

A woman in a dark jacket and striped shirt walks a white dog on a leash along a gravel path. The path is flanked by dense green trees, and the sun is low in the sky, creating a warm, golden glow and long shadows on the ground.

# *United Nations Global Compact communication on progress*

Teva Pharmaceutical Industries Ltd  
COP FOR THE YEAR 2015

[www.tevapharm.com](http://www.tevapharm.com)

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## Message from our President and CEO



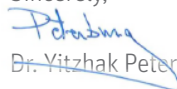
I invite you to review Teva's Communication on Progress covering our performance and progress in 2015. Teva serves millions of people every day with a commitment to providing solutions to a wide range of unmet healthcare needs. This report reflects our aspiration to enable people to live better, healthier lives.

In 2015, we invested more than \$1.4 billion in the development of both generic and specialty medicines and launched nearly 450 generic products globally, increasing access to treatment for many people. In addition to expanding our product range, we also support communities around the world, with an emphasis on vulnerable populations. In 2015, we donated more than \$106 million in cash and products to help those in need.

To continue to positively impact the lives of our patients and other stakeholders, we must operate according to the principles and standards of corporate responsibility. This means upholding ethical conduct at all times, protecting the planet, caring for our communities and providing our employees with a challenging, rewarding and meaningful work environment. Teva's 57,000 employees are engaged daily in advancing healthcare, discovering new solutions and ensuring medicines reach the patients who need them.

Thank you for your interest in our 2015 Communication on Progress report. We will be pleased to receive your feedback.

Sincerely,

  
Dr. Yitzhak Peterburg

Teva Interim President & CEO

# Teva at a Glance



## We are

A global pharma company, committed to increasing access to quality health solutions, with an unparalleled impact on patients and healthcare systems worldwide. This is how we enable people to live better, healthier lives.

## We specialize in

Developing, manufacturing and delivering specialty and generic medicines and over-the-counter healthcare products. We are also one of the world's largest manufacturers of Active Pharmaceutical Ingredients (APIs) for our own use and for many other pharmaceutical companies.

## We operate in

**80** countries from **246** locations including **89** manufacturing sites and **50** R&D facilities, with headquarters in Israel

## Our purpose and values are

Improving health, making people feel better

Getting it done together

Creativity where it matters

Caring

Making our families proud

Leading the way

## We employ more than

# 57,000

passionate and qualified individuals

## We are publicly traded on

### The New York Stock Exchange

(NYSE: TEVA)

### The Tel Aviv Stock Exchange

(TASE: TEVA)

## Our specialty medicines focus on

Central Nervous System (CNS), including multiple sclerosis, pain, migraine, movement disorders and neurodegenerative diseases; respiratory; and other therapeutic areas, including oncology and women's health.

## Our legacy is

### 115 years of developing pharmaceutical products,

making medicines more accessible and more affordable to millions every day

## Our future is

Building on our legacy to integrate pharmaceutical products into new healthcare approaches to help people feel better and live better days



# *Corporate Responsibility Highlights in 2015*

# Highlights in 2015

Teva generics saved **\$4Bn** for the UK healthcare system, and **\$1Bn** for Spain and Italy in 2015.

Teva generics saved \$214Bn for the U.S. healthcare system over ten years 2005-2014.

Teva celebrated **5 years** of membership of the UN Global Compact in 2015.

We launched **many** new generic medicines, offering millions more patients affordable treatment.

We joined the **Pharmaceutical Supply Chain Initiative (PSCI)** to promote responsible supply chain management.

We joined the **Pharmaceutical Security Institute (PSI)** to fight counterfeit drugs endangering patients.

We launched the **first ever** generic biologic treatment for osteoporosis. Good news for 200 million people worldwide!

Teva is the **founding partner** of two advanced brain research programs in autism and human genetics.

**47%** of our total workforce and **50%** of our managers were women.

Our e-health team partnered with the **IBM Watson Health Cloud** to explore advanced therapeutic solutions.

We launched a **Supplier Diversity Program** to encourage diverse and small business suppliers.

We reduced total energy consumption by **3%** in 2015, and by **10%** since our 2012 baseline.

We reduced our absolute greenhouse gas emissions by **6%** in 2015 and by **14%** since our 2012 baseline.

Teva USA was named PR News' **CSR Award Winner** for the 'Corporate-Community Partnership' category.

We recycled **35%** of our total waste.

We produced **1,548** Periodic Reports on drug safety.

We donated products at a cost of **\$25 million** and **\$80 million** in monetary donations worldwide.

Teva was honored with a **Greener Purchasing Award** from Office Depot for environmentally friendly practices.

Published **36** clinical trial results, conducted **157** site visits to oversee our trial activity and formally audited **45** trial sites in different regions of the world.

Complied with Medicines for Europe's industry **Code of Conduct on Interactions with the Healthcare Community** published in February 2015.

We reduced both our injury rate and lost day rate due to injury by **10%** compared to 2014.

A close-up, high-angle photograph of a doctor's face. The doctor is wearing blue-rimmed glasses and a white lab coat. The image is slightly blurred, focusing on the doctor's eyes and nose. The background is a soft, out-of-focus light color.

***Our progress in advancing  
the 10 Principles in 2015***

# Protecting human rights

In this section, we describe how we uphold the first two principles of the UN Global Compact.

## Principle 1

**Business should support and respect the protection of internationally proclaimed human rights**

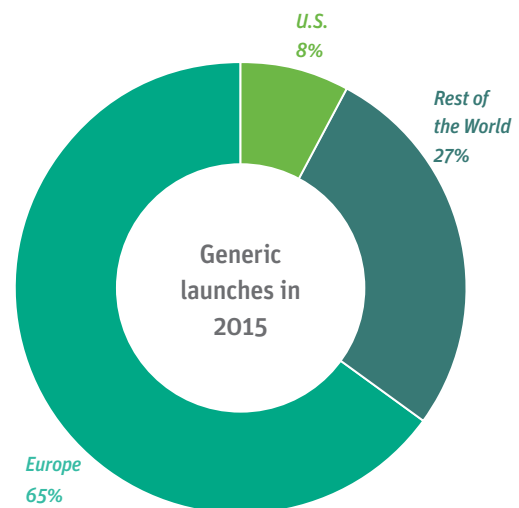
## Principle 2

**Business should ensure that they are not complicit in human rights abuses**

We maintain respect for all human beings and acknowledge their rights as laid down in the Universal Declaration of Human Rights, adopted by the United Nations.

