufacturing and distribution, but we go beyond that minimum to proactively manage our resources more efficiently. In 2012, we established our global environment, health, and safety (EHS) aspiration—Target Zero: zero injuries, zero incidents, zero releases. Our goal is to reduce our impact through 2020 in four areas: energy, emissions, water, and waste. To realize this aspiration, we established our EHS Management System, which provides a global framework of action through policy, standards, procedures, and performance reporting. We continue to seek further efficiencies across all areas of environmental impact.

---

## IN FUTURE

Guided by Target Zero, we will continue to be a responsible citizen of our planet, increasing our energy efficiency, producing and procuring renewable energy, minimizing water withdrawal, and identifying new ways to reduce and recycle the waste we generate.



# — A pledge to advance EHS management

We continued to roll out our global EHS Management System in 2016 and completed all EHS operational standards, covering aspects of manufacturing and R&D across all of our operating facilities.

Our EHS management system is aligned with international quality standards, such as ISO 14001 and OHSAS 18001, and we hold **15** certifications to one or more of these standards at different sites. For other sites, compliance with our EHS management system establishes global industry good practice, which can support future external certification to these standards.

Target Zero includes four 2020 targets for absolute performance improvement.

## Cumulative performance against Target Zero\*

Targets to 2020	2013	2014	2015	2016
Reduce greenhouse gas emissions by 15% (baseline 2012)	-4%	-8%	-14%	-23%
Improve energy efficiency by 20% (baseline 2012)	-5%	-6%	-9%	-14%
Reduce water use at three water-scarce sites by 5% in 2020 (baseline 2014)	–	–	Achieved at two sites	Achieved at two sites
Increase waste beneficially reused (diverted from landfill) by 10% (baseline 2014)	–	–	+56%**	+45%

\*Excludes Actavis Generics sites. These will be included, and targets updated, in our 2017 report.

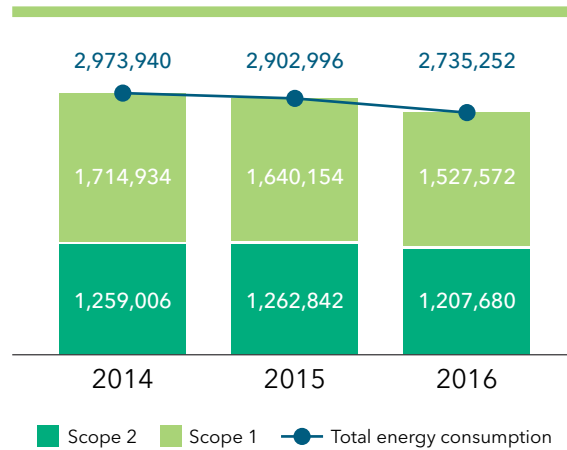
\*\*Represents cumulative increase in waste diversion compared to 2014. In 2016, cumulative diversion level decreased compared to 2015, but remains much better than target.



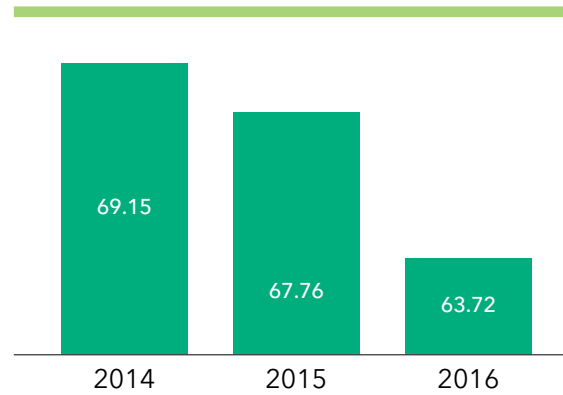


# Tracking our environmental performance

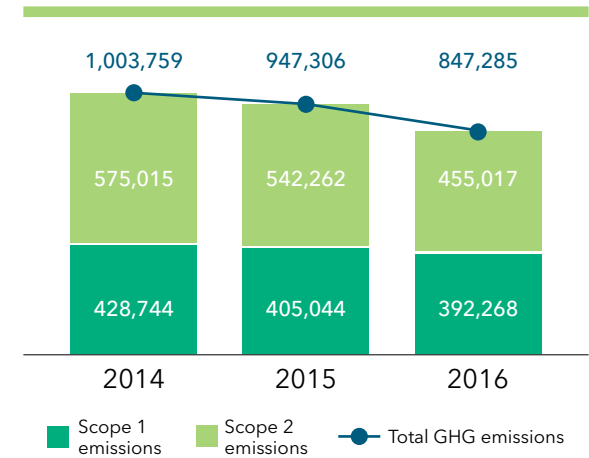
### GRI 302-1: Energy within organization (MWh)



