



Abbott Nutrition's Chargeback Policy

This chargeback policy ("Chargeback Policy") establishes the terms and conditions upon which Abbott Laboratories Inc., on behalf of its nutrition division, Abbott Nutrition ("Abbott") will provide Chargeback Rebates on Abbott products. Capitalized terms used herein shall have the meanings set forth in this Chargeback Policy or in any applicable written agreement between Abbott and Distributor ("Agreement"). Abbott may change the Chargeback Policy at any time and shall maintain the current Chargeback Policy on <https://www.e-Abbott.com> ("e-Abbott").

Definitions. Capitalized terms used herein shall have the meanings set forth in this Chargeback Policy.

- a. **"Acquisition Price"**: The 125-case bracket Product Price from Schedule 1 as reflected in Distributor's invoices from Abbott. Abbott items not listed on Schedule 1 shall be invoiced the applicable list pricing as set forth in the Chargeback Rebate definition below shall apply.
- b. **"Chargeback Claim"**: Distributor's request for the payment of a Chargeback Rebate submitted to Abbott in accordance with the provisions set forth in the Agreement and Chargeback Policy as set forth in Exhibit A to Schedule
- c. **"Chargeback Distributor"**: An entity and its locations that is authorized by Abbott in writing to distribute Abbott products and submit Chargeback Claims.
- d. **"Chargeback Price"**: The 30-case bracket price on a Chargeback Pricing Contract in effect as of the Transaction Date for the End-User participating on the Chargeback Pricing Contract. If a Chargeback Pricing Contract does not have a 30-case bracket price, the next lower-case bracket shall be used.
- e. **"Chargeback Pricing Contract"**: A pricing contract in effect for an End-User as of the Transaction Date as determined by Abbott.
- f. **"Chargeback Rebate"**: The amount calculated as the difference between Distributor's 125-case bracket Acquisition Price from Schedule 1 for Products and the Chargeback Price. For Abbott items not on Schedule 1, the Chargeback Rebate shall be the difference between Abbott's 60-case list bracket price for Distributor and the Chargeback Price. In the event the 125-case bracket Acquisition Price or the applicable list price bracket to be used for other Abbott items changes, Abbott shall notify Distributor of the correct Acquisition Price bracket to be used for calculation of Chargeback Rebates.
- g. **"e-Abbott"**: Abbott's web-based system for electronic data exchange between Abbott and its Chargeback Distributors located at <https://www.e-Abbott.com>.
- h. **"End-User"**: An entity which purchases from Distributor and meets the requirements as defined in the "Own Use" section of this Chargeback Policy. Other Abbott authorized Chargeback Distributors are not considered eligible End-Users to receive Abbott products from Distributor.
- i. **"End-User Pricing Contract"**: Chargeback Pricing Contract that is an agreement between Abbott and an End-User or an entity authorized to contract on behalf of End-Users, such as a group purchasing organization.
- j. **"Membership"**: End-Users' access to Chargeback Pricing Contract(s) including the effective dates of End-Users' access to any such Chargeback Pricing Contract as determined by Abbott.
- k. **"Own Use"**: "Own Use" shall mean those uses as an Authorized Healthcare Provider that are part of providing health care services and products directly to patients who are in an institution or in such patient's home within the 50 United States. Products shall not be purchased for distribution outside the 50 United States, in any manner that would compete in the retail marketplace, nor resold or provided to any employee of Distributor or any other entity or person outside of the Own Use requirements defined herein.