Beyond the protection of human and labor rights in our own operations, our approach applies throughout our supply network and in the markets we serve around the world, specifically in support of the right of access to affordable medicine and patient rights.

We are strong advocates for our patients, as we believe all individuals should be able to expect to enjoy better, healthier lives. In addition, we support our communities around the world in the countries and cities where we operate.



## Supporting healthier lives through increasing access to affordable medicine

Generic medicines revolutionize the pharmaceutical landscape, enabling billions of people to live better by reducing the price of medicines, which in turn creates affordable alternatives and savings for patients. These savings also allow healthcare systems to better manage health-related economic challenges and offer more therapies, more coverage and overall better healthcare to their patients.

Our commitment to enhancing affordable healthcare is built on two fundamental cornerstones: increasing access by (1) entering new markets to provide the best available treatments to patients, and (2) continually investing in research and innovation to provide additional high quality, affordable medicines to meet a range of healthcare needs.

Teva offers the broadest range of medicines of any pharmaceutical company anywhere – that’s why we often call ourselves the world’s largest medicine cabinet. **Our cabinet includes more than 16,000 specialty and generic products based on 1,800 different molecules used in the development of medicines in critical therapeutic areas.** We have capabilities to deliver these medicines through different delivery systems – tablets, liquids, capsules, injectable, inhalers and more - to ensure that our medicines treat patients via the most effective route. We make the world’s largest (and growing) medicine cabinet accessible and affordable for millions of people each day.

According to the IMS Institute for Healthcare Informatics, generic drugs that entered the U.S. market between 2002 and 2014 reduced the price of medicines by 51% to 66% in the first year and up to 80% after five years. The reduced cost of medicine enables healthcare systems in most countries to provide more treatment for more patients from their increasingly pressured budgets.



In 2015, we launched many new generic products and medicines, offering millions more patients access to the benefits of affordable medicines.

### ***Saving billions for healthcare systems and patients***

Recently, we started to analyze the economic impact of generics in our different markets and can share initial results from four markets which we believe are indicative of Teva's global contribution.

#### ***Teva saved \$215 billion for U.S. families, insurers and government over 10 years***

Savings from generic drugs in the U.S. healthcare system are estimated at \$1.68 trillion over the last decade, according to the Generic Pharmaceutical Association.

While generics comprise 65% of prescriptions in the U.S. Medicare program, they account for only 25% of spend. In fact, the Congressional Budget Office estimates that if there were no generic drugs, the effect would be an extra \$120 billion in U.S. prescription costs each year.

As the largest manufacturer of generics, filling 1-in-5 generic prescriptions in the U.S. (more than any other company), Teva has been uniquely instrumental in delivering healthcare savings. We account for almost 13% of savings generated from generics prescriptions in the U.S., equating to approximately \$215 billion over the last ten years.

#### ***Teva saves \$5.8 billion in three European countries each year***

In the UK, Teva is the largest generic drug company, filling 1-in-8 prescriptions and supplying more than 700 generic medicine lines. Generic drugs save the UK's National Health Service more than \$18 billion per year, of which Teva is responsible for more than \$4 billion.

In Italy, generic drugs save Italian patients and the Italian Health Service approximately \$4.7 billion each year. As the largest generic drug company in Italy, Teva fills 1-in-5 prescriptions and is responsible for annual savings of approximately \$870 million.

In Spain, the story is similar. Generic drugs save Spanish patients and the Spanish National Healthcare System approximately \$1.1 billion annually. As one of the largest generic drug companies in Spain, filling 1-in-4 prescriptions, Teva is responsible for annual savings of approximately \$275 million.

### ***Enabling the UN to treat more patients***

One specific example of the many ways we contribute to lowering healthcare costs is our supply of linezolid to the UN in 2016 and 2017. Linezolid is used to treat multidrug-resistant tuberculosis (MDR-TB) which affects around half a million people per year. After successfully bidding in a UN tender, in 2016 and 2017, **we will supply 2.3 million linezolid treatments at a price that is 70% lower than other sources.** In other words, many more people can be treated by the UN with the same amount of funding.

### ***Expanding our reach with generics***

In 2015, we laid the groundwork to expand our portfolio of medicines. For example, we established a partnership with Takeda Pharmaceutical Company to meet the wide-ranging needs of patients and growing importance of generic medicines in Japan. Also, in August 2016, we completed our acquisition of Actavis Generics, the generics division of Allergan plc. Actavis brings to Teva a prominent and successful generics business as the third largest generics manufacturer in the U.S., with more than 1,000 generic products.

## ***Teva's unique innovation enhances the availability of new treatments***

Our **Global Public Health Program** harnesses these capabilities to address global public health challenges in emerging markets. In this program, we provide essential R&D resources to develop solutions to treat conditions that are untreated or inadequately treated to date. Our investments and resources are provided at cost. That means we take no profit in the development stage, in order to give these new solutions the best chance of economic viability and progress to market for the benefit of the patients who need them.

In 2015, we advanced two Global Public Health Program initiatives:

### ***Innovative treatment for diarrhea***

One of the pressing challenges in treating acute watery diarrhea (mortality: 1,600 /day) in children is ease of preparation of available Oral Rehydration Salts (ORS).

We developed a unique treatment concept to reduce diarrhea-related mortality in children aged six months to five years. In some areas of the world diarrhea is one of the top two causes of mortality in this age group. A key cause of diarrhea is contaminated water. The unique combination treatment first purifies water and then supplies necessary volume of clean water and electrolytes combined with zinc to halt diarrhea.

In addition, we add flavor to the combination to achieve high acceptance by children. This program enabled Teva to initiate a Diarrhea Innovations Group (DIG) under the United Nations Commission for Life-Saving Commodities' Pneumonia & Diarrhea Working Group.

### ***Improving contraceptive use***

We are working in collaboration with FHI 360, a nonprofit human development organization, to develop an injectable contraceptive that aims to provide protection for six months – twice the length of protection provided by current injectable contraceptives.

With just two injections a year, this product would provide greater access to women who would benefit from less frequent administration, and decrease the burden on medical systems, facilities and providers.

This project is supported by the Bill & Melinda Gates Foundation.

## ***Advocating and supporting patient rights and wellbeing***

We go beyond providing medicines, aiming to advance the patient's voice in the healthcare system and support patients in coping with their medical conditions. Our many partnerships with patient organizations enable us to better understand the many ways health impacts life and help us explore new solutions for patients to live better.

