



SUNOVION PHARMACEUTICALS INC.

CORPORATE POLICY

SUBJECT/TITLE: Expenditure Commitment & Invoice/Payment Approval Policy		POLICY: No. 3.07	
Supersedes: 4-52.2 & 4-50.2	Approval: Corporate Policy Review Committee (CPRC)	Date Issued: June 30, 2010 (v1) December 14, 2012(v2)	Page: 1 of 4

SECTION 1. PURPOSE:

- 1.1 This Policy establishes guidelines which govern the expenditure commitment and payment approval for all invoices and other formal requests prior to the release of Sunovion Pharmaceuticals Inc. ("Sunovion" or the "Company") funds.
- 1.2 This Policy also defines the process, requirements, and limitations for purchase commitment authority for expenditures and invoice payments and approvals.

SECTION 2. DEFINITIONS:

- 2.1 "Stakeholder" is the Company employee responsible for an internal activity, initiative, or project, providing tactical oversight and managing any dedicated Company resources. This individual is also known as a Business Owner.
- 2.1 "Requester" is the Company employee requesting and responsible for the financial commitment of goods or service. Often times the requester and the requisitioner are the same person.
- 2.3 "Requisitioner" is the Company employee requesting and responsible for the financial commitment of goods or service. Often times the requester and the requisitioner are the same person.
- 2.4 "Approver(s)" are Company employee(s) with authority to commit the Company either financially or legally.

SECTION 3. APPLICABILITY AND RESPONSIBILITIES:

- 3.1 This Policy applies to all full-time, part-time and temporary employees of the Company (where applicable) and those who act on its behalf for procurement purposes.

- 3.2 Any persons acting on behalf of Company, including consultants, speakers, agents, or third party suppliers shall be obligated to follow this Policy, as appropriate, in contractual arrangements or otherwise.
- 3.3 Expenditure Approval Authority Roles and Responsibilities:
- 3.3.1 Stakeholders may commit funds on behalf of the Company in accordance with this Policy, if they have direct departmental budget responsibility, project budget responsibility, or have been identified as designated expenditure Approvers.
 - 3.3.2 Stakeholders must certify that: (1) they have reviewed the invoice, check request or other document presented for payment; (2) invoice approval is within the expenditure limits of the related Purchase Order; (3) invoice approval conforms to this Policy; (4) the transaction is appropriate for payment; and (5) all related services or goods have been satisfactorily performed or received within the terms of the agreement that authorized them.
 - 3.3.3 Approver(s) must certify that they have reviewed the transaction and all related documentation and ensure that the transaction conforms to Company policy and is within budget.
 - 3.3.4 In no circumstance can an Approver both initiate and approve the same transaction or approve payments to their personal benefit. Please refer to the Conflicts of Interests Policy 1.06 for more information.
- 3.4 Invoice/Payment Approval Roles and Responsibilities:
- 3.4.1 Requestor/Approver is responsible for: (1) ensuring that the supplier sends all invoices directly to the Accounts Payable Department ("AP"); (2) approving and returning invoices to AP promptly; (3) coding the line number(s) and the applicable Purchase Order number on the invoice; (4) providing GL Code and cost center where the no-PO policy applies; and (5) proactively initiating PO Change Requests where the invoice amount exceeds PO tolerances, and forwarding to Procurement for processing, pursuant to the Contract Review and Signing Authority Policy 3.03.
 - 3.4.2 AP is responsible for ensuring Stakeholder invoice approval prior to processing, tracking and processing recurring invoices, and resolving invoice-related issues with applicable Stakeholder.
- 3.5 This Policy prohibits any Stakeholder from bestowing approval without the requisite financial or legal authority.

SECTION 4. GENERAL:

4.1 EXPENDITURE COMMITMENT APPROVAL POLICY GUIDELINES:

- 4.1.1 Company Policy delegates expenditure commitment authority only to those Stakeholders who have either direct departmental budget responsibility, project budget responsibility or have been identified as a designated approval authority to approve or commit resources on behalf of the Company. Please refer to the Approval Authority SOP for detailed expenditure approval limits.
- 4.1.2 Stakeholder approval means that:

- 4.1.2.1 they have reviewed the purchase requisition and related document(s) presented.
- 4.1.2.2 the purchase conforms with existing Procurement related Policies and Standard Operating Procedures.
- 4.1.2.3 the transaction complies with both Procurement Policy No.3.06 and applicable procurement-related SOPs.

4.2 INVOICE PAYMENT APPROVAL POLICY GUIDELINES:

- 4.2.1 All invoice and payment approval levels included in this Policy represent the minimum level of approval.
- 4.2.2 Stakeholders can temporarily delegate approval authority to a direct report, provided they have approval authority, but only when the assignor sends a written memorandum of such assignment to Procurement, AP, and Finance, including assignee name and specific period of assignment. This memorandum should be attached to any associated document(s).
- 4.2.3 Invoices received by the Company for payment that fail to have a Purchase Order or Change Order completed as required under this policy, with the exception of the "No PO Required Expenditures" identified in the Approval Authority SOP, must obtain the written approval of the CEO or Executive Committee before payment can be made.
- 4.2.4 Check requests should only be used for transactions where an invoice cannot be provided by the supplier or third party supplier. Check requests should be used as the last option for payment and the Requestor must always attempt to get an invoice from the supplier.

SECTION 5. OTHER MATTERS:

5.1 Amendment

Management reserves the right to amend this policy as appropriate at any time without prior notice, pursuant to Sunovion Corporate Policy 1.0, "**Corporate Policy Review Committee**".

5.2 Failure to Comply

EMPLOYEES WHO VIOLATE ANY SUNOVION POLICIES AND PROCEDURES WILL BE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING TERMINATION OF EMPLOYMENT.

5.3 Reporting Concerns

Reports concerning wrongful behavior, violations or suspected violations of this or any other policy, the Code of Conduct and Ethics, law or regulation may be submitted on a confidential basis or may be submitted anonymously through Sunovion's Compliance Hotline as set forth below. Reports of violations or suspected violations of alleged misconduct or wrongful behavior will be maintained as confidential as practicable under the circumstances, and as necessary to conduct a full and fair investigation.

Reporting Hotline Options:

- (a) Toll free telephone number. 866-886-1348
- (b) Via the internet at: www.ethicspoint.com

5.4 Audit

Each department shall perform periodic reviews of the implementation of this Policy, under the oversight and guidance of the Chief Compliance and Ethics Officer.

5.5 Cross-References to other Corporate Policies (as needed)

- Procurement Policy No. 3.06
- Conflicts of Interests Policy 1.06
- Contracts Review and Signing Authority Policy 3.03
- Procurement SOP
- Purchasing Requisitions SOP
- Invoice/Payment Approval SOP
- Approval Authority SOP
- Receiving Goods & Completion of Services SOP
- Procurement Glossary Document, found on the Source Procurement Portal and in the Company Standard Operating Procedures (SOPs) and Memorandum of Standards (MOSs) Indices.
- Note that new and revised policies and procedures may be approved by the Company from time to time and should also be referred to, as applicable. All policies and procedures can be found on the Compliance Portal of the Source