

This document may be modified by GSK with thirty days prior notification. Current Guidelines are available on www.gsk-ecs.com

Section 1: Unauthorized Deductions

1.1 Unauthorized deductions are defined as deductions that do not comply with the below deduction process. A deduction that is taken outside of the guidelines or that does not reference a valid GSK Credit memo for proper off setting is considered unauthorized. An unauthorized deduction may impact performance in distribution agreement(s) and result in having the payment reduced or withheld for the quarter.

A list of unauthorized deductions are as follows:

- **Shortage** in full or partial quantities, or where GSK did respond to your shortage claim within 30 days.
- **Product Return Discrepancies** are within GSK's returns goods product and pricing policy, or where GSK did respond to your return discrepancy claim within 30 days.
- **Pricing Differences for invoice sales** or disputes where customer's purchase order price and GSK's invoiced price do not match or where GSK did respond to your price difference claim within 30 days.
- **Audit or Aged Deductions** taken for issues found through a customer's internal or external audits or for previously denied claims or deductions.
- **Unearned Cash Discounts** – Prompt Pay Discounts taken after net discount due date.
- **Any Denied Claims** – a deduction taken against a denied claim.
- **Duplicate Deductions** a re-deduction for additional credit against a previously denied deduction is considered unauthorized.
- **Any Miscellaneous or Unexplained Deductions** taken against an invoice that does not comply with GSK's Claim processing and Deduction Guidelines
- **Chargebacks – Original EDI Submissions** unless GSK did not issue Credit or denial within 10 days from the receipt date of claim.
- **Chargebacks – Resubmissions** via EDI or GSK's eCS website unless GSK did not issue Credit or denial within 30 days from the receipt date of claim.
- **Chargebacks – "Net priced products"** which are invoiced with the contract pricing reflected on the invoice to the Authorized Distributor (AD).

Section 2: Non-Chargeback Claim Processing

2.1 Any potential claim that an Authorized Distributor (AD) has with GSK must be addressed with their GSK Customer Service Representative within 14 days of receiving date or within 18 days of GSK Invoice date whichever is earlier. If the claim has merit, a Credit will be issued. If the claim does not have merit, the claim will be denied. GSK Customer Service will issue a Credit or denial within thirty days (30) of the claim receipt date. If GSK fails to respond to customer's claim for dispute within 30 days from receipt of the claim, the AD has the right to deduct the claim without penalty to their distribution agreement(s). Deductions taken before 30 days after claim submission or after claim denial will be considered unauthorized and will impact performance in distribution agreement(s) and may result in having the payment reduced or withheld for the quarter.

2.2 Returns will be processed within 30 days of receipt of the returned product at GSK's Returns Vendor. Upon receipt, GSK will either credit Customer or deny Customer's return (in full or in part). If GSK fails to respond to Customer's return request within 30 days of receipt, AD will be authorized to deduct the proposed return amount in full without penalty to

their distribution agreement(s). Once GSK issues a credit or denial, a claim may be filed by AD for any disputes or discrepancies (i.e., any difference between GSK's Credit and the Customer's debit amount) other than those discrepancies that are covered within GSK's Return Goods Policy in effect at the time of the return. Deductions taken prior to 30 days after claim submission or after claims denial will be considered unauthorized and will impact performance in distribution agreement(s) and may result in having a performance payment reduced or withheld for the quarter.

2.3 If GSK does not communicate the reason for delayed claims to meet the service levels above for claims processing, the AD has the right to deduct the claim without penalty to their distribution agreement(s). Such a deduction could still be considered invalid, and if subsequently denied by GSK, the denied deduction must be promptly repaid. If such a deduction remains unpaid, the open invalid claim deduction will impact performance in distribution agreement(s) and may result in having the payment reduced or withheld for the quarter.

2.4 If the claim is deducted after the denial, it will be classified as "unauthorized." Escalation of a denied claim should be addressed per the Denied Claim Escalation process defined in Section 4 below.

Section 3: Chargeback Claim Processing

3.1 Any potential Chargeback claim that an AD has with GSK must be submitted in accordance with the Contract and Chargeback Policies and Procedures

3.2 If AD chargeback data aligns to GSK Contract(s), a Credit will be issued at the contract price valid at the time of the original sale. If the claim does not align to a GSK Contract(s) GSK may issue credit for contract price valid at the time of the original sale or the claim will be denied. GSK's Chargeback Operations Department will issue a Credit or denial within:

- Original EDI submissions will be processed within ten (10) days of the chargeback claim receipt date.
- Resubmissions via EDI or GSK's eCS website will be processed within thirty (30) days of the chargeback claim receipt date.

3.3 If GSK does not communicate the reason for delayed credit payments to meet the service levels above for chargeback claims processing, the AD has the right to deduct the Chargeback claim without penalty to their distribution agreement(s). Such a deduction could still be considered invalid, and if subsequently denied by GSK, the denied deduction must be promptly repaid. If such a deduction remains unpaid, the open invalid Chargeback deduction will affect distribution agreement(s) and can result in having the payment reduced or withheld for the quarter.

3.4 If the claim is deducted after the denial, it will be classified as "Unauthorized". Escalation of a denied claim should be addressed per the Denied Claim Escalation process defined in Section 4 below.

Section 4: Denied Claim Escalation Process

4.1 GSK has setup a governance committee to address denied chargeback and non-chargeback AD claims. The governance committee will be comprised of GSK representatives from Channel Management and Finance.

4.2 Non-Chargeback Claims: By the 15th of each month, the AD should escalate non-chargeback related claims in dispute to the governance committee through their GSK Customer Relations Manager at US-Pharma.Channel-Mgmt-Esc@gsk.com. By the end of the respective quarter, the GSK governance committee will respond formally to the escalation.

4.3 Chargeback Claims: By the 15th of each month, the AD should escalate Chargeback disputes if a claim has been denied and resubmitted in accordance with the Contract and Chargeback Policies and Procedures Addendum to the distribution agreement(s) through the Manager of Chargeback Operations. By the end of the respective quarter, the GSK governance committee will respond formally to the escalation.

4.4 Final determination of whether a claim is valid will be the responsibility of the governance committee. The GSK governance committee will act in good faith and in a reasonable manner. If AD disputes the final determination of the GSK governance committee with respect to a denied Claim, AD may request that the denied Claim in dispute be submitted for non-binding arbitration under the rules of the American Arbitration Association to a panel of one arbitrator. Each party shall bear its own costs and shall share the cost of the arbitrator equally. If the parties do not agree with the arbitration decision, the parties may resolve the dispute by other means. In no event shall either party be deemed to have waived any right it may have in law or in equity against the other.

Section 5 Authorized Deduction Submission and repayment guidelines

5.1 If GSK fails to provide response to a claim within the guidelines above, the following documentation is required for a deduction submission.

- Deduction Support must be received with 3 business days of the deduction submission to the accounts receivable team.
- GSK Accounts receivable will respond within 5 days of your deduction.

5.2 A denied deduction must be paid back within 10 days of the denial communication.

- Failure to payback a denied deduction within 10 days is considered an Unauthorized Deduction and will follow the guidelines above.
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