



## 2023 MODERN SLAVERY STATEMENT TEVA PHARMACEUTICALS AUSTRALIA PTY LTD

### A. INTRODUCTION AND IDENTIFICATION OF REPORTING IDENTITY

For the financial year from 1 January 2023 to 31 December 2023, Teva Pharmaceuticals Australia Pty Ltd (**Teva AU**) was an Australian entity which had a consolidated revenue of at least \$100 million for that period.<sup>1</sup> It was therefore a reporting entity for the purposes of the *Modern Slavery Act 2018* (the **Act**).

This modern slavery statement addresses each of the mandatory criteria set out in section 16 of the Act and has been structured according to those criteria. It has been prepared having regard to the *May 2023 Guidance for Reporting Entities* published by the Attorney-General's Department.

Teva previously prepared and filed a modern slavery statement for 2022 in accordance with the Act.

### B. ABOUT OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

#### ***Our corporate structure***

Teva AU,<sup>2</sup> wholly owns the following entities which together comprise the Teva Australia Group:

1. Teva Pharma Australia Pty Ltd<sup>3</sup> (**Teva Pharma Australia**)
2. Cephalon Australia (VIC) Pty Ltd<sup>4</sup> (**Cephalon**)
3. Medis Pharma Pty Ltd<sup>5</sup> (**Medis Pharma**)
4. Teva Pharma (New Zealand) Ltd<sup>6</sup> (**Teva Pharma NZ**)

Teva AU is a large proprietary company as defined in the *Corporations Act 2001* (Cth) with a registered office in New South Wales, Australia. The Subsidiaries are also large proprietary companies except for Cephalon, which is a small proprietary company. Since filing its 2022 modern slavery statement, Teva AU's operations have extended to New Zealand with the incorporation of a new subsidiary Teva Pharma NZ.

The ultimate holding company of Teva AU continues to be Teva Pharmaceutical Industries Ltd (**Teva Pharmaceutical**), an Israeli-incorporated entity publicly traded on the Tel Aviv and the

<sup>1</sup> The calendar year is the accounting period that is applicable to Teva AU.

<sup>2</sup> ABN 98 002 951 877.

<sup>3</sup> ABN 41 169 715 664.

<sup>4</sup> ABN 33 097 483 068.

<sup>5</sup> ABN 67 109 225 747.

<sup>6</sup> NZBN 94 290 366 164 04



New York Stock Exchanges. The global group of Teva companies is hereafter referred to in this modern slavery statement as **Teva**. The four subsidiaries of Teva AU identified above are referred to collectively in this modern slavery statement as the **Subsidiaries**.

### ***Our operations***

The global group of companies today known as Teva was established in Jerusalem in 1901 as a small pharmaceutical business that distributed imported medications. Today, Teva has its global headquarters in Israel, but operates in the US, Canada, Europe, Latin America and elsewhere. It entered the Australian market in 2015 and the New Zealand Market in 2016.<sup>7</sup>

Teva AU is a research and development company specialising in the discovery and pre-clinical development of biologics and biopharmaceuticals.

Teva Pharma Australia and Teva Pharma NZ import and market pharmaceutical products (including specialty, generic medicine and over-the-counter medicines) into Australia and New Zealand and distributes mainly to pharmaceutical wholesalers across Australia and New Zealand. These wholesalers and distributors will then on-sell to pharmacies, grocery chains and hospitals.

Medis Pharma is a B2B commercial entity, specialising in the commercialisation and supply of generic products. Cephalon is a non-trading entity and holds Teva AU's intellectual property assets.

As at 31 December 2023, Teva had 37,851 employees including contractors. Teva AU had over 133 employees with 64 employees at Teva Pharmaceutical Australia Pty Ltd, 55 employees with Teva Pharma Australia, 5 employees with Medis Pharma and 9 employees with Teva Pharma NZ.

Teva is committed to increasing access to high-quality medicines for people across the globe, at every stage of life. Teva develops, manufactures and markets affordable generic medicines as well as innovative and speciality pharmaceuticals and active pharmaceutical ingredients.

### ***Our supply chains***

Teva AU's supply chains are separated across the Subsidiaries with an overlap of certain suppliers. Teva AU, Teva Pharma Australia and Medis Pharma are located in the same building and there is sharing of general maintenance, facility and some corporate services. Teva Pharma NZ is located in Auckland, New Zealand and has shared some corporate services with Teva Pharma Australia.

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<sup>7</sup> Teva NZ only became a fully owned subsidiary of Teva AU in 2023.



Teva AU's main suppliers are clinical research organisations and suppliers of laboratory equipment. These suppliers are global Tier 1 suppliers and supply agreements are in place with all major suppliers.

