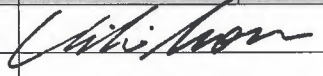

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<b>WRITTEN BY:</b>	<b>Signature</b>	<b>Date</b>
Type Author's Title Here		
<b>APPROVED BY:</b>	<b>Signature</b>	<b>Date</b>
Department Head or designee, Authoring Department		1/2/2013
Department Head or designee, Affected Department		
Other Staff Per Section 5.10		

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## 1.0 OBJECTIVE AND SCOPE

- 1.1 The objective of this standard operating procedure is to provide a comprehensive view of the approval authority guidelines across expenditure and payment approvals.

## 2.0 RESPONSIBILITY

- 2.1 This Standard Operation Procedure applies to all US employees of the Company and those who act on its behalf for procurement purposes.
- 2.2 Financial Planning and Analysis and Accounting are jointly responsible for the maintenance of this SOP.

## 3.0 REFERENCED DOCUMENTS

- 3.1 The table below outlines the purchasing process and related policies and procedures.

Related policies and procedures regarding expenditure authority, approval and signing authority have been established elsewhere. Important matters related to the commitment of Sunovion funds and resources are discussed in these policies. Please refer to the following as appropriate:


- Procurement Policy
- Procurement SOP
- Procurement Glossary
- Expenditure Commitment and Invoice/Payment Approval Policy
- Invoice/Payment Approval SOP
- External Communications Policy
- Grant Policy
- Health Professional Consultant Policy

Note that new and revised policies and procedures may be approved by Sunovion from time to time and should also be referred to, as applicable. These policies and procedures have been documented to standardize the procurement process. Important matters related to the commitment of Company funds and resources are discussed in these policies. Please become familiar with them prior to engaging in purchasing activities.

## 4.0 GENERAL

### 4.1 Definitions

- 4.1.1 Please refer to the associated Procurement Glossary Document found on the Procurement Portal of Sunovion's Intranet and in the Corporate Standard Operating Procedures (SOP's) and Memorandum of Standards (MOS's) Index.

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## 5.0 EXPENDITURE COMMITMENT APPROVAL GUIDELINES

5.1 Purchase commitment authority is established here for:

- Purchase Requisitions and Change Orders
- Capital Expenditures
- Inventory
- Inter-company Payments
- Invoice/Payment Approvals

5.2 Stakeholders who have either direct departmental budget responsibility, project budget responsibility or have been identified as designated expenditure. Approvers may commit funds on behalf of the Company in accordance with this standard operating procedure.


5.3 The Approver certifies that they have reviewed the transaction and all related documentation and that it conforms to Company policy and budget status. In no circumstance can an Approver both initiate and approve the same transaction or approve payments to their benefit.

### 5.4 Approval Limits – Purchase Requisitions and Change Orders

5.4.1 The following table details expenditure approval levels. Financial Planning and Analysis and/or Accounting approval is also required where indicated in the table. Approval levels indicated represent the minimum level of approval for the expenditure. Higher-level approval is always acceptable.

Expenditure Commitment Approval – Operating Expense		
Level	Functional Approval Required	Finance Review Required
Up to \$500	Administrative/Professional	No Financial Review
Up to \$10K	Supervisor	No Financial Review
Up to \$50K	Manager up to Assoc Director	Analyst up to Principal FP&A
Up to \$150K	Director/Sr Director	Analyst up to Principal FP&A
Up to \$500K	Program Director/Executive Director	Manager up to Assoc Director FP&A
Up to \$1MM(1)	Vice President/Senior Vice President	Director/Sr Director FP&A
Up to \$2MM	EVP/President & COO	Exec Director up to /SVP FP&A
Over \$2MM	CEO/Chairman	CFO

(1) Any Vice President or Senior Vice President reporting directly to the CEO will have EVP approval limit for operating expenses

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5.4.2 Approval of Purchase Requisition change orders is based on the amount of the change or incremental value.

## 5.5 **Approval Limits – for Capital Expenditures**

5.5.1 Capital is defined as a tangible asset that has a useful life of greater than a year and:

- a value greater than \$1,000 for PCs and software
- a value greater than \$5,000 for all other assets.


