

VANDA PHARMACEUTICALS INC.
WHISTLEBLOWER POLICY AND PROCEDURES

(As of June 22, 2018)

Objective

This document describes the process under which you may report complaints, violations, or tips regarding compliance with accounting standards, accounting controls and audits practices and securities laws, health care laws and policies or any related misconduct or wrongdoing, at or by Vanda Pharmaceuticals Inc. (“Vanda” or “the Company”). The Company’s Code of Ethics and Business Conduct describes the process under which complaints regarding other matters will be addressed.

Background

We are committed at Vanda to fostering a culture that actively encourages internal reporting, investigation and resolutions of potential violations. We simply can’t be successful as an organization unless each of our employees shares a responsibility to report illegal and unethical conduct and violations of law, as we all bear the consequences of actions taken by anyone at our Company. In this regard, our compliance with laws and regulations relating to accounting standards and controls, audit practices, federal securities laws (including any rules or regulations thereunder), the disclosures we are required to make to our stockholders as a public company and other securities matters (what we will collectively call “Securities and Accounting Laws”) is of critical importance. We are also required to comply with the Federal Food, Drug, and Cosmetic Act and the rules and regulations of the U.S. Food and Drug Administration (the “FDA”), the anti-kickback provisions of the federal Social Security Act and Department of Health and Human Services Office of the Inspector General regulations, the federal False Claims Act, the U.S. Foreign Corrupt Practices Act (the “FCPA”), the federal “Sunshine Act,” comparable state laws, and other similar laws related to the manufacture, sale, and distribution of our products (collectively “Health Care Compliance Laws”).

Consequently, we have instituted the following “Whistleblower” Policy and Procedures (this “Policy”) to encourage you to report complaints or tips regarding potential violations of, or other misconduct or wrongdoing relating to Securities and Accounting Laws and Health Care Compliance Laws. We expect you to support this Policy by following the procedures below whenever you believe in good faith that you have observed any such violation, misconduct or wrongdoing, or whenever you would otherwise like to raise an issue regarding the Company’s compliance with Securities and Accounting Laws and Health Care Compliance Laws. As mentioned below, you will not suffer adverse consequences to your employment by making any good-faith report under this Policy. Furthermore, any attempt by any employee to retaliate against anyone following this Policy will be met with disciplinary and/or legal action, which may include (among other actions) termination of employment. Any other third party, such as vendors, consumers, stockholders or competitors also may report, under the procedures provided

in this Policy, a good faith complaint regarding Securities and Accounting Laws and Health Care Compliance Laws.

Examples of Matters Covered By This Policy

This Policy covers the reporting of any and all complaints, violations, and tips regarding our compliance with Securities and Accounting Laws, Health Care Compliance Laws, and related misconduct or wrongdoing. The following are examples of occurrences or behaviors that, if you observe, you are expected to report pursuant to this Policy:

- Example Violations of Securities and Accounting Laws:
 - any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company or its subsidiaries;
 - any fraud or deliberate error in the recording and maintaining of financial records of the Company or its subsidiaries;
 - any deficiencies in or noncompliance with the Company's internal accounting controls;
 - any misrepresentation or false statement to or by a senior officer of the Company or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company or its subsidiaries;
 - any fraud or deliberate error in the preparation, evaluation or review of the Company's public disclosures (such as its quarterly or annual reports filed with the United States Securities and Exchange Commission, or the "SEC"), or any report filed with the SEC to notify our investors of a current event;
 - any deviation from full and fair reporting of the Company's or its subsidiaries' financial condition.
- Example Violations of Health Care Compliance Laws:
 - failure to promote or otherwise discuss the Company's prescription products in a manner that is truthful, non-misleading, and balanced;
 - promotion of the Company's prescription drug products in a manner that is inconsistent with the FDA approval for the products ("off-label" promotion);
 - failure to disclose in a timely manner meaningful results of controlled clinical trials of marketed Company products;
 - misuse or prohibited disclosure of protected patient health information;

- false or improper Company reporting to government or other entities of pricing, reimbursement, or other information concerning Company products, or other fraud or deliberate error in Company interactions with government or private payers regarding reimbursement for Company products; and
- offering or paying anything of value to a health care professional, or other person or entity in a position to influence prescribing, in order to induce them to purchase, prescribe, use, recommend, provide favorable formulary status for, or dispense a Company product.

