



Teva Sustainable Procurement Handbook for Suppliers

Rev. December 2023

ESG Letter of Intent for Suppliers



Dear Valued Supplier,

Teva Pharmaceuticals has been developing and producing medicines to improve people's lives for more than a century. We are a global leader in generic and innovative medicines. Our legacy in high-quality generics enables us to leverage our capabilities to bring forward differentiated complex generics and biosimilars that create more value for patients and healthcare systems around the world. This grants us and our supply chain partners the opportunity to have a positive impact in the world by practicing responsible environmental, social and governance (ESG) businesses.

Teva has a comprehensive ESG strategy that supports our commitment to the long-term sustainability and resilience of our company. Our approach focuses on areas viewed as critical to our business and stakeholders—advancing the health of our patients, our planet and our business. We promote responsible practices internally and externally, driving ESG improvements across all our business functions, our supply chain, our production and our products.



As a company that strives to deliver quality medicines to patients around the world with integrity and ethical business practices, Teva expects that our suppliers of goods and/or services, regardless of their size and industry sector, uphold the same spirit and vision of sustainability with us by committing to the following elements of our Responsible Supply Chain Position and ESG Program:

- Acknowledging our [Supplier Code of Conduct](#), policies and positions across Ethics, Labor, Health and Safety, Environment and Management Systems.
- Aligning with Teva's environmental target to reduce Scope 3 GHG emissions by 25% by 2030.
- Establishing a GHG baseline and reduction targets in line with [Science Based Target Initiative](#) (SBTi) guidance and becoming SBTi approved by 2025.
- Disclosing the progress towards our Scope 3 reduction target when requested by Teva
- Actively attending Teva's ESG Capability Webinar for Suppliers
- Produce [EcoVadis](#) or similar ESG assessment when requested by Teva
- Facilitating 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
- Familiarize with the [Energize Program](#), which aims to accelerate renewable energy adoption

We firmly believe your commitment to all elements of our ESG program will become the foundation for building more transparent and sustainable business relationships. Teva has embedded ESG criteria into our sourcing activities including supplier selection, contracting processes and performance management. Suppliers will be measured against a maturity model that is aligned with Teva's own ESG goals and the expectations of our suppliers as stated above.

As we look to our future, we will stay true to our unwavering commitment to perform responsible and sustainable operations in partnership with suppliers who embed sustainability into their business and abide by our ESG strategy, goals and targets.

Best Regards,



Ken Foley
Chief Procurement Officer & SVP Global Procurement and Facility Management



Amalia Adler-Waxman
SVP, Global Head of ESG and Head of International Markets Corporate Affairs



Table of Contents

DISCLAIMER

TEVA developed this Sustainable Procurement Handbook for suppliers solely to provide general guidance on ESG vision and matters of interest and does not constitute professional advice. It is not intended to replace professional advice, but rather as a guide that supplier can use for internal discussions.

The Sustainable Procurement Handbook provides links to external sites and references, but TEVA has no responsibility for the content of such sites and shall not be liable for any misinterpretations or damage arising from that content.

This document is intended to be used and must be used for informational purposes only.

- 01 About ESG
- 02 ESG at Teva
- 03 Responsible Supply Chain
- 04 Teva Expectations for Suppliers
- 05 Supplier Diversity
- 06 Human Rights & Regulations
- 07 Additional Resources



01 About ESG



What is ESG and why does it matter?

ESG covers a wide range of issues that conventional business practices do not consider, in order to serve society while also creating and seizing market opportunities.

What is ESG?

ESG criteria are a set of standards for a company's non-financial performance


- **Environmental** criteria consider how a company performs as a steward of the environment
- **Social** criteria outline how a company manages relationships with employees, suppliers, customers and the communities in which it operates
- **Governance** criteria deals with a company's leadership, executive pay, audit and internal controls and shareholder rights

Why is ESG important?