5.5.2 The following table details capital expenditure approval levels. Financial Planning and Analysis and/or Accounting approval is also required where indicated in the table. Approval levels indicated represent the minimum level of approval for the expenditure. Higher-level approval is always acceptable.

Capital Expenditure Commitment Approval - Capital		
Level	Functional Approval Required	Finance Review Required
Up to \$100K	VP/Executive Director/Program Director	Analyst up to Sr Manager FP&A
Up to \$250K	Senior Vice President	Assoc Director up to Sr Director/FP&A
Up to \$500K	EVP/President & COO	Executive Director up to SVP FP&A
Over \$500K	CEO	CFO

5.5.3 In addition to all Finance approvals as per above all capital expenditure requisitions must be approved by a Principal or higher within Accounting to ensure adherence to Accounting SOP 2-50.4, Property and Equipment Capitalization and Depreciation.

5.5.4 All IT related capital including PC's and other employee workstation software and peripherals require approval of SVP of IT in addition to the above approvals.

5.5.5 All items requiring bulk capitalization will also need the approval of either the VP of Accounting or Executive Director of FP&A .

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## 5.6 Approval Limits – Inventory & Inter-Company Transactions

5.6.1 Certain items may be approved as follows in lieu of the above guidelines. The exceptions are as follows:

Inventory Approval Limits		
Level	Functional Approval Required	Finance Review Required
Up to \$100K	Manager/Sr Mgr/Assoc Director Supply Chain	Manager up to Assoc Dir Cost/FP&A
Up to \$500K	Director/Sr Director/Exec Director Supply Chain	Manager up to Assoc Dir Cost / FP&A
Up to \$1MM	VP Manufacturing Ops/SVP	Director up to Exec Director Cost/FP&A
Up to \$1.5MM	President & COO	VP/Controller or Executive Director of FP&A
Over \$1.5MM	CEO	CFO


Intercompany Payment Approval Limits	
Up to \$100K	Assoc Director of Accounting
Up to \$5MM	VP / Controller
Up to \$25MM	CFO
Over \$25MM	CEO

## 6.0 INVOICE / PAYMENT APPROVAL GUIDELINES

### 6.1 Invoice / Payment Approval

- 6.1.1 Stakeholders must approve invoices in accordance with the Invoice/Payment Approval SOP.
- 6.1.2 Approval levels indicated represent the minimum level of approval for the expenditure. Higher-level approval is always acceptable.



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- 6.1.3 Temporary approval authority can be assigned to an individual, provided the direct report has expenditure approval authority. Temporary approval authority assignment documentation must be attached to the invoice.

## 6.2 **Approval Required for All Invoices/Check Requests/Credit Memos:**


- 6.2.1 Invoices, Check Requests and Credit Memos require the approvals listed below.

Invoices/Check Requests	
Up to \$500	Any Requisitioner
Up to \$500K	Requisitioner*
Up to \$2.5MM	Requisitioner* and Requisitioner's Manager (always requires two approvals)
Over \$2.5MM	Requisitioner* and Requisitioner's Manager and a member of the Senior Leadership Team

\*If the requisitioner is an Administrative Assistant, the Administrative Assistant's Manager must approve (Administrative Assistant's Manager would be the first level of approval when more than one approval is required).

<b>Credit Memos</b>	<b>No Approval Required</b>
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- 6.2.2 Credit Memos do not require approval for processing, but when a Purchase Order number or the coding/PO line # cannot be determined, the credit memo must be coded by the Stakeholder. If Accounting knows the PO# and can determine the coding then the credit memo is entered immediately.

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## 7.0 NO PO REQUIRED EXPENDITURES

7.1 The following commitments do not require the development of a Purchase Requisition and Purchase Order prior to the commitment. Contracts or Legal Affairs approval may be required as per the Contract Review and Approval Policy.

