



SUNOVION PHARMACEUTICALS INC.
CORPORATE POLICY

WORKING TITLE: Fleet Services Policy		POLICY NO: 1.10	
Supersedes:	Approval: Corporate Policy Review Committee (CPRC)	Date Issued: April 19, 2010 (v1) Amended: December 21, 2012 (v2)	Page: 1 of 6

SECTION 1. PURPOSE:

The scope and purpose of this policy (the “Policy”) is to establish procedures to ensure that all Sunovion Pharmaceuticals Inc. (“Sunovion” or the “Company”) vehicles are operated safely and maintained in a manner designed to maximize usage. This Policy applies to any field-based Sunovion employee who qualifies pursuant to this Policy to operate a Company Vehicle (“Company Employee”).¹

Each employee who is granted use of a Company vehicle must: (1) maintain the vehicle by following Fleet Management’s service recommendations and (2) take all necessary steps as described in this Policy to be a safe and responsible driver.

Company vehicles are provided to employees with specific job functions that require frequent travel from site to site to conduct Company business. Use of a Company vehicle is conditioned upon adherence to this Policy and the grant may be rescinded if driving privileges are abused or the vehicle is handled improperly. Failure to abide by this Policy may result in employee discipline, up to and including termination from the Company.

SECTION 2. DEFINITIONS:

- 2.1. **Authorized Drivers.** Sunovion employees who qualify for a Company vehicle and their legal spouses or domestic partners.
- 2.2. **Company Employee.** “Company Employee” means an employee of Sunovion who has been identified as having a business need for use of a Company vehicle.
- 2.3. **Unauthorized Substances.** Unauthorized substances include alcohol, illegal drugs and non-illegal drugs improperly used, including controlled and non-controlled substances, misused prescription or over-the-counter drugs, or any other substances that are unsafe for use when operating a vehicle.

¹ Non-field-based employees who operate a Company vehicle are also subject to this Policy, unless covered more specifically by an employment agreement with the Company. Any such employment agreement supersedes this Policy, except that all Company vehicles must always be operated safely and in compliance with the laws of any jurisdiction in which the vehicle is operated.

- 2.4. **Company Vehicle.** “Company Vehicle” means a made available to a Company Employee under this Policy.

SECTION 3. APPLICABILITY AND RESPONSIBILITIES:

3.1. Roles and Responsibilities

- 3.1.1. Fleet Management is responsible for handling vehicle assignments, acquisitions, auto insurance and any other tasks related to the Fleet administration.
- 3.1.2. Fleet Leasing Company (“Leasing Company”) is responsible for assisting Company’s Fleet Management through a national account program that offers a variety of services to assist employees in operating Company vehicles efficiently. Detailed procedures or additional information can be obtained by contacting the Leasing Company.
- 3.1.3. Auto Insurance Company is responsible for providing auto insurance coverage on Company vehicles on behalf of all Authorized Drivers.
- 3.1.4. The Authorized Driver is responsible for vehicle operation and maintenance in accordance with the provisions of this Policy. The Company, may, at its discretion, suspend and/or terminate an Authorized Driver’s privileges for any reason.
- 3.1.5. Field Management is responsible for ensuring that each Authorized Driver operates and maintains Company vehicles in compliance with the provisions of this Policy.

3.2. Application

- 3.2.1. **Unauthorized Use.** Authorized Drivers who allow unauthorized drivers to use Company-insured vehicles are subject to disciplinary action, which may include but is not limited to, depending upon the circumstances, temporary or permanent suspension of Company vehicle driving privileges, payment of insurance costs, and, disciplinary action, up to and including termination.
- 3.2.2. **Vehicle Selections.** Options are provided in order to best fit the needs of the employees with consideration to safety, dependability, and comfort. All levels of vehicles available are equipped with predefined options.
- 3.2.3. **License and Registration.** The Leasing Company will coordinate new vehicle and state transfer licensing and registration requirements and will communicate with the employee to obtain assistance if necessary. The Company Employee is required to supply the Leasing Company with all new plate numbers and registrations expiration dates. The Company and the Leasing Company will process registration renewals based on information supplied by the Authorized Driver. All necessary paperwork will be forwarded to the Company Employee’s current address. At all times, however, the Authorized Driver is responsible for being aware of any expired documents and immediately notifying Fleet Management. The Authorized Driver will be responsible for any citations issued due to expired registrations.
- 3.2.4. **Fuel Card.** Employees qualifying for Company vehicle will be supplied with a fuel card. This card should only be used for fueling a vehicle provided by the Company. The fuel card should not be used while an Authorized Driver (specifically, the Company employee) is on leave of absence or vacation.

