



TEVA ESG Capability Webinar for Suppliers

December 2023

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to ask a
question

This symbol indicates that further information is available in the Additional Resources section



The Additional Resources section includes:

- ESG Glossary
- More information about ESG Components relevant to Teva
- Frequent Asked Questions
- Worldwide Regulations Map

Today's Presenters



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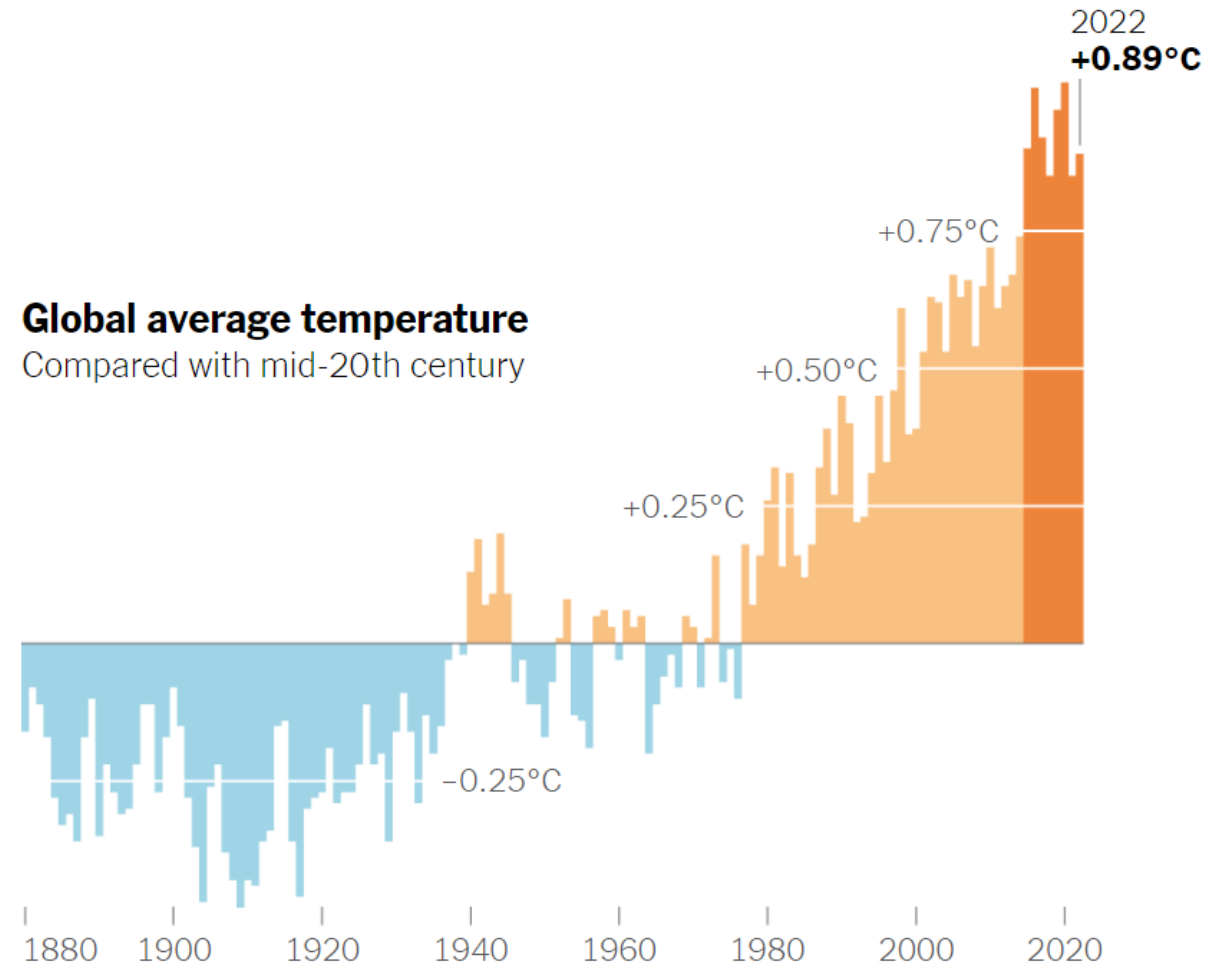
Webinar Objectives

- **Review** Teva's ESG vision, targets and ESG rating performance
- **Provide** an overview of Teva's approach at Sustainable Procurement & Supplier Diversity
- **Learn** about Teva's ESG requirements for all its partners and the changes to the Supplier Code of Conduct
- **Understand** Teva's position on Human Rights and the new steps Teva is taking on Human Rights Due Diligence

Climate Change – What world will we inherit to our kids?



Global temperatures pose an imminent threat for us and future generations



Source: NASA Goddard Institute for Space Studies

Today's Agenda

01 Teva ESG Vision and Performance

02 Our ESG Focus & Expectations for Suppliers

03 Supplier Diversity

04 Human Rights Regulations

05 Q&A

06 Conclusions



01 Teva ESG Vision & Performance



Teva ESG vision

As a company focused on improving the health of patients, ESG has always been central to Teva. Our approach to ESG reflects how we minimize the impact of our operations and products on the planet, advance health and equity through our medicines and across our business and dedicate ourselves to quality, ethics and transparency.