- a. All Expense Reports / Manual Expense Reports
- b. Corporate Charge Card Invoices
- c. Misc. Payroll Requests
- d. 401K Contributions (employer and employee) and all Employee Withholding Payments
- e. Employee Placement Fees
- f. Facilities – Emergency Repairs
- g. Medicaid / Medicare Rebate Check Requests
- h. Tax Payments to Government Agencies
- i. Fee for Service Payments to Wholesalers, In-licensing & Out-licensing True-up Payments, Royalty Payments, License Agreement Milestones
- j. Product Complaints
- k. Foreign Clinical Trial Insurance
- l. Political Contributions
- m. Charitable Contributions and Donations
- n. Preceptorships & Honorariums

All Expense Reports:	
All Expense Reports	Manager
Manual Expense Reports:	
All Candidate Expense Reports	HR Associate Director or hiring manager
Termed Manual Employee Expense Reports	Manager or higher within Accounting Services Dpt.

Corporate Charge Card Invoices:	
Up to 500K	VP / Controller
Up to \$2.5MM	CFO
Over \$2.5MM	CEO

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Misc. Payroll Requests:	
Under \$5K	Assoc. Director Payroll
Under \$2.5MM	VP / Controller
Over \$2.5MM	CFO


401 K Contributions (employer and employee) and all Employee Payroll Withholding Payments:	
All 401K Contributions and all Employee Payroll Withholding Payments	Assoc. Director Payroll

Employee Placement Fees:	
All	Hiring Manager and Associate Director of HR (HR is responsible for ensuring that the invoice amount is with the approved amount per the New Hire Requisition Form)

Note: All retained recruiting searched require a purchase order.

Facilities – Emergency Repairs:	
Up to \$500K	Exec. Director of Facilities
Over \$500K	Sr VP of Human Resources and Administration




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<b>Medicaid/Medicare Rebate Check Requests:</b>	
Up to \$5K	Manager within Government Price Group
Up to \$250K	Director within Government Price Group
All over \$250K	Director Commercial Revenue Analytics
Up to \$500K	Exec. Director within Government Price Group
Over \$500K	CFO or VP / Controller

<b>Tax Payments to Governmental Agencies:</b>	
Less than \$10K	Tax Manager
Less than \$1MM	VP Taxation
Over than \$1MM	CFO

<b>Fee-for-Service Payments to Wholesalers, In-licensing &amp; Out-licensing True-up Payments, Royalty Payments, License Agreement Milestones:</b>	
Up to 500K	VP / Controller
Up to \$2.5MM	CFO
Over \$2.5MM	CEO


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Product Complaints:	
Up to \$1K	QA or QC Manager
Up to \$5K	QA or QC Director
Over \$5K	QA or QC VP and Director/Sr. Director of Accounting.

Foreign Clinical Trial Insurance:	
Under \$25K	Director, Treasury or higher within Accounting/Finance
Over \$25K	Requires PO

Political Contributions:	
Under \$25K	Cost Center Manager & VP, Government Affairs
Over \$25K	Requires PO & VP, Government Affairs check request approval

Charitable Contributions and Donations:	
Under \$25K	Cost Center Manager & Manager Corporate Communications or higher
Over \$25K	Requires PO & Manager Corporate Communications or higher check request approval

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Preceptorships and Honorariums:	
Up to \$500	Sales Administrator
Up to \$1K	Area Business Manager / Regional Business Manager
Over \$1K	Requires PO and the Area Business Manager check request approval.

## 8.0 SOP VIOLATIONS AND ALTERNATIVE VENDOR PAYMENT APPROVAL

8.1 In a situation when a purchase order has not been properly obtained in accordance with this SOP, approval for vendor payment can be obtained from one of the following in order of preference:

- VP/Controller, or
- Executive Director Financial & Corporate Planning or
- CFO (required for all over \$100K) or
- CEO.

## 9.0 ATTACHMENTS

9.1 Include a list of the SOP attachment numbers and corresponding titles. This includes controlled forms that are specific to the SOP.

9.2 Templates, lists, flow diagrams, etc. provided with an SOP are included as Attachments to the SOP before the Document History Page.

9.3 Forms provided with an SOP are given a form number located in the bottom left corner in the form of XXX-YYYY.F; where XXX-YYYY is the SOP number, and F is the number of the form in the document starting with one (1) and increasing sequentially with each additional form.

## 10.0 DOCUMENT HISTORY

<u>Revision</u>	<u>Date Effective</u>	<u>Comment</u>
00		Revised Policy  The last page of each Policy includes a Document History listing each revision number, effective date, and summary of changes corresponding to that revision.