**Global patient support programs:** We develop, implement and operate a wide range of patient support programs worldwide that deliver high impact personalized support services. These programs play a critical role in empowering the

patient and delivering better outcomes.

In 2015, Teva managed 49 patient support programs in 30 countries supporting nearly 300,000 patients.

Complementing Teva's core business activities, these programs encourage better outcomes by supporting adherence to prescribed therapy and the physician's treatment plan, and achieving more consistent results through positive behavior change.

**Global health patient advocacy:** In May 2016, we hosted the inaugural Improving Health Global Patient Advocacy Dialogue in Amsterdam, bringing together 12 patient advocacy organization representatives from around the globe with many specialists and executives on behalf of Teva. Working collaboratively with the patient community, the dialogue helped Teva identify the opportunities to enable the patient voice to be more clearly heard within Teva and to build and strengthen relationships with each organization centered on common goals for supporting patients and those that care for them.

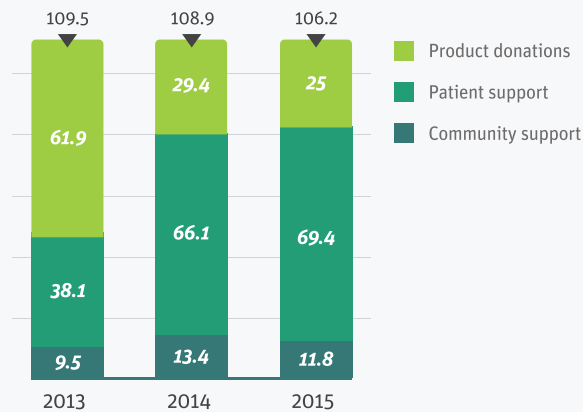
**Transparency:** Teva endorses the Medicines for Europe Code of Conduct which provides standards for relationships between the pharmaceutical industry and patient organizations. As a member of Medicines for Europe, we actively supported the development of this Code. In line with the Code's requirements, we published our first European Patient Organization and Advocacy Disclosure in March 2016. This is a detailed list of all our patient engagement activities in 2015 in Europe, with cash costs and contributions recorded by activity. See the disclosure [here](#)

## Contributing to the wellbeing of our communities

Our contribution to our communities regularly exceeds \$100 million per year and in 2015, amounted to \$106 million. Almost 25% of this was in product donations in different countries.

In most cases, our contributions mainly support issues related to improving healthcare or supporting different patient groups.

### Annual Donations in our Communities



### Supporting communities in times of emergency

The need for access to medicines is especially acute when climate disasters strike vulnerable communities. We believe we have a duty to assist, and we do so by donating medicine through well-established humanitarian organizations that coordinate and support relief efforts.

In 2015, for example, a devastating earthquake of 7.9 magnitude hit Nepal and the surrounding areas, the largest to hit the country since 1934, taking the lives of at least 5,000 people in Nepal, Tibet and Bangladesh with thousands more injured. At least 15 aftershocks caused further damage to buildings and increased the risk of collapse.

Acting upon our values and our lasting commitment to reach out to the most vulnerable communities affected by such tragedies, we partnered with Direct Relief and the Red Cross to respond to the most pressing needs with Teva products and medicines. We sent medicines of a total value of \$1M to help those affected in Nepal. Teva employees also donated directly and we matched their contributions with corporate funding.

The CEO of Direct Relief, Thomas Tighe, sent a short video to thank Teva and note that our contribution was the largest medical shipment that had been received in Nepal since the start of relief operations.

**U.S.:**

Volunteers in Medicine clinics, staffed primarily by volunteers, provide medical and dental treatment at no cost to economically disadvantaged individuals. In addition to financial support, Teva provides employee volunteers and educational materials for VIM patients. Our partnership with VIM was named Best Corporate-Community Partnership by PR Daily in 2015.

**FRANCE:**

Again this year, 150 Teva colleagues from 30 countries participated in 'Climbing against MS' in France. Teva raised \$80,000 in this event for Multiple Sclerosis research.

**GERMANY:**

For the fourth successive year in 2015, Teva Germany supported the "Johanniter Christmas Trucker". Employees donated food boxes and our truck delivered the food boxes in Romania and Albania.



**U.S.:**

Teva U.S. partnered with Direct Relief to launch a first ever United States product donation program. Through this program, Teva's donated products are now available to approximately 1,200 clinics across the U.S. In addition, Teva provided medicine at no cost to approximately 15,000 U.S. patients in need through the Teva Cares Foundation Patient Assistance Programs.

**CROATIA:**

200 colleagues in Croatia participated in the global Movember campaign, wearing moustaches during the month of November to raise awareness for men's health.

**ISRAEL:**

In 2015, we held our 'Teva Tov' week of community engagement for the second time. 2,350 Teva volunteers gave 14,000 hours to renovate gardens; pack food baskets for the needy; harvest 10 tons of vegetables to feed the hungry and visit 800 sick people in hospitals.

***Ensuring responsible practices in our supply chain***

In 2015, we began building our first Supplier Code of Conduct in alignment with Pharmaceutical Supply Chain Initiative (PSCI) principles and Teva's Business Code of Conduct, as a way to help ensure that our suppliers uphold ethical practices in their businesses and specifically, in the work they do with Teva. We hope to start introducing our Code to suppliers in 2016.

***Advancing collaboration and maximizing value with suppliers***

As part of our efforts to engage more holistically with suppliers, in 2015, we launched a Supplier Relationship Management (SRM) program to advance collaboration with key suppliers, generate mutual shared value and minimize risk. Initially, we are engaging with a small number of selected suppliers and will gradually expand our scope over time.

***Working with more diverse suppliers***

In 2015, we introduced our U.S. Supplier Diversity program to encourage engagement with more diverse suppliers, including small businesses, minority, women and LGBT-owned, or businesses run by veterans or people with disabilities. We started our outreach to identify potential new diverse suppliers for Teva, by becoming members of organizations such as WBENC (Women's Business Enterprise National Council) and NMSDC (National Minority Supplier Development Council). We are planning to be more active with these and other organizations to ensure our pipeline of diverse suppliers will grow in the coming years.

## Safe medicines for patients

Patients look to Teva to develop new medicines safely, work to the highest standards of clinical research and be transparent about our results. We comply with applicable laws relating to the safety of medicines and the complete and accurate labelling of products and provision of patient safety information. We maintain a worldwide network of highly trained local safety officers, most of whom are physicians or pharmacists. Patient safety is supported by our high standards of manufacturing and precision quality assurance, our pharmacovigilance (PhV) operations, our clinical trial standards and our fight against counterfeit drugs.

