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Teva's Group Tax Policy

Purpose & Scope

This Policy sets out the framework for management of tax and tax risks in Teva and defines the tax principles that are implemented within the company. This policy refers to corporate taxes as well as indirect taxes and applies to all Teva-controlled companies.

Group Tax Policy

Our Group Tax Policy, as approved by our Board of Directors, is aligned with our mission, values and business strategy. This Policy, which sets out our governance of tax, seeks to ensure that appropriate taxes are paid in each jurisdiction in which we operate and that key tax risks are dealt with through our risk management framework.

Our main tax principles are as follows:

1. Teva is compliant in all tax matters in all countries in which we operate. To ensure compliance, we proactively manage tax risk, anticipate changing requirements and prepare for compliance in due time.
2. Teva ensures proactive, balanced and business-driven management of taxation matters to support delivery of our business objectives and create sustainable stakeholder value.
3. Teva maintains cooperative, open working relationships with tax authorities in countries where we operate, and aims to contribute to effective, transparent tax relationships in these countries. Where appropriate, Teva applies to the authorities for tax rulings clarifying the tax treatment of certain matters.
4. Teva assesses the implications of Transfer Pricing and other transactions across countries and resolves issues and matters of interpretation in ways that ensure both compliance and alignment with business objectives.
5. Teva welcomes tax benefits and incentives and organizes tax affairs in ways that enable the company to be eligible for such benefits, while ensuring consistency with business objectives.
6. Teva contributes to the development of tax policy through engagement with industry associations or expressing positions directly to tax authorities where appropriate.
7. Teva is transparent with respect to its tax matters in its financial reporting without compromising its competitiveness.
8. Teva ensures all staff involved in tax matters are fully trained and qualified to perform their professional functions.

General: Teva's Tax Policy is aligned with business objectives and planning, and is subordinate to Teva's corporate governance framework and Business Code of Conduct. The Policy is published on Teva's corporate website. Teva's business strategy requires choices as to the jurisdiction in which to locate capital and/or

business activity. These choices are made while taking into account the business consequences, including the tax consequences, of operating in certain locations.

As we operate in a competitive global environment, we support and encourage a coherent, coordinated policy so that there is a level playing field and the risk of double taxation is minimized.

Teva complies with tax legislation in the countries in which it operates, while seeking to benefit from tax incentives for business offered by these jurisdictions.

The maximization of long-term value for our stakeholders also involves the maintenance of corporate reputation and relationships with governments. Due consideration is given to Teva's reputation, brand and corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of Teva. All these form part of the overall decision making and risk assessment process.

Transfer Pricing: In accordance with our tax strategy, exchanges of goods, property and services as well as financial transactions between Group companies are conducted on an arm's length basis. Transfer pricing between Group companies is based on fair market terms and the commercial nature of the transactions is in accordance with transfer pricing regulations, OECD principles, tax laws and practices as applicable in each country. We implement internal processes to ensure the actual financial results of the legal entities in the Group are in line with the above principles and our transfer pricing policies.

As is common for many multinational groups, tax risks arise when two or more governments adopt different interpretations in respect of transfer pricing implemented in intercompany transactions, resulting in the same income being taxed in two or more territories. We manage such risks adhering to the applicable laws and serving our stakeholder interests.

Relationship with Tax Authorities: We seek to enhance respectful and trustful relationships with the tax authorities in the jurisdictions where we operate. Where appropriate, we discuss the tax impacts of potential future events with jurisdictions which provide such an option. When we take positions that are not aligned with the tax authorities' interpretation of the law, we comply with all disclosure requirements.

We support initiatives such as the OECD initiative on Base Erosion and Profit Shifting (BEPS). We actively participate in business working groups to ensure the rules are practical, properly address business realities and achieve their goals without hindering business activity and economic growth. We also assist the tax authorities in certain jurisdictions to develop expertise and understanding of our industry.

Tax Rulings: We may apply for tax rulings to confirm our tax treatment where the law is not clear and/or conclusive.

Tax Governance Framework and Risk Management

Responsibility for the Group's tax policy and management of tax lies with the Group CFO and the Head of Tax, who report the Group's tax position regularly to the Finance Committee of the Board. Our tax policy is reviewed periodically, taking into account the general business environment, our business rationales and activities, the applicable tax laws and risks.

Tax processes are subject to the same level of robust internal controls and external audit as all our business transactions. Moreover, Teva's internal audit team reviews the management of tax risks from time to time.

The suitability of tax strategies employed and application of the principles of this Policy are reviewed regularly.

Teva's Tax function is organized on a global basis to ensure consistent tax policies, strategies and processes across regions and locations for all tax aspects at all levels. Our tax team includes approximately 50 people with specific geographic and technical responsibilities, including specialists in transfer pricing and indirect taxes, as well as approximately 30 tax experts working as part of local finance teams in specific countries. Advice is also sought from external advisors as necessary, enabling us to provide specialist expertise.

The compensation of our tax team members is not directly linked to cash or book taxes incurred by the Group.

A key part of our tax policy is ensuring that the tax team is actively involved in key commercial and operational transactions and that there is a clear allocation of responsibilities between the tax team and the other units across the Group.

We are subject to tax in many jurisdictions in which we operate. The tax rules in these jurisdictions are diverse and often complex, and subject to different interpretations by both the taxpayers and the tax authorities. Recent developments in the tax field worldwide have increased the probability for change in the tax rules in the countries where we operate and this creates additional layer of uncertainty. Our tax team closely monitors these developments and prepares for the new compliance requirements as well as new tax approaches.