- Drives responsible and sustainable growth
- Promotes a culture of ethics and responsibility
- Mitigates risks or controversies
- Expected by stakeholders and investors
- Fosters employee pride and attracts talent
- Measured by globally-recognized standards and ranking organizations (including new EU regulations and disclosure requirements)


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)

Greenhouse Gas (GHG) emission scopes

Climate Scenarios

- A Climate scenario is an emissions pathway leading to particular outcome.
- Are aligned to Paris Climate Agreement and Science Based Targets Initiative (SBTi) requirements.
- The industry leading SBTi drives ambitious climate action in the private sector.
- SBTi provide methodologies for companies to set science-based emissions reduction targets aligned to Paris Climate Agreement.

Limit Temperature increase:

- Well below 2C°
- 1.5C°



Scope 1

Greenhouse gas (GHG) emissions that Teva generates **directly**.

E.g. running boilers at Teva sites and emissions from vehicles owned by us.



Scope 2

Emissions Teva generates **indirectly** over which we have control.

E.g. The electricity or energy Teva buys for heating and cooling buildings, is being produced on its behalf.



Scope 3

Emissions Teva generates **indirectly** over which we have no control (In the value chain).

E.g. Buying products from suppliers or products when customers use them.



02 ESG at Teva



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.



Teva's ESG strategy is grounded in a methodological approach



Strategic alignment



Prioritized material topics



Governance with BOD and EM oversight



Stated commitments with proven progress over time



Corresponding policies and initiatives



Monitoring and reporting

We are embedding ESG in our DNA, making ESG everyone's business.

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

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)

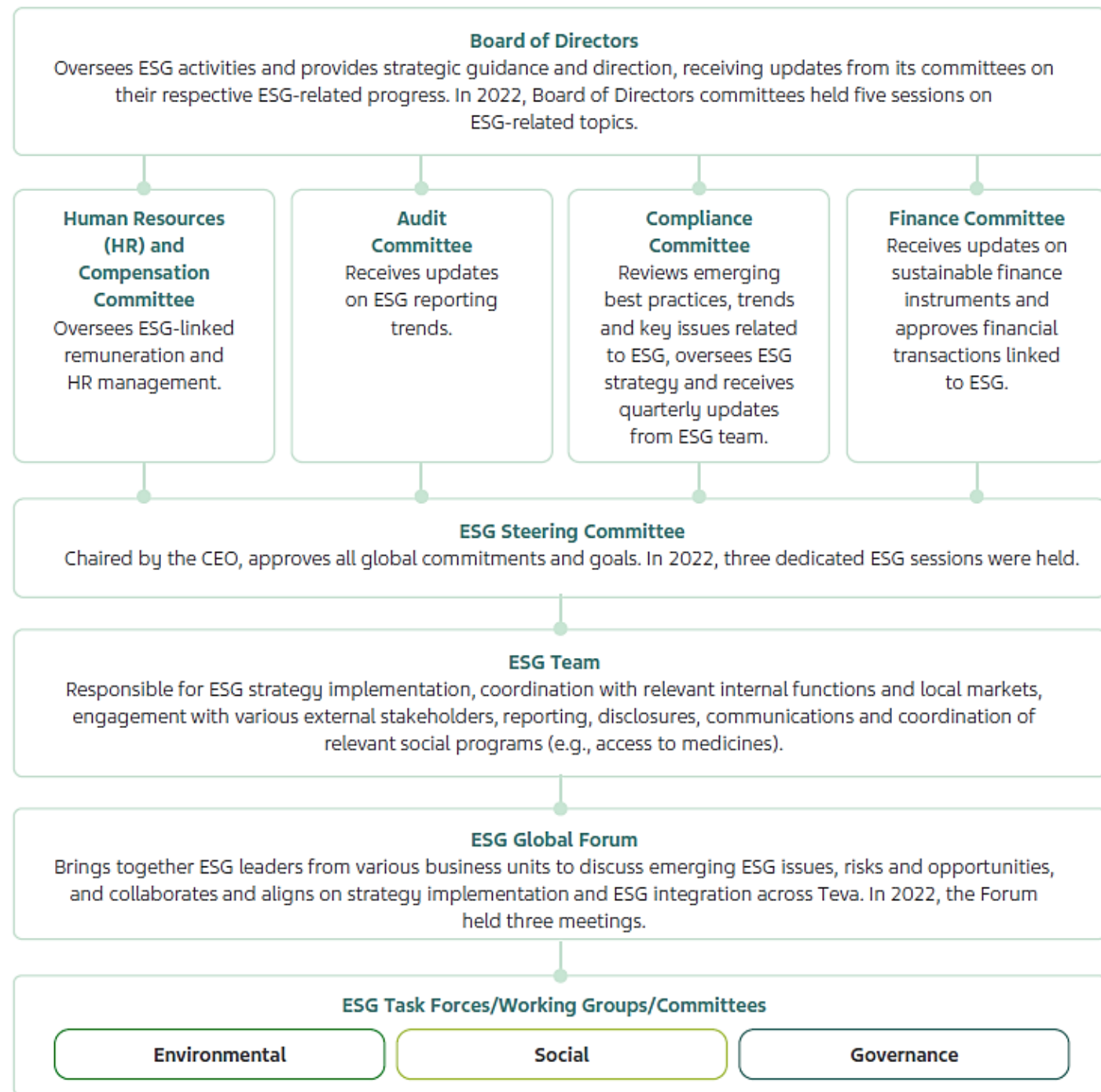
Meet AMR Industry Alliance commitment to minimize antimicrobial discharges by assessing 50% of antimicrobial drug product and drug substance supply by 2030*

