

Methodological Note for Teva Pharmaceuticals CR, s.r.o.

1. Introduction

Teva Pharmaceuticals CR, s.r.o. (“Teva CZ“ or “Company“) is not a member of the Association of Innovative Pharmaceutical Industry (“AIFP“), but it has voluntarily acceded to AIFP’s disclosure initiative governed by AIFP Code on Disclosure of Transfers of Value from Pharmaceutical Companies to Healthcare Professionals and Healthcare Organisations (“Disclosure Code“). Disclosures are made on the central platform provided by AIFP at www.transparentnispoluprace.cz (“AIFP’s Database“).

This note summarizes the specific methodologies used by Teva CZ in preparing the disclosures and identifying Transfers of Value pursuant to Section 3.05. of the Disclosure Code.

The general information about methodologies used when disclosing Transfer of Values are included in the methodological note issued by AIFP (“AIFP Methodology on Disclosure“).

Definitions and terms not defined by this note shall have the same meaning as assigned to them by the Disclosure Code or AIFP Methodology on Disclosure.

2. General summary of the applied methodologies

In order to achieve the transparency objective of the AIFP’s initiative and in accordance with the principle that Transfers of Value to HCPs/HCOs shall be disclosed in the country where the recipient has its principal practice or registered office, the information disclosed via AIFP’s Database include also Transfers of Value made by foreign affiliates of Teva CZ to Czech HCPs/HCOs.

Disclosure concerns only Transfers of Value that are related to prescription medicines. Transfers of Value that are solely related to over-the-counter medicines are not being disclosed in accordance with Section 2.2 of the Disclosure Code.

Disclosure of items of medical utility, meals and drinks and samples is not required according to the Disclosure Code. However, many accommodation-related Transfers of Value are inclusive of breakfasts and no attempt has been made to deduct the value of breakfast provision from the sums disclosed.

Types of Transfers of Value

The terminology for various types of Transfers of Value is consistent with the meaning of those transactions as defined in the Disclosure Code.

The below categories may include (but are not limited to) the following types of payments:

- a) Sponsorship Agreements: rental of exhibition space, banners with advertising logos, advertisement in congress newsletters and other materials, distribution of promotional materials to participants;
- b) Fees for Service and Consultancy: payments for preparation of lectures and presentations, preparation of scientific articles and other scientific materials, consultancy at advisory boards;
- c) Travel and Accommodation: payments for plane, bus or train tickets, costs of local transportation, accommodation at hotels, travel insurance.

Fees for service and/or consultancy and Transfers of Value relating to expenses agreed in the written agreement covering the service and/or consultancy (e.g. travel costs in connection to lecture) are disclosed separately.

Any non-monetary Transfers of Value, and any arrangements under which a Transfer of Value has been divided between parties, have been quantified on the basis of the actual monetary cost to Teva.

Reporting period

The reporting period corresponds to calendar year. The first reporting period shall be the calendar year 2015.

Disclosure of Transfers of Value to HCPs

According to Czech legal regulations named disclosure of Transfers of Value to individual HCPs is subject to their consent with processing of personal data. Such consents have been obtained by Teva CZ in advance of Transfers of Value. Teva CZ has not proactively offered any opt-out from disclosure to recipients, but has managed and documented any refusal or opt-out on an ad hoc basis.

In accordance with the AIFP Methodology on Disclosure if a HCP revoked consent with any single disclosure or category of payment, all Transfers of Value made to this HCP in a reporting period are included in the aggregate disclosure.

Disclosure of Transfers of Value to HCOs

According to the Disclosure Code, Transfers of Value shall be disclosed on an individual basis. Teva CZ used its best efforts to obtain HCO's consent to or acknowledgement of the disclosure, even in case of Transfers of Value carried out through an intermediary.

In cases where support or sponsorship has been provided with respect to an event organized or convened by more HCOs, Teva CZ will disclose Transfers of Value proportionately on basis of number of such HCOs organizing and/or convening the particular event.

For the purposes of disclosure only separate legal entities or individual persons can qualify as recipients. Even if a particular Transfer of Value has been intended only for one department or section of HCO, the HCO in question (and not particular department or section) will be disclosed as recipient of such Transfer of Value.

3. Treatment of multi-year contracts

In case of multi-year contracts, where Transfers of Value occur in different reporting years, each such Transfer of Value will be disclosed in the reporting year when it has been made.

4. Treatment of VAT and other tax aspects

Individual and corporate recipients are liable for declaring the revenue and benefits provided to them directly or indirectly, and for paying any income tax, corporation tax and the like arising in respect of Transfers of Value.

Transfers of Value relating to service-related honoraria (whether for individual consultancy or corporate service providers) are where applicable disclosed including VAT.

Transfers of Value relating to hospitality and expenses (including meeting registration fees, accommodation and travel) include VAT where applicable.

Any other Transfers of Value, where VAT is applicable, are disclosed including VAT.

However, in case of Transfers of Value made by foreign affiliates of Teva CZ the amount of VAT may not have always been included.

5. Currency aspects

All disclosed Transfers of Value are expressed in CZK.

Any payments remitted or costs incurred in another currency have been converted into CZK by applying the Teva accounting exchange rate (i.e. exchange rate published by the Czech National Bank as of the last date of previous month) applicable as of the date of billing.

Only the Research and Development Transfers of Value have been converted into CZK by applying the exchange rate published by the Czech National Bank as of the last working date of the particular Reporting Period.

6. Other issues relating to the timing and amount of Transfers of Value

When determining whether a Transfer of Value falls into the particular reporting period, the deemed date of Transfer of Value to the recipient has been defined by Teva CZ as the date when the corresponding funds have been paid out by Teva. Therefore, the deemed date of Transfer of Value may be different than date of a sponsored event or date when the remuneration for services has been received by a HCO/HCP as an end recipient. If such dates fall with different calendar years, it is possible that a reporting period when Transfer of Value has been disclosed will be different than calendar year when the event occurred or recipient has received the benefits.