**Clinical trials:** Clinical trials play a crucial role in helping ensure medicines are safe and effective before they are brought to market. We follow the most advanced global standards for clinical trials, with emphasis on protecting the safety of potential patients as well as trial participants. All trials are conducted in accordance with the international Declaration of Helsinki, which lays out ethical principles for medical research involving human subjects. We conduct clinical trials only when critical to product development and we minimize interventions as far as possible to avoid non-critical exposure of trial participants to experimental drugs.

In 2015, we published 36 trial results, conducted 157 site visits to oversee our trial activity and audited 45 trial sites. In 2015, we also formed strategic partnerships with our Contract Research Organizations (CRO) vendors who conduct trials on our behalf. In collaboration with these CROs, we improved our trial processes to enable greater transparency and quality of information.

### Teva clinical trial summary in 2015

# 156

ON-GOING  
STUDIES

# 4,546

ACTIVE SITES

# 22,661

ENROLLED PATIENTS

# 69

COUNTRIES

# 36

STUDIES  
PUBLISHED

### ***Caring in the use phase***

Our global Pharmacovigilance (PhV) division monitors, analyzes and reports potential safety risks associated with the use of a Teva product or device. While drugs are approved based on representative safety trials, their effects may vary when used in practice in different circumstances by different patient types. Our finger-on-the-pulse alerts us to adverse reaction events associated with our medicines, and we investigate immediately and take appropriate action. In 2015, our Corporate Safety Board met 15 times to review all aspects of the safety of our products in the market.

Based on our ongoing evaluation of products in the market, in 2015, we produced 1,548 Periodic Reports identifying the aggregate safety data of different medicines since their development. We also delivered 142 Risk Management Plans (RMPs) that describe the risks of adverse drug reactions and potential adverse reactions associated with the use of a drug to help assure a positive risk-benefit profile for our medicines. In addition, we sponsor post-marketing safety studies after a medicine has been authorized to obtain further details relating to a medicine's safety. In 2015, we held 35 post-marketing safety studies in 35 countries to monitor the safety of both our generic and branded products in various therapeutic areas after release to the market.

### ***Keeping patients safe by fighting counterfeit drugs***

Counterfeit drugs are a threat to the health and safety of patients as they may not contain stated doses of active ingredients, meaning that patients are not receiving the correct treatment even though they think they are. Not only that, counterfeits often contain dangerous impurities that can actively harm patients. The threat is serious with the annual value of the counterfeit drug market estimated at \$200 billion.

In 2015, we took new steps to advance our efforts to prevent counterfeit drugs from putting our patients at risk. We joined the Pharmaceutical Security Institute (PSI), a coalition of the 33 largest pharmaceutical companies. PSI and its members work to combat counterfeits by raising the public's awareness of the dangers of counterfeit drugs and by collaborating with government agencies, customs authorities, international police agencies and others to help eliminate the flow of counterfeit drugs. This step strengthened our existing anti-counterfeiting activities, including participation in international efforts, supporting related legislation and regulation, and, of course, compliance with all relevant regulatory requirements.



# Upholding labor rights

In this section, we describe how we uphold the first two principles of the UN Global Compact.

<p><i>Principle 3</i></p> <p><b>Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</b></p>	<p><i>Principle 4</i></p> <p><b>Business should support the elimination of all forms of forced and compulsory labor</b></p>
<p><i>Principle 5</i></p> <p><b>Business should support the effective abolition of child labor</b></p>	<p><i>Principle 6</i></p> <p><b>Business should support the elimination of discrimination in respect of employment and occupation</b></p>

Behind every new treatment, medicine, service or products our company develops are real people. These are 57,000 people in 80 countries who have dedicated their careers to working together to uncover new ways of advancing the health of patients. These dedicated people are the lifeblood of our company’s success.

At the most foundational level, we observe globally recognized human rights standards in our workplace, we do not tolerate child labor or forced or compulsory labor, we support freedom of association and avoid discrimination in all its forms. We maintain a safe workplace and care for the wellbeing of our employees. We go beyond these basic rights through our support for employees in a variety of initiatives, from listening to their opinions and needs, to valuing diversity and differences, to developing leadership and supporting career aspirations.

### **Our inclusive workplace**

We value diversity and believe that an inclusive workplace based on respect and equal opportunity is a more empowering workplace. We encourage diversity among our employees as well as in our interactions with patients, communities and business partners.

In North America, we continue to enhance our Teva Inclusion Network which is comprised of eight Employee Resource Groups (ERGs) based on shared characteristics, interests, and life experiences to create channels for networking and development. All our ERGs were active throughout 2015, including hosting inspirational speakers, community meetings, participating in webinars and other activities.

<b>Our Employee Resource Groups</b>			
Abilities (People working with disabilities)	African Heritage Network	Asian Heritage Network	Latino/Hispanic Heritage Network
Men at Teva	Pride Network (Supporting LGBT community)	Vets at Teva	Women at Teva

**Advancing gender equality:** We maintain a gender-equal workplace with 46% of our global workforce made up of women. In 2015, 50% of all our managers were women, from first line managers up to the most senior levels of management. In 2015, two female directors joined our Board of Directors, bringing the presence of women on our Board to 23% (3 of 13).

### Caring for employee health and wellness

We empower each our managers in each country of operation to provide practical tools and locally tailored programs that help employees lead healthier lifestyles and address their needs and preferences.

In 2015, for example, our U.S. sites began a “Journey to Well-being” to create a work environment that encourages and supports the physical and emotional health of employees. As part of the program, employees receive information about their health status and risk factors together with benefits, services and resources to support healthier behaviors. In 2015, we saw a significant increase in engagement for better health among our U.S. employees.

In Israel, health insurance plans were enhanced to provide employees and their families with comprehensive quality access to care and our health plan service hours were adjusted to enable more employees to participate. In 2015, more than 1,400 employees consulted with our Nutrition Advisors and hundreds engaged in different sporting activities organized by Teva in Israel.

### A safe workplace for our employees

At Teva, we believe that everyone has the right to a safe and healthy working environment. We are committed to meet applicable safety regulations in all our operations, but more than this, we aspire to establish a culture where safety is a core value and integrated into everything we do.