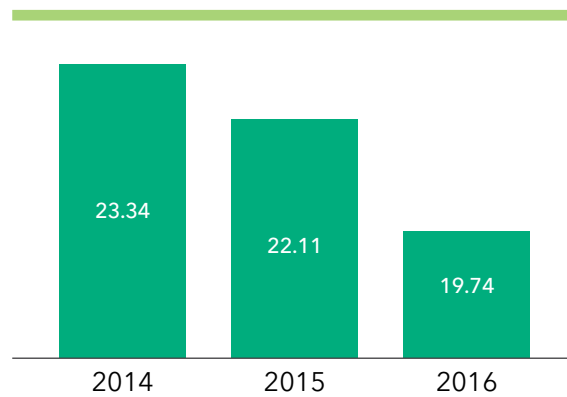
### GRI 302-3: Energy consumption by employee (MWh/employee)



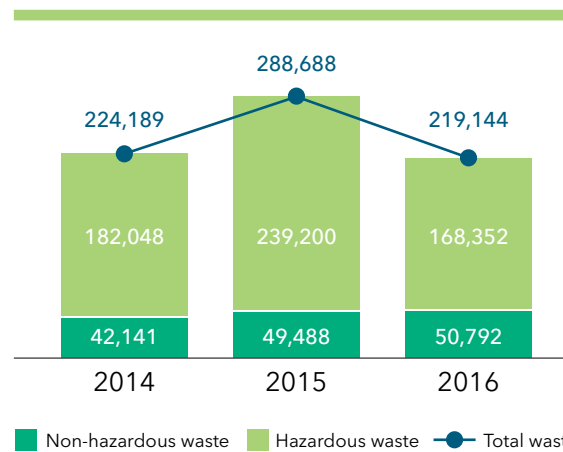
### GRI 305-1/GRI 305-2: GHG emissions by Scope (tons CO2e)



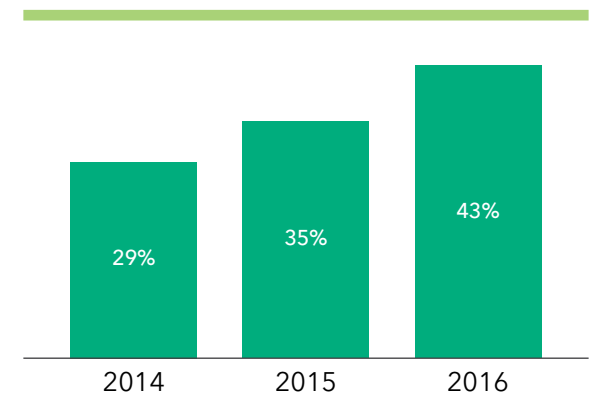
### GRI 305-4: GHG emissions by employee (tCO2e/employee)



### GRI 306-2: Total waste by type (tons)

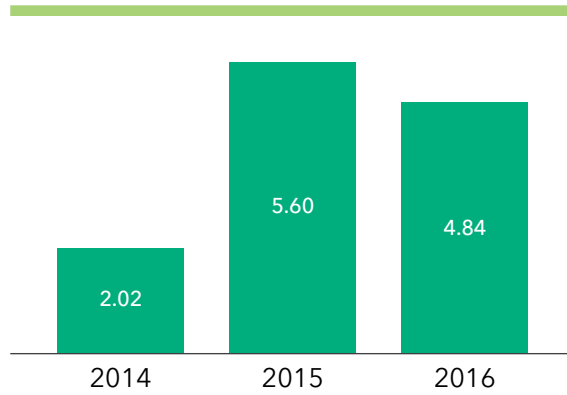


### Recycled/reused waste (tons)

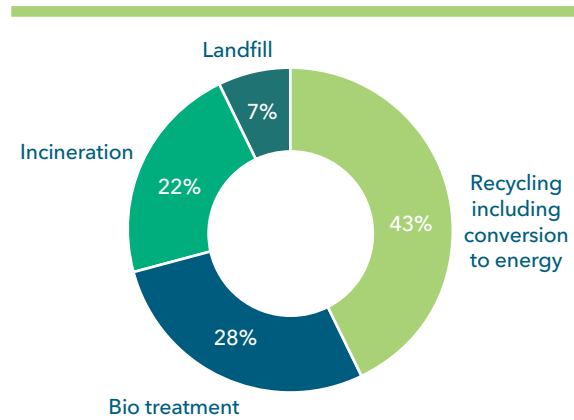




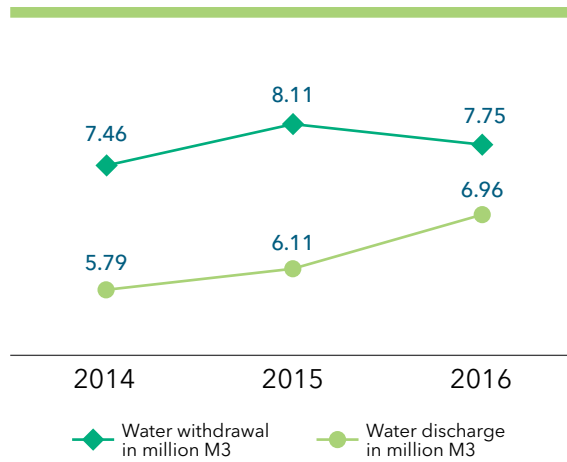
GRI 305-6: Emissions of ozone depleting substances (ODS) (tons R22)



