



# Teva's Position on Environmental Sustainability

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The link between environmental sustainability and human health is undeniable. We recognize a healthy planet is fundamental to the well-being of individuals and communities worldwide. As a global pharmaceutical company, championing environmental sustainability today means creating a positive impact and a healthy future for generations to come. It reflects our purpose in practice: we are all in for better health. As such, we are dedicated to combating climate change, reversing biodiversity loss, minimizing resource consumption and reducing pollution.

Climate change—long-term shifts in temperatures and weather patterns—is causing a noticeable increase in global temperatures, largely due to greenhouse gases (GHGs) released from human activities. Climate change exacerbates natural catastrophes, including heatwaves, wildfires, floods, tropical storms and hurricanes, all of which impact human health.<sup>1</sup> Climate change is also responsible, in part, for biodiversity loss, the decline or disappearance of biological diversity, such as animals, plants and ecosystems.<sup>2</sup> The depletion of natural resources strongly impacts economic development and human health, which relies on functional ecosystems for essentials like water and air purification, food and medicine supply, climate moderation and disease control. Additionally, pollution, including the contamination of soil, water and air, contributes to disease and premature death across the globe. Recognizing this connection is crucial for addressing climate change, vector-borne diseases, zoonoses, water supply and pharmaceutical opportunities.<sup>3</sup>

Teva Pharmaceutical Industries Ltd. (hereinafter “Teva”), including all its directors, executives, employees and subsidiaries and affiliated companies, is committed to reducing environmental impacts and risks and realizing environmental opportunities across its operations with an aim to do the same across its value chain, helping to protect and enhance the organization’s long-term sustainability.

Our Position on Environmental Sustainability is aligned with our purpose, values, Code of Conduct and Healthy Future strategy and considers key stakeholders’ inputs. The scope of this position covers Teva’s production operations and business facilities, research and development (R&D), products and services, distribution and logistics, direct suppliers, service providers, contractors and other key business partners. The environmental issues covered by this position represent actual and potential impacts of and to Teva.

# Environmental Sustainability Aspirations, Approach and Commitments

## Systematic Management Approach

Teva has an Environment, Health and Safety Management System (EHSMS), which drives environmental sustainability in line with our targets and objectives to reduce our environmental impact and promote environmentally responsible economic growth across all our operations, including manufacturing, R&D, logistics and commercial. The EHSMS ensures a consistent approach to risk management focused on prevention, mitigation and remediation. It enables compliance with applicable local, national and regional regulatory requirements, following a standard Plan-Do-Check-Act continuous improvement cycle.

Teva’s corporate Environment, Health, Safety and Sustainability (EHS&S) function is responsible for implementing, overseeing and monitoring Teva’s EHSMS performance at the corporate level, and sites communicate directly with the team on local Environment, Health and Safety (EHS) performance. Our EHSMS is supported by a governance structure (see more [here](#)) and processes that include monitoring, auditing, recordkeeping and reporting. It includes various corporate management standards and supporting documents covering many topics, including those outlined in this position. It also includes standards that define the

management of many other topics, including, but not limited to, due diligence processes for acquisitions and divestitures and management of contractors to mitigate environmental risks and comply with local regulatory and Teva requirements.

The corporate EHS&S standards included in Teva's EHSMS are reviewed periodically and updated to address changes in risks, regulations and standards, as well as learnings from events. Teva's EHSMS enables Teva sites to comply with and achieve certification to external management system standards, such as ISO 14001.

Teva's EHSMS is audited at each site on a scheduled basis through an internal audit program run by technical experts from our global EHS&S team to verify our EHSMS expectations have been met. We also conduct periodic program effectiveness and risk assessments and develop action plans to drive continuous improvements on environmental performance. We regularly enhance our systems and processes and integrate environmental sustainability expectations into business practices. In addition, we establish annual and multi-year targets regarding our main impacts, risks and opportunities.

## **Risk Management**

We proactively and systematically identify, assess, prioritize and reduce environmental risks, categorizing them based on severity and likelihood. We allocate resources to thoroughly and effectively address environmental risks and monitor our progress on risk reduction. Our standards define expectations for a risk register to be developed by each facility—a central repository of all EHS&S risks and related controls.

The EHSMS also includes specifications that require EHS risks associated with changes to facilities/buildings, processes, equipment, products or activities to be proactively identified and managed prior to implementation to ensure compliance with local regulatory and Teva requirements.

Teva's risk management processes are integrated into a multidisciplinary, company-wide enterprise risk management program focused on direct operations, through which we perform risk assessments based on a standard framework. Please see Teva's [Position on Enterprise Risk Management](#) for more information.

## **Climate Action and Resilience**

Our approach to climate action is science-based and data-driven. Our near-term GHG emissions reduction targets have been validated by the Science Based Targets initiative (SBTi) in line with the Paris Climate Agreement. Over the longer-term, we are committed to achieving net zero emissions across our operations and value chain and transitioning our operations to 100% renewable electricity. To achieve these targets, we adopt a strategic and systematic approach to reducing GHG emissions, which is executed according to our decarbonization plan.

