

# 2019 Boston Scientific Performance Report

## Foreword



April 13, 2020

As we publish this report, the world is facing unprecedented challenges amid the COVID-19 pandemic. During this uncertain time, our priority is to protect and aid the health and safety of our employees, our physician customers and their patients. That has always meant ensuring that our life-changing devices and therapies would be available when needed. Now, it also means finding new and creative ways to support the frontline healthcare providers working tirelessly to address the COVID-19 pandemic. We will continue to make decisions guided by our core values to support our global community.

To help meet the urgent needs of healthcare providers, we have contributed to COVID-19 relief efforts globally through monetary and supply donations, and by providing engineering and manufacturing expertise and resources. This includes donations of personal protective equipment and medical equipment to local hospitals and government agencies. The company is also providing support to children, families and the most vulnerable through direct financial contributions to community and global non-profit organizations including Project HOPE and International Federation of Red Cross and Red Crescent Societies.

It will take time for nations and local communities to heal from the devastating and wide-ranging impact of this complex situation. At Boston Scientific, we have always found our purpose in working alongside healthcare providers to solve some of healthcare's toughest challenges. Our commitment is unwavering, regardless of the obstacles we face today, and we will emerge from this challenging time stronger, together.

To learn more about our actions in response to the COVID-19 pandemic, visit our [website](#).

Please note that the following report summarizes the company's performance in 2019 and includes the letter to our stockholders from our 2019 Annual Report, which was written before the COVID-19 global pandemic.

Every day,  
Boston Scientific is...



transforming the lives of our patients.

achieving success through our people.

helping shape the future of our planet.

committing to responsible practices.

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“I am grateful for every day, every jump and every training. I love that I can follow my passion. There is no need for fear as long as you feel that fire inside.”

*Katharina Bauer,  
Professional Pole Vaulter*

## Katharina Bauer: The Heart of a Champion

The sport of pole vaulting is not for the faint of heart. Competitors sprint down a track and launch themselves into the air, summoning enough speed to clear a crossbar high overhead. For 29-year-old Katharina Bauer, pole vaulting is her life’s passion — or as she says, “her big love.” So it’s not surprising that Katharina’s goal is to take her passion all the way to the Olympics.

There was a time, however, when Katharina was unsure whether her heart was up to the challenge. As a child, she was diagnosed with a condition that caused her heart to have a perilously high number of beats. While a healthy human heart beats about 100,000 times a day, by the age of seven, Katharina experienced 6,000 extra beats daily. In 2009, she underwent her first heart surgery. Her condition eventually worsened to 18,000 extra beats per day, leading to a second heart surgery eight years later.

Despite these challenges, Katharina continued to compete as a professional pole vaulter and captured a gold medal at the 2018 German Indoor Athletics Championship. At a regular health check after the event, her doctor detected another type of abnormal heartbeat — one Katharina

learned can cause ventricular fibrillation and sudden cardiac death. The next day, she made the decision to get a subcutaneous implantable cardioverter defibrillator (S-ICD).

In April 2018, she was implanted with the Boston Scientific [EMBLEM™ MRI S-ICD System](#). The S-ICD system, which includes a pulse generator and lead placed just under the skin, monitors Katharina’s heart and sends an electrical shock if it beats abnormally fast, protecting her from sudden cardiac arrest. With continued medical supervision, Katharina returned to training, describing her defibrillator as a guardian angel. Six weeks after the procedure, she



cleared 4.20 meters at a competition. Less than a year later, she returned to the German Indoor Athletics Championship and won a silver medal.

“I am grateful for every day, every jump and every training. I love that I can follow my passion,” Katharina says. As she trains to qualify for the next Summer Olympics and become the first Olympian with a defibrillator to compete, Katharina no longer fears for her heart. “I turned it around,” she tells us. “There is no need for fear as long as you feel that fire inside.”

## Dear Stockholders:

We enter 2020 with a forty-year legacy of advancing science — and forty years guided by our mission to transform lives through medical solutions that improve the health of patients around the world. Our company has achieved a great deal in its four decades, and those accomplishments put us on solid footing for the future. As we move into the next decade, we face challenges from the growing burden of chronic conditions among an aging population, the demands of value-based care and new, disruptive competitors. These trends also represent opportunities, and I am energized and inspired by the significant advancements we have made and will continue to make, and by the lives that have been extended or enhanced because of our products. In the last year alone, we helped more than 30 million patients.

Katharina Bauer, a pole vault competitor for the German National team, is one of those patients. Since she was young, Katharina has had a heart condition that causes her heart to beat irregularly. In April 2018, her doctors implanted our EMBLEM™ MRI subcutaneous implantable cardioverter defibrillator (S-ICD) system. It monitors her heart and sends an electrical current to reset it, if necessary. Six weeks after her device was implanted, Katharina started competing again. Within a year, she won a silver medal at the German Indoor Athletics Championship. Today she has ambitions to compete in the next summer Olympics.

For our 36,000 employees, our mission and stories like Katharina's fuel our pursuit of innovation — for the sake of patients, society and our stockholders.

Despite multiple challenges in 2019, I'm proud of how strongly our global team performed across businesses, functions and regions. While we strive to deliver high quality results each quarter, we are ever vigilant about what lies further ahead, and the ongoing need to adapt to the rapidly evolving healthcare environment. We must reduce the costs of improving outcomes and do more to benefit healthcare systems as a whole. This work requires a relentless sense of urgency. We call it winning spirit, and it drives us to meet future challenges and to develop and deliver the highest quality and safest products and solutions.