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 Governance at TEVA





03 Responsible Supply Chain



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

PSCI PHARMACEUTICAL SUPPLY CHAIN INITIATIVE
Building responsible supply chains

amr INDUSTRY ALLIANCE

responsible health initiative

Energize

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

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

Responsible Supply Chain

With one of the **largest pharmaceutical supply chains in the world**, Teva's suppliers play a **critical role** delivering quality treatments to our patients, customers and communities.

Overview of Teva Global Operations

27 Countries **~70** Markets



~36,800
Employees

>48k
Suppliers in
100 Countries

Teva's EcoVadis 2023 Rating is 65/100 pts.



Our Sustainable Procurement score is the **Top 13% Percentile** of Pharma companies assessed through EcoVadis

Responsible Supply Chain

> Governance

- Our **responsible supply chain strategy** is defined by Teva Global Operations & Teva's ESG team
- Our **Teva Global Operations Sustainability Task Force monitors and coordinates** initiatives that deliver on several **ESG targets, including those related to our supply chain**
- This task force is made up of **work streams across Teva's business units:** EHS&S, ESG, Procurement, Global Engineering, Global Facilities Management, Global Supply Chain, Manufacturing and IT

> Responsible Supply Chain approach

Teva RSC positions and policies

[Teva's Position on Responsible Supply Chain](#)

[Teva's Supplier Code of Conduct](#)

[Teva's Position on Human Rights](#)



> Process



04 Teva expectations from suppliers

- ✓ Collaborate in a responsible manner
- ✓ Take Climate Action
- ✓ Participate in sustainability assessments
- ✓ Facilitate the execution of audits



#1 Collaborate in a responsible manner

Dedicating Ourselves to Ethics and Transparency

Acknowledge our Supplier Code of Conduct (SCOC)

Key information

- Teva SCOC complies with the [Principles of the Pharmaceutical Supply Chain Initiative \(PSCI\)](#), of which Teva is a member.
- This document includes guidelines aligned with several Teva functions, including EHS&S, Legal, Compliance, Global Quality and ESG.