## Employees getting healthier

In our U.S. operations\*:

**+16%**

employees became active members of Teva’s onsite fitness centers

**+32%**

employees completed a Biometric Screening and Health Risk Questionnaire

**+59%**

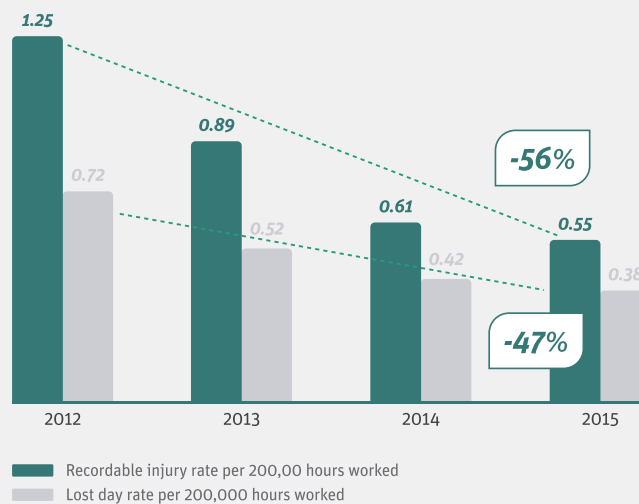
employees participated in our Weight Watchers program

**23**

employees used our Smoking Cessation program (25 in 2014)

\*Data for 2015 is compared to 2014, Relates to employees and eligible dependents.

### Improving Safety Performance 2012-2015



We aspire to a future workplace with zero injuries and incidents. We support this aspiration by proactively identifying and eliminating hazards; improving safety management systems; continuous safety education and training; upgrading equipment and infrastructure; and ongoing auditing and monitoring.

In 2015, we achieved a 10% reduction in our global recordable injury rate and a 10% reduction in our global lost time injury rate. This continues a trend of improved safety performance over the past four years. 69% of our injuries in 2015 were due to slips, trips, and falls; ergonomic overexertion; and injuries where individuals were struck by a moving item resulting in cuts, scratches and bruises. There were no work-related fatalities in Teva's operations during 2015.

In addition to the multi-year development and implementation of our global EHS management system that specifies minimum safety and health standards to be followed across Teva, we continued to focus on raising awareness of safety and health and enhancing our safety culture.

# Taking responsibility for our place on the planet

In this section, we describe how we uphold the three principles of the UN Global Compact supporting environmental stewardship:

<i>Principle 7</i>	<i>Principle 8</i>	<i>Principle 9</i>
<b><i>Business should support a precautionary approach to environmental challenges</i></b>	<b><i>Business should undertake initiatives to promote greater environmental responsibility</i></b>	<b><i>Business should encourage the development and diffusion of environmentally friendly technologies</i></b>

Climate change is an increasing global challenge that impacts everything we care about: our patients, our employees, the members of our communities and our business.

Understanding the important role business must play in mitigating climate change, in 2012 we established goals to reduce our greenhouse gas emissions and improve our energy efficiency. In 2015, we created additional goals for increasing the beneficial reuse of waste and reducing our water use at three key sites in water scarce areas and we have almost achieved our 2020 greenhouse gas emissions reduction goal, almost 5 years ahead of schedule.

### ***EHS “Journey to Excellence”***

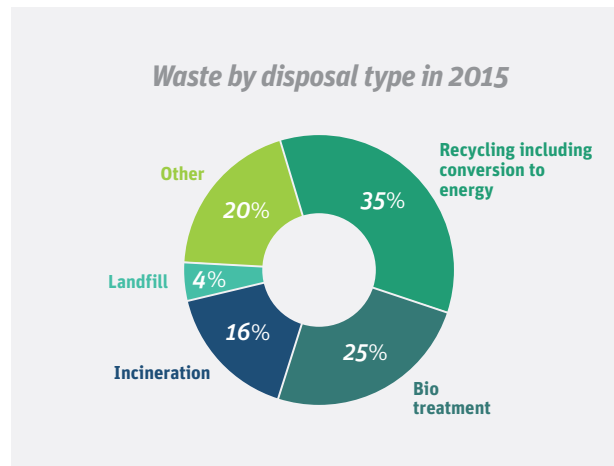
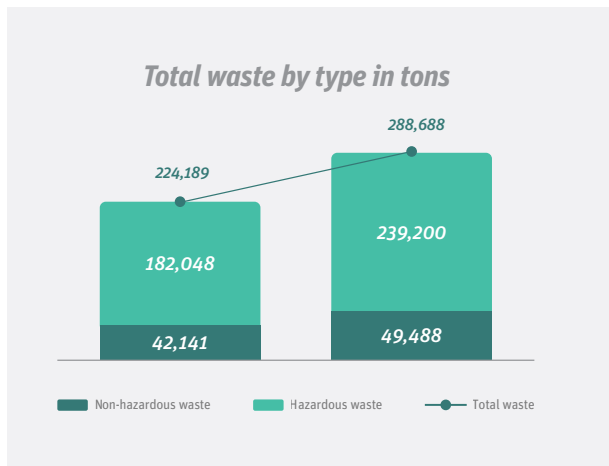
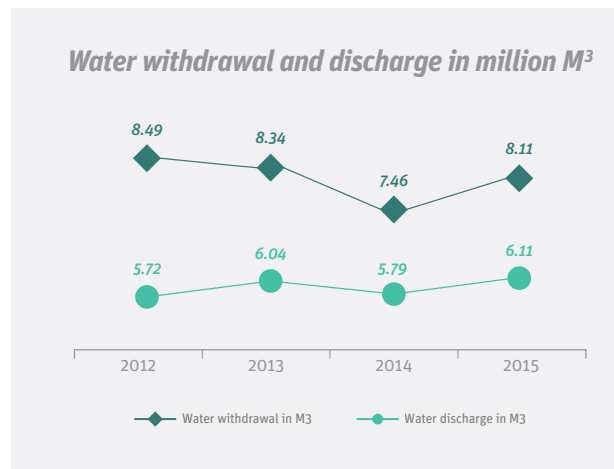
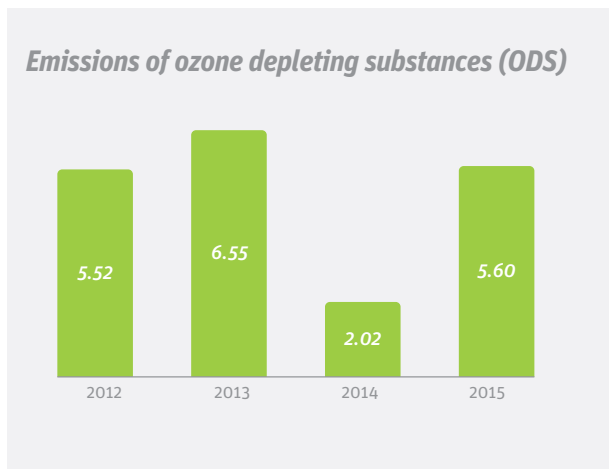
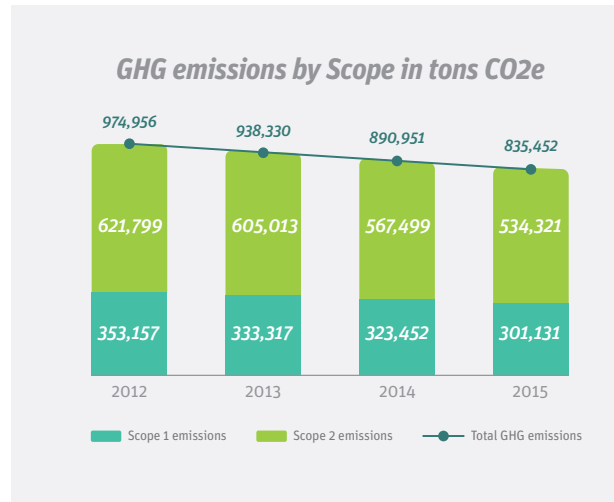
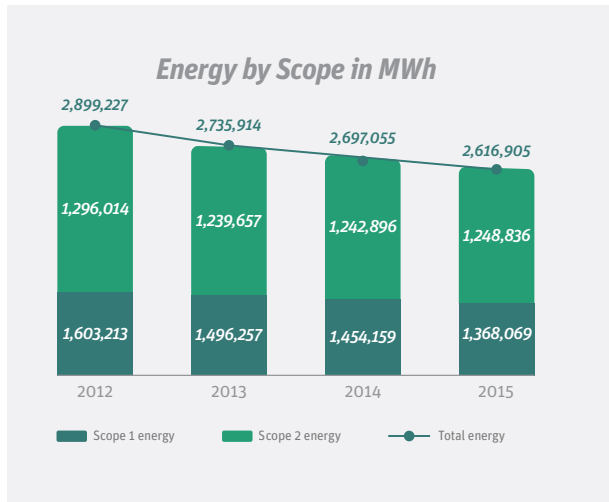
We continue to roll-out our global EHS (Environment, Health and Safety) management system with the intention that all our operating facilities will become fully compliant in the coming years. The EHS management system includes continuing to develop a comprehensive set of internal EHS operational standards covering all aspects of our manufacturing and supply to create a unified set of Teva standards. In 2015, we introduced two new internal standards on energy conservation and water conservation and management, supported by relevant employee training.

