

HGS TRAVEL and EXPENSE POLICIES

Effective Date: January 2012

1.0 Purpose:

To provide guidelines and establish procedures for individuals incurring expenses while traveling or doing business on behalf of Human Genome Sciences, Inc. (HGS).

1.1 Objectives:

- To ensure all HGS Travelers have a clear and consistent understanding of policies and procedures pertaining to HGS business travel.
- To provide HGS Travelers with a reasonable and appropriate level of service and comfort at the lowest possible cost.
- Maximize HGS' ability to negotiate discounted rates with preferred suppliers and reduce overall travel expense.

2.0 Scope:

This policy applies to all HGS employees, interview candidates, guests, speakers and consultants, hereinafter referred to as "Travelers," who travel on HGS business. Specific departments may, at their discretion, impose greater control than required by this policy, but not less.

3.0 Definitions:

"Travel Management Company" (TMC) – All travel must be booked through HGS' selected TMC Travel Destinations Management Group in order to be reimbursed.

"Travel Page" - HGS's intranet page dedicated to travel information. All pertinent information regarding booking options, service levels, preferred agreements, and related fees will be kept current on this page.

"Online Booking Tool" – In conjunction with Travel Destinations Management Group, Cliqbook has been selected as the online application where HGS employees may book their own travel. Travelers may book reservations via the Online Systems tab on the HGS Intranet. Cliqbook provides access to the same corporate discounts and policy guidelines as when booking with an agent.

"Company-preferred carriers" - Company-preferred carriers are selected by SS&P to obtain volume discounts and additional value for HGS. It is expected travelers utilize Company-preferred carriers where possible to retain related discounts for all HGS travelers.

4.0 Responsibility and Enforcement:

Travel and Expense policies are designed to balance the needs of the business with service and comfort for the traveler. Travelers are responsible to ensure:

- All expenses must be ordinary, geographically reasonable, necessary, and have a valid business purpose.
- Good business judgment is exercised in relation to all travel and entertainment expenses, as a prudent person would in spending personal funds.
- Employees should ensure their management is aware of expenditures prior to incurring costs.

Policies will be enforced through the submission of individual expense reports where:

- Individual expense reports are approved on a department basis, in accordance with established signing authority.
- Travelers who fail to comply with this travel policy may be subject to delay or withholding of reimbursement.
- Accounting is responsible for ensuring proper documentation and adherence to these policies when submitting expenses.

Additional responsibilities include:

- SS&P is responsible for the negotiations, management and utilization of all vendor agreements. All agreements, which involve these areas, are to be approved by SS&P and subject to established signing authority guidelines.

Any exceptions to these policies must be approved by your immediate supervisor, unless noted differently below.

5.0 General Policies:

5.1 All transportation by air and rail, hotel accommodations and car rentals are to be arranged through the TMC. Reservations booked directly through a carrier/provider, Internet or another travel agency is in violation of the HGS policy and expenses will not be reimbursed.

- The TMC can be contacted by either calling the TMC directly or utilizing the Online Booking Tool. See HGS Travel Page for current contact information.

5.2 Travelers are encouraged to utilize the Online Booking Tool for all domestic travel instead of booking with an agent.

5.3 To secure discounts available to all HGS travelers, company-preferred carriers should be utilized where ever possible. These will be identified by the TMC agent or in the online booking tool as well as listed on the Travel Page.

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- 5.4 HGS permits Travelers to retain mileage and points benefits earned on company-paid travel for their personal use; however, participation in these programs should not influence the selection of air/car/hotel providers.
- 5.5 Payment – Employee Travel - All business travel charges will be paid for by the individual employee who will then request reimbursement. Employees who travel two or more times a year are required to obtain a Corporate American Express Card; otherwise personal cards may be used.
- 5.6 Payment – Non-employee Travel - Company direct bill options will only be used for travel of candidates or other non-employees (excluding Consultants) booked on behalf of the company. Direct bill arrangements are only available for Air/Rail and Rockville area hotels. Contact the TMC for additional details.

6.0 Reservations

6.1 Airlines

- Lowest Logical Fare – Must be selected by travelers as long as the fare:
 - Does not change the departure, arrival, or total travel time by more than 1.5 hours.
 - Does not add more than one additional stop each way
 - Provides savings of at least 20% or more (\$300 minimum)
 - Does not require a departure earlier than 7am local time and an arrival later than 10pm local time
 - Any refusals of the lowest fare within the above guidelines will be documented by the TMC and reported on a monthly basis.
 - Any fare outside of the above guidelines must be pre-approved by the traveler's immediate supervisor.
 - Any domestic fare over \$750 must be pre-approved by the traveler's immediate supervisor.
- Fare Class
 - Discounted and non-refundable
 - Domestic – Coach with the following exceptions:
 - MC members may fly first class at their discretion.
 - VP or above may book "enhanced" coach (ie United Economy Plus or Southwest Business Select or similar where available).