Currently all direct purchasing occurs through the Teva global network (Teva AU, Teva Pharma Australia and Teva Pharma NZ sourcing from Teva entities and globally contracted third party suppliers). This sourced product is manufactured and packed at various locations around the world with ingredients such as API's, excipients, packaging material etc. sourced from multiple suppliers globally. Teva Pharma Australia and Teva Pharma NZ have long term intercompany agreements with all its direct suppliers. These suppliers will have their own supply agreements with any externally sourced suppliers. Teva Pharma Australia and Teva Pharma NZ's supply chain also includes suppliers of non-product and services ranging from consulting services, marketing and advertising, logistics services to building maintenance and other corporate services. The majority of these suppliers are locally based in Australia or New Zealand.

Medis Pharma sources finished goods from Teva manufacturers and also third party suppliers located in Europe and India. Supply agreements are in place with all suppliers. As Cephalon is a non-trading company it does not have any suppliers.

Teva manages the modern slavery risks in Teva's manufacturers through Teva's global governance structure and risk management practices as set out below at D.

Over 700 third party suppliers provide goods and services to Teva AU and its Subsidiaries with 564 supplying to Australia and 100 supplying to New Zealand. The majority of those suppliers are Australian (469 of 564) and New Zealand (100 of 145) suppliers with the remainder of the suppliers being from various countries overseas across United States of America, Canada, Israel, Asia (China, India, Thailand, Korea, and Japan), and Europe. The goods and services are varied and include:

- Building leasing
- Corporate services
- Facility management and services
- Manufacturing goods and services
- Research and development
- Materials
- Third-party operations
- Logistics
- IT and telecommunications
- Sales and marketing





- Pharmacy chains and merchandising
- Government and regulatory services
- Customs, taxes and duties

Teva's supply chains continue to be governed by its Global Procurement Policy and Supplier Code of Conduct along with the underlying supporting procurement policies and procedures. Teva educates and engages its suppliers on its expectations also through its Letter of Intent. The Letter of Intent details elements of our responsible supply chain and sustainability targets and outlines Teva's expectations, that its suppliers of goods and/or services, regardless of their size and industry sector, uphold the same spirit and vision of sustainability with Teva by committing to the following elements of its Responsible Supply Chain Position and ESG Program, including by:

- Acknowledging Teva's Supplier Code of Conduct, policies and positions across Ethics, Labour, 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.

### **C. DESCRIPTION OF MODERN SLAVERY RISKS**

The risks of modern slavery practices in Teva's supply chains and operations are viewed through Teva's two main arms of operation the purchase of pharmaceutical finished goods and the procurement of corporate and professional services. Despite the growth in the number of suppliers from 2022 to 2023, Teva considers that the type of modern slavery risks have stayed relatively consistent but are at a larger scale. For example, Teva's operations now extend to New Zealand but the two main arms of operations in Australia and New Zealand are the



purchase of pharmaceutical finished goods and the procurement of corporate and professional services.

Teva purchases pharmaceutical finished goods from intercompany and third party suppliers. Teva continues to have supply agreements in place with all of its suppliers of pharmaceutical finished goods. As a result, the immediate risk of modern slavery may be considered low. Teva continues to acknowledge that there are risks of modern slavery in Teva's supply chain for purchasing pharmaceutical finished goods as the goods are sometimes sourced from regions known for an elevated risk of modern slavery and components of products may come from industries with a higher risk of modern slavery (such as agriculture, mining).

Teva continues to procure corporate and professional services (including research and development services) from local and global suppliers. The majority of these services are obtained from Tier 1 suppliers in high skilled industries. The risk of direct modern slavery in these organisations would be considered low, however Teva is cognisant that products and services used by these organisations may be sourced from third parties in higher risk industries or regions. Teva further acknowledges that there are risks of modern slavery practices in the services and suppliers it indirectly procures for running its business such as facilities management, logistics, cleaning, security and catering services. These services are at a higher risk of exploitation due to skill requirements, use of sub-contracting arrangements, lower pay and manual labour.

#### **D. ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS**

Teva AU and its Subsidiaries are committed to taking all appropriate action to understand the nature of modern slavery risks in their respective operations and supply chains, and to respond to those risks. The actions taken by Teva AU and its Subsidiaries form part of Teva's global ESG strategies and commitments, which include consideration of the potential for modern slavery practices.

##### ***How we identify and assess modern slavery risks***

Teva continues to assess the risks of modern slavery practices by carrying out targeted risk assessments and rigorous supplier due diligence through various assessments and programmes. Teva is an active member of the PSCI and Responsible Health Initiative, which enables us to identify best practices, discuss issues and encourage coordination and education with other pharmaceutical companies and our supply chain.