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 is a robust basis for future external certification to these standards.

Our EHS aspiration called “TargetZERO” includes four key 2020 targets. Our performance through 2015 is as follows:

<i>Cumulative performance against TargetZERO</i>			
<b><i>Targets to 2020</i></b>	<b><i>2013</i></b>	<b><i>2014</i></b>	<b><i>2015</i></b>
Reduce greenhouse gas emissions by 15% (baseline 2012)	-4%	-9%	<b>-14%</b>
Improve energy efficiency by 20% (baseline 2012)	-6%	-7%	<b>-10%</b>
Reduce water use at three water scarce sites by 5% in 2020 (baseline 2014)	-	-	<b>Achieved at two sites</b>
Increase waste beneficially reused (diverted from landfill) by 10% (baseline 2014)	-	-	<b>-6%</b>

## Our environmental performance



#### Notes:

Energy and emissions: Teva uses Operational Control to account for energy consumption and carbon footprint. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) was the methodology used for emissions calculations. The boundaries of Teva's Scope 1 and 2 GHG emissions include all facilities and vehicles directly operated by Teva in 2015 calendar year. Waste: data prior to 2014 is not reported.

## Europe leading the way with renewable electricity

As part of our global effort to reduce GHG emissions across all our operations, in 2015, we made significant progress by increasing our use of renewable energy. Approximately 50% of our total electricity consumption in Europe comes from renewable sources, such as solar, wind and hydro-power. Currently, Teva Europe leads the way on renewable electricity sourcing, but we plan to roll this out to more global operations in the coming years.

By the end of 2017, we expect to reach >95% green electricity in Europe and 15% green energy globally.

### Teva Europe – now operating with 50% green electricity

#### Germany

**100%** hydro power at all sites from 2016, saving approx. 17,000 tons of GHG emissions per year

#### Ireland

**50%** renewable electricity in 2015, saving approx. 3,800 tons of GHG emissions per year

#### Italy

**100%** hydro power at all sites from 2016, saving approx. 19,500 tons of GHG emissions per year

#### Croatia

**100%** renewable electricity from 2016

#### Netherlands

**100%** renewable electricity from 2017

#### Czech Republic

**50%** renewable electricity 2016 savings approx. 13,700 tons of GHG emissions per year

### Our first biomass burner in India

Another initiative to reduce our dependency on fossil fuels and save GHG emissions was initiated at our Goa site in India in 2015. We made a significant investment to install our first ever biomass boiler in our manufacturing facility. This facility produces tablets and capsules for markets in Europe, Canada, and Japan. With the installation of this biomass boiler, we produce 1.24 GWh of green heat energy, replacing a heavy fuel oil fired boiler and eliminating 1,700 tons of GHG emissions per year, while generating significant annual savings. Currently, 36% of the energy required at Goa site is provided by the biomass boiler which converts agricultural waste, such as rice, sugarcane husk, sawdust and ground nut shells, into high density energy briquettes. The waste generated by the biomass boiler is also eco-efficient: an ash by-product that is sent to an approved recycler for use as fertilizer, raw material for bricks and construction landfill.



Photo: Solid fuel (Biomass) Boiler, Teva, Goa.

# Working to prevent corruption

In this section, we describe how we uphold the UN Global Compact principle relating to anti-corruption:

## Principle 10

**Business should work against corruption in all its forms, including extortion and bribery**

We strive to conduct our business responsibly in line with the highest ethical standards with zero toleration for corruption. We know that our patients, and all stakeholders seek assurance that Teva acts lawfully, ethically and responsibly, and increasingly, stakeholders seek transparency about our business practices and not only our medicines. We aim to maintain the trust of our stakeholders in our company and our people by upholding high standards of responsible and ethical behavior.

