



# HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER

---

## **1. Status**

The Human Resources and Compensation Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Teva Pharmaceutical Industries Limited (the "Company").

## **2. Membership**

The Committee shall consist of three or more directors, all of whom in the judgment of the Board shall be independent in accordance with applicable New York Stock Exchange ("NYSE") standards and other applicable laws and regulations. At least two members of the Committee must qualify as "non-employee directors" for the purpose of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as "outside directors" for the purpose of Section 162(m) of the Internal Revenue Code, as amended. The members and Chairman of the Committee shall be appointed by the Board based on the recommendations of the Corporate Governance and Nominating Committee, and shall serve for such term or terms as set forth in the Company's Articles of Association.

## **3. Purpose**

The purpose of the Committee is, subject to applicable law, to oversee the management of the Company's executive compensation and certain talent development and succession issues, monitor adherence to the Company's philosophy toward executive officer compensation as determined by the Committee from time to time and otherwise carry out its responsibilities, and assist the Board in carrying out its responsibilities, relating to these issues.

## **4. Duties and Responsibilities**

The Committee is responsible for establishing annual and long-term performance goals and objectives for the Company's executive officers, as well as reviewing the overall compensation philosophy and policies and succession and talent development plans of the Company, including with respect to executive officers and directors. In accordance with the Israeli Companies Law, the Committee shall also review and approve any arrangement as to the terms of service and/or employment of executive officers or directors. For purposes of this Charter, "executive officers" shall also mean Office Holders as defined by the Israeli Companies Law, excluding directors of the Company.

The Committee's responsibilities also include:

- 4.1 preparing and regularly reviewing, in consultation with the Chairman of the Board, succession plans for the CEO;
- 4.2 preparing and reviewing succession plans with regard to other executive officers;
- 4.3 reviewing, in consultation with the Chairman of the Board, any proposed organizational restructuring pertaining to the roles and responsibilities and the selection of new members to join the Executive Committee;
- 4.4 overseeing the Company's labor practices for compliance with applicable laws, regulations and internal procedures;
- 4.5 making recommendations to the Board with respect to the approval of the Company's compensation policy for its executive officers and directors and any amendments or extensions thereto, as required under the Israeli Companies Law;
- 4.6 periodically reviewing the implementation of the compensation policy for executive officers and directors;
- 4.7 in consultation with the Chairman of the Board, evaluating the performance of the CEO in light of approved performance goals and objectives, as well as evaluating, in consultation with the CEO, the performance of other executive officers in light of their respective approved performance goals;
- 4.8 reviewing, approving and making recommendations to the Board as to the approval of the compensation (including with respect to cash-based incentive compensation plans, equity-based compensation plans and other benefit plans) (a) of the CEO and other executive officers, based upon, among other factors, an evaluation of their performance, and (b) of directors;
- 4.9 reviewing and making recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, and special or supplemental compensation and benefits for individuals who serve as executive officers, such as retirement benefits, for executive officers;
- 4.10 reviewing and making recommendations to the Board for approval of the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent shareholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and reviewing and approving the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement;
- 4.11 structuring compensation to incentivize high performance (both long and short term) without undue pressure to take excessive risk;
- 4.12 reviewing at least annually the Company's disclosure with respect to compensation of its executive officers and directors, including the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, and providing the Board with its recommendations thereto, and producing the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K;
- 4.13 overseeing the Company's compliance with SEC rules and regulations and other applicable legal requirements regarding shareholder approval of equity compensation plans, and, where appropriate, recommending equity compensation plans for approval by the shareholders of the Company;

- 4.14 administering the Company's equity-based compensation plans in accordance with the authority granted by the Board. The Committee may authorize a specific framework for the granting of awards and may authorize boards or committees (as the case may be) of the Company's subsidiaries to issue certain awards;
- 4.15 granting equity-based awards under the Company's equity compensation plans and, with respect to executive officers and directors, approving and making recommendations to the Board regarding the granting of such options and other equity-based awards;
- 4.16 reviewing, approving and making recommendations to the Board with respect to stock ownership guidelines for executive officers and directors, and monitoring compliance with such guidelines; and
- 4.17 overseeing shareholder engagement on executive compensation matters.

In determining executive compensation components, the Committee shall consider the provisions of the Company's compensation policy for its executive officers and directors and any amendments or extensions thereto, as well as the results of the most recent Say on Pay Vote.

The Committee shall regularly report to the Board on the Committee's actions.

The Committee shall also annually review its own performance, and present the results to the Board.

The Committee may, in its sole discretion, employ a compensation consultant to assist in the evaluation of the compensation of the Company's executive officers and directors. The Committee also has the authority, in its sole discretion, as necessary and appropriate, to consult with other outside legal counsel and other advisors to assist in its duties to the Company. The Committee shall have the sole authority to approve the fees and other retention terms with respect to such a compensation consultant, outside legal counsel or other advisors and to oversee the work of such advisor. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The compensation consultant, outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the Company's in-house counsel) shall be independent as determined in the discretion of the Committee after considering the factors specified in the NYSE rules. In retaining or seeking advice from compensation consultants, outside counsel or other advisors, the Committee must take into consideration the factors specified in the NYSE rules. The Committee may retain or receive advice from any compensation advisor it prefers, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

## **5. Meetings**

The Committee shall meet at least twice each year and at such other times as it deems necessary to fulfill its responsibilities.

The Committee may invite to its meetings other directors, Company management and other such persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings anyone with a personal interest in the matters to be discussed, and it shall meet regularly without management present, and in all cases, at meetings at which an executive officer's compensation or performance is discussed or determined, such executive officer shall not be present.

#### **6. Charter Amendments**

The Committee shall periodically review this Charter and recommend any proposed changes to the Board for approval. Any member of the Committee may submit proposed amendments to this Charter to the Board. The Board shall circulate any proposed amendment to this Charter to members of the Committee promptly upon receipt. By a majority vote, the Board may approve amendments to this Charter.