- l. **“Price Notification”**: Abbott’s notification to Chargeback Distributors of the information relating to Chargeback Pricing Contracts, including the products, pricing, pricing effective dates, and Membership as defined in Schedule 9. This notification is also called a “Bid Award”.
 - m. **“Transaction Date”**: Distributor’s date of invoice, order date, or pricing date for items shipped to its End-User(s), the date of invoice provided to patients or End-Users and invoiced to another End-User, or the third-party payor claim date for Products provided to a patient and billed to a third-party payor using Distributor’s own provider number.
 - n. **“Transaction Number”**: Chargeback Distributor’s invoice number or shipment number for items shipped to its End-User(s), the invoice number for Products provided to patients or End-Users and invoiced to another End-User, or the third-party payor claim identification number for Products provided to a patient and billed to a third-party payor using Distributor’s own provider number.
1. **Chargeback Requirements**. Chargeback Distributor must comply with the following provisions:
 - a. Must be authorized in writing by Abbott to participate.
 - b. Chargeback Claims must be submitted in a format that complies with all of the data requirements set forth in this Chargeback Policy within 60 days of the Transaction Date.
 - c. Will not submit any transaction data on Chargeback Claims that includes future-dated End-User shipments.
 - d. Shall not submit End-User shipments on Chargeback Claims as summary-level transaction data.
 - e. Abbott will only accept Chargeback Claims with complete line item detail for End-User transaction data.
 - f. Must submit Chargeback Claims electronically through: (a) Electronic Data Interchange (“EDI”) ASC X12 844 (“Product Transfer Account Adjustment”), (b) EDI ASC X12 867 (“Product Transfer and Resale Report”), or (c) e-Abbott.
 - g. Shall not submit any Chargeback Claims for Products that have not been purchased from and delivered by Abbott to Distributor’s locations which Distributor then ships to its End Users.
 - h. Chargeback Claims must not relate to a distribution and/or resale of Products to an entity which is also authorized by Abbott to submit Chargeback Claims.
 - i. Abbott products submitted on a Chargeback Claim or Sales Tracings (as hereinafter defined) shall reflect transactions for products distributed to End-Users by Distributor and shall not reflect any products the End-User orders or intends to order from Distributor which are cancelled or returned to Distributor as damaged by the End-User. Damaged products shall be handled in accordance with Abbott’s Return of Goods and Claims Policy published on e-Abbott.
 - j. End-Users who return product to Distributor which does not meet the End-Users shelf life requirements is eligible for return to Abbott by Distributor under the terms of Abbott’s Return of Goods and Claims Policy as published on e-Abbott.
 - k. If a Chargeback Rebate has been paid for Product that is later returned by End-Users and returned to Chargeback Distributor’s inventory, then Chargeback Distributor must report such return to Abbott within sixty (60) days as a negative Chargeback Claim which shall include the total amount paid on the initial Chargeback Claim.
 - l. Must provide a request for End-User pricing at least fifteen (15) days in advance of Chargeback Distributor extending a price to such End-User. Approved pricing will be confirmed by Abbott through the electronic price notification bid award process. Failure to provide request may result in denial of Chargeback Claim.
 - m. Distributor shall not disclose (i) End-User Pricing Contract information, (ii) End-User purchases against an End-User Pricing Contract, and (iii) Membership eligibility and pricing, to any End-Users or any 3rd party other than those for whom the information applies and as directed by Abbott.
 - n. **Chargeback Data Requirements**. For any Chargeback Claim submitted via the EDI 844 transaction and Sales Tracings submitted via the EDI 867 transaction, the following fields need to be an exact



match (including format) in both transactions: (a) Abbott item number; (b) Abbott item description; (c) Distributor's End-User identification number; (d) Unit of Measure ("UOM"); (e) quantity; (f) Transaction Date; and (g) Transaction Number.

2. **Price Notifications.**

- a. Abbott will provide Price Notifications to Distributor on each business day through EDI or via an email notification from e-Abbott. Chargeback Distributor may also review Price Notification information at any time on e-Abbott.
- b. Chargeback Distributor shall review Price Notification information on e-Abbott before submitting Chargeback Claims or inquiries to Abbott.
- c. For End-User pricing inquiries submitted to Abbott, Distributor shall only submit End-Users for which they are actively distributing Abbott products. Abbott reserves the right to return any inquiries to Distributor which Abbott deems incomplete or otherwise invalid. In addition, Abbott reserves the right to request that Distributor provide written notification from End-User a request to share any End-User's pricing or membership information.
- d. Information contained in Price Notifications must be applied by Chargeback Distributor to any future Chargeback Claims. In the event a Price Notification is for an update effective prior to the date of the Price Notification, then Distributor shall resubmit Chargeback Claims previously paid to cancel and rebill to the updated pricing received from Abbott.
- e. Abbott may change Chargeback Pricing Contracts with one (1) day notice, if necessary.