Our Code of Business Conduct is available in over 40 languages to guide employees in required ethical behavior. All new employees receive ethical training upon joining the company and all employees participate in refresher training in the Code of Conduct every three years. In 2015, 95% of our employees worldwide completed an in-person or online training course in our Code of Conduct.

### Advancing a culture of compliance

In 2015, we took many actions to improve compliance ownership in each business unit and to everyone across Teva. Our core compliance principles are supported by additional guidance specific to different activities, such as R&D, medical and commercial activities. Our global Compliance Committee is headed by six senior Teva executives and meets quarterly. Globally, compliance is supported by a staff of 91 including 36 market-based Compliance Officers.

In 2015, we rolled out comprehensive compliance training across all our operations with new core compliance curricula, adapted to employees based on their risk designation.

### Global Internal Audit Compliance Audit program

In 2014, we established the Compliance Audit function within the Global Internal Audit (GIA) program to assess Teva’s Global Compliance program around the world. GIA is an independent and objective assurance function that performs audits to ensure that controls, policies, and procedures are properly designed, operate effectively to minimize organizational risk. The division is staffed with a highly qualified team of 10 auditors, including legal and compliance professionals and forensic investigators with a combined 193 years of relevant experience. In 2015, GIA continued to expand its reach and activities within Teva and, by the end of 2015, had completed 46 country audits and tested almost 5,500 transactions in more than 35 countries. In 2015, GIA implemented a new web-based solution to increase the productivity of the entire audit management process and provide an efficient database for all findings and corrective actions. In 2016, we will intensify our audit activities and also conduct a Global Fraud Risk Assessment.

<b>Internal Audit progress 2014-2015</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Country audits	13	33	46
Compliance interviews	174	470	644
Transactions tested	1,242	4,196	5,438

## Whistleblowing and our Office of Business Integrity

We encourage our employees, and all those who interact with Teva, to report instances of suspected non-compliance or breach of our Code of Ethics, and we provide a range of tools to enable reporting, including anonymously. Our Office of Business Integrity manages Teva's global Integrity Hotline which includes 59 specific country phone numbers. In 2015, extensive communications were published to all employees to raise awareness, including 14,000 posters to 46 countries in 38 languages. In addition, the Integrity Hotline infrastructure was upgraded and tested to ensure that, whenever anyone makes contact, they can get their message through.

## Upholding anti-corruption practices

As part of our overall ethics and compliance programs, we maintain a robust and comprehensive core curriculum of employee training and education programs that include tailored anti-corruption modules throughout our global business. Most of our programs are principles-based and include an embedded policy certification that employees are required to achieve with a 100% pass-rate. Using a risk-based approach, all employees participate in basic training in all essential elements of our programs, and employees at higher risk of exposure to compliance or corruption issues participate in more detailed levels of training. In 2015, more than 4,100 new hires (93% of total intake) completed training in our Code of Conduct, while 97% of relevant employees completed our specific anti-corruption training modules.

The range of courses we provide annually include:

- Code of Conduct
- Anti-Corruption Training and Policy Certification
- Interactions with Government Officials Training and Policy Certification
- Interactions with Members of the Health Care Community Training and Policy Certification
- General Business Ethics and Values
- Office of Business Integrity Awareness
- Conflicts of Interest Awareness
- Careful Communications
- Data Privacy Awareness

Typically, we achieve a rate over more than 95% completion of annual compliance and anti-corruption training programs across Teva. This provides the basis for our strong culture of compliance.

In recent years, we have been subject to an investigation in the United States by the Securities and Exchange Commission and Department of Justice pursuant to the Foreign Corrupt Practices Act. We are fully cooperating with U.S. authorities, while concurrently strengthening our global compliance program. Further details on this matter can be found in our public disclosures filed with the SEC, available at Teva's Investor Relations homepage.

## Integrity Hotline - 2015

# 180

total referrals

# 36

referrals (20%) were considered Business Integrity issues and shared with our Audit Committee

50% of these 36 issues were substantiated at some level and:

- 2 resulted in a process policy review;
- 5 resulted in a warning or reprimand;
- 1 resulted in suspension;
- 9 resulted in termination; and
- 1 remains under review



# Listening to our stakeholders

As the largest global maker of generics, with a direct presence in over 80 markets, our stakeholders are almost everywhere. Our stakeholders include our patients, employees, the professional healthcare community and the healthcare industry, regulators, investors and social and environmental organizations, and others. We maintain an intensive dialogue with all our stakeholder groups in the normal course of our business, via a range of different channels, involving thousands of interactions each day and more significant interventions at meetings, conferences, via social media and more. Here are just a few examples:

<i>Patients</i>	<i>Employees</i>
<ul style="list-style-type: none"> <li>- We maintained broad engagement across 49 global patient support programs in 30 countries serving 300,000 patients, providing funding, educational activities and taking part in meetings, workshops and conferences to understand the needs of patients around the world.</li> <li>- In 2016, we hosted a discussion in Europe, inviting 12 international healthcare groups to review shared approaches to improve global support for patients.</li> <li>- In Israel, we partnered with Philips Healthcare in Sanara Ventures, to advance innovation in medical devices and mobile health for patients.</li> </ul>	<ul style="list-style-type: none"> <li>- In 2015, as part of our corporate transformation process, we invited employees across the business to provide stories demonstrating how we live our purpose and values. More than 1,000 stories were submitted.</li> <li>- In 2015, we conducted an annual employee engagement survey to hear employee views. The survey achieved an 85% response rate.</li> <li>- We maintain The Teva Inclusion Network in the U.S. with 8 active Employee Resource Groups (ERGs).</li> </ul>
<b><i>Healthcare professionals and the healthcare industry</i></b>	
<ul style="list-style-type: none"> <li>- We continued to play an active role in Medicines for Europe, chairing working groups and influencing disclosure frameworks.</li> <li>- We joined the Pharmaceutical Security Institute (PSI) in early 2016, a coalition of 33 of the largest pharma companies addressing counterfeit drug issues.</li> <li>- We joined the joined Pharmaceutical Supply Chain Initiative, supporting ethical standards in the pharma industry.</li> </ul>	
<b><i>Regulators and investors</i></b>	
<ul style="list-style-type: none"> <li>- In 2016, we disclosed an overview of patient engagement activities and donations covering most regions of the world in 2015.</li> <li>- In Europe, Teva has engaged (via industry partnerships) with the European Commission to promote flexibility for manufacturing medicines in Europe and promoting the Generic Drug User Fee Amendments of 2012 (GDUFA) to speed access to safe and effective generic drugs to the public and reduce costs to industry.</li> <li>- In 2015, we maintained full and open cooperation with the U.S. Department of Justice regarding investigations concerning compliance with the Foreign Corrupt Practices Act (FCPA) in a number of jurisdictions.</li> <li>- We hold quarterly earnings calls for investors and respond to their questions on a regular basis.</li> <li>- We participate in leading investor conferences and events in our industry throughout the year.</li> </ul>	
<i>Environmental organizations</i>	<i>Social organizations</i>
<ul style="list-style-type: none"> <li>- Teva submits annually and publicly discloses climate change information to the Carbon Disclosure Project.</li> <li>- Teva has engaged with renewable energy suppliers throughout Europe in order to advance Teva's conversion to renewable energy sources at various sites.</li> <li>- Teva was honored with a Greener Purchasing Award from Office Depot in 2015 for environmentally friendly practices.</li> <li>- Teva engages with EHS certification bodies such as ISO to certify manufacturing sites around the world to leading standards such as ISO14001.</li> </ul>	<ul style="list-style-type: none"> <li>- We engage with local and international health organizations such as Direct Relief in the U.S. and TULIPE in France to donate drugs to those who cannot afford medical care.</li> <li>- We became a National Partner of Volunteers in Medicine, an NGO dedicated to helping communities throughout the U.S. develop and operate free health care clinics for uninsured individuals. Teva received three awards for this program.</li> <li>- In 2015, we engaged with and supported more than 500 organizations and local community partners in most countries where we operate. Employees volunteered thousands of hours in 2015 in local community activities.</li> </ul>

