

## 1 PURPOSE

This purpose of this Document is to provide both general guidance and dollar limitations to which Xxx (the "Company") management and employees may commit the Company, specify the level(s) of management by which certain categories of commitments must be approved, and provide general procedures for requesting and obtaining such approval. Detailed forms and procedures are addressed in separate policy/procedure documents (see 'References' below).

## 2 SCOPE

This procedure applies to all Xxx personnel that must obtain approval for general expenditures related to the business and product.

## 3 RESPONSIBILITIES

Task	Title
Procedure	Vice President, Finance
Supervision	Vice President, Finance
Implementation	CEO, Finance, VP Operations, Supply Chain Manager, VP Sales & Marketing, Corporate Development/ Legal, Human Resources

## 4 TRAINING

Procedure and Supervision personnel train employees performing this procedure according to standards defined in QMP-0011 Training.

## 5 REFERENCES

Document Number	Document Title
QMP-0001	Quality Manual
FRM-0002	Material Transfer Order (MTO) Form
QMP-0030	Procurement
FRM-0001	Purchase Requisition
FRM-0093	Signature Authority Matrix
FRM-0051	Disposal of Assets Form
FRM-0097	Contract Review Sign-off Sheet
N/A	XXX Non-Disclosure Agreement Form

Document Number	Document Title
N/A	Human Resources Procedures

## 6 DEFINITIONS

Term	Definition
Authorized Signers of Contracts	Unless otherwise indicated in this document, and only in accordance with FRM-0093 Signature Authority Matrix, Authorized Signers of Contracts are the CEO, Senior Vice President of Sales & Marketing, Senior Vice President of Corporate Development and General Counsel, and the Vice President of Finance.
Contract	A written document, that when signed by a Company Authorized Signer, obligates the Company to adhere to the requirements outlined in the signed document. This includes all obligations that bind the Company, including but not limited to, any amendment or extension of an agreement, sales or purchases of products or services (other than individual purchase orders), license agreements, settlement agreements, employment or consulting related agreements, insurance obligations, etc. All contracts should be memorialized in writing; oral contracts should not be made.
Consultant	For the purpose of this procedure, a consultant is an individual who provides a service to the Company but is not an employee of the Company.
Finance Department	For the purpose of this procedure, Finance Department means the Company's Vice President of Finance or Controller.
Finance Review	For the purpose of this procedure, Finance Review means review and approval of the documentation by the Company's Vice President of Finance or Controller in advance of signature.
Legal Review	For the purpose of this procedure, Legal Review means review and approval of the documentation by the Company's General Counsel or Corporate Counsel in advance of signature.
Operations Review	For the purpose of this procedure, Operations Review means review and approval of the documentation by the Vice President of Operations in advance of signature.
Personal Property	Personal Property means movable property or goods. It includes computer and test equipment, furniture, tools, etc.
Purchasing	For the purpose of this procedure, Purchasing means the Company's Vice President of Operations or Supply Chain Manager in advance of signature.
Real Property	Real Property means all land and buildings attached to land.
Signature Authority	Signature authority means the people that have appropriate signing authorization as per FRM-0093 Signature Authority Matrix for approvals on various expenditures and contracts.

## 7 PROCEDURE

### 7.1 Responsibility

The Vice President of Finance is responsible for ensuring appropriate control of signature authorities within the limitations approved by the Board of Directors or the CEO. The Finance Department is responsible for interpreting and enforcing this policy on a day-to-day basis.

Exceptions to this may be made based on business needs. All exceptions must be approved by the CEO. All levels of management are responsible for ensuring that all financial documents and Contracts bear currently authorized signatures with appropriate levels of signature authority. They are also responsible for completing the appropriate forms and getting the required signatures. If an employee signs a contract that he/she is not authorized to sign, the individual may be disciplined in accordance with the Company's disciplinary policies.

The CEO will review the authority levels for reasonableness and the Finance Department will maintain a list of currently authorized signers per FRM-0093 Signature Authority Matrix.