3. **Chargeback Claim Data.**

- a. Chargeback Distributor shall include the following information on each Chargeback Claim:
 - (i) Chargeback Distributor's name, address, and either its Abbott 8-digit account number, DEA/HIN number, or its Abbott approved alternate identification number.
 - (ii) End-User's ship-to name, ship-to address, and either its Abbott 8-digit account number, DEA/HIN number, or the Abbott approved alternate identifier for Chargeback Distributor's End-Users.
 - (iii) In instances where the ship-to location is a patient's private residence and not an institutional setting, Distributor shall provide the zip code for the point of delivery to avoid disclosing patient information.
 - (iv) End-User's bill-to name, bill-to address and either its Abbott 8-digit account number, DEA/HIN number, or the Abbott approved EIN.
 - (v) Chargeback Distributor's Transaction Date and Transaction Number.
 - (vi) Abbott item number, Product UPC, or NDC.
 - (vii) The number of units of item in each transaction.
 - (viii) UOM indicating each, carton or case for all items. Abbott's current acceptable UOM indicators are: (i) CAS to indicate case; (ii) EA to indicate each; (iii) CAR to indicate carton. Abbott and Distributor must mutually agree on any other UOM indicators to be used in the Chargeback Claim process.
 - (ix) An identifier to indicate a sale or return. If EDI is used, Distributor shall include an identifier for intercompany transfers between Distributor warehouse locations.
 - (x) The Chargeback Pricing Contract number against which Chargeback Distributor is submitting its Chargeback Claim.
 - (xi) Distributor's Acquisition Price for each item in effect as of the Transaction Date.
 - (xii) The Chargeback Price for each item as identified on the Price Notification in effect as of the Transaction Date.



- (xiii) The calculation of the Chargeback Rebate for each item and the total dollar amount being requested. A sample calculation follows:
(Acquisition Price – Chargeback Price) x (number of units) = Chargeback Rebate
 - (xiii) Chargeback Distributor’s debit memo number for the Chargeback Claim.
 - b. Failure to comply with formatting and data requirements will not release the Chargeback Distributor from the deadlines specified in this Chargeback Policy and any Agreement.
4. **Initial Chargeback Claim Processing.**
- a. Chargeback Rebates will be paid in the form of a credit memo after the appropriate documentation has been approved by Abbott.
 - b. Abbott will provide electronic confirmation of Chargeback Rebates and a reconciliation of Chargeback Distributor’s Chargeback Claims.
 - c. Chargeback Distributor will not take deductions to offset Chargeback Claim amounts against any payments due Abbott.
 - d. Chargeback Distributor will apply Abbott’s reconciliation, as set forth in Section 4, to Chargeback Distributor’s records and resolve all discrepancies.
5. **Resubmitted Chargeback Claim Processing.**
- a. For Chargeback Claims where Chargeback Distributor has not been paid the full amount originally requested, Chargeback Distributor may resubmit a Chargeback Claim to request additional credit.
 - b. Chargeback Claims resubmitted for additional credit must be received by Abbott within one (1) year from the Transaction Date.
 - c. Chargeback Distributor must provide written documentation verifying End-User’s election of the requested Chargeback Pricing Contract to support the Chargeback Claim resubmitted for additional credit. Upon Abbott’s approval of the documentation, Abbott will credit the Chargeback Distributor the amount of the resubmitted Chargeback Claim.
 - d. If Chargeback Distributor resubmits a Chargeback Claim where the original Chargeback Claim was not submitted within sixty (60) days of the Transaction Date, then the resubmitted Chargeback Claim is subject to denial by Abbott including any applicable allowances, fees or rebates due Chargeback Distributor from such Chargeback Claims.
 - e. If Chargeback Distributor submits data from a Sales Tracings Report to request a Chargeback Rebate, then any such transaction(s) must meet all Chargeback Claim requirements, including but not limited to the requirement to submit electronically via the applicable EDI transaction or e-Abbott. In addition, Distributor must submit the corresponding data to reverse the original Sales Tracings transaction.
6. **Sales Tracings.**
- a. In addition to Chargeback Claims, Distributor shall provide to Abbott, at least monthly, a report of all Abbott products purchased and subsequently distributed. Such report shall specify: (i) Abbott item number; (ii) Abbott item description; (iii) Distributor’s End-User identification number (or zip code of point of delivery to avoid disclosing patient information); (iv) Distributor’s name, address and zip code of each End-User; (v) UOM; (vi) quantity; (vii) Transaction Date; (viii) Transaction Number; (viii) Distributor’s distribution center identifier and (x) an identifier to indicate inter-company transfers between Distributor’s warehouse locations (when the EDI 867 transaction is used) (“Sales Tracings”).
 - b. In instances where the ship-to location is a patient’s private residence and not an institutional setting, Distributor shall provide the zip code for the point of delivery to avoid disclosing patient information.