# CSR Performance Summary 2013-2015

<b>Workforce</b>	<b>Unit</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Change in 2015</b>
Permanent employees in Israel	Number	6,747	6,774	6,817	1%
Permanent employees in Europe	Number	18,987	18,507	19,069	3%
Permanent employees in U.S. and Canada	Number	8,454	7,671	7,255	-5%
Permanent employees in Rest of World	Number	8,093	8,126	8,142	0%
<b>Total permanent employees at year end</b>	<b>Number</b>	<b>42,281</b>	<b>41,078</b>	<b>41,283</b>	<b>0%</b>
Employees on permanent contracts	%	94%	96%	95%	0%
Women in management positions	%		49%	50%	3%
Women in total workforce	%		46%	47%	3%
Employee new hires - women	Number	2,212	1,641	2,708	65%
Employee new hires - men	Number	2,069	1,823	2,440	34%
<b>Total employee new hires</b>	<b>Number</b>	<b>4,281</b>	<b>3,464</b>	<b>5,148</b>	<b>49%</b>
Employee leavers - women	Number	2,386	2,027	2,456	21%
Employee leavers - men	Number	2,755	2,506	2,832	13%
<b>Total employee leavers</b>	<b>Number</b>	<b>5,141</b>	<b>4,533</b>	<b>5,288</b>	<b>17%</b>
Employee turnover	%	12%	11%	13%	17%
<b>Safety</b>	<b>Unit</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Change in 2015</b>
Number of injuries	Injuries	306	209	212	1%
Injury rate per 100 employees	Rate	0.89	0.61	0.55	-10%
Number of lost days due to injury	Days	2,028	1,383	1,976	43%
Lost day rate per 100 employees	Rate	0.52	0.42	0.38	-10%
<b>Environment</b>	<b>Unit</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Change in 2015</b>
Natural Gas (Scope 1)	MWH	921,603	899,863	914,003	2%
Fuel oil (Scope 1)	MWH	379,147	386,039	279,998	-27%
Diesel fuel (Scope 1)	MWH	65,548	55,533	69,940	26%
Kerosene (Scope 1)	MWH	5,987	7,352	7,050	-4%
LPG (Scope 1)	MWH	119,866	99,729	92,599	-7%
Propane (Scope 1)	MWH	3,958	5,217	4,057	-22%
Motor Gasoline (Scope 1)	MWH	148	426	422	-1%
Electricity purchased from grid (Scope 2)	MWH	1,169,915	1,164,823	1,168,562	0%
Steam purchased (Scope 2)	MWH	69,732	77,580	79,788	3%
Renewable electricity purchased (Scope 2)	MWH	10	493	486	-1%
Scope 1 Energy	MWH	1,496,257	1,454,159	1,368,069	-6%
Scope 2 Energy	MWH	1,239,657	1,242,896	1,248,836	0%

<b>Total Energy</b>	<b>MWH</b>	<b>2,735,914</b>	<b>2,697,055</b>	<b>2,616,905</b>	<b>-3%</b>
Scope 1 GHG emissions	Tons CO2e	333,317	323,452	301,131	-7%
Scope 2 GHG emissions	Tons CO2e	605,013	567,499	534,321	-6%
<b>Total Scope 1 and 2</b>	<b>Tons CO2e</b>	<b>938,330</b>	<b>890,951</b>	<b>835,452</b>	<b>-6%</b>
Scope 3 GHG emissions	Tons CO2e			237,507	N/A
Water withdrawal	M3	8,340,481	7,458,424	8,106,000	9%
Water discharge	M3	6,040,070	5,791,950	6,113,990	6%
Water discharged	%	72%	78%	75%	-3%
Waste to recycling including to energy	Tons		64,644	101,092	56%
Waste to bio treatment	Tons		52,279	70,864	36%
Waste to incineration	Tons		53,663	47,412	-12%
Waste to landfill	Tons		18,972	10,419	-45%
Other waste	Tons		34,631	58,901	70%
<b>Total waste</b>	<b>Tons</b>		<b>224,189</b>	<b>288,688</b>	<b>29%</b>
Waste recycled or reused	%		29%	35%	21%
Energy intensity	GJ / employee	60.87	62.71	61.08	-3%
GHG emissions intensity	Tons CO2e / employee	20.88	20.72	19.50	-6%
Water intensity	M3 / employee	185.57	173.42	189.20	9%
Waste intensity	Tons / employee	N/A	4.88	6.42	31%

# About this Communication on Progress

## Scope

Teva joined the United Nations Global Compact in January 2010 and this document represents Teva's Communication on Progress in upholding the ten principles of the Global Compact during 2015. Where relevant, we include additional information, for example, interactions with our stakeholders and examples of practice.



## Availability

This Communication on Progress will not be printed in hard copy. It will be available to all through the UN Global Compact website and our Teva corporate website.

## Contact details – feedback and queries

Thank you for your interest in this report. We welcome your feedback, suggestions and queries.

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