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- Overnight from the West Coast, may upgrade one class above Coach (Business if 3 classes are available or First where only 2 classes are offered)
 - International – Business class. All International travel must be pre-approved by the traveler's immediate supervisor.
 - Advance Booking - To ensure availability and best rates, reservations should be booked at least 14 days before departure on domestic and 21 days for international trips when travel requirements are known. Exceptions will be reported to management on a regular basis.
 - Change Fees – When air reservations must be changed, contact the TMC when available or the carrier directly. Related fees will be reimbursed for changes made for business reasons.
 - Unused Tickets – If a trip is cancelled, unused tickets should be used on the next possible business trip to avoid loss of the fare. The TMC should be notified of all unused tickets in a timely manner.
 - Baggage Fees - Up to one bag per flight will be reimbursed
 - Airline Delay – Costs associated with an overnight airline/airport delay will be reimbursed if the traveler is unable to secure complimentary lodging from the airline. However, this is not applicable if a Traveler voluntarily chooses to vacate their seat on an overbooked flight.
 - Airline Clubs – HGS will pay for one airline club memberships for frequent travelers, as approved by the traveler's immediate supervisor.
 - Employees Traveling Together – No more than three members of the Management Committee may be scheduled on the same flight or train without the approval of the President and CEO. In addition, while not monitored by the TMC, three or more members of the Management Committee traveling in the same car discouraged. Members of the Management Committee and Department Heads may establish additional restrictions, such as limiting same plane, train or car travel of multiple direct reports or functional experts in key areas. Oversight of department-specific restrictions is up to the individual departments.

7.0 Ground Transportation

7.1 Rental Cars

- Car rentals to Travelers under the age of 25 may be subject to additional fees. Travelers must make the Travel Agent aware if their age is under 25 to avoid potential problems at the time of car rental.

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- Travelers are expected to rent an intermediate (mid-size) car. If three or more travelers are traveling on the same trip, a larger car may be rented.
 - Travelers should not accept the option to pre-pay for a full tank of gas. These charges will not be reimbursed. Cars should be refueled before being returned to avoid high refueling surcharges.

7.2 Insurance (This section applies to HGS employees only)

- All HGS employees renting automobiles in the U.S. shall NOT purchase any insurance (Collision Damage Waiver (CDW) nor Liability Damage Waiver (LDW)) from the rental agency beyond that automatically provided by the rental agency. HGS provides Hired Car Physical Damage coverage on the Business Auto Policy for the U.S. only.
- Insurance requirements outside of the U.S. differ, therefore when renting a car overseas, HGS Travelers are required to purchase the minimum required insurance for both liability and physical damage.
- Any time a rented vehicle is involved in an accident, or suffers a loss or damage, Travelers must promptly report the loss to the insurance company and rental car agency. SS&P should also be notified within 24 hours, or 48 hours if the accident occurs on a weekend. For insurance company contact information, see “HGS Insurance ID Card” on the Travel Page.

7.3 Taxi, Shuttle Services, Sedan Services, Limousines

Travelers are to use the most economical means of ground transportation when traveling on HGS business. Taxi, Shuttle Service, Sedan or Limousine should be used in lieu of a rental car or use of a personal car when the use of a rental or personal car is more expensive.

7.4 Parking

Travelers are to use the most economical means of parking available when traveling on HGS business. Airport or Train station parking should not exceed \$20 per day.

7.5 Transportation to Terminal – Airport, Train or Bus Station

Travelers are requested to use the most economical means to travel to their point of departure (e.g., airport, train stations, etc.). This may include personal auto, taxi or shuttle. Use of sedan services should be on a pre-approved exception basis by the Traveler's immediate supervisor.

7.6 Personal Automobile Transportation

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- An employee may use his or her personal automobile for business travel when it may be more economical or convenient to do so.
 - HGS laboratory equipment and/or supplies are not to be transported in personal vehicles without authorization from the Traveler's supervisor and the Safety Department.
 - HGS will reimburse miles based on current IRS guidelines. This reimbursement covers all fuel, maintenance, insurance, transportation and operating costs. Costs not reimbursed separately include:
 - Fuel costs
 - Non-business / commuting miles
 - Traffic citations (i.e. speeding tickets, parking tickets, moving violations, etc.)
 - Damage to a privately owned vehicle used for HGS business is covered by the individual's private insurance, costs for which are also included in the mileage reimbursement. HGS does not assume responsibility for deductibles or other uninsured loss to the vehicle.