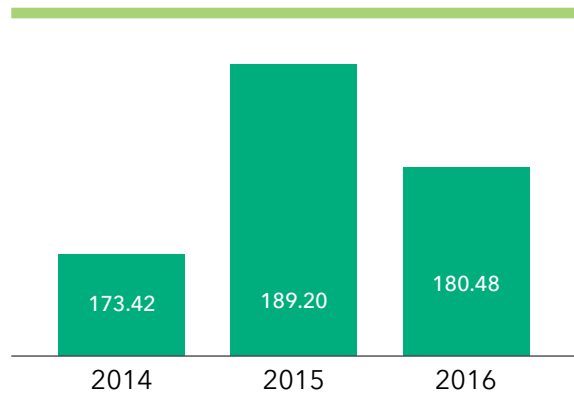
Waste disposal type – 2016



GRI 303-1 + GRI 306-1: Water withdrawal and discharge



Water withdrawal by employee (M<sup>3</sup>/employee)



# — A concerted effort to reduce our impact

## Optimizing energy efficiency in Japan

One of our sites is a generic medicine manufacturing facility in Takayama, Japan. In 2016, we embarked on an ambitious program to drive energy efficiency throughout the site. We replaced heat exchangers, optimized air compressors, identified and corrected air leakages, and completely remodeled the chiller plant to reduce energy requirements. The plant now saves more than 400 MWh per year.

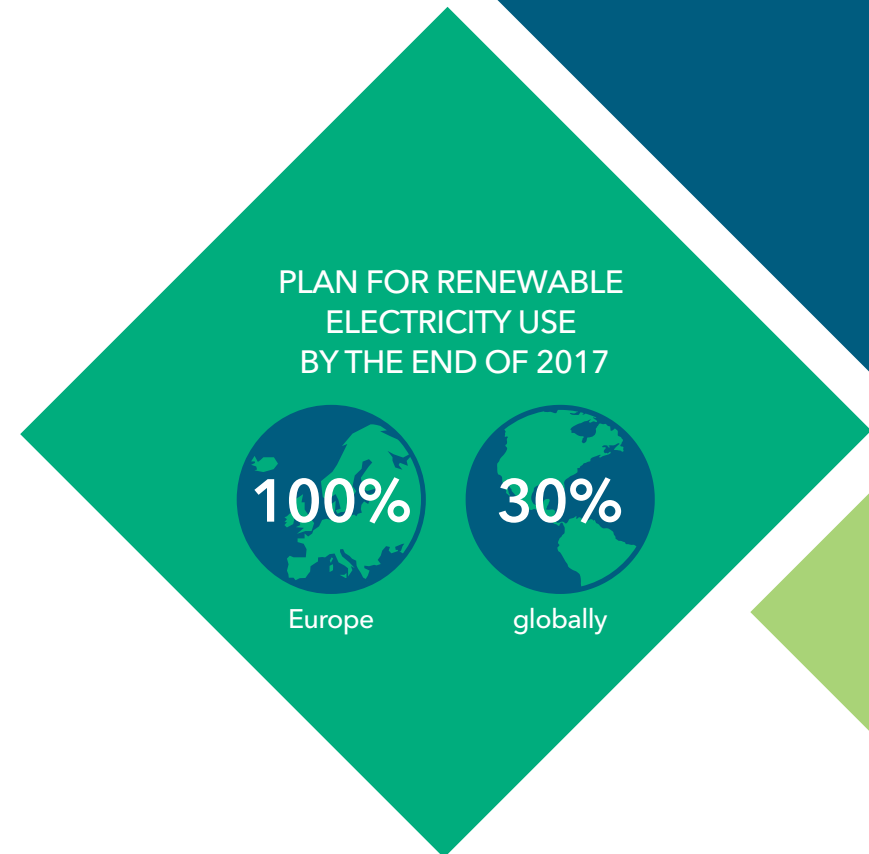
## Cooling naturally in Chile

At our site in Maipú, Chile, we set out to construct a new distribution center to environmental standards. When considering our options, we observed a crucial fact about the local climate: land temperatures at a depth of 3 meters or more are generally far lower than average external temperatures. Although use of geothermal energy is common in some parts of the world, it is not frequently used at Teva because this source of energy is most efficient when included in initial design. We took advantage of this natural cooling effect by circulating air through a

specially-constructed tunnel, 1,200 meters long and 1 meter in diameter. We circulate air from our distribution center through this tunnel to cool and return at a constant temperature of 16°C (61°F). This geo-cooling approach has reduced the use of air conditioning by an average of 60%, saving significant electricity and reducing our carbon footprint. The new distribution center opened in May 2016, setting a standard for the environmental design of operational facilities in Chile.

## Establishing a new normal: green electricity

We again made great strides in advancing the adoption of renewable electricity at our European plants—with nearly 50% of all electricity coming from renewable electricity by the end of 2016. In 2017, our goal is to achieve 100% renewable electricity at our legacy European sites. The addition of 32 Actavis Generics sites to our European manufacturing operations has also raised the bar. We now have a detailed plan for converting all of these sites to renewable electricity as quickly as possible, upon expiration of existing contracts. Our first opportunity was at Actavis Generics' Italy site, which we successfully converted to



100% renewable electricity. Several other countries, including Germany and Croatia, are also operating with 100% renewable electricity. A facility in Romania will follow in 2017. Beyond Europe, our North Tonawanda, New York facility became our first U.S. site to adopt renewable electricity in 2016, with others to follow. Through the use of purchased renewable energy, our overall avoidance of greenhouse gas emissions in 2016 was about 109,000

tons CO<sub>2</sub>e—enough to power roughly 11,500 homes for a full year.

