

Methodological note for Teva UK Limited

Throughout the course of 2017, Teva UK Limited gathered details of transfers of value – in the form of attendance at scientific meetings, consultancy fees, or related travel and accommodation – made to 725 individual healthcare professionals and other relevant decision makers, 99% of whom had consented to having these transactions disclosed on a named basis.

Until November 2017, these consents were embedded in our contracts and fully comply with both the Data Protection Act 1998 and the ABPI Code. From late November onwards, consents were obtained in accordance with the new standards set out in the forthcoming General Data Protection Regulation (GDPR), which comes into effect on 25th May 2018.

We believe that all the consents to disclosure we obtained throughout 2017 would have been valid for submission to the ABPI disclosure platform in March 2018. However, on 13th December 2017, the ABPI prompted companies to reconsider how they should manage risks related to historic disclosures of individual transfers of value. The options discussed included re-consenting to GDPR standards, or putting HCP details into aggregate (anonymous) reporting.

It was clear that similar concerns would apply to the consents we gathered between January and November 2017. Teva UK Limited has therefore reluctantly taken the decision to entirely aggregate the 2017 individual data and submit it without naming any of the healthcare professionals and decision makers. This decision was not made lightly, since we wholeheartedly support the pharmaceutical industry's drive towards transparency and have had overall consent rates of 94%, 96% and 99% in the three reporting years to date. However, individual data privacy is a fundamental right and one that we take very seriously.

For 2018 activities, all consents to disclosure are already being gathered in accordance with the GDPR, and we look forward to disclosing that data in due course.

1. A general summary of the methodologies used in preparing the disclosures and identifying each category of transfer of value (TOV)

- a) It is noted that disclosure of subsistence is not required, however some meal provision may be included in the data (particularly where TOVs have been provided by other affiliates) in preference to understating the relevant amounts. Many accommodation-related TOVs are inclusive of breakfasts and no attempt has been made to deduct the value of breakfast provision from the sums disclosed.

- b) Over-the-counter and medical device TOVs to recipients outside the scope of the ABPI Code are not included. Any such TOVs to recipients otherwise in scope of the Code would be included in disclosure without distinguishing them from other TOVs.
- c) The terminology for various types of TOV is consistent with the meaning of those transactions as defined in the ABPI Code.
- d) Any non-monetary TOVs, and any arrangements under which a TOV has been divided between parties, have been quantified on the basis of the actual monetary cost to Teva.
- e) The aggregated figure for R&D relates to TOVs made by Teva's non-UK affiliates and entities. The figure for R&D conducted by Teva's UK entities is zero. Studies conducted by Teva's UK entities do not fall within the R&D exemption defined by the Code and therefore any such TOVs are disclosed on a named basis against the individual HCOs or in the HCP aggregate figure.

2. Treatment of multi-year contracts

- a) Where a TOV relates to activities or expenses wholly or partly occurring in a different reporting year from the deemed date of the TOV as defined in clause 5 below, no accruals will be made for disclosure purposes.
- b) Where a Joint Working initiative, MEGS project or fee for service arrangement involves staged payments or other multiple TOVs, all transfers occurring in the same reporting period will be disclosed as a single total. Separate TOVs of value for the same activity that are deemed to occur in different reporting periods will be disclosed in respect of the applicable years. No accruals will be made for disclosure purposes.

3. Treatment of VAT and other tax aspects

- a) Individual and corporate recipients are liable for declaring the revenue and benefits provided to them directly or indirectly, including any payments made to employers on behalf of individuals, and for paying any income tax, corporation tax and the like arising in respect of TOVs.
- b) TOVs relating to Joint Working initiatives are where applicable disclosed exclusive of any VAT.
- c) TOVs relating to MEGS fees are where applicable disclosed exclusive of any VAT. Expenses associated with MEGS are disclosed as set out in (e) below.
- d) TOVs relating to service-related honoraria (whether for individual consultancy or corporate service providers) are where applicable disclosed exclusive of any VAT. Expenses associated with fee for service activities are disclosed as set out in (e) below.
- e) TOVs relating to hospitality and expenses (including meeting registration fees, accommodation and travel) are declared gross (e.g. ticket face value) and therefore include VAT where applicable.

4. Currency aspects

- a) All disclosed TOVs are expressed in GBP.
- b) Any payments remitted or costs incurred in another currency have been converted into GBP by applying the exchange rate for the month that is deemed to be the date of the TOV (see below), in accordance with the rate tables published online by HMRC at <https://www.gov.uk/government/collections/exchange-rates-for-customs-and-vat#monthly-rates>

5. Other issues relating to the timing and amount of transfers of value

When determining whether a TOV falls into the 2017 reporting year, the deemed date of transfer of value to the recipient for each category of TOV has as far as possible been defined by Teva UK as follows, irrespective of the actual date of remittance:

The date on which funds were due under the contract
<ul style="list-style-type: none">• Joint working initiatives• MEGS fees
The date on which services were provided to Teva*
<ul style="list-style-type: none">• Fee for service honoraria/fees (individuals or organisations) <p>*Where billable preparation time is incurred and/or a follow up report or meeting is part of the service, the service date for the purposes of TOV is defined as the start date of the principal meeting.</p>
The start date of the relevant trip/event
<ul style="list-style-type: none">• MEGS expenses• Sponsorship of individuals' registration fees, accommodation and travel• Accommodation and travel related to service provision