- 3.2.5. **Vehicle Maintenance.** Authorized Drivers are responsible for completing all required scheduled maintenance.
- 3.2.6. **Driving Record Reports.** Periodic driving performance verifications will be reviewed to ensure that Authorized Drivers are meeting Company standards. Driving privileges are conditioned upon maintaining a valid Authorized Driver's license and an acceptable driving record.
- 3.2.7. **License Suspension.** If an Authorized Driver's (specifically, the Company employee) license is suspended for any reason, a supervisor and Fleet Management must be notified immediately. Any employee who fails to inform these parties of being suspended will be subject to corrective action that may include, but is not limited to suspension of driving privileges of a Company vehicle, and discipline up to and including termination.
- 3.2.8. **Separation of employment from the Company or transfer out of field employment.** In the event of an Employee's termination of employment from Company or transfer out of field employment, the employee or any authorized driver must return the Company vehicle to the Company within five (5) business days of such termination or transfer date ("Return Date"). Company Employees remain liable to Sunovion for the compliance (or failure of compliance) of any Authorized Driver with this requirement.

In addition, any Authorized Driver shall be responsible for all expenses associated with his/her use of the motor vehicle, during the period in which the Company vehicle was assigned to the Authorized Driver, including but not limited to the following:

- 3.2.8.1. Payment to the appropriate law enforcement agency of any unpaid and/or outstanding motor vehicle citations such as parking and/or speeding tickets;
 - 3.2.8.2. Payment to the Company of the cost of repair for all unreported physical damage to the motor vehicle and/or for cleaning costs;
 - 3.2.8.3. Payment to the Company for all miscellaneous expenses incurred, such as rent, fuel and insurance coverage; and
 - 3.2.8.4. Any Authorized Driver who wishes to retain a Company motor vehicle for any length of time beyond the Return Date described above must obtain written approval for such retention from his/her direct supervisor no later than 48 hours of the scheduled Return Date.
- 3.2.9. **Authorized Drivers and Compliance.** Company Employees are responsible for the compliance of any Authorized Drivers with the terms and conditions of this Policy.
 - 3.2.10. **Personal Use Program.** The Company is required to comply with applicable tax laws pertaining to the personal use of a Company vehicle. Personal use of an employer-provided vehicle typically is considered taxable income to the employee and will be reported before year-end as other compensation. All Authorized Drivers are required to participate in this personal use program.
 - 3.2.11. **Vehicle Operation**
 - 3.2.11.1. **Passengers and Occupants.** Each Authorized Driver is responsible for ensuring that all passengers and occupants of Company vehicles comply with the applicable obligations set forth in this Policy. The Company, at its discretion, may take disciplinary action up to and including termination against an Authorized Driver (specifically, a Company employee), who fails to comply with the obligations set forth

in this Policy.