Special Note Regarding Recent Legislation

The SEC has adopted rules establishing a federal whistleblower program pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. The act and related rules require the SEC to pay awards to whistleblowers who provide the SEC with original information about a violation of the federal securities laws that leads to a successful enforcement action and monetary sanctions in excess of \$1 million. For more information, please go to the SEC website at <http://www.sec.gov/whistleblower>.

The Company encourages internal reporting of complaints before they are reported to the SEC. The Company believes that internal reporting will allow the Company to address complaints as quickly and efficiently as possible and thereby best serves the interests of its stockholders and employees. Moreover, the SEC rules provide a number of potential benefits to individuals who first report their concerns to the Company, including (i) preserving the whistleblower’s “place in line” if the whistleblower first reports to the Company and then reports to the SEC within 120 days of the first internal report, (ii) a larger percentage reward if the whistleblower reports to the company first (and less if the whistleblower doesn’t) and (iii) providing that the whistleblower gets full “credit” if the company ultimately reports a broader set of concerns than the concerns initially reported by the whistleblower.

Reporting Procedures

Any person with a complaint or tip or other information regarding any violation of Securities and Accounting Laws, Health Care Compliance Laws, or any related misconduct or wrongdoing, or with a question regarding the Company’s compliance with Securities and Accounting Laws or Health Care Compliance Laws (any of the above, a “Tip”) may report that Tip on an anonymous or confidential basis in any of the following ways:

- By calling the Company’s whistleblower hotline at 1-866-848-9791;
- By submitting a Tip on a secure webpage of the Company’s website, at www.vandapharma.ethicspoint.com;
- By contacting the Company’s Compliance Officer directly by regular mail or by phone, at the address or phone number below:

Compliance Officer
Vanda Pharmaceuticals Inc.
2200 Pennsylvania Avenue
Suite 300E
Washington, DC 20037
(202) 734-3400

OR

- By contacting the Chairman of the Board or the independent Chair of the Company's Audit Committee of its Board of Directors ("Audit Committee") directly by regular mail or by phone, at the address or phone number below:

Chairman of the Board
or
Chair of the Audit Committee

c/o Vanda Pharmaceuticals Inc.
2200 Pennsylvania Avenue
Suite 300E
Washington, DC 20037
(202) 734-3400

You are encouraged to provide as much specific information as possible regarding your Tip, including names, dates, places, events and the employee's belief as to why the incidents may represent a violation of Securities and Accounting Laws, Health Care Compliance Laws, or related misconduct or wrongdoing.

Treatment of Complaints

Upon receipt of a Tip, either the Compliance Officer, or appropriate member of the Board of Directors will determine whether the Tip actually pertains to matters within the scope of this Policy, and, when possible, will acknowledge receipt of the complaint to the sender. All Tips properly pertaining to matters within the scope of this Policy may be reported to the Vanda Compliance Committee and the Board of Directors, as appropriate.

Complaints will be reviewed under the direction of the Board of Directors and oversight of the Compliance Officer. Confidentiality will be maintained to the fullest extent possible consistent with the need to conduct an adequate review. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Board of Directors.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment, for lawful actions taken in making a good-faith complaint under this Policy. If any employee believes he or she has been subject to any discrimination or retaliation or other action by the Company or our

agents for providing a Tip in accordance with this Policy, he or she may file a complaint pursuant to the “reporting procedures” set forth above.

The Compliance Officer or, if warranted, a member of the Board of Directors, will maintain a log of all Tips for the Board of Directors. Copies of the Tips and such log will be maintained in accordance with the Company’s document retention policy.