- c. Sales Tracings shall be transmitted by the end of the calendar week immediately following the month of the Transaction Date, through: (a) EDI ASC X12 867 (“EDI 867”), or (b) e-Abbott

7. **Compliance Monitoring.**

- a. If at any time, Distributor is not in compliance with the requirements of the Chargeback Policy, Abbott may suspend or terminate Distributor’s authorization to submit Chargeback Claims to Abbott.
- b. Upon Abbott’s request, Chargeback Distributor may be asked to provide End-User’s invoice from a submitted claim which shall be provided within 7 business days.
- c. Failure to provide timely, complete and accurate data may result in denial of all or part of the Chargeback Claim, and any applicable allowances, fees or rebates due Chargeback Distributor. Abbott will notify Chargeback Distributor of any denied Chargeback Claims, allowances, fees or rebates.
- d. If an End-User has been determined to be: (i) ineligible for contract pricing; (ii) not authorized to receive Abbott products from Distributor; or (iii) in violation of the Own Use requirements, then in addition to any other rights or remedies Abbott may have under this Agreement, Abbott shall deny any amounts to be paid for current Chargeback Claims and/or reverse any prior Chargeback Claims from Distributor paid by Abbott. Each transaction in violation of these requirements shall result in Distributor reimbursing to Abbott an amount equal to the difference between the price paid by Abbott to Distributor for Chargeback Claim transaction(s) or by Distributor for Sales Tracings transactions and Abbott’s retail price in effect at the time of Distributor’s transactions to such End-User, plus a 15% administrative charge.

8. **Limitations on Payment.**

- a. Any and all amounts payable by Abbott are subject to Distributor being in good financial standing with Abbott. Distributor shall not deduct or invoice Abbott for any discounts, allowances, fees, or rebates payable to Distributor in advance of any payment by Abbott without prior written approval from Abbott.
- b. In the event Distributor owes past due balances to Abbott on any account for any reason, then Abbott, at its sole discretion, may deduct the amount of such past due balance from any amount payable to Distributor. Any such amount shall be communicated in writing to Distributor, credited towards Distributor’s outstanding balance, and updated in Distributor’s account record.

9. **Inventory Valuation.**

- a. In instances where Abbott communicates a new Acquisition Price schedule to Distributor:
 - (i) Abbott will assume Distributor carries a thirty (30) day inventory of Abbott products to facilitate the ongoing exchange of Chargeback Claims. Abbott will base Chargeback Rebates on the prior Acquisition Price for thirty (30) days after the price change; or
 - (ii) Distributor may elect to provide actual inventory levels for Abbott products at the close of business the day prior to the Acquisition Price change. If Distributor provides inventory levels to Abbott, Distributor must notify Abbott in writing at least ten (10) business days prior to the effective date of the price change. Once notified, Distributor must complete an inventory revaluation utilizing the Abbott provided template. Abbott will notify Distributor of the resulting net debit or credit amount upon receipt of Distributor inventory levels. If an amount is due Abbott Distributor must pay in full within thirty (30) days from the date of invoice. Abbott may change the inventory revaluation process described in this Section at any time.
- b. In instances where Abbott does not communicate a new Acquisition Price schedule, for individual Abbott product price changes, such individual price changes are not subject to the Inventory



Revaluation Process unless Distributor is notified by Abbott. Abbott may change the Inventory Revaluation Process at any time with 30 days notice.

10. **Audit.**

- a. Chargeback Distributor shall maintain accurate books, records and files with respect to Abbott products sold to and by Chargeback Distributor as required by law. Upon 30 days advance written notice from Abbott, an officer with financial oversight responsibility shall certify that Chargeback Distributor is in compliance with the Chargeback Policy,
- b. In addition, Chargeback Distributor will permit Abbott or a third party designated by Abbott to audit Chargeback Distributor's records during normal business hours to verify compliance for a time period no less than 3 years from Chargeback Distributor's date of sale to the End-User except when diversion and/or chargeback fraud is suspected. In the case of diversion or chargeback fraud, any relevant transactions are subject to audit. Upon Abbott's request, Chargeback Distributor shall identify Abbott products and its customer shipments to Abbott's satisfaction. Chargeback Distributor shall, in a timely manner, provide Abbott or its third-party designee, with all records necessary to perform such audit and shall take all steps necessary to ensure that such records are provided to Abbott in compliance with all applicable federal and state laws.
- c. If Chargeback Distributor refuses to provide such information in a timely manner to enable Abbott or its representative to conduct such audit, then Abbott may immediately: (a) terminate Chargeback Distributor's eligibility to submit Chargeback Claims; (b) withhold shipments of Abbott products to Chargeback Distributor; and (c) seek reimbursement for any Chargeback Rebates paid, and payment for the difference between Chargeback Distributor's Acquisition Price and Abbott's trade price in effect at the time of purchase, plus a 15% administrative charge.