Regarding scope 1 and 2 decarbonization, the plan includes strategies related to increasing energy and process efficiencies, renewable electricity generation and sourcing and leveraging network optimization. We strive to reduce our reliance on fossil fuels and convert to renewable energy sources, when possible. We train and provide access to tools for our energy champions, perform energy audits to identify opportunities for improving energy performance in our facilities and follow market-relevant action plans. Our energy conservation and management standard establishes expectations to reduce energy use and GHG emissions, aiming to support sustainable operations and our environmental commitments and targets.

With respect to scope 3 decarbonization, we engage our suppliers to reduce their GHG emissions through various initiatives, including providing education and functional support on actions to address climate change and accelerate renewable energy adoption. We also engage suppliers to set climate targets aligned with SBTi and provide emissions data to calculate Teva's scope 3 emissions.

Teva also has expectations for performing corporate climate risk and opportunity assessments. We foster climate resilience by identifying and managing physical and transition climate risks and opportunities across our operations and value chain, and we report on these according to the Task Force on Climate-related Financial Disclosures (TCFD) framework. Identified risks are prioritized for materiality according to a standard framework approach through risk management processes, which include, among other aspects, probability, impact and preparedness level.

## **Environmental Pollution Management**

We actively assess our operations to address and manage air, soil and water pollution through a risk-based systematic approach.

As outlined in our Emissions Management standard, we drive emission control and reduction of releases to the environment and make significant investments in appropriate technology. Management of air pollution is primarily focused on addressing volatile organic compounds (VOCs), ozone-depleting substances (ODS), particulates, Nitrogen Oxides (NOx) and Sulfur Oxides (SOx).

To prevent, minimize and control water and soil contamination, our Soil, Groundwater and Surface Water Protection and Emissions Management standards define Teva's minimum requirements for handling and storing hazardous substances. They also outline robust controls and measures for assessing, planning and managing remediation of contamination, should it accidentally occur, including emergency measures.

We recognize our wastewater can have potential negative human or environmental impacts, including as a result of the presence of residual Active Pharmaceutical Ingredients (APIs). With an initial focus on antibiotics and priority APIs (including endocrine disruptors and cytotoxic agents), we take active efforts to limit discharges of APIs from our operations to scientifically determined safe discharge levels. We are also requiring direct suppliers to manage wastewater and solid wastes containing residual antibiotics and priority APIs in accordance with industry standards.

## **Waste Management and Circularity**

We expand the adoption of circularity principles for our products and operations through the elimination of waste and a focus on material regeneration and renewal. We proactively prevent and address waste at various stages of our operations according to the waste hierarchy, with any residual waste being appropriately disposed of in accordance with local regulatory requirements and our own minimum requirements for acceptable, conditional and unacceptable waste management methods.

Our process to promote appropriate waste management includes a Waste Minimization and Management standard, which sets expectations for how our facilities handle and manage waste. This includes, but is not limited to, identifying opportunities to reduce, reuse, recycle, recover and safely dispose of waste, in addition to setting waste reduction goals and targets and developing action plans to reduce waste generation.

The standard also encompasses waste reduction training to be provided to employees and minimum expectations for the safe handling and disposal of potentially reactive chemicals.

Teva also has a sustainability packaging program focused on reducing material use and increasing recycled content and recyclability of materials. This has positive upstream benefits in our value chain—including use of less virgin material—and downstream benefits—including lower carbon emissions associated with product transport and less waste generated by end users.

## Water Management

Water availability and quality are vital for pharmaceuticals manufacturing and are necessary to meet stringent quality control standards. Moreover, we recognize the fundamental human right to water and sanitation. Therefore, we are committed to responsibly managing our water resources to safeguard the availability and quality of water for communities and future generations.

We follow a scarcity-focused approach to water conservation to align with environmental and community needs and advance sustainable operations. Our Water Conservation and Management standard requires all facilities to train and raise awareness among employees, promote water conservation, understand major water sources and identify opportunities for water efficiency improvements. We require facilities located in water-stressed regions to formalize water conservation programs, including setting, tracking and reporting water conservation targets and maintaining a water balance.

## Product Stewardship

Teva aims to minimize the environmental impact of our products across their life cycles. Our approach is data-driven and leverages life cycle assessments of key products designed to evaluate the upstream and downstream environmental impacts of materials used and the product's final disposal.

We aim to improve our products and processes through responsible and safer design. We seek opportunities to integrate sustainable concepts in all product research and development (R&D) activities, including at the earliest stages. Using techniques outlined in our Green Chemistry guidance, we substitute hazardous substances used as source materials, design chemical processes that reduce waste and demand on finite resources and employ processes that are more energy and resource efficient.

## Biodiversity and Nature Management

We are committed to preserving nature and biodiversity, as they are critical to sustaining life on earth. We take a science-based approach to understand and minimize the negative impact of our operations on biodiversity and nature. With a focus on our operations and priority raw materials, we continue to evaluate and understand impacts and risks to establish policies and guidelines that minimize negative consequences and improve the utilization of natural resources.