- 3.2.11.2. **Seatbelts.** Seat belts must be worn by all vehicle occupants including both Company employees and third party occupants.
- 3.2.11.3. **Cell Phone Use.** Use of any handheld device while operating a vehicle is prohibited at all times. Any device that requires the use of a keyboard is considered to be handheld. Hand held device use while driving is a distraction, may be dangerous and unsafe. Records of any hand held device call and text activity may be requested during any Company investigation.
- 3.2.11.4. **Firearms.** Firearms cannot be transported in a Company vehicle.
- 3.2.11.5. **Towing.** Company vehicles may not be used for towing of any items.
- 3.2.11.6. **Citations.** The Authorized Driver is responsible for paying all citations immediately upon receipt. All fees and penalties associated with any citation are the sole responsibility of the responsible Authorized Driver. Any Authorized Driver who receives three or more citations may, depending upon the circumstances, face immediate suspension of the privilege of using a Company Vehicle. In addition, the receipt of excessive citations may result in disciplinary action, up to and including termination from employment. If an Authorized Driver is cited for driving either while intoxicated (DWI) or driving under the influence (DUI), the Authorized Driver must immediately notify his/her supervisor, the Fleet Department, or the Human Resources Department. Failure to notify may result in permanent suspension of driving privileges of a Company vehicle, and/or disciplinary action, up to and including termination. Conviction of, or suspension, revocation or withholding of an Authorized Driver's license for a DWI/DUI while driving in the Company vehicle may result in a Company employee's termination.
- 3.2.11.7. **Unauthorized Substances.** Any consumption of an Unauthorized Substance that impairs the safe operation of motor vehicles is strictly prohibited. Commonly used medications (e.g. antihistamines, cold tablets, sedatives, etc.) may negatively impact a driver's reflexes. Therefore, it is the Authorized Driver's responsibility to consult his/her physician to discuss any possible side effects of such medications. Driving should not be performed until the Authorized Driver fully understands his/her risk.
- 3.2.11.8. **Mandatory Testing.** All Authorized Drivers must comply with alcohol or drug tests required by law enforcement authorities.
 - 3.2.11.8.1. **Forfeiture of Keys.** If the Company reasonably has cause to believe that an Authorized Driver may be operating a vehicle under the influence of alcohol, illegal drug, or unauthorized substance, the Company may require the Authorized Driver to forfeit the keys of the vehicle to Company for a prescribed number of days at the discretion of the Company in order to temporarily remove a possible threat to highway safety.
- 3.2.11.9. **Hitch Hikers.** Authorized Drivers are prohibited from giving rides to strangers and must comply with all applicable laws relative to hitchhiking.
- 3.2.11.10. **Vehicle Upkeep.** It is the Authorized Driver's responsibility to keep the Company vehicle in peak operating condition. All vehicles must be serviced and cleaned regularly. Company employees are responsible for contacting the Leasing Company's Maintenance Dept. for all repairs. Car wash and interior cleaning expense reimbursement is based on the current Expense Reimbursement

Guidelines.

- 3.2.11.11. **Pets/Smoking.** Transporting pets or smoking in Company vehicles is prohibited. Any costs to repair damage caused by smoke or pets are the Authorized Driver's responsibility. All Company vehicles are considered on loan from Sunovion and their condition is important.
- 3.2.11.12. **Compliance with Law.** While operating a Company Vehicle, all Authorized Drivers must comply with all laws governing the operation of a Company Vehicle.
- 3.2.12. **Insurance Coverage Limits.** Motor vehicle insurance is currently extended to the Authorized Drivers only. Coverage is extended for Company vehicles driven for business and personal purposes. This insurance does not extend to any employee's personal vehicles.
- 3.2.13. **Vandalism or Theft.** Any personal items lost as a result of vehicle theft or vandalism are not reimbursable.
- 3.2.14. **Defensive Driving Training.** All Authorized Drivers will be required to complete driver training courses throughout the year. The frequency of required courses can be affected by traffic accidents or moving violations.
- 3.2.15. **Insured Deductible Obligation.** If an Authorized Driver is involved in a second accident within a two year period and the final determination finds him or her at fault, the employee will be responsible for a \$1000.00 deductible.
- 3.2.16. **Disabled Authorized Driver.** Except where superseded by state laws, Company Employees who have valid disabled placards or license plates and are in need of accommodations in order to drive Company vehicles should contact the Human Resources Department.

SECTION 4. GENERAL:

- 4.1. **General Compliance.** Depending upon the circumstances failure to comply with any of the provisions of this Policy may result in disciplinary action up to and including termination from employment. Please contact the Fleet Manager to address any questions regarding the provisions of this Policy.
- 4.2. **Training.** All Authorized Drivers (specifically, Company employees) will be trained on this Policy upon hire and every other year after that.

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

The Fleet Management will perform monthly audits of invoices for all Company vehicle-operating expenses as an internal control measure to ensure Policy compliance.

5.5 Cross-References to other Corporate Policies

Business Travel Policy

Code of Conduct and Ethics