



Abbott Nutrition
Retail Product Returns and Claims Policy
Effective date: February 1, 2018

- I. Statement. Abbott Nutrition, a division of Abbott Laboratories (“Abbott Nutrition”) has established this Policy in order to provide a consistent way for Customers to handle product returns and claims for credit in a safe and efficient manner. This applies to Abbott Nutrition and any designated Abbott Nutrition affiliate. Abbott Nutrition will only accept product returns from Customers and issue credit as stated in this Policy. Definitions used in this Policy are set forth in Appendix A.
- II. Saleable Products. Abbott Nutrition will not accept any returns or issue any credit for Saleable Products after delivery to Customer. Exceptions to this are noted in section IX.
- III. Delivery and Handling of Products.
 - A. Abbott Nutrition will arrange for Products to be delivered to Customer. Customer should visually inspect Products at the time of delivery for obvious defects and refuse acceptance of such delivery.
 - B. Abbott Nutrition will not accept returns or issue credit for any Product that is damaged after delivery by Abbott Nutrition to Customer. Customer should use reasonable care in handling, storing, transporting Products. ABBOTT NUTRITION WILL NOT BE RESPONSIBLE FOR DAMAGE INFLICTED IN THE COURSE OF OPENING SHIPPING PALLETS, SHIPPERS OR PACKAGES.
 - C. Customer is responsible for stock rotation and inventory maintenance to avoid Expired/Short-Dated Product. In certain instances Abbott Nutrition recognizes that optimal variety for the consumer can result in some slower moving items that carry a higher risk of resulting in Expired/Short-Dated Product.
- IV. Shortages, Damages, and all other Claim Types.
 - A. Customer should sign POD/BOL providing item and quantity of shortage and/or damage with carrier signature at time of delivery. If completed, no further notification or action is required. In the event that this action does not take place, Customer must notify Abbott Nutrition within three (3) business days by one of the two methods listed below. Failure to comply will result in denial of Customer’s request.
 1. Customer should contact assigned Abbott Nutrition Customer Service Representative by email or phone, providing item and quantity of shortage and/or damage.
 2. If the assigned Customer Service Representative is unknown, Customer may contact Abbott Nutrition Customer Service Department at 800-551-5840, providing item and quantity of shortage and/or damage.
 - B. Customer is responsible for any claims against the carrier for losses, shortages, or other claims regarding shipment of the Products, but Abbott Nutrition may agree to process such claims on behalf of Customer.
 - C. Customer must raise within one (1) year from date of invoice all claims and disputes regarding payments, pricing and/or credits (except that all claims for shortage and/or damage shall be made within three (3) business days as specified above). No post-audit deductions for any claim type will be researched or paid if they are more than two (2) years from the date of invoice.

V. Returns Allowance for Unsaleable Retail Products.

Abbott Nutrition will provide Customers an adjustable rate allowance for unsaleable Products at the rates set forth in Appendix B of this Policy. Abbott Nutrition reserves the right to change Appendix B at any time by providing customers with at least 60 days prior to implementation. Abbott Nutrition will not accept product returns from or provide an allowance to indirect purchasers.

VI. Discontinued Products.

A. Abbott Nutrition will give Customers at least 120 days' notice of a discontinuation of any Product, and will work with Customers to deplete inventories on a case-by-case basis. In certain cases a Customer may not be permitted to order additional Products that are being discontinued even if in Abbott Nutrition's inventory.

B. In the event that Customer decides to discontinue any Product after such Product has been shipped to Customer by Abbott Nutrition, such Product will not be eligible for return or credit per this Policy. Prior to any such discontinuation, Customer is encouraged to contact its Abbott Nutrition representative to reach a separate agreement with respect to Product disposition.