## Expanding the use of solar energy

As we work on converting our European sites to renewable energy, we are also identifying opportunities to increase the use of solar energy. In Germany, we are planning a

photovoltaic system on the rooftop of our distribution center with a total annual capacity of 1GWh. This effort, scheduled to begin in 2017, is expected to supply almost 5% of the site's energy requirements on an annual basis. Also, beginning in January 2018, our site in Malanpur, India will run 100% on purchased solar power.

## Enhancing green chemistry in Israel

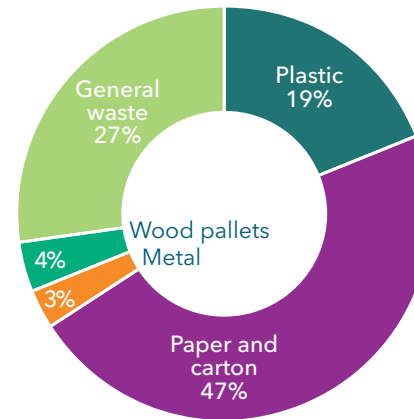
Waste streams of Active Pharmaceutical Ingredient (API) production contain ethanol-water mixtures. Because it is difficult to recover value from these waste products, they are usually sent for incineration. However, at our Teva-Tech site in the south of Israel, these ethanol-water waste byproducts presented an opportunity to improve our waste performance. Engaging a cross-functional team to examine the system, we devised a unique distillation process to extract most of the water content and other impurities from the waste mixtures. This process reduces overall

waste and converts the output into biologically-treatable waste. In the past year, we have avoided the incineration of 780 tons of waste and considerably reduced our disposal costs.

## Reaching zero waste to landfill in Zaragoza

We undertook a focused effort to eliminate all non-hazardous waste from landfills at our site in Zaragoza, Spain, which manufactures oral solid dose medicines. In 2016, we reviewed all waste streams and set up systems for separating and compacting paper, carton, wood (pallets), plastic, and metal, installing new conveyor belts to transport waste directly to its respective recycling containers and compactors. Compacting waste reduces the environmental impact—and cost—of transport to recycling companies. All waste that cannot be recycled forms a combustible solid that we send to the cement industry as raw material. By the end of 2016, we achieved our goal of zero waste to landfill using a sustainable new system.

Zaragoza site  
100% recycled or reused waste  
~1,000 tons/year



## Minimizing the environmental impact of pharmaceuticals

Pharmaceuticals primarily enter the environment through patient use. While pharmaceutical manufacturing effluents are a comparatively minor source of

this pollution, managing this waste more effectively allows us to reduce our environmental impact. We play an active role in the Inter-Association Initiative on Pharmaceuticals in the Environment (IAI PIE), a consortium of global companies that are members of the three European pharmaceutical trade associations—AESGP, EFPIA, and Medicines for Europe. As part of the IAI PIE taskforce, we helped develop an Eco-Pharmaco-Stewardship strategy to minimize the impact of pharmaceuticals in the environment, and we have implemented this strategy at Teva. Our manufacturing effluents are managed in accordance with good industry practice, and we support collective action to research the effects of existing products to develop an approach to long-term product environmental risk assessment. We are also working with other pharmaceutical companies, governments, and non-profit organizations to advance the IAI PIE Eco-Pharmaco-Stewardship strategy.



## A healthy planet for healthy people

Whether by increasing our use of renewable energy or decreasing our waste, developing new environmental technologies or collaborating to create new standards and policies, we are finding new ways each year to enhance our environmental stewardship. While there is much to do, we are making significant strides toward a world where people everywhere can enjoy healthier, better days.



# About this report



This report describes our approach to sustainability and responsibility, as well as our key actions in 2016 to improve health and maintain ethical practices. We report on Social Impact annually, and our last communication was published to the United Nations Global Compact, covering activities in 2015.

All performance data included in the report pertain to the 2016 calendar year, environmental and safety data apply to Teva's legacy sites as of early 2016 (excluding Actavis Generics sites), and Human Resources data include Actavis Generics staff who joined Teva during the year.

This report is written in accordance with Global Reporting Initiative (GRI) Standards, core option. GRI is a non-profit, multi-stakeholder organization, which works to increase the level of business transparency through sustainability reporting. GRI Standards are considered to be the most advanced sustainability reporting framework available today. For more information, please see: [www.globalreporting.org](http://www.globalreporting.org).