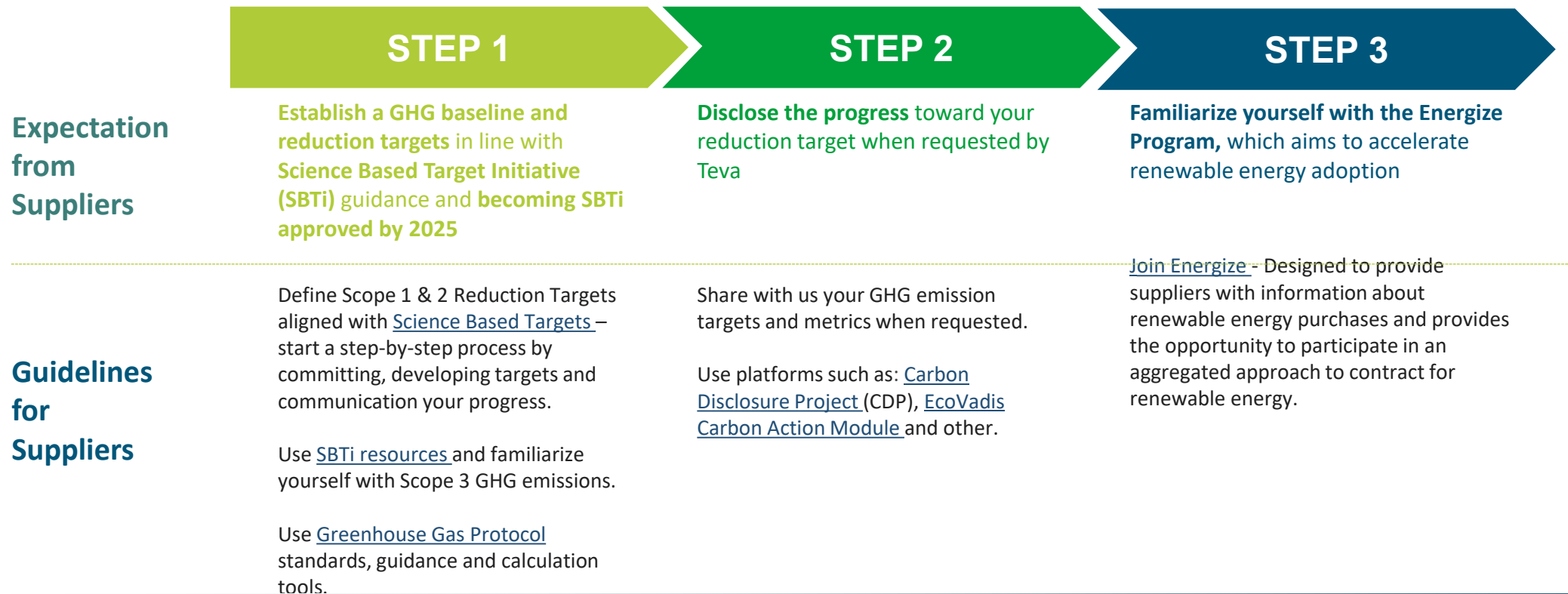
#2 Take Climate Action

Minimizing Our Impact on the Planet

Align with Teva's environmental targets to reduce Scope 3 GHG emissions by 25% by 2030

Key information

- According to Teva's 2022 Scope 3 GHG Emission baseline, **more than 76% of Teva's Scope 3 GHG emissions are generated by our 3rd Party Suppliers.**
- On 2022 Teva obtained **Science Based Target Initiative approval** for our Scope 1, 2 and 3 GHG reduction emission targets.
- **In 2022 Teva joined Energize** collective initiative to engage pharmaceutical industry suppliers in climate action.





