

2018

Corporate Social
Responsibility



Corporate Social Responsibility at Vertex

We are a global biotechnology company that invests in scientific innovation to create transformative medicines for people with serious and life-threatening diseases. Founded in 1989 and headquartered in Boston, Massachusetts, today the company has research and development sites and commercial offices in the United States, Europe, Canada, Australia and Latin America.

Our CSR Priorities

- » Improve the lives of people with serious diseases
- » Foster a culture that embraces innovation, diversity and authenticity
- » Make a positive impact in the communities where we are based
- » Carefully manage our environmental footprint
- » Conduct our business with the highest integrity



2018 CSR At-A-Glance

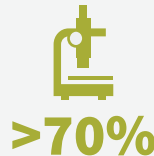
#65

Barron's Most Sustainable Companies List



~2,500

Vertex Employees



Business Operating Expenses Invested in Research and Development

#5

Forbes Best Employers for Diversity



4

Employee Resource Networks



~40%

Employees in the U.S. and U.K. Use Public Transportation to Commute

9 Years

Top 10 on Science Magazine's Top Employer List



35%

Energy Reduction at Boston Headquarters Since 2015

1,087

Nonprofit Organizations Supported Through the Vertex Foundation's Employee Matching Gift Program



3,685

Hours Volunteered on Annual Day of Service

1,630

Students Reached at Vertex Learning Labs in Boston and San Diego

A Note From Our CEO

To Our Stakeholders:
At Vertex, we come to work every day with the goal of making a difference in the lives of people with serious diseases.



Jeffrey Leiden, M.D., Ph.D.
Chairman, President and CEO

Over the past 30 years, Vertex has grown into a leading global biotech company. Giving back has always been part of our DNA, and today, our dedication to being a good corporate citizen is stronger than ever. We continue to enhance our corporate social responsibility (CSR) initiatives and giving commitments; manage and measure our environmental, social and economic impacts; and partner with our communities to make the places where we live and work stronger, through programs like our Vertex Volunteers and Matching Gift programs and our on-site Learning Labs for local students.

In 2017, we announced a corporate giving commitment of \$500 million over 10 years and created the Vertex Foundation as a long-term charitable giving source. Over the next decade, our efforts at the Foundation will focus on science, technology, engineering, arts and math (STEAM) education; our patient communities globally; and strengthening our local communities.

Beyond philanthropic programs, we're focused on efforts to operate our business in an environmentally responsible manner. For example, we're implementing environmental projects that by 2020 will reduce the carbon footprint of our corporate headquarters by 35 percent (over a 2015 baseline). Similarly, our operations in the United Kingdom have sent zero waste to landfill for five consecutive years, and our San Diego research facility diverts 15,000 pounds of cardboard and glass annually through a solvent/waste distribution system. We are building on these strong local efforts and in 2019 will establish global, long-term environmental targets to help guide continued progress on reducing our environmental footprint.

I am proud to share our CSR advancements and key achievements in 2018, as highlighted on the following pages. We are committed to operating a responsible and sustainable organization and being a good partner in the communities where we live and work. We look forward to keeping you updated on our progress.

A handwritten signature in black ink, reading "Jeffrey Leiden".

Jeffrey Leiden, M.D., Ph.D.
Chairman, President and Chief Executive Officer



Transforming the Lives of People With Serious Diseases

At Vertex, we are relentless in our pursuit to create transformative medicines for people with serious and life-threatening diseases, and we are committed to continuing to invest in the development of new medicines for those still waiting for a treatment.



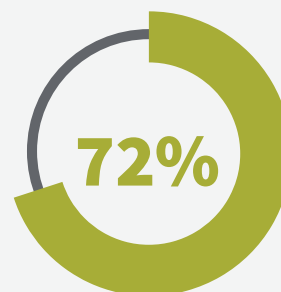
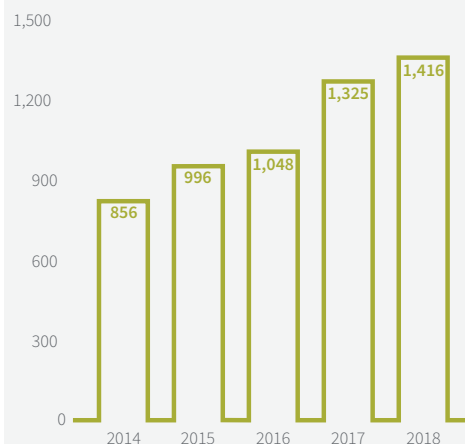
That has been our singular purpose since embarking on this journey 30 years ago. Today, those efforts are directed toward treating the underlying cause of cystic fibrosis (CF), a rare and life-threatening disease. Our “All in for CF” commitment means we are continuing to develop therapies with the goal of treating all people with CF someday. Beyond CF, we are advancing our research and development efforts in the areas of alpha-1 antitrypsin deficiency (AAT), a life-threatening lung and liver disease; pain; sickle cell disease and beta thalassemia, serious blood disorders; and focal segmental glomerulosclerosis (FSGS), a rare kidney disease.