We have adopted the principles for defining report content outlined in the GRI Standards. These include:

- **Materiality:** the issues most critical to our long-term business growth and of greatest importance to stakeholders
- **Stakeholder Inclusiveness:** a response to stakeholder expectations and interests
- **Sustainability Context:** presentation of performance in the context of sustainability issues
- **Completeness:** inclusion of all information reflecting significant economic impacts, allowing stakeholders to assess our performance

This report also fulfills our commitment to submitting an annual Communication on Progress to the United Nations Global Compact. Our selection of content was driven by our materiality review in 2016, as well as topics and insights gleaned from interactions with

stakeholders during the past year.

We do not seek external assurance for our full report. As a complex global operation, we conduct internal checks of our information and believe our data is robust. However, our energy and emissions were verified by an independent third party.

See our Assurance Statement [here](#).

Additional information about Teva and our global business can be found on our global corporate website: [www.tevapharm.com](http://www.tevapharm.com).

Thank you for your interest in this report. Please contact our Social Impact Manager, Yair Matiash with any feedback or suggestions: [yair.matiash@tevapharm.com](mailto:yair.matiash@tevapharm.com)



**Reporting  
and  
disclosures**

# — United Nations Global Compact principles

The United Nations Global Compact (UNGC) is a strategic policy initiative of the United Nations, which encourages companies around the world to adhere to ten principles of responsible business relating to human rights, labor, environment, and anti-corruption. Teva has participated in the UNGC since 2010.



Global Compact Principles	GRI Disclosures	Our Position
1 Businesses should support and respect the protection of internationally proclaimed human rights.	Human Rights	We conduct business responsibly according to the highest ethical standards, including respect for human rights. We are working toward fuller implementation of these principles throughout our supply network.
2 Businesses should make sure that they are not complicit in human rights abuses.	Human Rights Local Communities	
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Freedom of Association Labor Relations	We respect the rights of employees to freedom of association and collective bargaining. We maintain a collaborative relationship with employees and address issues relating to their rights in a positive manner.
4 Businesses should support the elimination of all forms of forced and compulsory labor.	Forced and Compulsory Labor	We do not engage in any practice that could be construed as forced labor. All Teva employees are employed lawfully and at their own free will.
5 Businesses should support the effective abolition of child labor.	Child Labor	We respect and support the rights of children and are committed to safeguarding their interests. We do not employ children in any part of our business.
6 Businesses should support the elimination of discrimination in respect of employment and occupation.	Labor Practices and Decent Work	We maintain a policy of equal opportunity and inclusive practices for new and current employees in all matters relating to their employment with Teva.
7 Businesses should support a precautionary approach to environmental challenges.	Environmental	
8 Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental	We adopt environmentally-oriented practices in our operations and conserve resources wherever possible.
9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental	
10 Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Corruption Public Policy	We are committed to behaving with integrity and acting against corruption.





# — GRI Content Index

GRI Standard	Disclosure	Page reference or response	Omission	
<b>GRI 102: General Disclosures 2016</b>	<b>102-1</b>	Name of organization	6	
	<b>102-2</b>	Activities, products, and services	6	
	<b>102-3</b>	Location headquarters	6	
	<b>102-4</b>	Location of operations	7	
	<b>102-5</b>	Ownership and legal form	6	
	<b>102-6</b>	Markets served	6	
	<b>102-7</b>	Scale of the organization	6	
	<b>102-8</b>	Information on employees	56	
	<b>102-9</b>	Supply chain	41	
	<b>102-10</b>	Significant changes	None	
	<b>102-11</b>	Precautionary principle	37	
	<b>102-12</b>	External initiatives	20	
	<b>102-13</b>	Membership of associations	20	
	<b>102-14</b>	Statement from senior manager	4	
	<b>102-16</b>	Values, principles, standards	3	
	<b>102-18</b>	Governance structure	See our Annual Report on Form 20-F <a href="http://ir.tevapharm.com">ir.tevapharm.com</a>	
	<b>102-40</b>	List of stakeholder groups	57	
	<b>102-41</b>	Collective bargaining agreements	77%	Data refer to employees in Israel only. Other locations not available at this time.
	<b>102-42</b>	Identifying and selecting stakeholders	57	
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<b>102-44</b>	Key topics and concerns raised	57		





GRI Standard	Disclosure	Page reference or response	Omission
<b>GRI 102: General Disclosures 2016</b>	<b>102-45</b>	Entities included	49
	<b>102-46</b>	Report content and topic boundaries	49
	<b>102-47</b>	List of material topics	14
	<b>102-48</b>	Restatements of information	None
	<b>102-49</b>	Changes in reporting	49
	<b>102-50</b>	Reporting period	49
	<b>102-51</b>	Date of most recent report	49
	<b>102-52</b>	Reporting cycle	49
	<b>102-53</b>	Contact point	49
	<b>102-54</b>	Reporting in accordance with the GRI Standards	49
	<b>102-55</b>	GRI content index	52
<b>102-56</b>	External assurance	49	

Material priority	GRI Standard	Management Approach: 101:1-3: page	Specific GRI Disclosures	Page	Omissions
<b>Expanding assistance for patients</b>	203: Indirect economic impacts	19	203-2 Significant indirect economic impacts	19	
<b>Making medicines affordable</b>	203: Indirect economic impacts	17	203-2 Significant indirect economic impacts	17-18	
<b>Collaborating to improve healthcare systems</b>	203: Indirect economic impacts	20	203-2 Significant indirect economic impacts	20	
	415: Public Policy	20	415-1 Political contributions	None	