### 2019 Business Results

In 2019, Boston Scientific strengthened our portfolio and capabilities while delivering strong revenue and adjusted earnings per share growth.<sup>1</sup> These financials continue a more than five-year trend of excellent performance. During this time, Boston

*Mike Mahoney,  
Chairman and  
CEO*



Scientific has grown organic sales<sup>2</sup> at an average rate of 7 percent. We've improved adjusted operating margin<sup>1</sup> 380 basis points and used that to drive an average 14 percent growth<sup>3</sup> in adjusted earnings per share<sup>1</sup> over the five-year period. On 12/31/19, the closing price of our common stock represented a full-year return of 28 percent, in line with the total return of the S&P 500 index. Our five- and three-year total stockholder returns of 241 percent and 109 percent, respectively, more than doubled the total returns of the S&P 500.

Helped ~30 million patients

~36,000 employees

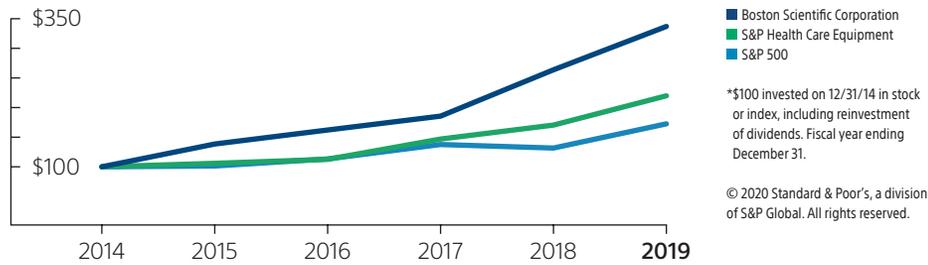
Full-year sales: \$10.735 billion

Organic sales growth: 7%<sup>2</sup>

5-Year total stockholder return: 241%

<sup>1</sup> Adjusted operating margin, adjusted earnings per share and related growth rates are non-GAAP measures that exclude the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition/divestiture-related net charges and credits, restructuring and restructuring-related net charges and credits, litigation-related net charges and credits, investment impairment charges, pension termination charges, EU MDR implementation charges, debt extinguishment net charges and credits, deferred tax expenses (benefits) and discrete tax items; see non-GAAP reconciliations on pages 65-67. • <sup>2</sup> Organic revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations and the first 12 months of sales from acquisitions in the periods for which there are no prior period related net sales. Organic revenue growth also excludes the impact of the divestiture of our global embolic microspheres portfolio, a transaction entered into in connection with obtaining the antitrust clearances required to complete the acquisition of BTG plc (BTG); see non-GAAP reconciliations on pages 65-67. • <sup>3</sup> Full year 2018 adjusted earnings per share was \$1.47, which includes a \$0.07 net tax benefit for the year. Excluding this net tax benefit of \$0.07, our 2018 adjusted earnings per share grew 11 percent. 2019 adjusted EPS growth including the aforementioned 2018 net tax benefit is 8 percent and normalized for the 2018 net tax benefit is 13 percent. Full year 2018 net tax benefit of \$0.07 includes our second quarter \$0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter \$0.05 charge for our tax reinvestment strategy. In addition, the net benefit includes a \$0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

## Comparison of 5-Year Cumulative Total Return\*



Our full-year sales in 2019 were \$10.735 billion. This represents 11.1 percent operational revenue growth<sup>4</sup> and 7.3 percent organic revenue growth<sup>2</sup> compared to 2018. Organic revenue growth was 8.8 percent in MedSurg,<sup>5</sup> 3.3 percent in Rhythm and Neuro<sup>5</sup> and 9.3 percent in Cardiovascular.<sup>5</sup> Our global performance was strong, with all regions delivering above-market growth.<sup>6</sup> Total annual sales from Emerging Markets<sup>7</sup> increased 19.5 percent on an operational basis compared to 2018. Outside of our three reportable segments,

Specialty Pharmaceuticals<sup>8</sup> generated revenue of \$81 million since the closing of the BTG acquisition in August 2019. This brings the full year pro-forma pharmaceutical sales to \$250 million.

We also delivered a 60 basis-point improvement in adjusted operating margin<sup>1</sup> and increased full-year adjusted earnings per share<sup>1</sup> to \$1.58, up 13 percent over the prior year (normalized for the 7 cent net tax benefit in 2018).<sup>3</sup> We generated more than \$2 billion of

adjusted free cash flow<sup>9</sup> while continuing to increase productivity, reduce costs, and redirect savings to high-growth technologies that strengthen our portfolio and capabilities for the future.

Our strategy of category leadership in key markets and portfolio diversification into high growth adjacencies is working. We expect to continue to expand our presence in new markets and regions and to make our technologies accessible to more people in need. Our goal is to continue to execute against our strategic plan objectives, further increase our organic growth profile, and deliver top-tier sales and adjusted earnings per share growth over the next five years. We believe that the long-term combination of consistent, above-market revenue growth, adjusted operating margin expansion, targeted double-digit adjusted earnings per share growth, and the improved ability to generate – and strategically deploy – a strong free

cash flow position Boston Scientific to continue to drive stockholder value.