8.0 Lodging

8.1 Hotel Accommodations

- Hotels should be mid-range, business class that considers the hotel location, proximity to airport, meeting location and available transportation. Hotel accommodations should be no greater than \$275/day (excluding tax). (Major metropolitan areas may be excepted, with approval of traveler's immediate supervisor). MC members are excepted from this requirement.
- All reservations should be guaranteed for late arrival with the Traveler's credit card number.
- The traveler is responsible for making any cancellations through the TMC or the hotel property and obtaining a cancellation number. Refer to your travel itinerary for hotel cancellation requirements. Any charges due to a failure to cancel are NOT reimbursable and must be paid by the Traveler.
- Early departure fees (defined as departure before scheduled departure date) will be reimbursed with a business reason for the change in plans.

8.2 Extended Stay Arrangements

- Travelers scheduled to stay in a location for more than one month should work with the TMC to determine the most cost-effective option for lodging. These may be direct billed only if the arrangements go through the Travel Office.

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- Employees will be permitted to return home at designated times when traveling on extended business trips. The employee and supervisor will develop a schedule that takes into consideration the needs of both the employee and HGS.
 - Meals will be reimbursed on a per diem basis in accordance with IRS rates.

9.0 Telephone

- 9.1 Travelers are asked to be mindful of the rates which hotels charge for the use of the in-room phone, including “time caps” on the length of 800 number calls. Travelers are encouraged to use their business cellular phones in lieu of using a hotel’s phone.
- 9.2 Travelers will be reimbursed for reasonable and necessary personal phone calls. Travelers will also be reimbursed for all business related calls.
- 9.3 Cell phones are available for use while on international travel.

10.0 Meals

10.1 Meals - Individual

Expenses that are customary and geographically reasonable for mid-range business class restaurants will be reimbursed. Daily meal expenses will be reimbursed to a maximum of \$100 day, including alcohol, with a guideline of:

- Breakfast - \$20 per person
- Lunch - \$30 per person
- Dinner - \$50 per person

10.2 Meals - Business Meals (Includes internal HGS employees, "Partners", or other non-HCP individuals in attendance)

Expenses that are customary and geographically reasonable for mid-range business class restaurants will be reimbursed to a maximum of (including alcohol):

- Breakfast - \$25 per person
- Lunch - \$50 per person
- Dinner - \$125 per person

The highest-ranking employee present must pay the bill and seek reimbursement. Receipts should include a detailed list of those attending, the name of each attendee’s organization and the reason for the business meal.

10.3 Meals - Health Care Professionals are in attendance

See HGS Compliance policies for details.

10.4 Incidentals

Tips associated with meals, entertainment, cab fare and baggage handling will be reimbursed. Gratuities/tips vary for services rendered. General guidelines are:

- Restaurants 15% to 20% of net (pre-tax) bill
- Taxi/Sedan Drivers 10-20% of total cab fare – unless company paid where the tip is included in the fare.
- Porter/bell-person \$1 per bag upon arrival or departure
- Shuttle drivers either \$1 per bag or \$2 per trip
- Hotel maid service up to \$5 per night not to exceed \$25 per stay

11.0 Cellular Phones

Those Travelers who have been assigned cellular phones should use them safely. Travelers are asked to be aware of the state laws in which they are traveling with regards to the use of cell phones while driving. HGS will not reimburse Travelers for violations of cellular phone laws.

12.0 Training Registration and Materials

Registration, tuition, or other related fees for training courses applicable to your position or professional development. When possible, inquire about early pay or group discounts.

13.0 Dues, Memberships, Books or Journals

Dues, memberships, books, journals or similar fees for professional organizations or publications related to your job function.