Material priority	GRI Standard	Management Approach: 101:1-3: page	Specific GRI Disclosures	Page	Omissions
<b>Delivering new and better treatments</b>	203: Indirect economic impacts	16, 22	203-2 Significant indirect economic impacts	16-27	
<b>Ensuring our medicines are safe</b>	416: Customer Health and Safety	26	416-1: Assessment of the health and safety impacts of product and service categories	26	
			416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	None	
<b>Engaging our employees in an empowering workplace</b>	401: Employment	28	401-1 New employee hires and employee turnover	60	
	403: Occupational Health and Safety	28	403-2 Types of injury and rates of injury	61	
	404: Training and Education	28	404-2: Programs for upgrading employee skills	None	
			404-3: Performance and career development reviews	None	
	405: Diversity and Equal Opportunity	28	405-1 Diversity of governance bodies and employees	62	
	407: Freedom of Association and Collective Bargaining	37	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	39-40	
	408: Child Labor	37	408-1 Operations and suppliers at significant risk for incidents of child labor	40-41	
	409: Forced or Compulsory Labor	37	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	40-41	



Material priority	GRI Standard	Management Approach: 101:1-3: page	Specific GRI Disclosures	Page	Omissions
<b>Caring for our communities</b>	413: Local Communities	34	413-1 Operations with local community engagement, impact assessments, and development programs	34	
<b>Reducing our impact on the environment</b>	302: Energy	43	302-1 Energy consumption within the organization	58	
			302-3 Energy intensity	58	
	303: Water	43	303-1 Water withdrawal by source	46	
			305: Emissions	43	305-1 Direct (Scope 1) GHG emissions
	305-2 Energy indirect (Scope 2) GHG emissions	59			
	305-4 GHG emissions intensity	59			
	305-6 Emissions of ozone-depleting substances (ODS)	46			
	306: Effluents and Waste	43	306-1 Water discharge by quality and destination	46	
306-2 Waste by type and disposal method			59		
Strengthening compliance	419: Socioeconomic Compliance	37	419-1 Non-compliance with laws and regulations in the social and economic area	None	
Maintaining ethical business standards	205: Anti-corruption	37	205-2 Communication and training about anti-corruption policies and procedures	40	



# — Data tables and notes

## GRI 102-8

### Global workforce by employment type

Employment type	2012	2013	2014	2015	2016
Permanent employees FTE	43,838	42,281	41,078	40,868	54,260
Supervised workers FTE	2,110	2,664	1,991	1,974	2,169
<b>Total workforce FTE</b>	<b>45,948</b>	<b>44,945</b>	<b>43,009</b>	<b>42,843</b>	<b>56,429</b>
Headcount (full/part time)	43,838	42,281	41,548	41,283	54,700
Headcount (supervised workers)	2,110	2,664	1,991	1,974	2,169
<b>Total workforce headcount</b>	<b>45,948</b>	<b>44,945</b>	<b>43,539</b>	<b>43,257</b>	<b>56,869</b>

Permanent employees	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Israel	2,813	3,961	6,774	2,916	3,901	6,817	2,884	3,848	6,732
Europe	9,964	8,543	18,507	10,548	8,521	19,069	13,760	11,487	25,247
North America and Canada	3,393	4,279	7,671	3,320	3,935	7,255	4,954	5,901	10,855
Rest of world	2,604	5,522	8,126	2,676	5,466	8,142	3,852	8,014	11,866
<b>Total</b>	<b>18,775</b>	<b>22,304</b>	<b>41,078</b>	<b>19,460</b>	<b>21,823</b>	<b>41,283</b>	<b>25,450</b>	<b>29,250</b>	<b>54,700</b>

Global workforce by employment type and gender	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time employees	18,512	22,276	40,788	18,370	21,662	40,032	24,271	29,071	53,342
Part-time employees	263	28	290	1,090	161	1,251	1,179	179	1,358
Indirect employees	966	965	1,931	1,007	968	1,975	945	1,224	2,169
<b>Total</b>	<b>19,740</b>	<b>23,269</b>	<b>43,009</b>	<b>20,467</b>	<b>22,791</b>	<b>43,258</b>	<b>26,395</b>	<b>30,474</b>	<b>56,869</b>



GRI 102-40  
GRI 102-42  
GRI 102-43  
GRI 102-44

## Stakeholder Engagement

Our stakeholders include our patients, employees, regulators, the professional healthcare community and healthcare industry, non-profit organizations, and investors. We maintain regular dialogue with all of our stakeholders in the normal course of our business, via a range of different channels. This includes thousands of interactions each day and active participation in meetings, conferences, industry association events, social media conversations, and personal contact. No specific stakeholder engagement was conducted in preparation for this report.