## Investing for Growth

Our approach to innovation includes a mix of organic research programs, collaborations, and strategic investments and acquisitions that enrich the medical specialties we serve. Our products are used to help diagnose or treat complex diseases and conditions across multiple fields: cardiovascular, respiratory, digestive, neurological, urological and pelvic health. Our category leadership strategy to deepen our portfolio in these areas is helping us create value for patients, physicians and payers. And it's enabling us to grow faster than the markets in which we compete,<sup>6</sup> and faster than most of our peers. By 2022, we expect that our investments in technology development and acquisitions will allow us to introduce solutions for unmet clinical needs in adjacent markets that accelerate our served market growth rate to approximately 6 percent.<sup>6</sup>

2019 adjusted EPS growth: 14%<sup>1,3</sup>

85+ product launches

EXALT™ Model D is the world's first and only single-use duodenoscope to be cleared by the FDA.

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## Innovative Technologies Solve Urgent Challenges

Over the course of 2019, we executed more than 85 product launches and received several significant regulatory clearances, including in our Endoscopy, Neuromodulation and Interventional Cardiology businesses.

Our Endoscopy business introduced the EXALT™ Model D, the world's first and only single-use duodenoscope to be cleared by the U.S. Food and Drug Administration (FDA). Duodenoscopes, which are used during endoscopic procedures to examine the pancreatic and bile ducts, treat severe, often life-threatening, conditions. Scope cleaning and reprocessing are complex procedures that are vulnerable to manual error. According to a study mandated by the FDA, one in twenty reusable duodenoscopes is contaminated with disease-causing pathogens. The EXALT-D Duodenoscope was granted Breakthrough Device Designation by the FDA, a program that helps patients receive timely access to technologies that have the potential to more effectively diagnose or treat life-threatening or irreversibly debilitating diseases or conditions.

Our Neuromodulation business launched the Vercise™ Primary Cell (PC) and Vercise Gevia™ Deep Brain Stimulation (DBS) Systems with the Cartesia™ Directional Lead. The new systems treat the symptoms of Parkinson's disease by delivering precisely targeted and personalized electrical stimulation in the brain and are designed to provide symptom relief and better control of unwanted side effects. We also received FDA approval of ImageReady™ MRI labeling for the Vercise Gevia DBS System, which allows the device to be used in a full-body magnetic resonance imaging (MRI) environment.<sup>10</sup>

The approval of the LOTUS Edge™ Aortic Valve System added to our suite of Structural Heart product solutions. These now include the SENTINEL™ Cerebral Protection System and the WATCHMAN™ Left Atrial Appendage Closure Device as well as the ACURATE neo™ Aortic Valve System.<sup>11</sup> The LOTUS Edge valve system is the only fully repositionable valve system on the market; it is approved for patients with severe aortic stenosis who are considered at high risk for surgical valve replacement through open heart surgery. The SENTINEL™ Cerebral Protection

System, the only device cleared by the FDA to protect patients against the risk of stroke during transcatheter aortic heart valve replacement (TAVR), is now used in an estimated 20 percent of all TAVR procedures in the United States.

## Acquisitions to Strengthen Our Future

In 2019, we made two strategic investments to support our category leadership strategy and presence in faster growing markets.

We acquired BTG plc., adding therapeutic technologies for patients with liver and kidney cancers to our interventional oncology portfolio. The acquisition also gives us a vascular portfolio for the treatment of deep vein thrombosis, pulmonary embolism, deep venous obstruction and superficial venous disease. We are now able to support physicians who treat some of the most challenging diseases with a strengthened commercial infrastructure and offer our customers comprehensive technologies backed by clinical evidence.

In Neuromodulation, we completed the acquisition of Vertiflex, Inc., which developed the Superior® Indirect Decompression System, a minimally

**“In 2019, we invested more than \$1 billion in research and development to fuel our pipeline; and nearly 5,000 patients participated in more than 100 global clinical trials with Boston Scientific devices.”**

invasive device used to improve physical function and reduce pain in patients with moderate lumbar spinal stenosis. This addition to our pain management portfolio — now composed of the Spectra WaveWriter™ Spinal Cord Stimulator System, the Vertiflex® procedure and radiofrequency ablation therapy — gives physicians another non-opioid pain management solution that can help improve quality of life for the growing number of patients suffering from chronic pain. All of our evidence-based solutions are helping clinicians provide personalized treatments along the pain care continuum.

LOTUS Edge™ is the only fully repositionable valve system on the market.

SENTINEL™ Cerebral Protection System is used in 20% of all U.S. TAVR procedures.

<sup>10</sup> 1.5 Tesla MRI conditional when all conditions of use are met. • <sup>11</sup> ACURATE neo™ Aortic Valve System is CE Marked. In the U.S., IDE device and not available for sale.

Letter from the company's 2019 Annual Report, written before the COVID-19 global pandemic.

## Expanding Our Footprint Through Medical Education



*Boston Scientific provides local training programs through our 15 Institutes for Advancing Science in the Americas, Africa, Asia and Europe.*

**“At our global design centers in the United States, Costa Rica, Ireland, India, China, Puerto Rico and the United Kingdom, we take a collaborative approach to research and development. Clinicians, researchers and industry work side by side, evaluating ideas, developing prototypes, and conducting feasibility studies.”**

## Collaborating to Advance Science

Across our businesses, we invested more than \$1 billion in research and development in 2019 to fuel our pipeline and create value for our customers and the patients whom we serve together.