Teva's Human Rights risk assessment evaluates the risk exposure of our operations and suppliers. The assessment leverages a real-time online artificial intelligence system that covers risks of more than 170 geographies and 350 products and services regarding 38 sustainability topics,



including risks related to labor (e.g., children's rights, gender inequality, slavery, workers' rights, migrant workers, Freedom of association, humane treatment, wages, working hours and contractors) health and safety (e.g., life expectancy, sanitation & drinking water, building safety, machine safety, fire safety, hygiene and sanitation, injuries, chemical and emergency evacuation), environment (e.g., air quality and emission, carbon intensity, waste and wastewater management, tree cover loss, flood risk, storm risk and water stress and environment permits), business ethics (e.g., corporate governance, business integrity and transparency) and management systems (e.g. regulatory quality). Source data includes thousands of audits performed each year, media screening results and public indices. At least annually, Teva performs a risk assessment, ensuring that the list of suppliers and Teva's own sites are updated in the platform.

In 2023, more than 5,000 of Teva's significant suppliers (some of which are Teva AU's third party suppliers) and Teva's operations (including Teva's manufacturers that are a supplier to Teva AU) were screened and rated according to their risk exposure level (low, medium, high and extreme) for the various Human Rights and Environmental topics. The analysis classified suppliers and operations according to Teva's influence rating (low, medium, high and extreme), which considers business relevance (volume of business) and list of significant suppliers. Risk and influence ratings are plotted on a matrix to help determine the suppliers and operations where further due diligence action may be warranted. Key management implications and recommendations are outlined for each segment of the matrix. The assessment matrix can also be integrated into other assessment results, such as a self-assessment (EcoVadis score) and third-party audits (PSCI). Where a supplier is deemed as having "high risk exposure" and Teva has high influence on the supplier,<sup>8</sup> Teva will prioritise that supplier to undergo EcoVadis assessments or will select them to undergo an independent audit by a third party in accordance with PSCI protocols. In 2023, 436 significant suppliers (which represents 60.2% of Teva's significant suppliers) had valid assessments<sup>9</sup> through EcoVadis and Teva completed third-party independent PSCI audits on four supplier manufacturing sites.

#### ***How we address modern slavery risks***

Teva mitigates the risk of modern slavery practices arising in its operations and supply chains through the implementation of strict Codes of Conduct (for both employees and suppliers) and by requiring employees to undergo regular compliance training and education. Teva's

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<sup>8</sup> Teva determines whether we have high influence based on the business relevance (volume of spending) and if they are a significant supplier to Teva.

<sup>9</sup> Teva's definition for valid assessment: <50pts score is valid for 12 months (annual re-assessment) and ≥50pts score is valid for 24 months (biannual re-assessment).





global Office of Business Integrity (**OBI**) deals with any alleged or actual misconduct that may arise.

The Code of Conduct continues to apply to all Teva employees and members of the Board of Directors, setting clear expectations for behaviour and guiding how employees are to interact with each other and the business. The Code of Conduct sets out a range of actions that Teva can take in the workplace to ensure compliance with ethical labour practices, including:

- being aware of countries, regions, sectors, economic activities where there is a greater likelihood of human rights or labour abuses, and responding accordingly with policies and procedures;
- using adequate and verifiable mechanisms for age verification in recruitment procedures;
- developing and implementing mechanisms to detect labour violations; and
- working in partnership with other companies, associations and employers' organizations to develop an industry-wide approach to address human rights issues.

All employees were trained on and acknowledged the Code of Conduct when they join Teva and at least every two years thereafter. This training was completed by 99.6% of Teva's employees in 2022 and 98.7% of Teva's new employees completed this training in 2023. In 2023, Teva continued to educate its employees through regular training programs to recognise risks of breaches of the Code of Conduct or apply laws in its business and supply chains. These include the "Our Way" training program which features a range of virtual compliance courses. During the reporting period the program achieved a nearly 100% completion rate of the targeted employees. During the reporting period, Teva also updated its Global Procurement ESG Handbook to encompass its entire ESG program and targets, including human rights and regulation. The updated handbook is available to 100% of Teva's procurement employees through the Sustainable Procurement and Supplier Diversity SharePoint.