VII. Unsaleable Product Disposition.

A. Return of Unsaleable Product

Abbott Nutrition will continue to accept Retail Product returns and issue credit of Unsaleable Products that are identified in Appendix C, so long as Customer meets the following requirements:

1. In order to process an Unsaleable Product return using a reclamation center, Customer must provide detailed documentation to Abbott Nutrition indicating Product UPC, description, quantity, unit of measure, billing period, reclamation center name and location for pickup. Credit will only be given for Unsaleable Product returns that are returned to Inmar Returns or an authorized Abbott Nutrition shipping point.
 2. In order to process an Unsaleable Product return without using a reclamation center, Customer must contact Abbott Nutrition Customer Service Operations at 800-551-5840 to have a return identification number (RIN) issued and schedule a pick-up date. **NO RETURNS WILL BE ACCEPTED WITHOUT A PROPERLY ISSUED RIN.** The RIN must be referenced on all correspondence to Abbott Nutrition pertaining to the return. Please have a box count and an inventory of items ready at time of call. Any Product returned without an appropriate RIN will be refused upon delivery and no credit will be issued.
 3. Abbott Nutrition reserves the right to validate and authorize all Unsaleable Product returns and claims for Products. Any credits will be calculated and payable based upon Abbott's records, and calculations will be based on the current List Price. Abbott Nutrition will not credit Customer for any Products that it received at no charge according to Abbott Nutrition's records.
 4. In the event that a Customer returns Product whose dating is beyond six (6) months past expiration, Abbott will rebill customer for value of Product returned, plus a \$.30 per unit processing fee.
 5. Customers that have a direct account with Abbott Nutrition will receive a credit for the returned Products in the form of a credit memo, which Customer may apply towards future purchases from Abbott Nutrition. If a Customer does not have a direct account with Abbott Nutrition, then Abbott Nutrition may issue a check to the Customer for the amount of the returned Product.
- B. Abbott Nutrition will accept physical Unsaleable Product returns for all brands in Appendix B, but will not offer credit above the Adjustable Returns Allowance.
1. In order to approve an Unsaleable Product return using a reclamation center, Customer must provide detailed documentation to Abbott Nutrition indicating Product UPC,

description, quantity, unit of measure, billing period, reclamation center name and location for pickup. Product must be returned to Inmar Returns or an authorized Abbott Nutrition shipping point.

2. In order to process an Unsaleable Product return without using a reclamation center, Customer must contact Abbott Nutrition Customer Service Operations at 800-551-5840 to have a return identification number (RIN) issued and schedule a pick-up date. NO RETURNS WILL BE ACCEPTED WITHOUT A PROPERLY ISSUED RIN. The RIN must be referenced on all correspondence to Abbott Nutrition pertaining to the return. Please have a box count and an inventory of items ready at time of call. Any Product returned without an appropriate RIN will be refused upon delivery.

C. Destruction of Unsaleable Product

1. Customer should arrange for destruction as soon as possible after it determines that the Product is Unsaleable and will be destroyed. Unsaleable Product must be destroyed at reclamation centers that are, at the time of destruction, registered, regulated and inspected by the United States Department of Agriculture (USDA) or the United States Food and Drug Administration (US FDA). All destruction must be attested to with a signed Certificate of Destruction setting forth: (i) Product codes and quantities (ii) the name of the reclamation center (iii) the address where the destruction took place (iv) the method of destruction (v) the date of the destruction and (vi) the name and signature of a representative of the reclamation center who is certifying the destruction.
2. In lieu of using a reclamation center, a Customer may destroy Unsaleable Product on its own behalf; provided that the product is destroyed as soon as possible after Customer determines that the product is Unsaleable. Unsaleable Product must be destroyed in a manner that ensures the product is not capable of being salvaged and renders the product unusable (crush, burn, shred or grind and then landfill or recycle). Customer must complete the Product destruction form in Appendix D, retain a copy for its records, and make copies available to Abbott Nutrition upon request.
3. All records of destruction, whether by a reclamation center or Customer, shall be provided to Abbott Nutrition for review upon its request at any time. Abbott Nutrition reserves the right to inspect reclamation centers' facilities and review all records related to Product destruction and allowance including reclamation center registration and inspection records.
4. UNDER NO CIRCUMSTANCES ARE CUSTOMERS OR THEIR INSURERS PERMITTED TO MAKE SALVAGE SALES OF UNSALEABLE PRODUCT.
5. Abbott Nutrition will not defend, indemnify or otherwise protect Customer, its insurers or agents against any claim, damage or expense resulting from a Customer's sale, donation or transfer of Unsaleable Product, nor will Abbott Nutrition honor Product warranties and guarantees with respect to any Unsaleable Product which is resold or transferred by the Customer, its insurers or agents. Abbott Nutrition reserves the right to seek reimbursement from the Customer, its insurers or agents for any damages or expenses which Abbott Nutrition may suffer as a result of such unauthorized sale, donation or transfer.