Developing a Blueprint for Serial Innovation

No matter the disease, our work is defined by a common strategy. We combine transformative advances in the understanding of human biology and in the science of therapeutics to advance human health. Through this differentiated research strategy, we focus on diseases with high, unmet need and in which we deeply understand the underlying cause. This often leads to more rapid development of successful therapies. In 2018, we received one new medicine approval and 11 new indication approvals. Because our focus is on specialty markets that are generally limited in scope, we do not have to rely on heavy investments in marketing through a large sales force or direct-to-consumer advertising. This enables us to reinvest more of our revenues into research and development. That level of investment drives a culture in which innovation thrives and business growth is realized through scientific discovery. And it’s the reason why in just 30 years, a relatively small team has been able to make a big impact in the lives of people living with serious diseases.

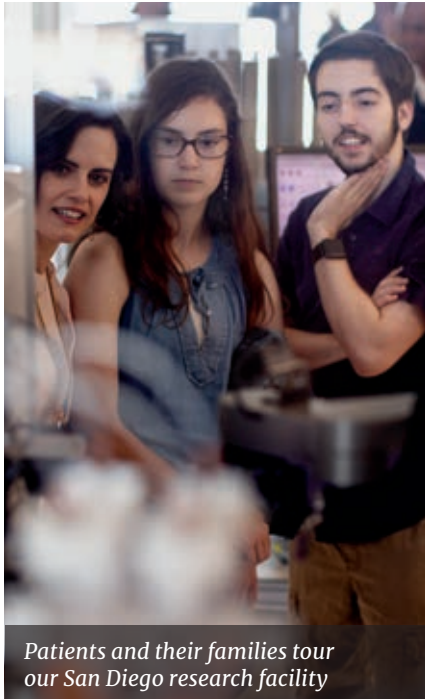
Committed to Research and Development

Research and Development Investment
2014 - 2018 (in Millions)



Business
Operating
Expenses
Invested in
Research and
Development

3 out of 5
Employees Dedicated to
Research and Development



Patients and their families tour our San Diego research facility



Our Patient Commitment

We Strive to:

- » Put patients first and at the center of everything we do
- » Communicate in a way that is accurate, honest, transparent and clear
- » Listen with empathy and learn from patients and caregivers
- » Respect the relationship between the patient and physician
- » Empower patients by helping them to access the information and resources they need to manage their disease
- » Support initiatives that help patients to live a fuller, more engaged lifestyle
- » Encourage and provide opportunities for our employees to engage in community

Vertex Supports the Cystic Fibrosis Community

The CF community motivates us each and every day. Quite simply, the CF community is at the center of so much that we do, and we make a concerted effort to bring their voices and stories into our work as much as possible. We support the CF community beyond our research and medicine through advocacy, awareness and community support programs. These include:

- » The CF Scholarship Program, which helps people with CF and their families pursue two-year, four-year or graduate degrees
- » Team IMPACT, which matches kids living with rare diseases, such as CF, with college athletic teams, as honorary members
- » A community grant program that supports various education programs and provides donations to nonprofit agencies, charities and other activities in support of various initiatives
- » Clinical research that may improve the care of patients with CF

We understand that medicines can only help patients who can get them. Our comprehensive patient support program, known as Vertex Guidance & Patient Support, helps eligible patients in the U.S. gain access to our medicines and helps them stay on track with treatment. Vertex also offers co-pay assistance to U.S. patients who meet certain eligibility criteria.

In addition, Vertex considers requests for expanded access globally, also referred to as compassionate use, and is committed to evaluating all requests in a fair and equitable manner.



Managing Our Environmental Footprint

We are committed to limiting our environmental impacts and to operating in a sustainable manner.

As a lean, science-driven biotech company, our environmental footprint is smaller in comparison to other sectors and manufacturers of volume products. Yet it's important to us and our stakeholders to minimize our environmental impacts throughout our operations.

At our principal locations in Boston, San Diego and London, we've seen measurable progress in energy and carbon emissions reduction, waste minimization, water usage and green chemistry practices. We're building on these efforts in 2019 and establishing global, long-term environmental goals.