**7.2 Process**

**7.2.1 General Requirements**

Commitments binding the Company financially or contractually may not be made in anticipation of obtaining the necessary approvals. Documents bearing signatures as required per this policy must be in hand prior to the commitment.

The dollar limits specified for a particular expenditure are for the entire expenditure. Dividing expenditures into smaller amounts to circumvent the intent of this policy is not permitted.

No individual may authorize expenditures for departments other than those within the area of their responsibility, except as noted in this policy and per FRM-0093 Signature Authority Matrix.

An individual may not approve his/her own expenditures beyond the limits established in the Signature Authority Matrix FRM-003. Approval must be made by the next higher level of management in all cases, except the CEO whose expenses shall be reviewed and approved by the Vice President of Finance or by the Company's Chairman of the Board of Directors. Any employee who is senior to the required signing level and who is authorized to sign pursuant to FRM-0093 Signature Authority Matrix may sign in place of all other required signatories.

**7.2.2 Delegation**

In case of absence, signature authority may be temporarily assigned as follows:

Signer	Permissible Designee
CEO	VP of Finance, SVP of Sales & Marketing, and SVP of Corporate Development.
SVP Sales & Marketing, SVP Corporate Development, VP of Finance	CEO, SVP Sales & Marketing, SVP Corporate Development, and VP of Finance.
Vice President of Department other than as listed above	CEO, SVP Sales & Marketing, SVP of Corporate Development, other Vice Presidents and Director in same Dept.

Temporary authority can only be assigned to a person with equal or higher authority level than the assignor, except as designated in the above table. Temporary delegation is assigned via email or signed memo with effective dates clearly stated and sent to the Finance Department. Delegation of signature authority excludes all matters of compensation.

### 7.2.3 Signature Authority Matrix

The Signature Authority Matrix FRM-0093 specifies the signature authority by spending category. A list of individuals with signature authority by department will be maintained by the Finance Department. Human Resources is responsible for notifying the Finance Department of organization changes that impact signature authority.

### 7.2.4 Contract Review Sign-off Sheet

A Contract Review Sign-off Sheet should be completed for each Contract. A person with signature authority in each department that must review the Contract in accordance with this document must sign and date the Contract Review Sign-off Sheet on behalf of that department. A completed Contract Review Sign-off Sheet must be presented to the authorized signer of the Contract prior to signing. The signer of the Contract should write "NA" next to a department on the Sign-off Sheet if review by that department of the proposed contract is not required pursuant to this Signature Authority Document.

### 7.2.5 Personal Property Rental and Lease Commitments

Any property rental or lease Contracts (such as equipment leases) require Legal and Finance Review. Such Contracts require the signature of the CEO, General Counsel or the Vice President of Finance in accordance with FRM-0093 Signature Authority Matrix. Questions concerning such capital leases should be referred to the Finance Department.

### 7.2.6 Real Property Rental and Lease Commitments

Proposals to lease or rent Real Property require Legal Review and Finance Review. Such Contracts require the signature of the CEO, General Counsel or the Vice President of Finance in accordance with FRM-0093 Signature Authority Matrix.

### 7.2.7 Expenditures for Manufacturing Inventory

Procedures and forms for the purchase of raw, semi-processed or processed materials (including contractual services related to such materials) for resale or for use in the manufacturing of finished products are referenced in QMP-0030 Procurement procedure.

Changes to purchase requisitions and purchase orders that will increase the quantity ordered, increase the per-unit cost of the order, or increase the purchase cost require re-submittal of the request and approval per FRM-0093 Signature Authority Matrix for the revised total of the purchase.

Contracts for Manufacturing, Purchasing and/or Supply, as well as Terms and Conditions of Sale, require Legal, Operations and Finance Review. Purchase Orders pursuant to previously approved agreements or Terms and Conditions do not require Legal Review.