To accelerate the pace of discoveries and bring new treatments to patients, collaboration is key. At our global design centers in the United States, Costa Rica, Ireland, India, China, Puerto Rico and the United Kingdom, we take a collaborative approach to research and development. Clinicians, researchers and industry work side by side, evaluating ideas, developing prototypes, and conducting feasibility studies.

In 2019, Mayo Clinic and Boston Scientific announced Motion Medical, a new joint innovation accelerator that aims to accelerate the development of minimally invasive technologies for interventional cardiology, heart rhythm management, endoscopy, neuromodulation and urology. In doing so, our organizations will now share certain intellectual property and work together to rapidly develop medical devices to address unmet clinical needs.

We also maintained a strong base of clinical research to support the safety and efficacy of our devices, with data gathered through bench testing, randomized controlled trials, and ongoing real-world evidence to support sustaining innovation as well as new product approvals. In 2019, nearly 5,000 patients participated in more than 100 global clinical trials with Boston Scientific devices.

Trial highlights include:

- The RANGER II SFA trial and the IMPERIAL trials strengthen the growing body of evidence supporting the safety, efficacy and durability of our Ranger™ Drug-Coated Balloon (DCB) and Eluvia™ Drug-Eluting Vascular Stent (DES) for patients with peripheral artery disease.

\$1+ billion invested in research and development

The EMBLEM™ S-ICD System has been implanted in nearly 75,000 patients worldwide.

- The EVOLVE Short DAPT (dual antiplatelet therapy) study with our SYNERGY™ Bio-absorbable Polymer Stent demonstrated a low rate of adverse events for patients at a high risk for bleeding who stop DAPT at three months. The study evaluated abbreviated antiplatelet therapy for patients at high risk for bleeding after undergoing percutaneous coronary intervention. The results expand the body of evidence supporting the excellent clinical outcomes of our SYNERGY BP Stent. We plan to submit these data to regulatory authorities to support an indication for use in patients who are at a high risk of experiencing a bleeding event.
- The OPTION trial has the potential to expand the number of patients with atrial fibrillation who can receive a left atrial appendage closure (LAAC) as an alternative to lifelong anticoagulants — and their potential side effects. The trial compares the safety and effectiveness of the next-generation WATCHMAN FLX™ left atrial appendage closure platform to first-line oral anticoagulants for stroke risk reduction in patients with non-valvular atrial fibrillation (AF) who undergo a cardiac ablation procedure.

- The UNTOUCHED study confirmed the value of our EMBLEM™ S-ICD System for a broad group of ICD-indicated patients, enabling them to avoid the long-term complications associated with trans-venous ICD leads. The study evaluated the safety and efficacy of the EMBLEM™ S-ICD System, a device that has been implanted in nearly 75,000 patients worldwide.
- The AF-FICIENT I study showed positive safety and efficacy data for the LUMINIZE™ RF Balloon Catheter, our single-shot ablation technology for the isolation of pulmonary veins (PV) when treating patients with atrial fibrillation (AF).
- A randomized clinical trial with our Rezūm™ Water Vapor Therapy, a minimally invasive treatment for benign prostatic hyperplasia (BPH), demonstrated that four years after treatment, the device provides durable results and preserves sexual function. More than 35,000 men have been successfully treated with the Rezūm System. And we have worked with major insurance providers to extend coverage of the procedure, providing even more men with access to this transformative technology.

"As we move into the next decade, we face challenges from the growing burden of chronic conditions among an aging population, the demands of value-based care and new, disruptive competitors. These trends also represent opportunities, and I am energized and inspired by the significant advancements we have made and will continue to make, and by the lives that have been extended or enhanced because of our products."

- The VIRTUS trial with 12-month data demonstrated that patients treated with the VICI VENOUS STENT® System for iliac and femoral vein obstructions exhibit a high rate of open target lesions.

Medical education is also a vital component of safe procedure adoption and our collaboration with physicians. We continue to provide local training programs through our 15 Institutes for Advancing Science in the Americas, Africa, Asia and Europe. We recently completed the center in Chengdu, China that will expand our footprint and enable us to train thousands of doctors in Central and Western China.

35,000+ men with BPH have been successfully treated with the Rezūm™ System

15 Institutes for Advancing Science worldwide

“Delivering high performance requires excellence across our operations, and we are a stronger and more innovative company when we cultivate a diverse and inclusive workplace that reflects the patients, customers and communities we serve.”

### People and Citizenship

Delivering high performance requires excellence across our operations, and we are a stronger and more innovative company when we cultivate a diverse and inclusive workplace that reflects the patients, customers and communities we serve. In 2019, we made strong progress toward our diversity and inclusion goals to increase the representation of women and multicultural talent<sup>12</sup> in mid-management roles. By 2023, our goal is to increase representation of these groups by three percentage points. Pay equity has also long been a focus. An independent analysis<sup>13</sup> of employee pay equity showed that our global workforce had a less than 1 percent statistical difference in pay along gender lines.

Fostering diversity and inclusion in the workplace requires a deliberate and consistent effort as well as a willingness to engage in difficult conversations and learn from them. Our Global Council for Inclusion and more than 4,500 employees from nine Employee Resource Groups are at the heart of this work. They provide forums for us to learn from one another, celebrate our diversity and develop inclusive leadership skills.