From 2017 to 2023, we laid the foundation for ESG at Teva

13 policies and positions to guide responsible conduct

	Performance		
	2020	2021	2022
S&P Global	36	41	54
SUSTAINALYTICS	33.3 (High risk)	31.1 (High risk)	29.8 (Medium risk)
MSCI	3.3 (B)	3.4 (B)	3.7 (BB)
Moody's	37	NA	42
ISS ESG	C	C+	C+
ecovadis	56	63	67
CDP CLIMATE	A-	B	A-
CDP WATER	C	B	B

Continuous improvement in ESG ratings

Linked executive compensation with ESG targets

Compliance with Reporting Standards
(Corporate sustainability Reporting Directive, Corporate Sustainability Due Diligence Directive, sec Climate Rule)

Established ESG Steering Committee, led by our CEO, which approves all global commitments and goals

\$7,5 B Sustainability-linked bond (SLB) tied to access to medicines and environmental targets

11 annual reports demonstrating continued ESG progress

Reshaping Pharma Industry Standards by actively participating at various initiatives

5 access to medicines programs launched to-date (63% of our 2025 target)

SBTi Scope 1,2 & 3 Target Approved

68% of Global Procurement employees completed sustainable procurement training

12.0% Reduced absolute Scope 3 GHG emissions by (vs. 2020)

Teva's long term quantitative ESG Targets

7 topics

- Climate Action & Resilience
- Responsible Use of Natural Resources
- Effluents and Waste
- Access to Health and Medicines
- Business Ethics, Anti-bribery and Anti-corruption
- Data Privacy and Security
- Responsible Supply Chain

10 subtopics

- GHG Emissions
- Energy
- Water
- Packaging Materials
- Antimicrobial Resistance
- Global Reach of Affordable Medicines
- Generics and Innovation Portfolio
- Training
- Culture of Compliance
- Evaluation Processes
- Assessment



20 targets

Visit [Teva corporate website](#) and check our [ESG Progress Report 2022](#) for more information on our long term quantitative ESG targets.

Targets to be achieved in collaboration with suppliers:

Reduce absolute scope 3 GHG emissions by 25% by 2030 (vs. 2020)

Meet AMR Industry Alliance commitment to minimize antimicrobial discharges by assessing 50% of antimicrobial drug product and drug substance supply by 2030*

Assess 100% of critical suppliers on ESG performance by 2025

Achieve bronze (50-58 pts.) or higher score for more than 75% of critical suppliers in EcoVadis by 2025

Achieve silver (59-69 pts.) or higher score for more than 50% of critical suppliers in EcoVadis by 2025

