

The title "Tea's Position on Pricing" is centered within a dark green circle. This circle is set against a larger, lighter green circular background that fills most of the page. The text is white and uses a bold, sans-serif font.

Tea's Position on Pricing

Teva Pharmaceutical Industries Ltd. (hereinafter “Teva”), through its affiliates, provides quality medicines to nearly 200 million people around the world every day. Teva, including all of its subsidiary and affiliated companies, is committed to bringing more treatments to more people in more countries. We recognize the connection between affordable medicines, healthcare and optimal health. As one of the world’s leading providers of generic medicines, we are uniquely positioned to help more people around the world access medicines. In line with our environmental, social and governance (ESG) efforts and activities, we strive to reach patients by making medicines widely accessible, affordable and available.

Generics and innovative branded medicines are both part of a cycle of innovation, affordability and accessibility. Innovative branded medicines deliver important and advanced therapeutic options for patients in areas of unmet medical need and receive a period of patent protection, helping to recoup investments (e.g., for research and development (R&D)). Whereas, generics are introduced later and make these treatments more accessible through additional production, competition and lower costs for patients and healthcare systems.

Bringing a new compound to market takes 10 to 15 years and, on average, costs \$2.6 billion,^{1,2} while only 12% of investigational compounds under development actually make it to market.¹ Innovative branded medicine prices reflect these R&D investments as well as other factors, including regional marketplace dynamics (themselves often the product of the region’s regulatory framework) and local economic conditions, both of which Teva considers in trying to facilitate meaningful patient access and provide value to patients. Generic medicines are developed to be therapeutically equivalent to their reference products and are approved by local health authorities for manufacturing and distribution by local Teva subsidiaries. Generic medicines are often less costly to develop than innovative branded medicines, and therefore, present a viable, market-based alternative for providing patients with quality, approved products at lower prices.

Teva supports the sustainability of healthcare systems around the world by making critical investments in innovative therapies as well as increasing access to quality, affordable generics. In 2020, Teva invested nearly \$1 billion in R&D. In 2020, our generic medicines were responsible for \$40.4 billion in savings across 12 select countries.³

Teva operates in 60 countries and works with relevant health authorities in each of those countries to ensure compliance with all applicable laws, policies and guidelines involved in pricing medicines. The jurisdictional differences, including among health authorities and based on local market dynamics, involved in distributing and pricing medicines require tailored approaches by each local Teva subsidiary to meet the needs of patients.

Our Pricing Approach and Commitments

Equitable approach to pricing: Teva specializes in researching, developing, manufacturing and delivering affordable generic medicines, as well as biosimilars and innovative specialty medicines for unmet needs. We aim to price our medicines responsibly, in line with the value they bring to society and to ensure patient access.

- **Generic and biosimilar medicines:** Teva's leadership in generics and biosimilars is the most fundamental way we increase access to medicines. We deliver savings to healthcare systems and patients as one of the leading generic medicine providers in the world, the leading provider in the US and Europe and a leading provider in more than 30 countries. We have more than 1,150 generic medicines in our R&D pipeline. Teva's local subsidiaries set and reassess the prices of their generic medicines based on regional dynamics, including health authority, reimbursement and other applicable rules and regulations. Further information on pricing is available in our Company's publicly filed securities disclosures.
- **Innovative branded medicines:** Our pricing approach for innovative branded medicines reflects the value of the medicine to the regional healthcare system, patients and society, and enables Teva to continue to invest in R&D in areas of unmet medical need. When evaluating prices, we strive to strike a balance between continued investment in R&D, accessibility for patients and comparative therapeutic value, taking into account market conditions and the local healthcare system structure.

Global access programs: We recognize even affordable medicines may not be accessible to the most disadvantaged populations. Teva has collaborated with key partners for decades to get medicines to those in need, often in countries where Teva does not have a presence. In 2020, Teva donated 317 million units of medicines to patients around the world, valued at \$571 million.

Patient assistance programs: Teva takes a comprehensive approach to enhancing access to medicines, which includes patient assistance programs, where appropriate at the local level, that provide support to eligible patients. In 2020, we provided \$67 million worth of medicines at no cost to patient assistance organizations in the US.

Application of this Position

This position is endorsed by Teva's Board of Directors. We communicate this position to our employees and publicly on our website, and we share our progress in our annual ESG Progress Report.

¹ DiMasi JA, Grabowski HG, Hansen RW. Innovation in the pharmaceutical industry: new estimates of R&D costs. *Journal of Health Economics*, 2016: 47, 20-33.

² PhRMA. The dynamic US research and development ecosystem. 2019. Available: <https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/0-9/5--67416-Dynamic.pdf>

³ For more details on our economic impact please see our 2020 ESG Progress Report: <https://www.tevapharm.com/globalassets/tevapharm-vision-files/tevaesgprogressreport2020.pdf>