Working in health care gives us the privilege to help advance science and improve patient outcomes. That privilege comes with a responsibility to work in a sustainable way that enriches our communities. We've set aggressive environmental goals to do our part. In 2019, we continued our push toward environmental impact. By year end,

we reduced our greenhouse gas emissions 47 percent and decreased water consumption 30 percent relative to our 2009 measurement baseline. Our Heredia and Coyol, Costa Rica sites are already carbon-neutral, and we are on track with our longer-term goals of reaching 100 percent renewable energy usage by 2024 and being carbon neutral in all our manufacturing and key distribution sites by 2030. During the past two years, we increased the number of patients we serve by 20 percent while at the same time reducing our carbon footprint by 11 percent at these sites.

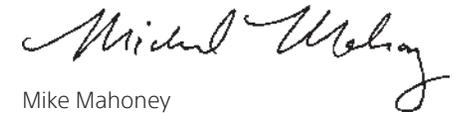
I'm proud of the progress we are making. Our employees have made Boston Scientific an admired company with numerous recognitions, including being named among FORBES/JUST Capital 100 Most JUST Companies, Newsweek's America's Most Responsible Companies, FORTUNE World's Most Admired Companies, Glassdoor's Employees' Choice for Best Places to Work and a Derwent Top 100 Global Innovator.

### Looking Ahead

Our team and technology pipeline have never been stronger, and I remain confident in our strategy and ability to address evolving customer needs in the markets in which we compete. We anticipate continued growth across most of our businesses and regions based on the strength and diversity of our portfolio and our talented and engaged employees.

On behalf of all of us at Boston Scientific, I want to thank our Board of Directors for their service. I also thank you, our stockholders, for your continued support, and our employees for their unwavering commitment to our mission and values. I look forward to working together to make even greater contributions to advance science for life in the year and decade ahead.

Sincerely,



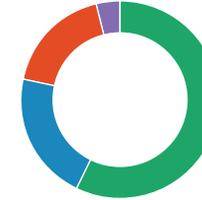
Mike Mahoney  
Chairman, President and  
Chief Executive Officer  
March 10, 2020

During the past two years, we increased the number of patients we serve by 20% while at the same time reducing our carbon footprint by 11%.

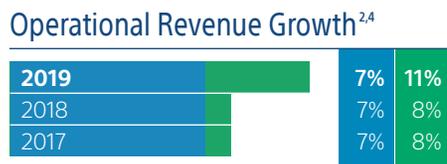
<sup>12</sup> In the U.S. and Puerto Rico, defined as African American/Black, Asian, Hispanic/Latino, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, and two or more races. Excludes any U.S. Puerto Rico employees where the ethnicity is "Unallocated." • <sup>13</sup> Independent pay equity analysis conducted by Resolution Economics, LLC. Letter from the company's 2019 Annual Report, written before the COVID-19 global pandemic.

# Financial Highlights

2019 Sales by Region <small>(dollars in millions)</small>	Reported Sales	Operational Growth <sup>4</sup>	Percent of Consolidated Net Sales (%)
■ U.S.	\$ 6,097	10.1%	56.8%
■ EMEA (Europe, Middle East and Africa)	2,264	9.4%	21.1%
■ APAC (Asia-Pacific)	1,898	12.3%	17.7%
■ LACA (Latin America and Canada)	395	7.3%	3.7%
<b>Medical Devices<sup>5</sup></b>	<b>10,654</b>	<b>10.2%</b>	<b>99.2%</b>
<b>Specialty Pharmaceuticals<sup>8</sup></b>	<b>81</b>	<b>n/a</b>	<b>0.8%</b>
<b>Net Sales</b>	<b>\$10,735</b>	<b>11.1%</b>	<b>100.0%</b>



2019 Sales by Product Category <small>(dollars in millions)</small>	Reported Sales	Operational Growth <sup>4</sup>	Percent of Consolidated Net Sales (%)	
<b>MedSurg</b>	■ Endoscopy	\$ 1,894	9.2%	17.6%
	■ Urology and Pelvic Health	1,413	14.7%	13.2%
<b>Rhythm and Neuro</b>	■ Cardiac Rhythm Management	1,939	1.2%	18.1%
	■ Electrophysiology	329	7.5%	3.1%
	■ Neuromodulation	873	13.1%	8.1%
<b>Cardiovascular</b>	■ Interventional Cardiology	2,816	11.0%	26.2%
	■ Peripheral Interventions	1,392	19.1%	13.0%
<b>Medical Devices<sup>5</sup></b>	<b>10,654</b>	<b>10.2%</b>	<b>99.2%</b>	
<b>Specialty Pharmaceuticals<sup>8</sup></b>	<b>81</b>	<b>n/a</b>	<b>0.8%</b>	
<b>Net Sales</b>	<b>\$10,735</b>	<b>11.1%</b>	<b>100.0%</b>	



■ Operational revenue growth  
■ Organic revenue growth



■ Adjusted earnings per share growth<sup>1</sup>  
■ Adjusted earnings per share growth, excluding 2018 net tax benefit<sup>3</sup>

**1** Adjusted operating margin, adjusted earnings per share and related growth rates are non-GAAP measures that exclude the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition/divestiture-related net charges and credits, restructuring and restructuring-related net charges and credits, litigation-related net charges and credits, investment impairment charges, pension termination charges, EU MDR implementation charges, debt extinguishment net charges and credits, deferred tax expenses (benefits) and discrete tax items; see non-GAAP reconciliations on pages 65-67.