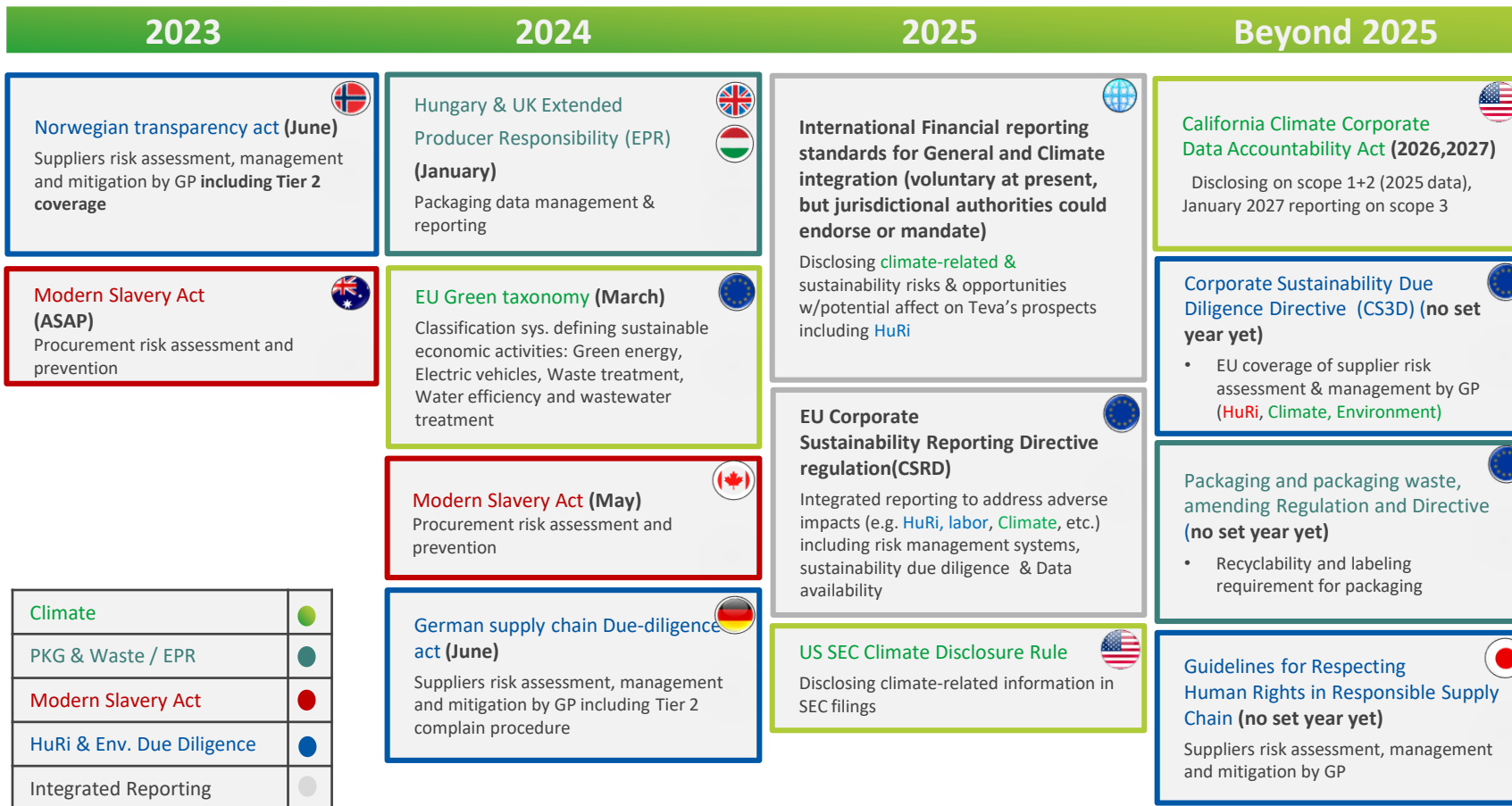
ESG rating performance

Our ambition is to be at the top of the pack, while being mindful of the resources we have

	Performance			Ranking		
	2022	2021	2020	2022	2021	2020
S&P Global	54	41	36	Top 7%	Top 17%	Top 30%
SUSTAINALYTICS*	29.8 (Medium risk)	31.1 (High risk)	33.3 (High risk)	Top 17%	Top 12%	Top 10%
MSCI	3.7 (BB)	3.4 (B)	3.3 (B)	NA	NA	NA
MOODY'S	42	NA	37	NA	NA	NA
ISS ESG	C+	C+	C	Top 10%	Top 10%	Top 40%
ecovadis	65	63	56	Top 13%	Top 12%	Top 23%
CDP CLIMATE	A-	B	A-	NA	NA	NA
CDP WATER	B	B	C	NA	NA	NA

Regulation landscape* is expanding

Year companies are expected to report on each regulation:



Dates may vary according to your company's industry, size and revenue.

Inform yourself and look to prepare for incoming requirements from Teva to comply with these and other regulations.



More information is available in the Resources Section at the end.



02 Our ESG Focus & Expectations for Suppliers



Material topics for Teva & Sustainable Procurement

E

Energy Consumption
& Greenhouse Gas
Emissions



Antimicrobial
Resistance (AMR)



Environmental impact
on Human Rights



Pharmaceuticals in the
Environment

S

Inclusion & Diversity



Conflict Minerals



Supply chain human
Rights due diligence
regulation



Modern Slavery,
Forced & Child Labor

G

Business Ethics



Responsible Marketing



Sanctions



Information Security &
Data Privacy



GP's Supplier Maturity Model

Assessing key sustainability criteria to focus
our initiatives

1

EcoVadis

Assess suppliers on common sustainability topics & on Carbon Maturity

2

Science Based Targets Initiative (SBTi)

Defines and promotes best practice in science-based target setting.

3

Carbon Disclosure Project (CDP)

Environmental impact disclosure system, with standard and granular data tracked annually

4

Pharmaceutical Supply Chain Initiative Audits

Site level audits, aiming to measure compliance against PSCI principles

5

Antimicrobial Resistance Alliance

Understand maturity of suppliers against environmental expectations

6

EiQ Risk Screening

Segments suppliers according to their Human Rights risks

Teva's focus, also a request for our suppliers

	EcoVadis	SBTi	CDP (climate)
KPIs	Complete a Sustainability assessments from EcoVadis or similar rating agency	Commit to setting GHG reduction targets using scientific methodology guidelines from SBTi	Disclose carbon environmental metrics
Status	70% Significant Suppliers have obtained an EcoVadis Scorecard	39% Significant Suppliers have committed or been approved by SBTi	412 Suppliers invited by Teva to disclose on 2023 Climate Change.
	PSCI Audits	AMR IA Standards	EiQ Risk Screening
KPIs	Allow the conduction of PSCI audits in their manufacturing sites.	Complete Antibiotic Discharge Survey and allow the execution of on-site AMR audits	Provide information when required if screening results is high risk or if controversies are discovered. Participation in sharing corrective actions
Status	12 Suppliers have been audited since 2021	31% Supplier response rate to Teva's 1st AMR Survey for Suppliers	>4000 Suppliers have been screened, with actions being defined for >100 high risk suppliers

