



2022 MODERN SLAVERY STATEMENT TEVA PHARMACEUTICALS AUSTRALIA PTY LTD

A. INTRODUCTION AND IDENTIFICATION OF REPORTING IDENTITY

For the financial year from 1 January 2022 to 31 December 2022, Teva Pharmaceuticals Australia Pty Ltd (**Teva AU**) was an Australian entity which had a consolidated revenue of at least \$100 million for that period.¹ 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.

B. ABOUT OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Our corporate structure

Teva AU,² wholly owns the following entities which together comprise the Teva Australia Group:

1. Teva Pharma Australia Pty Ltd³ (**Teva Pharma Australia**)
2. Cephalon Australia (VIC) Pty Ltd⁴ (**Cephalon**)
3. Medis Pharma Pty Ltd⁵ (**Medis Pharma**)

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 Australia (VIC) Pty Ltd, which is a small proprietary company. The ultimate holding company of Teva AU is Teva Pharmaceutical Industries Ltd (**Teva Pharmaceutical**), an Israeli-incorporated entity publicly traded on the Tel Aviv and the New York

¹ The calendar year is the accounting period that is applicable to Teva AU.

² ABN 98 002 951 877.

³ ABN 41 169 715 664.

⁴ ABN 33 097 483 068.

⁵ ABN 67 109 225 747.



Stock Exchanges. The global group of Teva companies is hereafter referred to in this modern slavery statement as **Teva**. The three wholly-owned 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.

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

Teva Pharma Australia imports and markets pharmaceutical products (including specialty, generic medicine and over-the-counter medicines) into Australia and distributes mainly to pharmaceutical wholesalers across Australia. 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 2022, Teva had 36,826 employees including contractors. Teva AU had over 100 employees with 59 employees at Teva Pharmaceutical Australia Pty Ltd, 61 employees with Teva Pharma Australia and 11 employees with Medis.

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. All of Teva AU's entities are located in the same building and there is sharing of general maintenance, facility and some corporate services.



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 and Teva Pharma Australia 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 has 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'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. 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.

Over 300 suppliers provide goods and services to Teva AU and its Subsidiaries. The majority of those suppliers (248 of 328) are Australian suppliers and the remainder of the suppliers are from various countries overseas across Australia, New Zealand, Israel, Asia (China, India, Thailand), 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 are governed by its Global Procurement Policy and [Supplier Code of Conduct](#) along with the underlying supporting procurement policies and procedures. Teva's suppliers are provided with its [Letter of Intent](#) that states that Teva expects 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:

- Acknowledging Teva's 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

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.

Teva purchases pharmaceutical finished goods from intercompany and third party suppliers. Teva has supply agreements in place with all of its suppliers of pharmaceutical finished goods and the immediate risk of modern slavery may be considered low. However, Teva acknowledges 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 procures 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 from 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 assesses risks of modern slavery practices by carrying out targeted risk assessments and rigorous supplier due diligence through various assessments and programmes. An example of an assessment completed during the reporting period is Teva evaluating high-risk third-party business partners using its Third-Party Due Diligence tool. The tool screens for potential compliance risks using a vast database of publicly available information and proprietary algorithms that can help identify and remediate risk. Teva policy also requires a risk-based assessment of suppliers considering, among other things, their potential risk of non-compliance with the Supplier Code of Conduct (which is described in further detail below). Teva acknowledges the need for particular vigilance when sourcing in specific industry sectors with geographically distant supply chains. Suppliers prioritised as high or medium risk are requested to complete corrective actions and improve upon re-assessment. They may thereafter be subject to an audit.

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 and suppliers to undergo regular compliance training and education. Teva's global Office of Business Integrity (**OBI**) deals with any alleged or actual misconduct that may arise.

The Code of Conduct applies 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. It refers to a range of actions 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 are trained on and acknowledge the Code of Conduct when they join Teva and every two years thereafter. In 2022, 100% of Teva AU's employees have completed this training. Teva educates 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. Teva also launched the Global Procurement ESG Handbook during the reporting period to help boost the knowledge of Teva employees on ESG targets and programs, and to help them better communicate the company's ESG expectations to suppliers.

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 stringent obligations including:

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



- To 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.
- To 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.
- To comply with the Principles of the Supply Chain Initiative (**PCSI**). The PCSI include principles relating to freely chosen employment, child labor and young workers, and wages, benefits and working hours. For example, suppliers shall not use forced, bonded or indentured labor, involuntary prison labor, 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 carried out a range of initiatives designed to educate suppliers as to their ESG responsibilities:

- Teva's Chief Procurement Officer and Head of ESG wrote a letter to all suppliers describing their ESG responsibilities.
- ESG criteria and an ESG Toolkit for Suppliers were integrated into the RFP and Scoring Matrix Standard Template to support vendor selection. The toolkit provides an overview of ESG at Teva, including its vision, targets and expectations.
- Teva implemented a formal communication of its Position on Responsible Supply Chain setting out expectations for all suppliers to uphold both industry and international standards of ethics, labour practices and human rights, among other things. Teva expects suppliers to uphold the same standards as part of their selection for their own suppliers and provides compliance guidance and targeted advice for use in mergers, acquisitions, joint ventures and in projects involving in- and out-licensing.

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.

The 2022 ESG Progress Report 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.

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 5th October 2023 pursuant to s 13 of the *Modern Slavery Act 2018* (Cth).

Anthony Doyle

Director

5th October 2023