Energy and Carbon Reduction

In 2016 we joined other Boston institutions in the Mayor's Carbon Cup, part of the city's Climate Action Plan to achieve a 35 percent reduction in greenhouse gas (GHG) emissions by 2020. Today, we're on track to reduce GHG emissions at our Boston headquarters by 35 percent by 2020 against a 2015 baseline. This progress reflects a significant decrease in energy use in that time period, achieved by projects that include optimizing air flow throughout our Boston laboratories and offices and upgrading to more energy-efficient lighting. We have implemented similar engineering efficiencies at our research facility in Oxford, UK, and our new research facility in San Diego. In addition, our Oxford research facility currently sources 100 percent of its energy from renewable sources.



35%

On Target to Reduce
GHG emissions at
our Boston Headquarters
by 35 percent



Achieving Green-Certified Facilities

San Diego and our global headquarters in Boston are LEED Gold certified, and our international headquarters in London achieved a BREAM rating of Excellent. San Diego's Gold LEED status incorporates design, building management systems and landscape that improves energy and water efficiency. For example, LED lighting adjusts to daylight changes within the building according to the sun's path of travel, while bio retention ponds capture rainwater for a drought-tolerant landscape.



~40%

**of Employees Commute
via Public Transportation**

Sustainable Commuting

One meaningful way we have reduced our environmental footprint as an organization is through the daily commuting habits of Vertex employees. In London, 86 percent of employees utilize public transportation, while more than 50 percent do so in Boston. The company incentivizes employees through fare subsidies and, in Boston, provides last-mile shuttles and other conveniences to help bolster participation. In San Diego, employees' participation in more sustainable commuting methods has consistently been recognized by the San Diego Association of Government's iCommute program for more than 10 years, and we were one of only 17 companies to achieve the highest recognition in 2018.



0

**UK Operations
Zero Waste to Landfill
for 5 Consecutive Years**

Waste Minimization

Our efficient and lean manufacturing practices, as well as recycling and composting initiatives, have contributed to progress in waste minimization. Over a three-year period, for example, we eliminated more than 90,000 pounds of packaging waste through better ways of distributing solvents in our operations. Similarly, composting in Boston diverted 90 tons of material from landfill in the course of a year. In Oxford, we've sent zero waste to landfill for more than five years and are building on that success through initiatives focused on reducing printer paper usage and increasing recycling.

Continuously Safer and Sustainable

Innovation occurs in our labs and on our manufacturing floor.

Vertex is the first company to obtain FDA approval for a fully continuous tableting drug manufacturing process. This approach enables us to combine all the steps involved in solid oral dose manufacturing into one space, leading to numerous benefits in product quality and resource conservation. In fact, we've found the process to be so advantageous that we've shared our knowledge with others in our industry in an effort to highlight these key benefits.

Better Traceability and Less Waste

A critical part of our continuous manufacturing process is that it allows us to constantly monitor the quality of production. If an issue is detected, then it can be isolated so that waste is minimal and quality is ensured. This is an improvement from traditional batch manufacturing where an issue could lead to the disposal of a large amount of material.

Fewer Miles Traveled

The consolidation of multiple processes into one place eliminates energy and emissions associated with transportation necessary in traditional batch manufacturing processes.

Higher Productivity

Continuous improvements since we began operating this equipment have resulted in a 25 percent reduction in waste generated during production.

Safer Operation

Occupational hazards and safety risks are minimized because the production process is largely enclosed. This allows us to minimize the handling of raw materials that would otherwise be necessary.



Bright Minds, Right Culture



Solving some of medicine's greatest challenges requires the best and brightest individuals in the field. To maximize the potential of our employees—and the success of our research and development efforts—we aim to build an inclusive culture where everyone can contribute their best work. That belief defines both our culture and how we manage our organization. At Vertex, we have some of the industry's best and brightest people helping us achieve our mission of discovering transformative medicines to help people with serious diseases.

Attracting and retaining our global talent requires exceptional benefits, competitive rewards and recognition programs

and a variety of outlets to spur innovation, community impact and inclusion. In 2018, we significantly expanded our benefits offerings in the U.S. to support our people at all important stages in their lives, from starting a family to caring for one. These benefits include extended parental, caregiver and bereavement leave, surrogacy and doula reimbursement, and maternity support.

We also are committed to taking care of our employees' well-being. Our workplaces are designed to create a safe working environment as evidenced by strong performance in both recordable incidents and lost-time incidents.