Teva - Scope 3 GHG emissions Update



scope

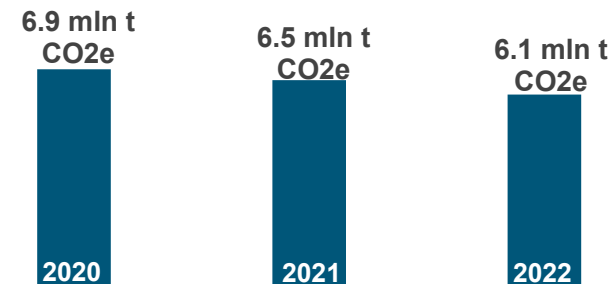
GREENHOUSE GAS EMISSIONS

Scope 3 are emissions Teva is **indirectly** responsible for, up and down the value chain (e.g., buying products from suppliers, patient use of products).

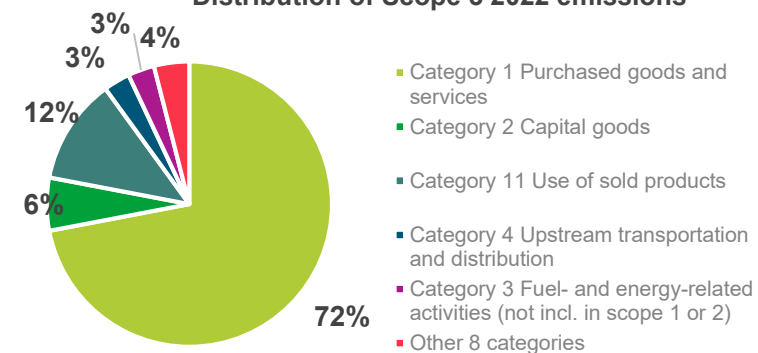
About Teva Scope 3 emissions

- **Assurance:** Scope 1, 2 and 3 SBTi approved near-term target (Scope 3 in line with well below 2C° trajectory) and calculation assured by 3rd party auditor
- In 2023 for the first time introduced targets for TOP 4 Spend Categories

Teva Scope 3 emissions 2020-2022



Distribution of Scope 3 2022 emissions



Scope 3 Target: 25% reduction by 2030 (v. 2020)

Action Call for Suppliers



Acknowledge our [Supplier Code of Conduct](#), policies and positions across Ethics, Labor, Health and Safety, Environment and Management Systems.



SCIENCE
BASED
TARGETS

Establish a GHG baseline and reduction targets in line with Science Based Target Initiative (SBTi) guidance and becoming SBTi approved by 2025



Disclose your progress towards our Scope 3 reduction target when requested by Teva



Produce [EcoVadis](#) or similar ESG assessment when requested by Teva.



Facilitate the execution of [Pharmaceutical Supply Chain Initiative](#) (PSCI) and AMR Industry Alliance audits when requested by Teva – only applicable for selected suppliers with manufacturing sites.

Energize

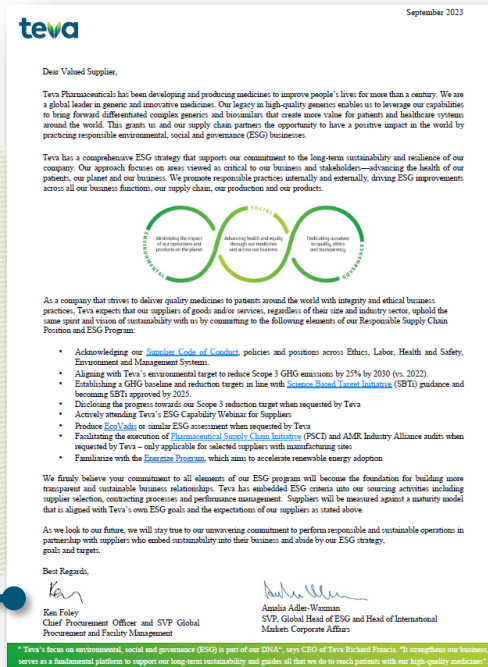
Familiarize with the [Energize Program](#), which aims to accelerate renewable energy adoption.



Sustainable Procurement Toolkit for Suppliers

Embed into:

1. [Teva Web corporate page](#)
2. RFX Templates for Sourcing Events via Ariba
3. GP's communications with suppliers



Teva ESG Letter of Intent for Suppliers – Outlines specific sustainable commitments expected from suppliers

2023 ESG Capability Webinar for Suppliers (Deck & Recording)



ESG Handbook for Suppliers –
focus on Teva's ESG
expectations, targets and
guidance





03 Supplier Diversity



Supplier Diversity Program

Teva values inclusion & diversity and embraces it in all aspects of its business — from Teva’s workforce, to external partners, to engagement in the community.

➤ What is Supplier Diversity?

