

## 1.0 PURPOSE

The purpose of this Business Practice (BP) is to explain the standard pricing process and the creation of pricing conditions within the global ERP system that entails the set up and management of pricing as governed by the European Pricing and Contracting Guidelines and the U.S. Pricing and Contracting Guidelines (including Canada).

## 2.0 SCOPE

This Business Practice applies to the standard pricing process for all Amgen locations exclusive of contracts between Amgen and Customers.

## 3.0 ROLES AND RESPONSIBILITIES

Role	Responsibility
Management	Ensure that this procedure is followed and staff receive training
Staff	<ul style="list-style-type: none"><li>• Complete required training</li></ul>
Contract Administrator	<ul style="list-style-type: none"><li>• Create pricing condition</li><li>• Change pricing condition</li><li>• Display pricing condition</li></ul>

## 4.0 REFERENCES

Not Applicable

## 5.0 DEFINITIONS

Terms	Definition
Pricing Procedures	The structure that defines the pricing elements of a country
Price Condition	The mechanism used by the global ERP system to store pricing data

## 6.0 EQUIPMENT

Not Applicable

## 7.0 MATERIALS

Not Applicable

## 8.0 SAFETY

Not Applicable

## **9.0 PRACTICE**

Standard pricing is governed by the Amgen Pricing and Contract Guidelines and refers to customers that have no sales deals (pricing agreements) with Amgen. Standard Pricing customers may receive pricing based on their customer group (hospital, clinic, and so on), or geographic location (state, territory, or province). Different types of customers receive varying prices based on mandatory discounts and adjustments. Amgen maintains these three levels of pricing conditions:

- Level one is the base level and is for individual customers. If a price condition is set up for a customer, it takes precedent over all other conditions.
- Level two is based on the group purchasing organization (GPO).
- Level three is the product level and is the list price in the US or the gross price in Europe.

The following steps track the standard pricing procedure in Appendix 1.

### **9.1 Create Pricing Levels**

#### **9.1.1 Individual customer level:**

- Sets price conditions based on a single customer

#### **9.1.2 Leveraging customer classification and grouping to determine pricing rules:**

- Product level group
- Customer group level
- Utilizing product level groupings to minimize ongoing management and increase responsiveness to change

### **9.2 Create Pricing Conditions**

Pricing conditions are data elements used to create a detailed mapping of the financial drivers in a sales transaction such as third-party prices, taxes, or accruals.

Pricing Management approves all pricing conditions and strategies as outlined in the appropriate Pricing and Contracting Guide.

#### **9.2.1 Determines applicable pricing condition based upon approved business requirement**

#### **9.2.2 Creates a new condition in the sales organization with specific start and end dates, material properties, and Customer/Product Groups if required**

#### **9.2.3 Saves records and notifies Pricing Management when completed**

### **9.3 Change the Pricing Condition**

Changes must be authorized in the same manner as newly created pricing conditions as indicated above in section 5.2. Changes may occur due to a variety of triggering events including legislation from a governing body (e.g., country government) where pricing levels are adjusted typically in the form price decreases.

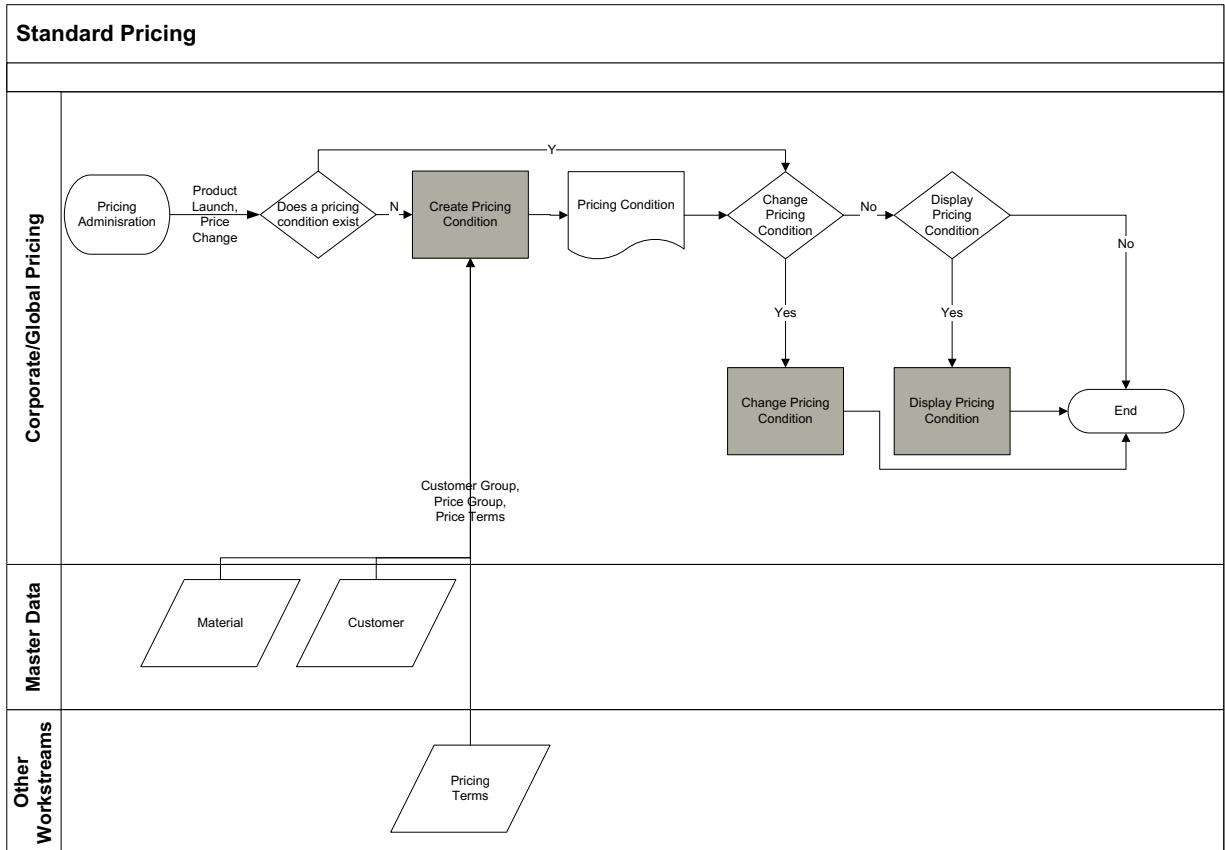
- 9.3.1 Enters the system in change mode and updates key fields as required by the change.  
For example: Price, Margin (percentage or amount), and Start and End dates.
- 9.3.2 Saves records and notifies Pricing Management when completed.

#### **9.4 Display the Pricing Condition**

Pricing Management and Customer Service view pricing conditions and rules in a read-only mode.

## APPENDIX 1

### Standard Pricing Process



### DOCUMENT HISTORY

Change	Justification
1. Migrated document into new BP template	Required for ERP North America implementation
2. 1.0 Purpose—expanded	Revised to accurately reflect the purpose of the document
3. 2.0 Scope—redone	Revised to accurately reflect the scale of the document
4. 4.0 Definitions—changed	Revised to include all pertinent terms throughout the document
5. 6.0 Practice—changed throughout	Replaced legacy content with current content because the procedure has evolved