**2** Organic revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations and the first 12 months of sales from acquisitions in the periods for which there are no prior period related net sales. Organic revenue growth also excludes the impact of the divestiture of our global embolic microspheres portfolio, a transaction entered into in connection with obtaining the antitrust clearances required to complete the acquisition of BTG plc (BTG); see non-GAAP reconciliations on pages 65-67.

**3** Full year 2018 adjusted earnings per share was \$1.47, which includes a \$0.07 net tax benefit for the year. Excluding this net tax benefit of \$0.07, our 2018 adjusted earnings per share grew 11 percent. 2019 adjusted EPS growth including the aforementioned 2018 net tax benefit is 8 percent and normalized for the 2018 net tax benefit is 13 percent. Full year 2018 net tax benefit of \$0.07 includes our second quarter \$0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter \$0.05 charge for our tax reinvestment strategy. In addition, the net benefit includes a \$0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

**4** Operational revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations; see non-GAAP reconciliations on pages 65-67.

**5** We have three reportable segments comprised of Medical Surgical (MedSurg), Rhythm and Neuro, and Cardiovascular, which represent an aggregation of our operating segments that generate revenues from the sale of medical devices (Medical Devices). We have included BTG's Interventional Medicine business in our Peripheral Interventions operating segment's 2019 revenues from the date of acquisition.

**8** As part of our acquisition of BTG, we acquired a specialty pharmaceuticals business (Specialty Pharmaceuticals). Subsequent to acquisition, Specialty Pharmaceuticals is now a stand-alone operating segment presented alongside our Medical Device reportable segments.

Percentages are calculated using unrounded numbers and may not calculate precisely due to rounding. Amounts may not add due to rounding.



# Every day, Boston Scientific is... focusing on our mission.

We are dedicated to transforming lives through innovative medical solutions that improve the health of patients around the world.

Our work is guided by core values that define Boston Scientific culture and empower our employees:

### Caring

We act with integrity and compassion to support patients, customers, our communities and each other.

### Diversity

We embrace diversity and value unique talents, ideas and experiences of our employees.

### Global Collaboration

We work collaboratively to pursue global opportunities that extend the reach of our medical solutions.

### High Performance

We strive for high performance to benefit our patients, clinicians and stockholders.

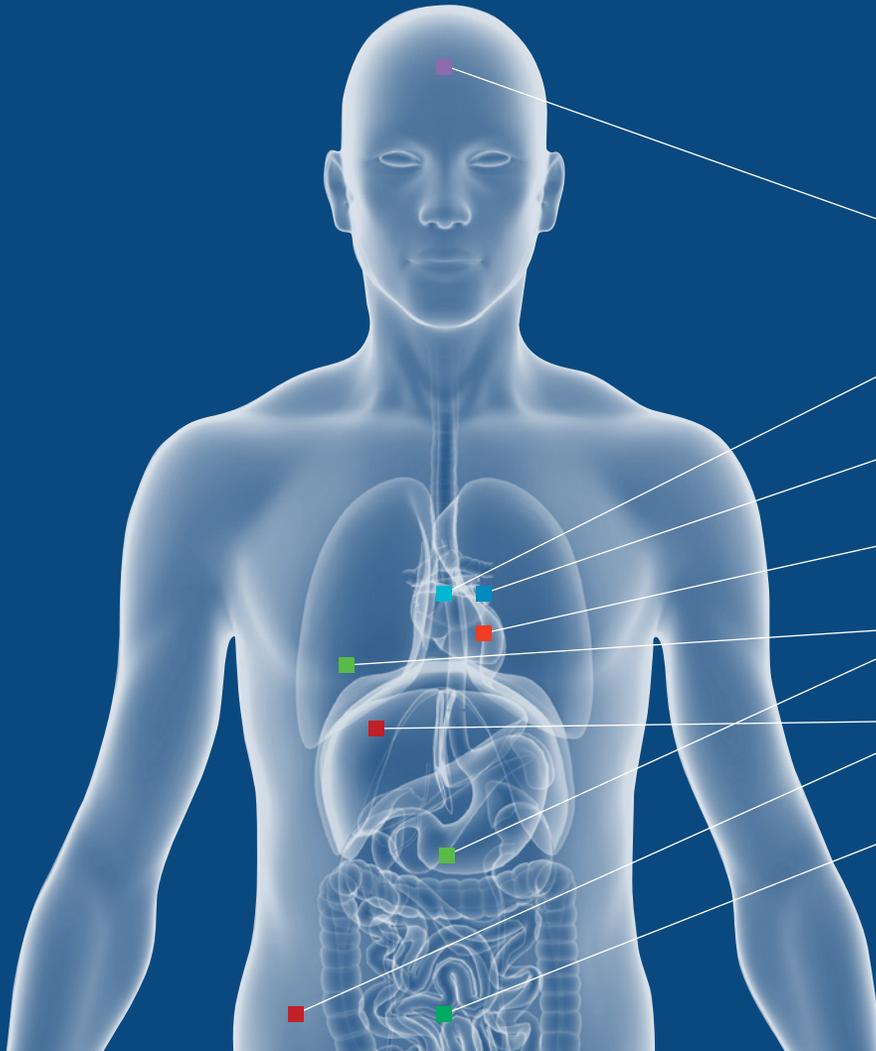
### Meaningful Innovation

We foster an environment of creativity to transform new ideas into breakthrough services and solutions that create value for patients, customers and employees.