Supplier diversity is a business strategy that focuses on incorporating diverse-owned businesses into a company’s supply chain and business practices.

➤ Definition of diverse owned businesses:

Diverse-owned businesses are typically companies that are at least 51% owned and operated by individuals from ethnic minority groups, women, veterans, members of the LGBTQ+ community, and people with disabilities.

➤ Importance of Supplier Diversity:

The goal of supplier diversity is to foster a more equitable business climate by driving innovation, expanding into new markets, and supporting economic growth and job creation, particularly in communities that are often overlooked.





Current scope: Teva USA

- Teva USA strategically and proactively integrates diverse suppliers into its business.
- Teva's Supplier Diversity program provides opportunities for the following qualified diverse businesses:
 - Minority-Owned*
 - LGBT Owned*
 - Woman-Owned*
 - Small Disadvantaged**
 - Veteran and Service-Disabled Veteran-Owned**
 - Small Businesses**
 - Disabled Owned*
 - HUBZone**
- All Diverse and/or Small suppliers seeking to do business with Teva, must register in our Supplier Diversity Management System.

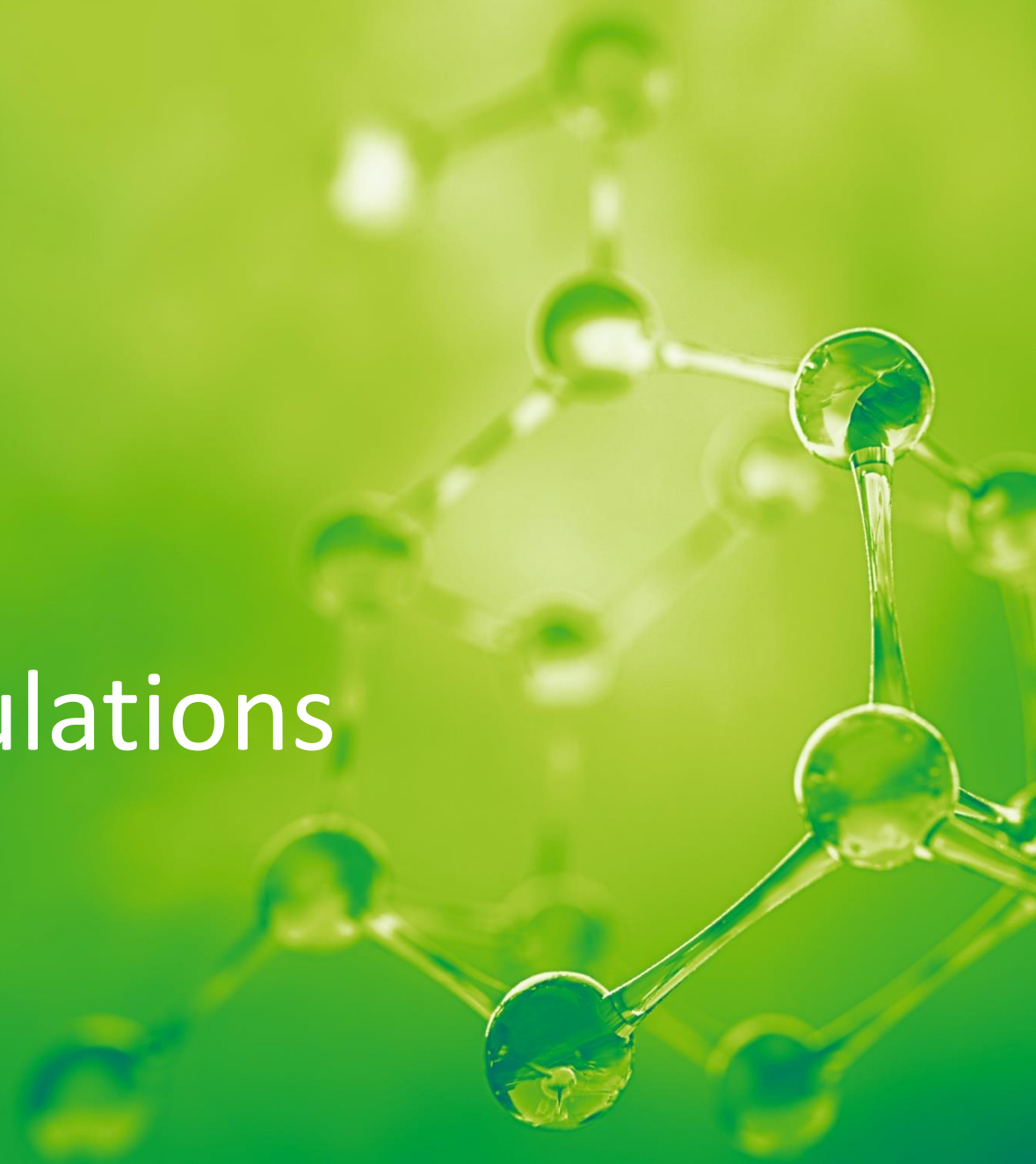
To successfully register with us visit: <https://teva.gainfront.app/accounts/registration/>

For additional information
about Teva's Supplier
Diversity Program or
eligibility requirements,
please contact:

Supplierdiversity@tevapharm.com



04 Human Rights Regulations



HuRi: What is, Why is it important & How to protect it!