#5
*Forbes Best
Employers for Diversity*



TOP 10
*Science Magazine's Top
Employers—9 Consecutive Years*



TOP PLACES
*to Work 2018
Boston Globe*



TOP PLACES
*to Work 2017
The San Diego Union Tribune*



Vertex Values

» FEARLESS

Pursuit of Excellence

» "WE"

Wins

» INNOVATION

Is in Our Lifeblood

» Uncompromising
COMMITMENT to Patients

Nurturing a Talented & Diverse Team

Innovation demands a broad spectrum of strengths and experiences.



The diversity and authenticity of our people is part of what makes Vertex unique. For example, 30 percent of our U.S. workforce are racially or ethnically diverse. We understand that each employee brings different strengths to their role and by embracing and celebrating these differences, we inspire innovation together.

We deploy a variety of programs and initiatives to support a culture where inclusivity is fostered and rewarded. We garner input from an External Diversity Advisory Committee that is comprised of community stakeholders such as academics and healthcare professionals that helps to foster a diverse early talent pipeline. And, at the individual level, employee-led resource networks (ERNs) promote diversity and inclusion as well as provide mentoring, career development, community outreach and cultural awareness opportunities. Currently, there are four ERNs:

- » BRAVE, which helps to develop, promote and support the unique talents of military veterans and first responders,
- » IWILL, which stands for Inspiring Women in Leadership and Learning,
- » VIBE, which is defined as Vertex Includes Boundless Ethnicities, and
- » PRIDE, which provides an opportunity to engage with the LGBT community

In 2018 we held our second annual Diversity Week at Vertex, focusing on advancing, promoting, engaging and celebrating diversity. We also convened our Diversity Symposium, inviting diversity champions and novices from our community in Boston to discuss topics like inclusive leadership and unconscious bias.

At Vertex, we are intentional about building diverse teams and embedding diversity and inclusion into everything we do.

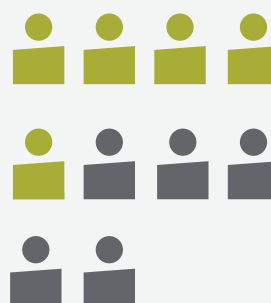
Our Workforce



51%
Females



37%
U.S. New Hires
Ethnically
Diverse



**5 out
of 10**
Vertex Board of
Directors are
Diverse Based on
Gender and/or
Ethnicity



Grounded in Ethical Conduct

We make sure our actions and decisions remain true to our values and what we believe is ethical and right. The Vertex Code of Conduct outlines the ethical and compliance principles that guide our daily operations. It applies to all directors, officers, employees and contractors of the company. Our Office of Business Integrity and Ethics (OBIE) provides annual, online training on the Code and topics such as interactions with physicians and managing third parties. In addition, Vertex encourages employees to ask questions and raise concerns about compliance, and we offer an anonymous compliance alert line. We enforce a strict policy prohibiting retaliation for reporting a concern or suspected misconduct in good faith.

A Culture of Continuous Learning

Another essential part of nurturing an innovative culture is fresh perspective—whether through development of existing employees, the insertion of new talent or the viewpoint of experts outside of Vertex. Our career development programs are employee-driven and provide a range of growth and advancement opportunities—from training programs that teach new skills to job rotations that provide new experiences.



Finally, we continually look for opportunities to feed the spirit of innovation throughout our research-driven organization. As an example, twice a month we bring in leading academics for lectures in Boston. We also sponsor VOICE, an internal innovation tournament that empowers employees to develop ideas for science and business challenges. Employees whose ideas are selected are invited to build cross-functional teams, refine their proposals and execute business plans.

Giving Back IS IN OUR DNA

Our passion for helping to make lives better extends beyond individuals who live with serious diseases to include the communities in which we live and work.



Fostering Interest in STEAM

Educational programs in science, technology, engineering, the arts and math (STEAM) are a natural fit with our business. We look at the full continuum of education with programs beginning in elementary school and extending through postgraduate level.

Vertex Learning Labs are the epicenter of STEAM efforts. At our headquarters in Boston, we have a 3,000-square-foot classroom and laboratory space. For more than four years, we've opened this space and provided professional support to Boston Public School teachers who bring approximately 1,500 high school students to the lab each year to reinforce classroom concepts. In 2018 we launched a Learning Lab at our research facility in San Diego that will host 450 students annually.