Stakeholder group	Approach to engagement	Key topics raised
Patients	Interactions through patient advocacy organizations	Access and affordability of medicines, treatments for unmet needs
Employees	Annual employee surveys, performance reviews, training events, business reviews, team meetings	Opportunities to develop, opportunities to influence, confidence in leadership
Regulators	Collaborative engagement, as required	Safety, compliance, and ethical business
Healthcare industry	Participation in industry associations	Safety of medicines, meeting regulatory changes
Non-profit organizations	Ongoing work with community partners	Environmental sustainability, community solidarity and support
Investors	Regular investor conferences and presentations, periodical meetings with different investor groups	Return on investment, compliance, governance

The ways in which we respond to stakeholder needs are described in the relevant chapters of this report.



## GRI 302-1

Energy within the organization	Unit	2014	2015	2016	Change in 2016
Natural Gas (Scope 1)	MWH	899,699	937,689	1,007,147	<b>7%</b>
Fuel oil (Scope 1)	MWH	386,914	279,663	201,591	<b>-28%</b>
Diesel fuel (Scope 1)	MWH	55,042	69,214	42,436	<b>-39%</b>
Kerosene (Scope 1)	MWH	7,686	7,050	8,590	<b>22%</b>
LPG (Scope 1)	MWH	99,185	95,220	93,323	<b>-2%</b>
Propane (Scope 1)	MWH	5,215	4,053	1,032	<b>-75%</b>
Motor Gasoline (Scope 1)	MWH	260,700	241,250	166,072	<b>-31%</b>
Renewable electricity produced (Scope 1)	MWH	493	512	797	<b>56%</b>
Biomass (renewable) (Scope 1)	MWH	0	5,503	6,584	–
Electricity purchased from grid (Scope 2)	MWH	1,181,426	1,137,877	938,393	<b>-18%</b>
Heating purchased (Scope 2)	MWH	0	0	14,898	–
Steam purchased (Scope 2)	MWH	77,580	81,087	68,826	<b>-15%</b>
Renewable electricity (Scope 2)	MWH	0	43,868	185,562	–
<b>Total Energy Consumption</b>		<b>2,973,940</b>	<b>2,902,996</b>	<b>2,735,252</b>	<b>-5.78%</b>
<b>Scope 1</b>	MWH	1,714,934	1,640,154	1,527,572	<b>-7%</b>
<b>Scope 2</b>	MWH	1,259,006	1,262,842	1,207,680	<b>-4%</b>
<b>Energy consumption cumulative change from baseline 2012</b>		<b>-6%</b>	<b>-9%</b>	<b>-14%</b>	–

## GRI 302-3

Energy consumption by employee	2014	2015	2016	Change in 2016
<b>Energy consumption by employee (MWH/employee)</b>	<b>69.15</b>	<b>67.76</b>	<b>63.72</b>	<b>-6%</b>


**GRI 305-1  
GRI 305-2**

GHG emissions	Unit	2014	2015	2016	Change in 2016
<b>Total GHG emissions</b>	<b>tons CO2e</b>	<b>1,003,759</b>	<b>947,306</b>	<b>847,285</b>	<b>-11%</b>
Scope 1 emissions	tons CO2e	428,744	405,044	392,268	-3%
Scope 2 emissions	tons CO2e	575,015	542,262	455,017	-16%
<b>GHG emissions cumulative change from baseline 2012</b>		<b>-8%</b>	<b>-14%</b>	<b>-23%</b>	<b>-</b>

**GRI 305-4**

GHG emissions by employee	2014	2015	2016	Change in 2016
<b>GRI 305-4: GHG emissions by employee (tCO2e/employee)</b>	<b>23.34</b>	<b>22.11</b>	<b>19.74</b>	<b>-11%</b>

**GRI 306-2**

Waste by disposal type in tons	2014	2015	2016	% of total waste in 2016	Change in 2016
Recycling including conversion to energy	64,644	101,092	93,708	<b>43%</b>	<b>-7%</b>
Bio treatment	52,279	70,864	61,861	<b>28%</b>	<b>-13%</b>
Incineration	53,663	47,412	48,346	<b>22%</b>	<b>2%</b>
Landfill	18,972	10,419	15,229	<b>7%</b>	<b>46%</b>
Other	34,631	58,901	0	<b>0%</b>	<b>-100%</b>
<b>Total waste</b>	<b>224,189</b>	<b>288,688</b>	<b>219,144</b>	<b>100%</b>	<b>-24%</b>
Percentage of waste recycled	29%	35%	43%	-	<b>22%</b>

Waste by type in tons	2014	2015	2016	Change in 2016
Non-hazardous waste	42,141	49,488	50,792	<b>3%</b>
Hazardous waste	182,048	239,200	168,352	<b>-30%</b>
Hazardous waste as a percentage of total waste	<b>81%</b>	<b>83%</b>	<b>77%</b>	<b>-7%</b>