Teva has a separate Supplier Code of Conduct which all suppliers are required to observe under their contracts with Teva. It includes a number of obligations including:

- keep records demonstrating compliance with the Code;
- answer reasonable queries in respect of compliance with the Code;
- submit to reasonable audits to allow Teva to assess compliance with the Code;
- apply the same or substantially similar principles towards third parties with whom they work in providing goods and services to Teva;



- encourage workers and service providers to report concerns or illegal activities in the workplace without threat of reprisal, intimidation or harassment, ensuring proper investigation and corrective actions;
- uphold ethical labour practices and procedures, suppliers are required to certify that the products or services provided to Teva including the materials incorporated into their products, comply with laws regarding forced labour of the country or countries in which Teva and the supplier have operations; and
- to comply with the Principles of the PSCI relating to freely chosen employment, child labour and young workers, and wages, benefits and working hours. For example, suppliers shall not use forced, bonded or indentured labour, involuntary prison labour, or take part in human trafficking or any form of modern slavery, and no worker shall pay for a job or be denied freedom of movement.

Acceptance of the Supplier Code of Conduct by suppliers is part of the process of contracting and tendering with Teva. To participate in a request for proposal (**RFP**), suppliers must agree to comply with the Supplier Code of Conduct. The Purchase Orders Terms & Conditions and Teva's contract templates include clauses referring to the Supplier Code of Conduct. During the reporting period, Teva terminated one supplier relationship due to a human rights assessments and verifications service violation.

During the reporting period, Teva carried out a range of initiatives including:

- Launching an Integrity [Hotline Complaints Procedure](#).
- Developing our systematic management approach on Human Rights which includes key commitments, roles and responsibilities, risk assessment, preventive measures, remedial measures and effectiveness assessments.
- Implementing a new definition of 'significant supplier' to include suppliers whose commitment to sustainability and regulatory adherence is pivotal in advancing Teva's strategic sustainability goals, encompassing Climate Action and Resilience, Management of Pharmaceuticals in the Environment, and the Advancement of Sustainable Procurement practices.
- Integrating its sustainable procurement goals in Global Procurement annual objectives. Developing short term goals for our sourcing professionals, including increasing the number of sustainability assessments of significant suppliers in EcoVadis and encouraging suppliers to submit commitment letters to SBTi.
- Procurement managers are required to engage suppliers on these objectives and support teams by providing *ad hoc* sustainability education (including human rights) to





procurement leaders. Teva conducts monthly meetings with its procurement portfolio managers to monitor progress.

- Hosted a webinar for suppliers to drive sustainability engagement and education, including on Human Rights, which 134 third-party suppliers joined (totalling 18% of our significant suppliers).

The OBI investigates all allegations of misconduct, empowers employees to speak up on issues of potential concern and provides Teva with information to remediate issues, improve internal processes and make decisions on disciplinary measures. The OBI also operates the Teva Integrity Hotline, through which anyone (including employees and suppliers) can report their concerns. During the reporting period, Teva continued its Speak Up campaign designed at educating employees about reporting concerns and the OBI's investigation processes.

#### **E. ASSESSING THE EFFECTIVENESS OF REMEDIAL ACTION**

The approach adopted by Teva AU and its Subsidiaries to assessing the effectiveness of actions taken to address risks of modern slavery practices again forms part of Teva's global ESG progress evaluation framework. Teva engages with and maintains oversight of its employees and suppliers using a number of tools including questionnaires, surveys and PSCI audits, being audits of selected suppliers for compliance with the PSCI. In 2023, Teva found that 31% of the significant suppliers improved their ESG performance in 2023 compared to their previous EcoVadis assessment.

The [2023 Healthy Future Report](#)<sup>10</sup> contained a detailed explanation of how Teva tracked and evaluated its ESG performance across the reporting period. The report fulfils Teva's commitment to submitting annual progress communications to the UN Global Compact. Teva Pharmaceutical has been a signatory to the UN Global Compact since 2010, according to which Teva undertakes to carry out all measures that are reasonably possible within our business and throughout our supply chain to respect all individuals and uphold their human rights.

In 2024, Teva intends to update its Supplier Code of Conduct, and publish a Human Rights Position and Sustainable Procurement Position to integrate our updated approach on sustainability risk management. Additionally, Teva intends to screen and rate Teva AU's third party suppliers using Teva's Human Rights risk assessment.

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<sup>10</sup> See also Teva's [2023 Healthy Future Report Disclosures](#).



#### F. CONSULTATION WITH SUBSIDIARIES

Teva AU carried out consultation with each of the Subsidiaries in respect of this modern slavery statement by meeting with, discussing issues and seeking input from persons who have common functions across the Subsidiaries, and Teva's global Sustainable Procurement and ESG teams. These discussions have resulted in the relevant persons and teams providing information that forms part of this Statement.

This modern slavery statement was approved by the Teva AU's Board of Directors in their capacity as principal governing body of Teva AU on 4<sup>th</sup> July 2024 pursuant to s13 of the *Modern Slavery Act 2018* (Cth).

A handwritten signature in blue ink, appearing to read "A G Doyle".

Anthony Doyle

Director

Date:

4 July 2024