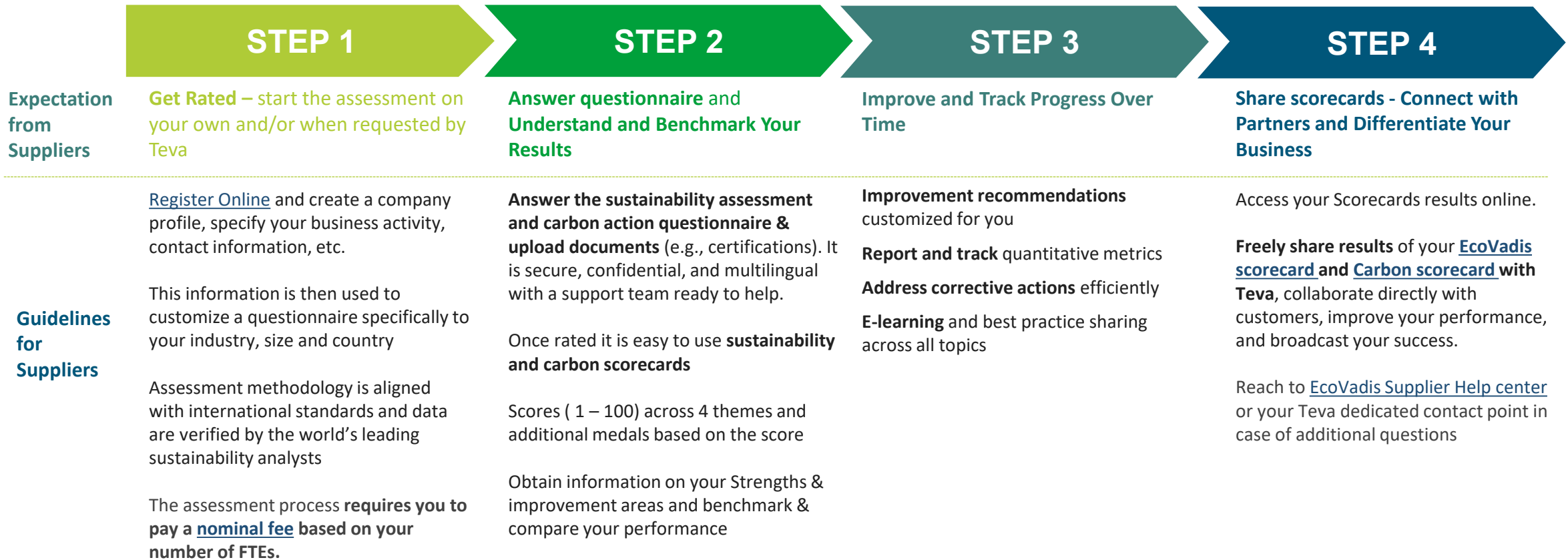
#3 Participate in sustainability assessments

Maintaining a Resilient Supply Chain

Participate in periodic Sustainability Assessment of your ESG practices conducted by EcoVadis

Key information

- Teva has selected [EcoVadis](#) as the vehicle to perform Sustainability Assessment of our supply chain partners
- Sustainability assessment covers ESG information on Environment, Labor & Human Rights, Ethics and Sustainable Procurement
- Teva's EcoVadis 2023 rating is 65/100 pts.



