

## **NOVO NORDISK INC. CHARGEBACK POLICY**

The following represents the standard policy of Novo Nordisk Inc. pertaining to the prior sale of product subject to contract pricing arrangements between Novo Nordisk Inc. and customers of Wholesaler; the submission, processing, reversal and audits of chargebacks related to such sales; as well as certain other related matters. "Chargeback" means the difference between the published current wholesale acquisition cost ("WAC") in effect on the invoice date of sale to a customer and, if less than such price, the contract price negotiated between Novo Nordisk Inc. and such customer that is in effect on the order date of sale. Wholesaler will take commercially reasonable efforts to price orders to the Wholesaler's customers using a standard, recurring order cut-off time. Said cut-off time shall occur no later than 11:59pm Eastern Time on the order date. The amount of each chargeback is equal to the difference between Novo Nordisk Inc.'s published WAC for a product and the price established by Novo Nordisk Inc. for the same product pursuant to a contract between Novo Nordisk Inc. and the Wholesaler's customer that is eligible to obtain Novo Nordisk Inc.'s contract pricing. Wholesaler's customer is not eligible to receive contract prices until the Wholesaler receives confirmation via ASC X12 845 Bid Award/Change Notification transaction set or e-mail notification, with an effective date, from Novo Nordisk Inc. Wholesaler chargebacks will not be honored prior to the effective date of the ASC X12 845 Bid Award/Change Notification transaction set or e-mail confirmation from Novo Nordisk Inc. Depending upon the individual facts and circumstances associated with Novo Nordisk Inc.'s administrative procedures for chargeback related matters (e.g., the extent of use of electronic data interchange ("EDI") and other factors that contribute to or detract from Wholesaler's ability to efficiently deal with chargeback matters), Novo Nordisk Inc. reserves the right to modify any or all of the following terms and conditions upon mutual consent of Wholesaler and Novo Nordisk Inc. Novo Nordisk Inc. will notify Wholesaler thirty (30) days in advance in writing of any change to this policy and allow thirty (30) days for Wholesaler to implement change as may be required following mutual agreement.

### **I. Chargeback Processing**

a. Wholesaler shall recognize and administer contracts between Novo Nordisk Inc. and eligible Wholesaler's customers pursuant to prices that have been established under which Wholesaler's customer may purchase certain products, subject to the continued validity of such contracts in accordance with applicable law and Wholesaler's compliance with this policy on chargebacks, as it may be amended from time to time.

b. Novo Nordisk Inc. shall communicate contract changes (including but not limited to item adds, item deletes, price changes and membership changes) to Wholesaler via ASC X12 845 Bid Award/Change Notification transaction set or e-mail notification at least two (2) business days prior to the effective date of the change, except for contract changes associated with contracts based on reductions off WAC at time of sale, which shall be communicated to Wholesaler as soon as the WAC price change takes effect and Novo Nordisk Inc. submits the associated ASC X12 845 Bid Award / Change Notification transaction set or e-mail notification to Wholesaler. Wholesaler is responsible for maintaining and updating WAC or contract prices for a product in Wholesaler's systems. Contract changes shall be submitted by means of the ASC X12 845 Bid Award / Change Notification transaction set or e-mail notification.

c. Chargeback amounts shall be calculated based upon the WAC of Novo Nordisk Inc.'s product as of the invoice date to the Wholesaler's customer, and shall be credited or debited to Wholesaler within thirty (30) days following Wholesaler's submission of a request for those amounts. Chargeback amounts shall only be calculated on product units that are purchased at WAC by Wholesaler directly from Novo Nordisk Inc. Wholesaler may not take a deduction for any chargeback discrepancy within ninety (90) days following Wholesaler's submission of a chargeback request. Wholesaler shall process all credits and debits received from Novo Nordisk Inc. within five (5) days of their receipt by Wholesaler.

d. Wholesaler shall transmit all chargeback original submissions and credit/rebills to Novo Nordisk Inc. in the ASC X12 844 Chargeback Request transaction set format, on which Wholesaler's customer shall be identified by DEA number (for related commercial submissions), HIN and 340B grant code (for related 340B submissions), or other mutually agreed to customer identifier.

The original submission transmission date shall be no more than twelve (12) months after any Wholesaler's customer invoice date on the original submission. The credit/rebill transmission date shall be no more than twelve (12) months after any Wholesaler's customer invoice date of the original submission. Novo Nordisk Inc. shall notify Wholesaler of any chargeback discrepancies within thirty (30) days from the date of Wholesaler's original submission or credit/rebill through ASC X12 849, including Wholesaler's customer invoice level details and validation error explanations.

In instances where the Novo Nordisk Inc. product distributed by the Wholesaler is measured in International Units (IU), rather than Eaches (EA), Wholesaler agrees to transmit chargeback submissions in the above-mentioned transaction set format. If Wholesaler is not set-up for this type of submission format then Wholesaler agrees to transmit IU transaction data through a mutually agreed format. Wholesaler shall provide pertinent information such as IUs, Lot and Batch numbers through these submissions as well as any sales order identifiers mutually agreed to in the future.