Additionally, due to the dependence of biodiversity on climate moderation and clean water availability, our interconnected climate change and water management strategies and efforts are key components to reducing Teva's pressure on natural resources and biodiversity.

## Sustainable Value Chain

Teva integrates environmental sustainability into our procurement activities to ensure we select suppliers that are aligned with our values and commitments. Our expectations are communicated in our [Supplier Code of Conduct](#), and we consider those expectations in supplier selection and routine supplier business reviews.

When it comes to improving the environmental impact of our supply chain, we believe we are stronger when we collaborate with our peers. We actively participate in various sector forums, including the Pharmaceutical Supply Chain Initiative (PSCI) and the Responsible Health Initiative (RHI), which are focused on coordination, capacity building and environmental sustainability supply chain assessments.

In addition, we engage with our customers to support their environmental initiatives and share with them our progress. Through tailored communications programs, we also raise awareness among target groups of end

consumers and healthcare professionals on appropriate use of medicines, with the aim of minimizing negative environmental and public health impacts of medicines over their use and end-of-life phases.

## Stakeholder Engagement

We communicate our environmental actions, commitments and progress to our employees and encourage their active participation in sustainability efforts and initiatives to support a sustainable culture and raise awareness of our activities. We do this through our environmental campaigns, EHS&S Week and annual EHS&S Excellence Awards. Best practices from the EHS&S Excellence Awards are actively shared with our facilities to encourage adoption.

We also educate and train our employees on the importance of environmental sustainability, including relevant topics covered by this position, and ensure they are well-qualified, certified and equipped to perform their duties with respect to managing our environmental impact and enhancing environmental sustainability. This training promotes EHS&S awareness at all levels, emphasizing skill enhancement and compliance with all applicable laws and regulations and the established Teva Global EHS Policy and EHSMS standards. Teva also requires its contractors and temporary workers to demonstrate the qualifications, skills and abilities needed to perform tasks that can impact the environment. Training needs analyses are also periodically conducted to ensure appropriate competences.

We encourage employees to raise concerns and areas for improvement to management through an EHS&S observations reporting system.

Regarding external stakeholder engagement, we take a proactive approach to communicating topics covered within this position, including our environmental impacts, initiatives, performance and commitments, to increase awareness and improve collaboration in areas of shared responsibility.

## Environmental Sustainability Governance

At Teva, environmental sustainability is everyone's responsibility.

Teva's Board of Directors provides an overview on Teva's Healthy Future strategy, including efforts to address environmental impacts and risks. The Compliance Committee of the Board of Directors holds primary responsibility for Teva's Healthy Future strategy, targets and performance.

Our CEO-led Sustainability Steering Committee drives and monitors performance and decision-making on key matters, while also overseeing our Sustainability Global Forum, which manages Teva's Healthy Future strategy and monitors emerging topics.

Our Corporate EHS&S Committee, comprised of senior executives from each business unit, ensures appropriate engagement and oversight of material environmental sustainability issues.

Management of environmental sustainability is the responsibility of each business unit's line management, supported by Teva's global EHS&S function, which reports to the Executive Vice President of Teva Global Operations.

A multidisciplinary, Global Environmental Sustainability Task Force drives progress against our targets, helps to manage energy consumption and leads decarbonization initiatives.

The Environment and Sustainability Technical Advisory Committee (ESTAC) advises management on material matters and regulatory changes concerning the environment to promote engagement and knowledge sharing throughout the enterprise.

At our global facilities, management is responsible for EHS&S compliance and performance, supported by EHS professionals who drive local implementation of the EHSMS, programs and initiatives.

## Reporting

We periodically review our environmental sustainability performance with our Executive Management and Board of Directors. We report externally on our actions and progress against our targets in our annual [Healthy Future Report](#) and accompanying disclosures, which include our TCFD statement, as well as through [CDP](#) for Climate Change and Water Security.

## Application of this Position

This position is approved by the responsible Teva management members and endorsed by all Executive Management. It is supported by our EHSMS, which includes policies, standards and procedures to ensure our commitments are upheld, including periodic audits. We communicate this position to our employees and on our website.

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<sup>1</sup> World Health Organization. Climate Change. Available: [www.who.int/news-room/fact-sheets/detail/climate-change-and-health#:~:text=Climate%20change%20is%20impacting%20health,diseases%2C%20and%20mental%20health%20issues](http://www.who.int/news-room/fact-sheets/detail/climate-change-and-health#:~:text=Climate%20change%20is%20impacting%20health,diseases%2C%20and%20mental%20health%20issues). Accessed 19 Dec. 2023.

<sup>2</sup> United Nations. What is the Triple Planetary Crisis? Available: <https://unfccc.int/news/what-is-the-triple-planetary-crisis>. Accessed 3 Jan. 2024.

<sup>3</sup> World Health Organization. Nature, biodiversity and health. Available: <https://www.who.int/europe/news-room/fact-sheets/item/nature--biodiversity-and-health>