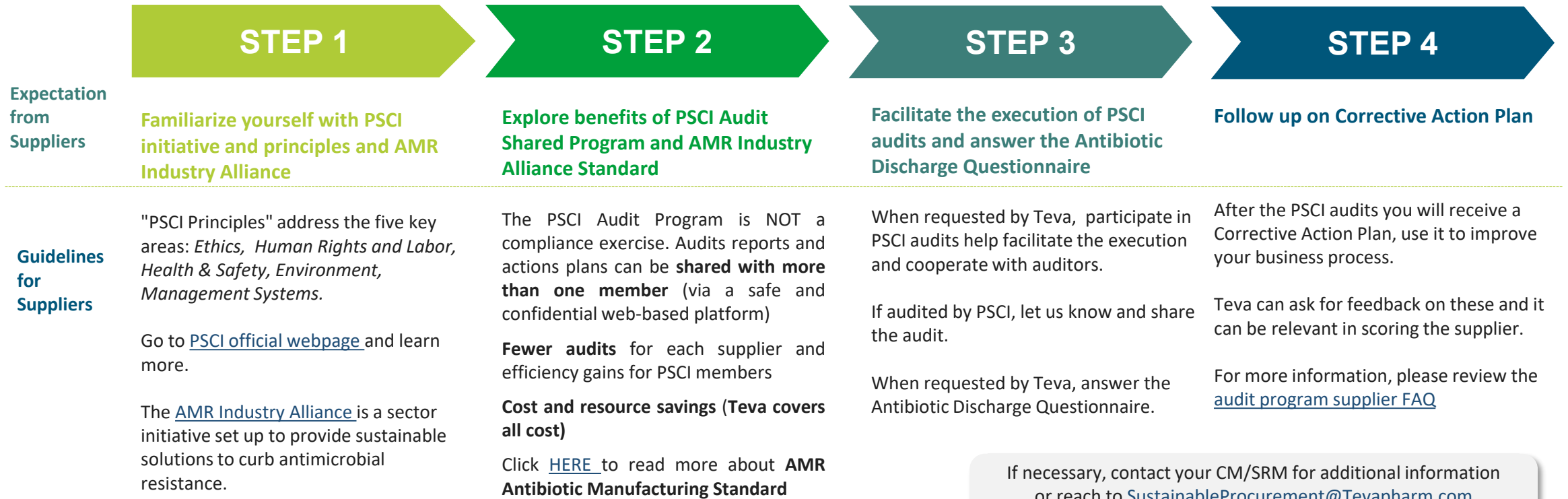
#4 Facilitate the execution of audits

Compliance as the responsibility

Facilitate the execution of Pharmaceutical Supply Chain Initiative (PSCI) & AMR Industry Alliance audits (only applicable for selected suppliers with manufacturing sites)

Key information

- Teva, as a member of the [Pharmaceutical Supply Chain Initiative \(PSCI\)](#), supports its [Principles for Responsible Supply Chain Management](#) and participates in audits on PSCI principles.
- Antimicrobial Resistance (AMR) happens when bacteria become resistant to antibiotics, making antibiotics ineffective, so addressing AMR is the shared responsibility of all stakeholders.
- Our [Position on AMR](#) is part of our ESG strategy, applying to all companies owned or operated by Teva, as well as suppliers and supply chain partners through Teva's Supplier Code of Conduct.