Any proposed request to change the process in the identification of customers, products, or other Chargeback line item identifiers, outside this Chargeback Policy or other terms and conditions must be received by either party twelve (12) months in advance of the date of targeted change or upon an earlier mutually agreed upon timeframe. In the event of a change in the law or interpretation thereof affecting this Chargeback Policy, the Parties agree to work together to implement any changes mutually deemed necessary.

e. Subsequent to a notification by Novo Nordisk Inc. of chargeback discrepancies, Wholesaler may resubmit chargebacks with corrected information in an electronic format such as e-mail attachment or the ASC X12 844 Chargeback Request transaction set format. The resubmission receipt date shall be no more than twelve (12) months following any Wholesaler's customer invoice date on the resubmission.

f. Legitimate chargeback reconciliation issues should be resolved as soon as practicable with each Party responding to the other within ten (10) days following receipt of documentation supporting those issues, with full resolution of the chargeback reconciliation issue, by all involved parties, prior to ninety (90) days following the Wholesaler submission of the original chargeback issue.

g. Wholesaler shall not be eligible for any advances on chargeback credits under this Chargeback Policy or other terms and conditions. Nothing in this Policy or

underlying Agreement shall be construed as permitting Wholesaler to take deductions for chargeback advances.

h. Novo Nordisk Inc. reserves the right to dispute any chargeback claim from Wholesaler if it is deemed that Wholesaler is submitting chargebacks for product not in compliance with Novo Nordisk Inc.'s terms and conditions. Both parties will resolve this type of chargeback reconciliation issue in the same manner and timing as already agreed to in this Chargeback Policy, Part I. Chargeback Processing, subsection f.

i. In the event a 340B customer reports the need for a credit rebill request as a result of a HRSA audit or self-audit, Novo Nordisk will notify Wholesaler and if applicable Group Purchasing Organization ("GPO") of potential credit rebill request. Once in receipt of 340B customer and/or GPO approval to perform such credit rebill, Wholesaler will accommodate such credit rebill request and adjust the Chargebacks line item to pricing at the original invoice date. Audit periods that exceed 18 month look back also require mutual agreement from all involved parties prior to processing to ensure credit rebill payment from 340B customer as well as potential Wholesaler processing costs are covered by the 340B customer.

## **II. Chargeback Reversals on Contract Customer Returns**

Upon Wholesaler issuing a credit to a Wholesaler's contract customer related to the prior sale of product under contract (for which Wholesaler previously billed and collected a chargeback from Novo Nordisk Inc. regardless of amount), the entire chargeback shall be reversed and remitted to Novo Nordisk Inc. by the Wholesaler within thirty (30) days of Wholesaler issuing a credit to the contract customer related to the prior sale of product under contract.

## **III. Novo Nordisk Inc. Chargeback Audits**

Novo Nordisk Inc. shall have the right once during any twelve month period to audit Wholesaler's compliance with the respective contracts in force between Novo Nordisk Inc. and Wholesaler's customers and related chargeback matters (including compliance with the chargeback reversal policy stated above) subject to the following terms and conditions:

- a. The scope of each chargeback audit shall be limited to the eighteen (18) month period immediately preceding the date such audit begins.
- b. Novo Nordisk Inc. shall notify Wholesaler's management of intent to perform an audit at least thirty (30) days prior to beginning the audit, specifying the location to be audited and the time period to be covered, subject to the limitation set forth in Paragraph a, above. In the event that such timing is expected to create undue disruption in Wholesaler's business, Wholesaler shall have the right to delay the start of the audit for up to thirty (30) additional days.
- c. Audits shall be performed by any of the following: (1) bona fide, permanent employees of Novo Nordisk Inc. conducting such audit or inspection; (2) auditors from independent firms of national recognition; or (3) such other representatives as the Parties may mutually agree upon. Third parties performing the audit on behalf of Novo Nordisk Inc. shall enter into confidentiality agreements prepared by and in a form acceptable to Novo Nordisk Inc. and signed by Wholesaler prior to beginning the audit.

- d. Audits shall be performed at the Wholesaler site that is being audited or such alternate sites where appropriate.
- e. Audits shall be performed during the normal, customary office hours of the Wholesaler site that is being audited.
- f. Any Novo Nordisk Inc. claims arising from an audit must be supported by specific audit findings related to specific transactions. Extrapolation of results from one period to another shall not be accepted.
- g. Any Novo Nordisk Inc. claims arising from an audit shall be submitted to Wholesaler's management within thirty (30) days of completing the audit. All claims shall be accompanied by specific supporting details of the transactions that comprise the claim. Wholesaler shall then have thirty (30) days to review the claim and advise Novo Nordisk Inc. of acceptance of, or disagreement with, the claim. In the event that Wholesaler disagrees with the claim, it may initiate a dispute with Novo Nordisk Inc. by giving written notice to Novo Nordisk Inc. ("Dispute Notice"), requesting a meeting of authorized representatives of the Parties for the purpose of resolving the dispute. The Parties agree that, within ten (10) days after issuance of the Dispute Notice, each Party shall designate a representative to participate in dispute resolution discussions which will be held at a mutually acceptable time and place (or by telephone) for the purpose of resolving the dispute. Each Party agrees to negotiate in good faith to resolve the dispute in a mutually acceptable manner. If despite the good faith efforts of the Parties, the authorized representatives of the Parties are unable to resolve the dispute within thirty (30) days after the issuance of the Dispute Notice, or if the Parties fail to meet within such thirty (30) day period, either Party may pursue any legal or equitable remedy.
- h. Wholesaler shall have a ninety (90) day period after completion of an audit to reconcile any differences that may arise with Novo Nordisk Inc. related to chargeback issues (including submission and other errors and regardless of whether such issues arise as part of a Novo Nordisk Inc. chargeback audit).
- i. Any adjustments to Novo Nordisk Inc. or Wholesaler resulting from an audit shall be refunded by Wholesaler, or paid by Novo Nordisk Inc., whatever the case may be, no later than ninety (90) days after completion of such audit.