## GRI 401-1

New hires and leavers	2014				2015				2016			
	<age 30	age 30-50	>age 50	Total	<age 30	age 30-50	>age 50	Total	<age 30	age 30-50	>age 50	Total
Women new hires	583	926	132	1,641	1,015	1,520	172	2,708	859	1,412	226	2,497
Men new hires	650	993	180	1,823	884	1,289	267	2,440	970	1,389	265	2,624
<b>Total new hires</b>	<b>1,233</b>	<b>1,919</b>	<b>312</b>	<b>3,464</b>	<b>1,889</b>	<b>2,809</b>	<b>439</b>	<b>5,147</b>	<b>1,829</b>	<b>2,801</b>	<b>491</b>	<b>5,121</b>
Women leavers	438	1,235	354	2,027	430	1,429	597	2,456	777	2,653	714	4,144
Men leavers	515	1,463	528	2,506	492	1,596	744	2,832	770	2,610	953	4,334
<b>Total leavers</b>	<b>953</b>	<b>2,698</b>	<b>882</b>	<b>4,533</b>	<b>922</b>	<b>3,025</b>	<b>1,341</b>	<b>5,288</b>	<b>1,547</b>	<b>5,263</b>	<b>1,668</b>	<b>8,478</b>
<b>Turnover (%)</b>	<b>2%</b>	<b>6%</b>	<b>2%</b>	<b>11%</b>	<b>2%</b>	<b>7%</b>	<b>3%</b>	<b>13%</b>	<b>3%</b>	<b>10%</b>	<b>3%</b>	<b>15%</b>

New hires and leavers rates	2014				2015				2016			
	<age 30	age 30-50	>age 50	Total	<age 30	age 30-50	>age 50	Total	<age 30	age 30-50	>age 50	Total
Women new hires	17%	27%	4%	47%	20%	30%	3%	53%	17%	28%	4%	49%
Men new hires	19%	29%	5%	53%	17%	25%	5%	47%	19%	27%	5%	51%
<b>Total new hires</b>	<b>36%</b>	<b>55%</b>	<b>9%</b>	<b>100%</b>	<b>37%</b>	<b>55%</b>	<b>9%</b>	<b>100%</b>	<b>36%</b>	<b>55%</b>	<b>10%</b>	<b>100%</b>
Women leavers	10%	27%	8%	45%	8%	27%	11%	46%	9%	31%	8%	49%
Men leavers	11%	32%	12%	55%	9%	30%	14%	54%	9%	31%	11%	51%
<b>Total leavers</b>	<b>21%</b>	<b>60%</b>	<b>19%</b>	<b>100%</b>	<b>17%</b>	<b>57%</b>	<b>25%</b>	<b>100%</b>	<b>18%</b>	<b>62%</b>	<b>20%</b>	<b>100%</b>
<b>Turnover (%)</b>	<b>2%</b>	<b>6%</b>	<b>2%</b>	<b>11%</b>	<b>2%</b>	<b>7%</b>	<b>3%</b>	<b>13%</b>	<b>3%</b>	<b>10%</b>	<b>3%</b>	<b>15%</b>



**GRI 403-2**

Injuries	2012	2013	2014	2015	2016	Change in 2016
Number of recordable injuries	440	306	209	212	186	<b>-12%</b>
Recordable injury rate per 200,000 hours worked	1.25	0.89	0.61	0.55	0.47	<b>-15%</b>
Lost days	2012	2013	2014	2015	2016	Change in 2016
Number of lost days	2,428	2,028	1,383	1,976	2,293	<b>16%</b>
Number of injuries resulting in lost workdays	252	179	144	147	129	<b>-12%</b>
Lost day rate per 200,000 hours worked	0.72	0.52	0.42	0.38	0.33	<b>-13%</b>
Fatalities	2012	2013	2014	2015	2016	Change in 2016
Fatalities	2	1	2	0	0	<b>0%</b>



## GRI 405-1

Employees by gender	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Top executives (directly reporting to CEO)	7%	93%	21%	79%	13%	87%
Senior management	35%	65%	37%	63%	37%	63%
Middle management	45%	55%	47%	53%	46%	54%
First line management	51%	49%	53%	47%	52%	48%
Non-management	39%	61%	41%	59%	43%	57%
<b>Total employees</b>	<b>46%</b>	<b>54%</b>	<b>47%</b>	<b>53%</b>	<b>47%</b>	<b>53%</b>

Employees by age	2014			2015		
	Below age 30	Age 30-50	Over age 50	Below age 30	Age 30-50	Over age 50
Top executives (directly reporting to CEO)	0%	33%	67%	0%	36%	64%
Senior management	0%	60%	40%	0%	63%	37%
Middle management	3%	73%	23%	3%	75%	22%
First line management	13%	67%	19%	15%	66%	19%
Non-management	19%	58%	23%	18%	58%	24%
<b>Total employees</b>	<b>13%</b>	<b>65%</b>	<b>22%</b>	<b>13%</b>	<b>65%</b>	<b>22%</b>

## Notes:

- EHS data exclude Actavis Generics operations that joined Teva in 2016. HR data includes Actavis Generics employees at year-end. Year-end intensity calculations for EHS, however, exclude Actavis Generics employees. All other global facilities are included.
- Energy data for 2014 and 2015 are restated due to improved data for fuels and renewable energy.
- Teva uses Operational Control to account for energy consumption and emissions calculations.
- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition) was used for carbon calculations.
- GHG emissions are calculated on a market basis. Location-based Scope 2 emissions are: 507,203 tons CO<sub>2</sub>e for 2016.