What are HuRi?

- The basic rights and freedoms that belong to every person in the world, regardless of their nationality, race, gender, religion, or any other status.
- The right to life, liberty, security, dignity, equality, non-discrimination, fair treatment, privacy, health, education, work, and remedy.



Why are HuRi important for suppliers?

- Teva requires you to respect and protect human rights in your own operations and in your supply chain.
- A growing external demand to avoid cause or contribute to adverse human rights impacts, and to address them when they occur.



How to respect and protect HuRi in your supply chain?

Conduct human rights due diligence:

- **Identify** the HURi risks and impacts in your supply chain
- **Assess** the severity and likelihood of the risks & priorities for action
- **Prevent and mitigate** by taking effective measures to avoid, reduce or remedy
- **Account** by being transparent and communicating your performances



What is Teva doing to assess Human Rights?



Where can you find more information and guidance on human rights in supply chains?



**United
Nations**

Guiding Principles on Business
and Human Rights



International
Labour
Organization



Organization for Economic Co-
operation and Development



**Business & Human Rights
Resource Centre**



BSR[®]

Business for Social
Responsibility NGO



PSCI

PHARMACEUTICAL SUPPLY
CHAIN INITIATIVE

Q&A

Share with us your feedback/questions via the chat option which is only visible to the webinar hosts.



06 Conclusions



Where do we go from here?

Continue the
expansion of
Teva's ESG
Program for
Suppliers

Drive
adherence to
SBTi and
EcoVadis

Strong benchmark
against peers
in the industry to
Identify & implement
best practices

Focus on Human
rights due
diligence
regulations that
affects our
supply chain
(e.g. Germany, Norway)

**Future generations
deserve a healthy
planet**

We all must act now



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07 Additional Resources



ESG Terminology

Acronyms & Abbreviations

Acronym	Meaning
AMR	Antimicrobial Resistance
CAP	Corrective Action Plan
CDP	Carbon Disclosure Project
CMRT	Conflict Minerals Reporting Template
CSR	Corporate Social Responsibility
GDPR	General Data Protection
GHG	Greenhouse Gas Emissions

Acronym	Meaning
PiE	Pharmaceuticals in Environment
PPAs	Power Purchase Agreements
Product End-of-Life:	Direct environmental impacts generated from the end-of-life of the products
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SBTi	Scientific Based Targets
TCFD	Task Force on Climate-Related Financial Disclosures
SBTi + TCFD	Connecting the SBTi with the TCFD

Material topics for Teva & Sustainable Procurement

E



Energy Consumption & Greenhouse Gas Emissions

Efficient and eco-friendly **use of energy during operations and transport**. Direct and indirect **releases of greenhouse gases**



Antimicrobial Resistance (AMR)

Antimicrobial Resistance, a microorganism to stop an antimicrobial from working (e.g. antibiotics)



Environmental impact on Human Rights

Regulatory requirement to prevent and mitigate environmental negative impacts that would affect Human Rights (pollution, climate etc.)



Pharmaceuticals in the Environment

Pharmaceutical ingredients and products that have been detected **in environmental media** (e.g. surface water, ground and drinking water)

S



Inclusion & Diversity

Empowering people by respecting and appreciating what makes them different (e.g. race, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age)



Conflict Minerals

Minerals are minerals with high probability to be mined in conditions where **armed conflict and human rights violations occur** (e.g. tin, tungsten, tantalum and gold)



Supply chain human Rights due diligence regulation

Addresses actions to both identify and act upon actual and potential human rights risks in its operations, supply chains and the services it uses



Modern Slavery, Forced & Child Labor

This involves any **work or services that people are forced to do against their will** or under the threat of punishment.

G



Business Ethics

The application of ethical values to business behavior (e.g. corruption, fraud, conflict of interest, money laundering or anticompetitive practices)



Responsible Marketing

A transparent and ethical promotion of a company's products or services and any impact that may be caused by the product use



Sanctions

US Department of the Treasury's Office of Foreign Assets Control (OFAC)

The EU Global Human Rights Sanctions Mechanism



Information Security & Data Privacy

Securing of third-party information collected, process or stored by companies for business purposes.
(i.e. safety and physical health at work)