D. Abbott Nutrition Product Donations

1. Abbott Nutrition permits the donation of products to reputable food banks and charities under the following guidelines:
 - Nutritional products only
 - Product donation must be documented and traceable by UPC
 - Product must be within code date
 - Product must be unopened and package uncompromised
 - no dents, swelling, bulges or leaks
 - Product label must be legible and include the following information: description of product;

- UPC; ingredients; mixing/preparation instructions; net weight and distributor.
- Products identified as “Not For Retail Sale” cannot be donated under any circumstances
 - Patient Samples
 - Direct to Consumer
 - Institutional Products

VIII. State WIC Change. Customer and Abbott Nutrition will jointly work to sell through the product during state WIC transitions from Similac to a non-Abbott Nutrition manufacturer. All considered saleable product must have 6 months or greater shelf-life to be accepted back into the Abbott Nutrition supply chain and must occur within 60 days of the effective transition date. All Saleable returns must have Abbott Nutrition Senior level management approval.

IX. New Product Introductions.

- A. Policy will cover the launch of new items for up to 18 months from the original launch date at Abbott Nutrition.
- B. Abbott Nutrition and Customers must agree upon success measures at the launch of new items. Once agreed upon, Abbott Nutrition and Customers will track to the established goal. At least one year of distribution is required to ensure item has an opportunity to succeed in market.
- C. If a given item does not attain stated goal, Abbott Nutrition and Customers will determine next steps to maintain or discontinue item.
 - Maintain item in distribution - Item moves to the current Terms and Conditions of existing items.
 - Discontinue item - A 50% markdown on acquisition cost will be provided for 60 days to exhaust in-store and DC inventory. After 60 days, Customers may return product for 98% of purchase price plus handling fees.
- D. For 18 months from the National launch date of a new item, Abbott will accept and credit actual damages of new item’s actual invoice price (less 2% cash discount and applicable returns allowance).
- E. After the 18 months the new items will follow the current Terms and Conditions policy and continue with the applicable returns allowance, but no longer credit for actual returns.

X. Product Recalls. Product recalls are not covered under this policy and will be handled separately.

XI. No Waiver. The failure of Abbott Nutrition to enforce at any time, for any period, any provision hereof will not be construed to be a waiver of such provision or of the right of Abbott Nutrition thereafter to enforce each such provision.

For any questions relative to this Policy please speak with your Abbott Nutrition Sales Representative or call Abbott Nutrition Customer Service at 800-551-5840.

APPENDIX A

DEFINITIONS

“Customer” means an entity that purchases Products directly from Abbott Nutrition for resale to consumers or into retail channels.

“Damag(ed)” means Products whose packaging or contents have sustained damage that may compromise the Product quality or safety at the time of delivery by Abbott Nutrition to the Customer.

“Discontinued” means Products that either Abbott Nutrition or the Customer has announced it will discontinue. A rolling introduction by Abbott Nutrition of a design change without a UPC change will not be considered Discontinued.

“Expired/Short-Dated” means Products that have expired “sell-by dates” or that do not have sufficient dating based on expected turnover, according to the sell-by date that is indicated on each product unit at the time of delivery by Abbott Nutrition to Customer.