### Winning Spirit

We adapt to change and act with speed, agility and accountability to further improve patient care.

# Boston Scientific at a Glance



Boston Scientific transforms lives through innovative medical solutions that improve the health of patients around the world. As a global medical technology leader for nearly 40 years, we advance science for life by providing a broad range of high performance solutions that address unmet patient needs and reduce the cost of health care.

- Neuromodulation:** Electronic implantable technologies that help patients manage debilitating chronic pain and neurological conditions
- Cardiac Rhythm Management:** Technologies that treat irregular heart rhythms and heart failure and help protect against sudden cardiac arrest
- Electrophysiology:** A broad range of mapping and treatment technologies for diagnosing and treating heart rhythm disorders
- Interventional Cardiology:** Minimally invasive innovations that help improve the lives of patients living with heart and vascular conditions
- Endoscopy:** Minimally invasive devices for diagnosing and treating gastrointestinal and pulmonary conditions
- Peripheral Interventions:** Devices for diagnosis and minimally invasive treatments of peripheral vascular disease and cancer
- Urology and Pelvic Health:** Solutions for urological, urogynecological and gynecological diseases

As part of our acquisition of BTG, we acquired the Specialty Pharmaceuticals business, which is a stand-alone operating segment.

## Boston Scientific by the Numbers\*

Recycled  
**8,900+**  
tonnes of solid waste



**\$10.7 billion**  
in full-year sales



**\$85 million+**  
educational and charitable  
giving and medical research

**Top  
30**  
America's  
Most JUST  
Companies\*\*



**~30 million**  
patients served

**41,000+**  
employee  
volunteer hours



**99%+**  
gender pay  
equity

Reduced greenhouse  
gas emissions by  
**76,000+** tonnes\*\*\*

**~36,000**  
employees in  
100+ countries

**~\$1 billion**  
invested in research  
and development

**Carbon neutrality**  
in manufacturing and  
key distribution sites  
for all products by 2030



\* All figures reflect 2019 results. \*\* Forbes and JUST Capital JUST 100 rankings • \*\*\* Compared to 2009 baseline



*Boston Scientific employees participating in Volunteer Day in Minnesota.*

## Corporate Social Responsibility at Boston Scientific

At Boston Scientific, we are united by a deep caring for human life. Our work in health care comes with a profound responsibility to the people around us. Guided by our core values, we are committed to shaping a better future for patients, customers, employees as well as the communities in which we live and work. Our teams are dedicated to transforming lives through innovative medical solutions that improve the health of patients around the globe – while also making measurable contributions to the world we all share.

### Engaging with Stakeholders

In keeping with our values, we act with integrity in our operational processes and all of our business relationships. Throughout the company, we are focused on our obligations as a corporate citizen. These responsibilities include continually working to better understand and anticipate the company's environmental, social and economic impacts.

A company-wide focus on Corporate Social Responsibility (CSR) is an essential aspect of our citizenship. Our CSR strategy and practices are informed by conversations with diverse stakeholders inside and outside the company – locally, nationally and globally. In our

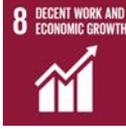
collaborations and other business relationships, we work with organizations who share our commitment to the people we serve.

### Our Approach

To ensure our efforts are aligned with the United Nations Sustainable Development Goals (SDGs), in 2017 we completed a baseline materiality assessment in accordance with the internationally accredited Global Reporting Initiative (GRI) guidelines. The assessment identified CSR issues of greatest importance to Boston Scientific and our stakeholders. We define these issues as material aspects.

Our material aspects align with 10 of the 17 SDGs where we believe we can make a meaningful difference. Our teams track how our activities intersect with the SDGs and how we can most effectively join with others to contribute to these goals. In 2019, we increased the scope of our CSR metrics and disclosures, and we made it a priority to report at the GRI Comprehensive level by 2024, if not sooner.