Frequently Asked Questions

EcoVadis FAQ

Do I have to pay for the EcoVadis assessment?	Yes, but you only pay the part you own (the scorecard, including all the benefits that go with it). TEVA company pays the program. The assessment process begins with a custom questionnaire at no cost, but there is a nominal fee based on the your number of FTEs.
What is the value for me?	The key value is to be able to review your own CSR performance and how you perform in your industry. You will also receive clear and actionable results on what you can improve on – effectively receiving very affordable consulting against a leading methodology. Performance can also be shared a competitive advantage, and your scorecard can be shared with other customers, to reduce the number of individual CSR/sustainability assessments they must undergo.
What happens if I don't want to participate in EcoVadis assessment?	EcoVadis assessment is not mandatory, but it is increasingly important to your company and in the future we will be looking more key business partners with this lens. EcoVadis assessment is not a “trick” or “punishment” – it’s instead a collaborative-and improvement-oriented approach and will provide you clear and actionable results. Since you are a material suppliers to TEVA we expect you to participate.
I have a technical issue and want to reach out to EcoVadis.	You should contact https://support.ecovadis.com/hc/ where you will be able to reach EcoVadis support team in 10 languages by chat or telephone.

SBTi FAQ

How can I set a SBTi targets? How to start?	Follow this five-step process to set science-based targets and demonstrate your climate leadership by cutting your company's greenhouse gas emissions. See detailed guidance https://sciencebasedtargets.org/step-by-step-process . There is a separate streamlined pathway for Small and Medium-Sized Enterprises (SMEs). Learn more here .
Do I have to pay for the SBTi services in setting targets?	Yes, based on the type of target/s you are committing to. Please see here for more details.

PSCI audits

Do I have to participate at PSCI audits proposed from Teva?	PSCI audits are not mandatory, but we do expect from our valued suppliers to help facilitate audits and benefit from this free of charge (Teva covers costs) screening and findings for improvements in the area of ethics, labor, health & safety, environment, and management systems.
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Frequently Asked Questions

General FAQ

Who can I contact for inquiries?

Sustainable Procurement – SustainableProcurement@tevapharm.com
 Supplier Diversity - SupplierDiversity@tevapharm.com
 Travel policy - GlobalTravelOperations@tevapharm.com
 Teva Supplier Code of Conduct - TevaSupplierCodeofConduct@tevapharm.com

Energize FAQ

What is renewable energy aggregation?

One of the objectives of Energize is to "aggregate" participating supplier electricity demand into appropriately sized and diversified groups (cohorts), that will go-to-market together to procure energy from new renewable energy projects. This renewable energy aggregation approach aims to create more buying opportunities for more companies while reducing costs by leveraging collective buying power.

What does the registration process require?

Registration is simple. Click the Register tab of this website. Shortly after registration and verification by your participating pharmaceutical company, you will receive an invitation to an onboarding process from a Schneider Electric representative and be provided access to Energize Knowledgebase. There is no obligation or cost to participate.

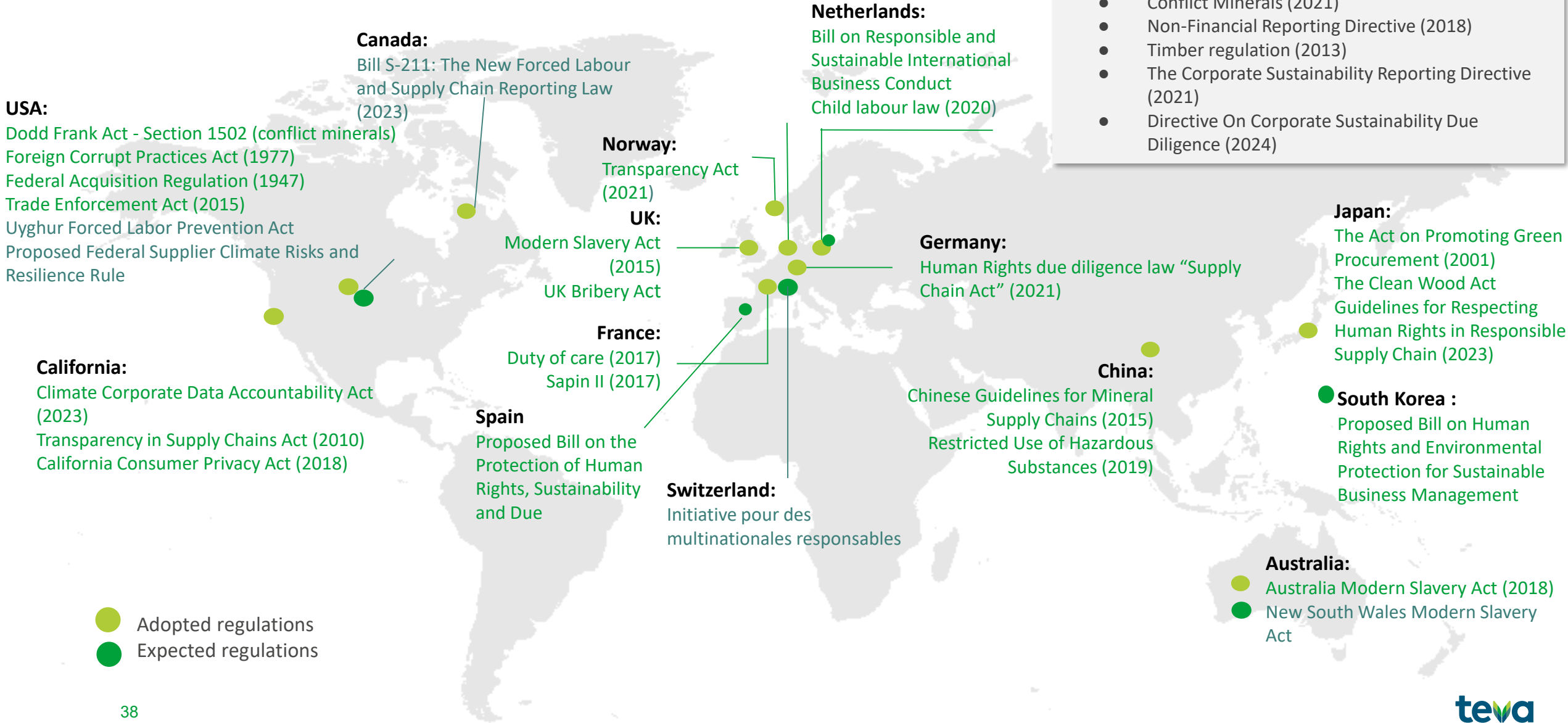
Is there a deadline to register?

