

The Board of Directors (the “Board”) of Vertex Pharmaceuticals (Europe) Ltd. (the “Company”) has agreed to the adoption of the Wates Corporate Governance Principles. The Wates Corporate Governance Principles for Large Private Companies serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1)(a) to (f) of the Companies Act when performing their duties. Each of the 6 Wates Principles has been considered individually within the context of the Company’s specific circumstances and a short supporting statement is set out below to explain how each principle has been applied.

### Corporate Governance Statement

The members of the Board (the “Directors”) have set out below an explanation of how the Wates Principles were applied for the year ended 31 December 2020.

Corporate Governance Principles	Company’s implementation
<p>1. <b><u>Purpose and Leadership:</u></b></p> <p><i>An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.</i></p>	<p>1.1. The Company is a member of the Vertex Pharmaceutical group (the “Group”), a global biotechnology company founded in 1989 in Cambridge, Massachusetts, US, that invests in scientific innovation to create transformative medicines for people with serious diseases. The global headquarters are based in Boston, Massachusetts, US and its international headquarters represented by the Company, are in London, UK. The Company operates with a clear sense of purpose and vision to bring transformative medicines to patients with serious diseases.</p> <p>1.2. The Board and the international leadership team is responsible for ensuring that this vision and purpose is clearly articulated and implemented throughout the international organisation, and that it, along with the Company values, supports appropriate behaviours and practices in compliance with highest ethical standards and applicable rules and regulations.</p> <p>1.3. The Group has developed a set of core values, fostering a culture that embraces diversity, authenticity and enthusiasm for lifelong learning. Regular staff ‘pulse surveys’ aim at preserving our culture and improving areas where we can get better. During the COVID-19 crisis, these regular surveys have consistently demonstrated an</p>

	<p>employee satisfaction score (eSat) of over 80, i.e. 10 points over the industry benchmark.</p>
<p><b>2. <u>Board Composition:</u></b></p> <p><u>Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.</u></p>	<p>2.1. The Board consists of three members with a diverse range of skills, expertise and experience, including in finance and accounting, marketing, sales, treasury and capital markets as well as extensive experience in pharmaceutical industry. The size of the board is adequate to the current scale and complexity of the Company.</p> <p>2.2. The Company assists Directors' professional growth by providing regular trainings and supporting development opportunities.</p> <p>2.3. The chair of the Board, who is nominated at each meeting, leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion balancing expertise, diversity and objectivity. External and internal subject matter experts are invited to Board meetings to update and advise the Directors as and when needed. The Board meetings are joined by in-house legal counsel and the Company Secretary to ensure the Board is advised accordingly, processes are followed, and decisions are documented. The Directors have equal voting rights when making decisions, except the Chairperson, who has a casting vote.</p>
<p><b>3. <u>Board Responsibilities:</u></b></p> <p><u>The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.</u></p>	<p>3.1. The Board endeavours to meet at least two times throughout the reporting year to review current business, discuss strategic projects and analyse key risks and opportunities. Key financial information is collated by the Group's centralised finance function. Financial information is externally audited by EY on an annual basis, and financial controls are routinely reviewed by the Group's centralised internal audit function. Other key information is prepared by the relevant business functions within the Company and presented to the board as necessary.</p>

	<p>3.2. Directors are required to act in the best interest of the Company and comply with the Vertex Code of Conduct, including following relevant conflict of interest policies, promoting ethical behaviour and leading by example with respect to compliance with laws and regulations. All board members are obliged to be aware of applicable laws and regulations. The Company makes relevant trainings available and ensures that Directors are trained on their statutory duties under the Companies Act 2006 (CA 2006).</p> <p>3.3. The board is elected by the sole shareholder and is the ultimate decision-making body of the Company, except with respect to matters reserved to the sole shareholder.</p>
<p>4. <b><u>Opportunity and Risk:</u></b></p> <p><i><u>A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.</u></i></p>	<p>4.1. The Group established and maintains corporate governance and compliance practices that provide clear lines of accountability and responsibility to support effective decision-making, including in relation to third-party engagements, signing and contracting policies, approval processes and communication channels. The Company applies the same corporate and compliance governance practices as the Group.</p> <p>4.2. Members of the board participate in quarterly business reviews with key functional leaders to review, advise on and approve the Company's strategic plans, which includes a consideration of long-term strategic opportunities as well as identification of potential risks and ways to mitigate.</p> <p>4.3. The Group further conducts an annual risk assessment, which includes an assessment of the Company's business operations and key risks facing the business.</p>
<p>5. <b><u>Remuneration:</u></b></p> <p><i><u>A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.</u></i></p>	<p>5.1. The remuneration policy is set and revised at the Group level and applies to all affiliates, taking into account local specificities. All employees are compensated with a mix of cash and equity, reflecting our philosophy that it is important for all of our employees to approach their jobs with a long-term commitment and perspective. Remuneration for senior management as for all other</p>

	<p>employees within the Company is aligned with performance, behaviours, and the achievement of Company's purpose, values and strategy.</p> <p>5.2. The Company (through the Group's board of directors) considers compensation paid by similar companies as a reference point. The Company produces a Gender Pay Gap Report on an annual basis, which is scrutinised and discussed by the Board prior to publication. The Company is committed to continue improving the Company's Gender Pay Gap. For further details in this regard, please refer to the Company's latest Gender Pay Gap Report which can be found at <a href="https://www.vrtxpharma.co.uk/">https://www.vrtxpharma.co.uk/</a>.</p>
<p>6. <b><u>Stakeholder Relationships and Engagement:</u></b></p> <p><i><u>Directors should foster effective stakeholder relationships aligned to the company's purpose.</u></i></p> <p><i><u>The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</u></i></p>	<p>6.1. The Board has strong relationships with its sole shareholder and the Group. Board members and the international leadership team regularly present to the senior leaders within the Vertex Group and discuss the Company's strategy. The Board and international leadership team also regularly receive updates from stakeholders across different business areas including Supply Chain, Finance, Legal and Research &amp; Development.</p> <p>6.2. Senior leaders welcome an appropriate and compliant dialogue with external stakeholders, representatives of government, healthcare professionals and patient community and want to engage in a constructive manner, and from a long-term perspective. This approach is driven by the uncompromised commitment to patients and the clear sense of purpose and vision to bring transformative medicines to patients with serious diseases applying the highest ethical standards in line with all applicable laws and regulations.</p> <p>6.3. Listening to and empowering employees is critical to achieving the Company's vision. Formally, employees have a voice through regular 'Pulse surveys'. Questions or concerns can also be raised through the Vertex Compliance Alert Line. Annual training on the Compliance Alert line and compliance program</p>

	<p><a href="https://www.vrtxpharma.co.uk/compliance-programme">https://www.vrtxpharma.co.uk/compliance-programme</a> is provided to all employees.</p> <p>6.4. The Group's website, intranet and social media channels provide extensive and up-to-date news on recent developments for all internal and external stakeholders.</p>
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