### 7.2.8 Inventory Write-Offs

Any write-off, return to vendor, sale or other disposition of inventory items due to obsolescence or excess stock shall be requested on FRM-0002 Material Transfer Order (MTO), require approval in accordance with FRM-0093 Signature Authority Matrix. Additionally, amounts in excess of \$5,000 require the approval of Finance. The total accounting value (before reserves) for the MTO is the measurement for dollar limitations and approval required for inventory write-offs or other dispositions of inventory as listed in FRM-0093 Signature Authority Matrix. The form shall include the following information:

- Descriptions of all items.
- Quantity and extended accounting value listed by product line.
- Estimated salvage value, or if none, a statement to that effect.

- Net Book Value (Extended accounting value less applicable reserves).
- Reason for obsolete or excess stock.

### **7.2.9 Sale/Retirement of Non-Inventory Assets**

The Asset Disposal Form FRM-0094 should be used for the sale or retirement of non-inventory assets. The acquisition cost of any asset being considered for disposal should be used to determine the appropriate signature authority. Such forms require the Signature of the CEO or the Finance Department in accordance with FRM-0093 Signature Authority Matrix.

### **7.2.10 Independent Contractors/Consultants**

The procedure for hiring an independent contractor is set out in the Human Resources procedures. Changes to the terms of the standard Consulting Agreement require Legal Review prior to issuance to the prospective independent contractor/consultant.

### **7.2.11 Consulting Firms**

Contracts to engage consulting firms or contracts for outsourcing consulting services require approval by the requesting Department head. Consulting Contracts using other than the Company's standard form agreement require Legal Review. Contracts with consulting firms require Finance Review and signature by the CEO, a Senior Vice President or the Vice President of Finance in accordance with FRM-0093 Signature Authority Matrix.

### **7.2.12 Compensation**

Procedures and forms for compensation approvals and other job status changes are provided in the Human Resources procedures.

### **7.2.13 Employment Offer Letters**

Employment Offer Letters procedures and forms are referenced in the Human Resources procedures. Changes to the terms of the standard Employment Offer Letter require Legal Review prior to issuance to the prospective employee.

### **7.2.14 Employment Contracts, Severance & Termination Agreements**

All proposed employment, severance and termination Contracts (but not standard offer letters) require Legal and Finance Review and must be approved by Human Resources. Such Contracts require the signature of the CEO or the General Counsel in accordance with FRM-0093 Signature Authority Matrix.

### **7.2.15 Customer Contracts**

All proposed Customer Contracts require Legal, Engineering, Sales, Operations and Finance Review. Such Contracts require the signature of the CEO, any Senior Vice President, or the Vice President of Finance in accordance with FRM-0093 Signature Authority Matrix.

### **7.2.16 All Contracts**

The Legal Department must review, prior to execution, (i) all contracts with obligations in aggregate, or related financial exposure that exceed \$20,000, (ii) Contracts that obligate the Company or a Subsidiary to significant non-financial or performance obligations, such as warranties or indemnifications, and (iii) contracts that involve the creation, licensing or disposition of intellectual property. Contracts under \$20,000 in value should also be reviewed by the Legal Department if there are any concerns about the content of the contract. Whether or not a Contract involves an expenditure or financial commitment, signature authority will be in accordance with FRM-0093 Signature Authority Matrix.

**7.2.17 Settlement Litigation**

All legal settlements require Legal and Finance Review and the approval of the CEO. Such Contracts require the signature of the CEO or the General Counsel in accordance with FRM-0093 Signature Authority Matrix

**7.2.18 Non-Disclosure Agreements (NDAs)**

The CEO, Senior Vice Presidents, Vice Presidents, Senior Directors and Directors may sign the approved XXX Form Non-Disclosure Agreements (NDA) if the terms of such documents are not modified. Such documents are managed and maintained by the Legal Department. All NDAs provided by another party as well as all modified XXX Form Non-Disclosure Agreements require Legal Review, and following such review, may be signed by the CEO, any Senior Vice President, Vice President or Senior Director.

**7.2.19 Other**

Any questions regarding items not specified above should be directed to the Finance Department.