No. Suppliers can register at any time.

What will I have to do after registration?

Once you have registered and your supplier status has been verified, you will be contacted to schedule an onboarding call with the Schneider Electric team. Following the onboarding, you will receive your login credentials for the Energize Knowledgebase where you can access program resources and register for a series of curated educational webinars to help you learn more. These educational resources are designed to help you learn about your renewable energy options and assess whether your organization would benefit from participating in a PPA purchase individually or alongside other participating suppliers via a buyer's cohort. Throughout the program, you may be asked to share details about your business that will allow Schneider Electric to assess your fit for the program. This information will be kept in confidence; the participating pharmaceutical companies will not receive or review this information.

ESG Drivers : Worldwide Regulations



As the landscape has evolved...



...Teva has built a strong ESG foundation with focus on key ESG components



The German Due Diligence Law requires an analysis of Specific Human Rights and Environmental Risks

Modern Slavery & other HURi Risks

Child Labour

Forced labour & Slavery

Unlawful evictions & Land seizures

Use of security forces with excessive force

Labour Risks

Click to add text

Unequal treatment at work

Failure to comply with Health and Safety regulations

Disregard for freedom of association

Withholding a fair wage

Environmental Risks

Harmful environmental changes

Ban on the production and use of mercury

Prohibition of the production and use of POPs

Prohibition of import and export of hazardous waste





The German Due diligence Act requires that risks are assessed:

- Abstract risks (country, sector/product)
- Concrete risks (complaints, other specific occurrences)

- Risk Management system
- Designating a responsible person
- Risk analysis
- Policy statement
- Preventive Measures
- Remedial action
- Complaint procedure
- Due-diligence at indirect suppliers
- Documentation and reporting

The new-wave of ESG regulations requires Human Rights and Environment Due-Diligence in Procurement

Regulations

<p>Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains</p>  <p>Managing , Mitigating and Remediating Human-Rights and Environment Risks in Own operations and supply chain</p>	<p>Norway Human Rights Transparency Act</p>  <p>Managing , Mitigating and Remediating Human-Rights Risks in own operations and direct and indirect suppliers</p>	<p>Bill S-211: The New Forced Labour and Supply Chain Reporting Law</p>  <p>Managing , Mitigating and reporting for Labor and child labor risks</p>	<p>Corporate Sustainability Due Diligence Directive</p>  <p>Human rights and environment due diligence processes on operations and Value chain</p>
<ul style="list-style-type: none"> • Risk management System • Designating responsible person • Risk Analysis • Policy statement • Preventive measures in place • Remedial Action • Complaints Procedure • Due-Diligence at indirect supplier related complains • Documentation & Annual reporting 	<ul style="list-style-type: none"> • Risk Analysis • Risk management • Documentation & Annual Reporting • Preventive Measures • Requests for information 	<ul style="list-style-type: none"> • Risk Analysis • Risk management • Policies and Procedures • Preventive measures • Remediation • Annual reporting 	<ul style="list-style-type: none"> • Policies • Strategy and directors' obligations • Risk Assessment • Prevention, mitigation, and remediation of actual or potential adverse impacts • Complaints procedure • Monitoring policies and processes • Reporting • Climate change plan (1.5°) • Supplier emissions is part of the DD scope
<p>In place: Jan 2023 First report: June 2024</p>	<p>In place: Jan 2022 First report: June 2023</p>	<p>In place Jan 2024 First report: May 2024</p>	<p>Stage: Dialogue discussions Implementation: : 2004-2006 in EU states</p>

Requirements

Timelines

Implications for Procurement

- SCoC update and acknowledgment
- Supplier and Supplier manufacturing sites risk assessments
- Risk mitigation process including supplier engagement
- Sustainable procurement procedure

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