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# Teva's Position on Enterprise Risk Management

Teva Pharmaceutical Industries Ltd (hereinafter “Teva”), including all its directors, executives, employees and subsidiary and affiliated companies, is committed to managing and mitigating key risks throughout its global operations and across all markets. We understand it is critical to assess (i.e., identify, analyze and evaluate) and treat risks that may pose a threat to our business.

Teva addresses ongoing and emerging risks through risk management, crisis management and business continuity planning. This helps the company and management achieve business objectives. Acting proactively also ensures we deliver on our mission to be a global leader in generics and biopharmaceuticals, improving the lives of patients.

Our position on enterprise risk management (ERM) is part of our environmental, social and governance (ESG) strategy and applies to all companies owned or operated by Teva.

## **Our Enterprise Risk Management Approach**

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**Decentralized approach:** Our risk management is decentralized. Teva's management teams at all organizational levels are responsible for continued assessment and treatment of risks in their areas. This allows us to respond in a timely fashion and ensure the relevant teams are addressing our risks. We have dedicated teams providing assistance with managing specific types of risks, such as Pharmacovigilance, Environment, Health, Safety and Sustainability (EHS&S), Global Quality R&D, Operational Quality Compliance, Global Compliance & Ethics, Sarbanes-Oxley Act (SOX), SOX IT, IT Security, Global IT Quality Control, Global Corporate Security and Corporate Risk Management.

Our Internal Audit unit provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management.

Teva classifies our enterprise risks in eleven categories: External Risks, Human Resources, Reputation, IT, Compliance, Legal, Financial, R&D, Corporate and Strategy, Commercial and Operation and Production.

**ERM processes:** Since 2018, the ERM process has utilized an integrated risk management approach aligned with the company planning cycle. This includes annual short- and long-term risk identification. Twice a year, we monitor the mitigation status of these risks and consider new risks. This ensures a prioritized agenda of top risks at the corporate level while maintaining a flexible and adaptive approach at the business unit (BU) level.

The risk management team leads the implementation of ERM processes across Teva, consolidates information from BUs and Executive Management and evaluates external risks and trends from around the world. The ERM process combines two approaches:

- Top-down: Executive Management meets regularly throughout the year to identify long-term and strategic risks.
- Bottom-up: Teva has established three cross-organization risk communities: risk champions, risk partners and a global situation room (GSR). Risk champions are dedicated representatives from each BU who oversee risk identification, analysis and evaluation, monitor risk status and report risk updates, including emerging risks. Risk partners are Teva's second line of defense representatives. They collaborate with BUs to share and discuss new and emerging risk information. GSR is our corporate crisis management team that can support executive management in managing different types of global risks. It was established in February 2020 to support Executive Management with decision-making and to mitigate the potential impact of the COVID-19 pandemic on our employees, customers and patients.

Executive Management and risk leaders review the output of the ERM processes and report to the Audit Committee of the Board of Directors twice annually regarding top risks and how they are being monitored and mitigated.

**ESG risks:** Our risk management process enables us to identify risks that are inherently connected to our ESG priorities, including compliance with laws and regulations, human capital, labor practices, climate risk and data security. These are material priorities that were also identified in our ESG materiality assessment as areas that can have a significant impact on our business. We further analyze some of these ESG risks to understand how they may impact our business and to ensure they are managed accordingly.

**Risk management education and training:** Teva conducts dedicated trainings on ERM, business continuity and crisis management for the Corporate Risk Management team, risk champions and risk partners, as well as others who engage in risk management efforts, such as GSR team members. These workshops cover Teva's best practice methodology and tools to manage and mitigate risk. In addition, those on the Corporate Risk Management team are certified risk management professionals, participate in various international conferences and training webinars and are members of risk associations (e.g., the risk management society (RIMS), Institute of Risk Management (IRM) and The Conference Board).

## Governance Structure for Enterprise Risk Management

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Teva's risk management process is governed by our Executive Management. Teva's Executive VP, Chief Financial Officer, who reports directly to the CEO, holds the dedicated responsibility of ERM. Our SVP Chief Global Internal Auditor is responsible for monitoring and auditing risk management performance across Teva's global operations.

Additionally, Teva's Board of Directors maintains oversight of risk management and fulfills this responsibility through review of risk management performance, policies, operations and business strategy by the Audit Committee of the Board of Directors.

## **Application of this Position**

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