14.0 Expenses

14.1 Miscellaneous Items That Are Reimbursable - (Reimbursements will not be made for items that would otherwise go through SS&P)

- Tolls – whether in a personal car or rental car, when traveling on HGS business
- International travel requirements – passports, visas, inoculations, and any other miscellaneous expense associated with business travel outside the U.S.
- GPS tracking systems in rental cars
- Traveler's checks – the cost to purchase will be reimbursed
- Laundry and/or dry-cleaning is permitted as needed, within good judgment for extended trips
- Hotel Internet connections, including wireless connections
- Personal Entertainment (e.g., in-room movies) within reasonable limits; in-flight refreshments, and in-hotel health clubs may be reimbursed.
- Currency conversion fees when required for travel outside U.S.
- Ground transportation transfers
- Postage/Freight/Fax's will be reimbursed as incurred for business purposes

14.2 Miscellaneous Items That Are Not Reimbursable

- Club dues (hotel, car, health, country club, etc.)
- Credit Card late fees
- Barbers and hair-stylists
- Golf fees
- Medical expenses incurred during travel should be submitted through Traveler's Health Insurance Company
- Airfare charges (reimbursement for emergency use may be authorized)
- Airline, rail, hotel or car rental upgrades
- Babysitting and/or child-care
- House sitting (plants, animals)
- Briefcase/luggage repair or replacement due to loss/damage
- Clothing purchases (including renting of formal business attire)
- Flight insurance premiums
- Gambling losses
- Massage, spa or salon charges above and beyond the cost for use of the health club/fitness center
- Mileage for commuting or non-business use
- Personal care services or products (shoe shines, sunglasses, umbrellas, etc.)
- Loss or theft of cash, airline tickets or personal items
- Lost baggage, luggage, briefcases or other personal property
- Luxury hotel suites
- Personal reading materials, theater and athletic events
- Spouse/companion expenses (except with prior authorization)
- Fines for parking or other traffic violations
- Wedding, anniversary, birthday and holiday gifts to employees, vendors, suppliers and guests
- Any third party payment service (ie PayPal)

15.0 Personal Travel

If personal travel is combined with business, there can be no additional expense to HGS over and above what the trip would have cost for business purposes only. Personal travel is not to be charged to HGS. All personal travel must be paid to the Travel Office directly, with personal credit card or personal funds.

16.0 Spouse Travel

Under exceptional circumstances, if the CEO considers it to be important to HGS, an employee's spouse may be permitted to travel with the employee where the spouse serves a business purpose. The spouse's travel expenses must be within the guidelines described herein and submitted on an HGS expense report form.

Employees may take their spouse on a business trip at their own expense subject to the following:

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- Employees are to identify and pay directly for any spouse travel arrangements made through the Travel Office. Personal costs are not to be billed to HGS.
 - HGS is to be charged only for the cost of hotel accommodations equivalent to a single room.
 - All meals and out-of-pocket expenses relating to the spouse are to be paid by the employee.

17.0 Expense Documentation and Reporting.

Travelers must keep detailed records of trip expenses to ensure reimbursement for all valid business expenses. Even where receipts are not required for submission with an expense report, Travelers are encouraged to retain receipts for future reference.

Expense Reports should be submitted via Concur Expense on the Online Systems tab on the HGS intranet. Expense reports should be submitted within 30 days of incurring the expense. Expenses submitted in excess of 60 days of trip completion will not be reimbursed.

17.1 When Receipts are Required:

Non-Corporate AMEX card activity

- Receipts are always required for expenses \$25.00 or higher

Corporate AMEX activity:

- Receipts are only required to be attached to an expense report in the following instances (as AMEX feeds expense data directly into Concur):
 - Hotel bills (whether for lodging, food or other hotel-incurred charge)
 - Any other expenses exceeding \$500.00 (except airfare)

17.2 Details Required – Information entered into Concur must include the following detail:

- Hotel Bills: Itemized hotel bills are required. A credit card slip alone is not sufficient. Personal items should be deducted.
- Meals and Entertainment (Non-HCP): When more than one person's meal is on a charge, names of each attendee must be documented. Additionally the business purpose of the meal must be stated.
- Meals and Entertainment (HCP): Managers may not approve meal expenses when third party HCPs are included unless they have access to an allocated, per person amount and that amount is within policy. If the amount is not within policy, the manager may approve only if there is an explanation provided in Concur

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- 17.3 Miscellaneous: All miscellaneous items over \$25 must be supported with a receipt that clearly identifies the item purchased or service rendered. Credit card slips alone are not acceptable.
- 17.4 When Receipts are Lost: When an employee is unable to produce a required receipt for items of \$25.00 or above, it is his/her responsibility to obtain a duplicate copy from the hotel or business involved. HGS will not reimburse the expense until a duplicate has been obtained. If, however, a copy cannot be produced, a detailed explanation should be included in the comment field for review by the approver.
- 18.0 Expense Report Approval: Expense reports require approval by the employee's immediate supervisor, in accordance with established signing authority levels. Candidate travel expenses require the approval of Human Resources before submission to Accounting.