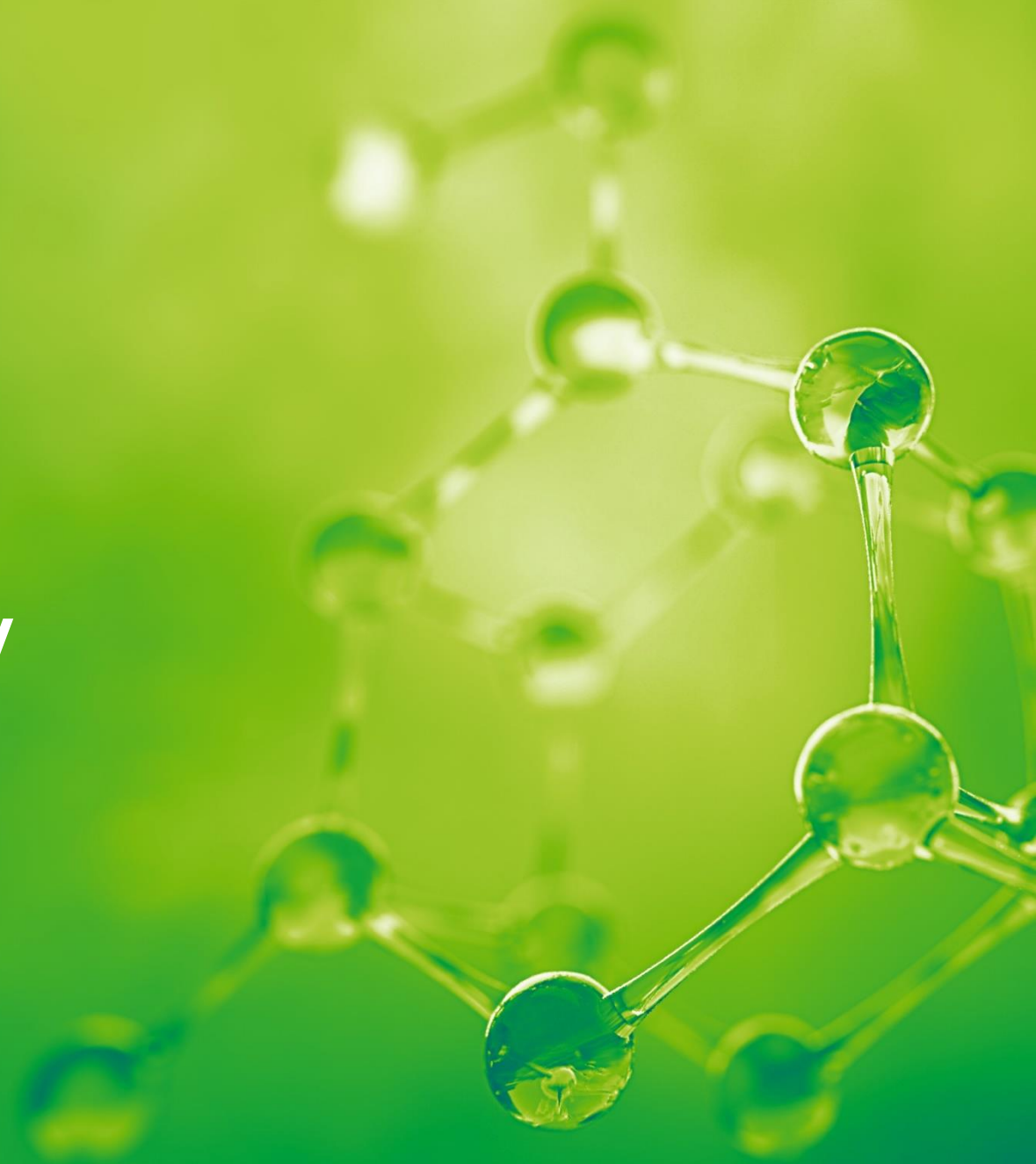


If necessary, contact your CM/SRM for additional information or reach to SustainableProcurement@Tevapharm.com





05 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



06 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.
- Human rights are based on international norms and standards, such as the Universal Declaration of Human Rights, the
- Human rights include but are not limited to the right to : The right to life, liberty, security, dignity, equality, non-discrimination, fair treatment, privacy, health, education, work, and remedy.



Why are HuRi important for Teva's suppliers?

- A growing external demand to avoid cause or contribute to adverse human rights impacts, and to address them when they occur.
- As a manufacture and supplier, **you have a responsibility** (and Teva requires you to) **to respect and protect** human rights in your own operations and in your supply chain.
- **Respecting** human rights means **avoiding causing or contributing to adverse human-rights impacts and addressing them when they occur.**
- Protecting human rights means taking steps to prevent or mitigate adverse human rights impacts that are directly linked to your operations, products, or services by your business relationships.
- Added value t the organization- Respecting and protecting human rights can benefit your business by enhancing your reputation, reducing risks, improving stakeholder relations, and increasing competitiveness.



How to respect and protect HuRi in your supply chain?

- Conduct human rights due diligence.
- HuRi Due-Diligence is a process of identifying, assessing, preventing, mitigating, and accounting for how you address your actual and potential human rights impacts.
- Human rights due diligence involves four steps:
 - **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 (adopting policies, standards, and codes of conduct, implementing monitoring and auditing systems, providing training and awareness-raising, engaging with stakeholders, and establishing grievance mechanisms)
 - **Account** by being transparent and communicating your performances

Make sure to learn and familiar yourself with human-rights and human rights due-diligence