“Infant Formula” means a Product intended for infants 0-12 months of age that meets requirements of the Infant Formula Act, as may be amended.

“List Price” means Abbott Nutrition’s published retail list price for truckload order quantities of the relevant Product.

“Performance Nutrition” means Products sold under the EAS® and ZonePerfect® brand names.

“Products” means Products available for retail sale into the fifty United States and District of Columbia as listed in the then-current product catalog available on www.e-abbott.com. Abbott Nutrition does not accept returns of or issue credit for any private label products, and any such products are not subject to this Policy.

“Saleable” means Products that are within-date and have the potential to be resold into retail channels.

“Shortage” means that the quantity actually delivered from Abbott Nutrition to Customer was less than the quantity listed on the invoice.

“Unsaleable” means Products that should not be resold into retail channels, and which may be Damaged or Expired/Short Dated.

APPENDIX B

Unsaleable Returns Rates Effective October 1, 2014

Adjustable Returns allowance is payable as an off-invoice credit.

Brand Group	Eligible Brand	Adjustable Rate
Infant Nutrition		
	Similac Core Infant Powder*	0.20%
	Similac Other Infant Formula**	1.30%
Kid/Toddler Nutrition		
	PediaSure	0.65%
	Pedialyte	0.75%
Therapeutic Nutrition		
	Ensure	0.65%
	Glucerna	1.40%
Performance Nutrition		
	ZonePerfect	1.60%
	EAS	1.60%

***Similac Core Infant Powder**

55957 Similac Advance Early Shield Powder 12.4oz can
 53359 Similac Advance Early Shield Powder 1.45lb (23.2oz) SimplePac
 57539 Similac Sensitive Powder 12.6oz can
 50817 Similac Sensitive Powder 1.45lb/1.41lb (23.2oz/22.5oz) SimplePac
 53972 Similac Advance Early Shield Powder Pallet
 58585 Similac Advance Stage 2 Powder 30% Value 1.93lb (30.8oz) can
 62951 Similac Sensitive Powder 30% Value 1.86lb (29.8oz)
 63489 Similac Advance Bundle Pack Powder 1.45lb (23.2oz)
 63495 Similac Sensitive Bundle Pack Powder 1.41lb (22.5oz)
 64107 Similac Bundle Pack Powder Display

****Similac Other Infant Formula**

All Similac-branded infant formula not including "Unsaleable Core Infant Powder" items listed above

APPENDIX C

Allowable Unsaleable Product Brands

Eligible Brand
Elecare
Juven
Nepro
Similac Vitamins
Simply Smart Baby Bottles
Institutional stock code items

APPENDIX D

**Abbott Nutrition
PRODUCT DESTRUCTION NOTICE**

Please verify, by having an authorized representative sign below, that your facility has destroyed and disposed of the Abbott Nutrition Products properly. Furthermore, by signing below, you verify that you have not sought reimbursement nor made any request of payment whatsoever by or to anyone for the Product, and that no government program, insurance company or other third party was billed for any procedure or test utilizing the Product. Under no circumstances are customers or their insurers permitted to make salvage sales or donations of unsaleable Abbott Nutrition Products.

Today's Date: _____ **Date PO Delivered:** _____

Account Name: _____

Account Address: _____

Account #: _____ **Inquiry/PO#:** _____

Abbott Nutrition Contact: _____ **Fax/Email** _____

Product destroyed on or before this date: _____

Method of destruction: (check all that apply)

- Burn Crush Shred Grind

Method of disposal: (check all that apply)

- Landfill Recycle

List of product(s) destroyed:

<u>Abbott Nutrition Item #</u>	<u>Quantity</u>	<u>UOM</u>	<u>Batch #</u>	<u>Product Name/Description</u>
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Location of Destruction _____

Customer Signature _____ Date _____

Abbott Nutrition Customer Service 800-551-5840