We convened our first-ever Discovery Camp for Boston middle schoolers in 2018. In partnership with i2 Learning, it brought STEAM subjects to life for 100 students from five Boston schools. We increased our support of i2Learning and their STEM Week program through a \$5 million commitment from the Vertex Foundation. Their hands-on curriculum enables schools to replace all regularly scheduled classes for one week with an interdisciplinary project-based learning module, centered on a real-world problem like programming robots or solving a crime using forensic evidence. The funding will expand the reach of the program from 10,000 to 75,000 students in Massachusetts.

We also have several programs designed for college students and graduates who are just beginning their career. This includes a robust internship and co-op program that provides hands-on experience to students who are pursuing their undergraduate and graduate degrees. These year-round opportunities are available to more than 200 students annually and help support a strong pipeline of emerging talent. Another significant talent program is through Vertex Fellows, a one-year program in which early-career professionals collaborate directly with Vertex project teams.



Sample Learning Lab Topics

- » Chromatography
- » Analytical Chemistry
- » Molecular Biology
- » Forensics
- » Genetics

How Employees Felt About Their Annual Day of Service

96%

Were Extremely/
Very Likely to
Volunteer Again

84%

Met New
Colleagues

90%


Felt More
Connected to Local
Community

Vertex Volunteers...in Force

Volunteering our time and talents to support nonprofit organizations is a longstanding part of our Vertex culture. These engagements take many forms, from pro bono activities conducted by our legal and compliance teams to group projects organized through our employee-led resource networks.

While volunteer activities are underway throughout the year, we collectively pool our efforts in an Annual Day of Service, much of which is focused on STEAM education projects conducted on site at schools. In 2018, this initiative spanned 15 countries as more than 1,000 employees contributed 3,685 hours of volunteer time to more than 60 organizations.





Establishing the Vertex Foundation for Long-Term Charitable Giving

The Vertex Foundation aims to improve the lives of people with serious diseases and in its communities through education, innovation and health. The 501(c)3 organization is part of Vertex's 10-year, \$500 million corporate giving commitment announced in 2017.

One Vertex Foundation initiative is the employee Matching Gift program, which matches employees' donations to eligible nonprofits dollar-for-dollar up to \$5,000 annually per employee. The passion of Vertex employees was evident in the program's first year with 883 employees participating. Together, employee contributions and the Foundation's matches supported nearly 1,100 organizations.

When natural disasters strike, they have a devastating effect on both the families and communities impacted. That's why the Vertex Foundation supports leading nonprofit partners that provide health-related relief services in times of disaster. We supported Direct Relief, AmeriCares and the American Red Cross to provide on-the-ground assistance following Hurricanes Florence and Michael and during the California wildfires. Employees' donations to these organizations were also fully matched by the Foundation. Other programs supported in 2018 included combatting the opioid epidemic, helping children in crisis and cultivating interest in STEAM careers.



2018 Recognition Received

We are proud of recognition we receive as a community partner.

- »» Community Partner of the Year from Biocom Institute
- »» Corporate STEM Leader of the Year from United Way Massachusetts and Merrimack Valley
- »» Hope Award from the Biomedical Science Careers Program

Key Performance Indicators

We have identified an initial set of performance metrics that will enable us to better manage and measure our impact going forward.



METRIC	2018	2017
BUSINESS & ETHICS		
R&D Investment (in U.S.D. thousands)	1,416,476	1,324,625
R&D Investment as a Percentage of Business Operating Expenses	72%	73%
% of Employees Who Completed Their Annual Code of Conduct Training	99.9%	99.9%
WORKPLACE		
% of Workforce Who Are Women	51%	51%
% of Leadership (VP & above) Who Are Women	38%	38%
% of Workforce Who Are Racially/Ethnically Diverse (U.S.)	30%	30%
% of Leadership (VP & above) Who Are Racially/Ethnically Diverse (U.S.)	20%	18%
% of New Hires Who Are Racially/Ethnically Diverse (U.S.)	39%	37%
% of Board of Directors Who Are Diverse Based on Gender/Ethnicity	50%	44%
Voluntary Turnover Rate	9.3%	8.6%
COMMUNITY		
Nonprofits Supported Through Matching Gift Program	1,087	659
% of Employees Who Volunteer Through Vertex Volunteers	36%	N/A
Hours Volunteered by Employees During Work Time	5,148	N/A
ENVIRONMENT, HEALTH AND SAFETY		
Recordable Incident Rate	0.30%	0.42%
Lost Time Incident Rate	0.04%	0.19%
% of Employees using Public Transportation to Commute (U.S.- and U.K.-based employees)	40%	40%

Note: Performance metrics are global unless noted otherwise.



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