Teva's Human Rights Assessment Process



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



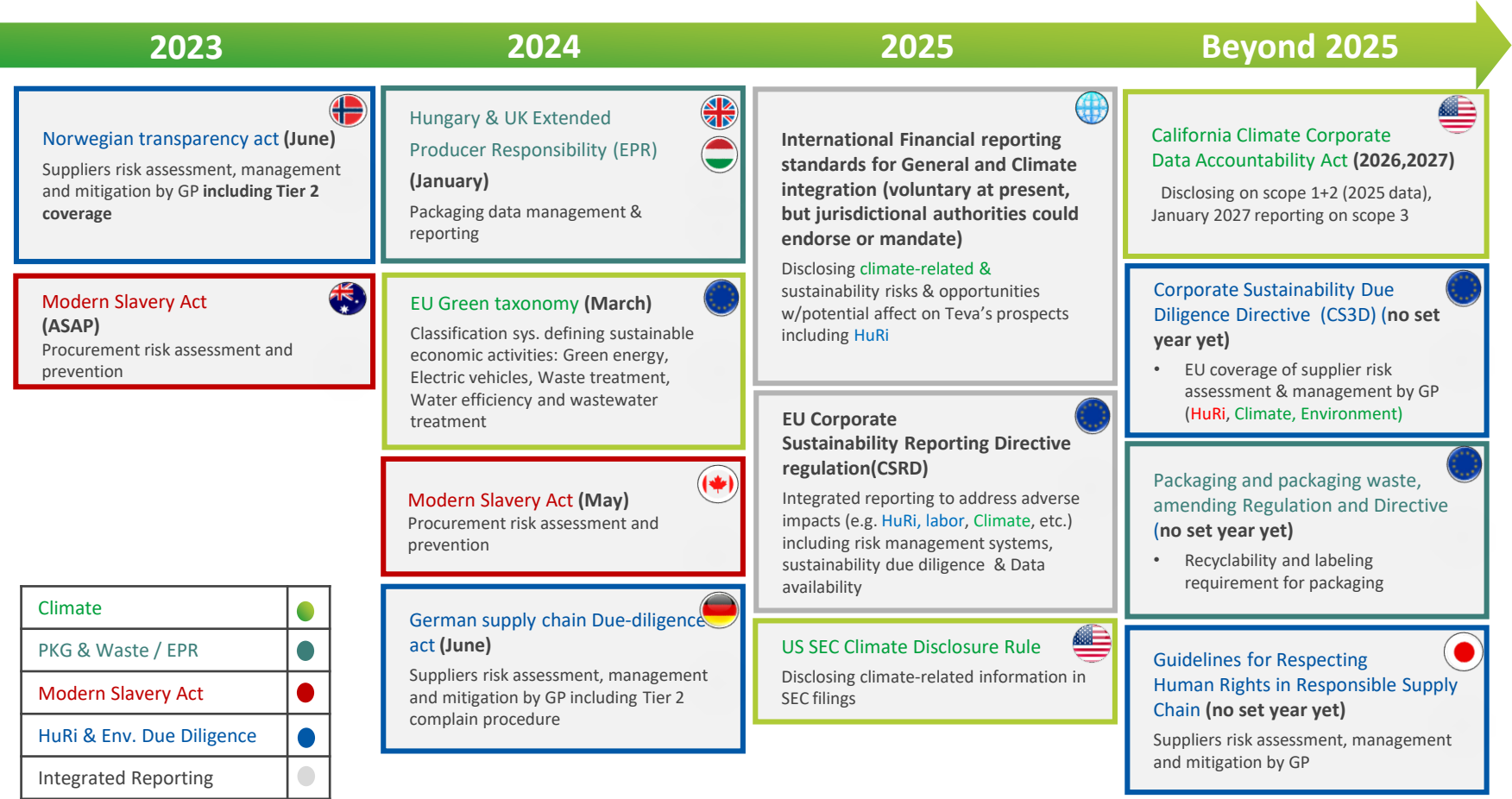
PSCI

PHARMACEUTICAL SUPPLY CHAIN INITIATIVE

Make sure to comply with relevant regulations, Inform yourself and look to prepare for incoming requirements from Teva

Key information

- Regulation landscape is expanding, mandatory Human Rights due-diligence is on the rise.
- Companies face shift from Voluntary Disclosure to Mandatory disclosure to Mandatory due-diligence.
- Dates may vary according to your company's industry, size and revenue.



“Teva’s focus on environmental, social and governance (ESG) is part of our DNA“, says CEO of Teva Richard Francis.

"It strengthens our business, serves as a fundamental platform to support our long-term sustainability and guides all that we do to reach patients with our high-quality medicines,,

Learn more about Our Impact at [Our Impact | Teva Pharmaceutical](#)

For questions about the Sustainability Handbook for Suppliers contact us at:

SustainableProcurement@Tevapharm.com

SupplierDiversity@Tevapharm.com



teva



07 Additional resources



Frequently Asked Questions

General FAQ

Who can I contact for inquiries?
Global Procurement 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.

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.
---	--

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, Authorization and Restriction of Chemicals
SBTi	Scientific Based Targets
TCFD	Task Force on Climate-Related Financial Disclosures
SBTi + TCFD	Connecting the SBTi with the TCFD

teva