## Boston Scientific Supports the [SDGs](#)

 <p>As a global medical device manufacturer, our work is naturally focused on health and well-being. In 2019, our portfolio of innovative products and solutions helped more than 30 million patients live better and longer lives. We continue to make investments in research and development and clinical trials to develop new technologies and breakthrough therapies. Our patient-centric focus supports expanded access to medical care for underserved populations around the world. We invest significantly in the well-being of our employees and their families, and we support the communities where we work and live.</p>	  <p>Our planet is facing significant challenges, and Boston Scientific is committed to identifying and mitigating risks to the climate and environment. To do this, and contribute to SDGs 7 and 13, we have established aggressive targets, such as our goal to be carbon neutral by 2030 at all key manufacturing and distribution sites. We are also focused on moving to renewable energy sources and reducing our environmental impact. We monitor our progress through an established energy management system.</p>
  <p>SDG 5 and SDG 10 relate directly to our core diversity value, which we define as inclusion, equity and opportunity for all. By embracing unique backgrounds and perspectives, we create a more rewarding place to work. Our Diversity and Inclusion (D&amp;I) efforts focus on four strategic pillars: career, culture, commerce and community. In 2019, we made strong progress in achieving our “10/20/40 by 2020” objectives aimed at reshaping the company’s core mid-level employee base, and we continue to set higher goals. We are an equal opportunity employer, committed to delivering fair and equitable compensation and benefits programs. With our Close the Gap program, we are helping to address health inequities, increasing diverse patient enrollment in clinical trials and elevating the role of female physicians in health care.</p>	  <p>The Boston Scientific caring value guides how we engage with patients, work together as colleagues and invest in the well-being of our communities. Our EDUCARE program offers a variety of training programs to help healthcare providers deliver the best patient care possible. We also support future diverse talent with education and STEM programming for K-12 students around the world. The company invests in training and continuing education for our employees and ensures a positive work environment through global environmental health and safety policies. Our facilities reflect the priority we place on agile workspaces that offer flexibility.</p>
  <p>To ensure we design, test, manufacture and distribute safe and effective devices, quality is integrated into every aspect and stage of our work. We support initiatives to reduce waste through sustainable packaging, recycling, reuse and inventory management. We also maintain strategic partnerships, many with small and diverse suppliers. These partnerships help us deliver improved value to our customers, and they support economic development and sustainable production in the communities where we live and work.</p>	 <p>We are committed to SDG 16 and doing business with integrity and honesty. Our teams responsibly research, develop, manufacture and deliver our products with a commitment to strong corporate governance, impeccable ethics and regulatory compliance. The Boston Scientific Code of Conduct is the foundation for our policies and must be read, understood and followed by every employee. Our policies and practices reflect our belief in and support for all fundamental human rights.</p>

## Owning and Managing CSR

Our people in more than 100 countries work with an awareness of the world's most pressing challenges, including inequality, economic disparity, climate change and environmental protection. Their efforts to help address these issues are supported by our cross-functional CSR Council, Environmental Health and Safety (EH&S) policies and programs and a Global Council for Inclusion, along with local, regional and national employee and community programs.

The CSR Council includes subject matter experts throughout the company who help define CSR strategy and ensure accountability. An executive steering committee oversees the Council and champions sustainable practices across the business. Within this framework, everyone in the company contributes to our social responsibility.

Guided by our core values, we are committed to shaping a better future for patients, customers, employees as well as the communities in which we live and work. Our teams are dedicated to transforming lives through innovative medical solutions that improve the health of patients around the globe – while also making measurable contributions to the world we all share.

## Our CSR Performance

We hold ourselves accountable for providing updates and data related to our CSR performance, and we share this information through several communications channels, including this report and [www.bostonscientific.com](http://www.bostonscientific.com). Each year, we report the company's impact on the environment as defined by the Carbon Disclosure Project, and we participate in several widely recognized environmental, social and governance rating surveys.

This report has been prepared in accordance with the GRI guidelines. Unless otherwise indicated, data in this report covers the period between January 1, 2019, and December 31, 2019.



*Mike Mahoney, Chairman and CEO, attending an event at the Berkshire Partners Blue Hill Boys & Girls Club, where Boston Scientific teamed up with the Boston Celtics to renovate a pre-teen room.*

### Company Leadership and Corporate Social Responsibility

**The JUST 100:** Forbes and JUST Capital ranked Boston Scientific in the top 30 of America's Most JUST Companies.

**America's Most Responsible Companies:** Newsweek and Statista ranked Boston Scientific #48 in its first ranking of the most responsible companies in America.

**World's Most Admired Companies:** Boston Scientific was again named a FORTUNE World's Most Admired company, ranking #2 in the Medical Products and Equipment industry category.



Every day, Boston Scientific is... transforming the lives of our patients.

## Our Patients

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*The patient featured on the cover, German pole vaulter Katharina Bauer, strikes a yoga pose atop Lion's Head, a mountain overlooking Cape Town, South Africa.*

## Our Patients

We are proud that in 2019 our devices and therapies helped more than 30 million patients live longer and better lives. Their stories inspire us to do more. As we focus on solving the healthcare challenges that matter most, we are also expanding our efforts to increase healthcare access and help educate people on disease prevention.



“I haven’t felt anything in my heart since that valve went in there, other than my body works better. It’s like getting a new lease on life.”

**Allen Brady** (*Pensacola, Florida, U.S.*) When her husband, Allen, couldn’t finish a round of golf anymore, Dianne Brady knew that something was wrong. The 90-year-old decorated war veteran had no plans to slow down but was regularly getting out of breath. Allen later learned from his cardiologist that he was experiencing aortic stenosis and needed a valve change. He received the [LOTUS Edge™ Aortic Valve System](#) and was able to return to playing golf and enjoying time with Dianne.



“Living with fear is difficult... Now I can live without fear of not having a future thanks to Boston Scientific.”

**Valentina Arango** (*Bogota, Colombia*) For months, Valentina was feeling ill and the cause could not be determined. Eventually, doctors discovered that she potentially had cancerous liver fibrosis and stones in her intrahepatic duct, which drains bile from the liver. Her doctors used [SpyGlass™ DS Direct Visualization System](#) in a procedure to destroy the stones and collect a biopsy to test for cancer — which was negative. Valentina returned to her studies and normal life, feeling healthy and free of worry.





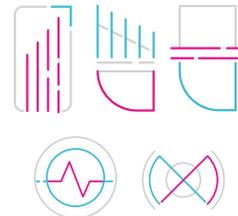
“Because of the stent, I can continue to do all of the things I want to do and accomplish dreams that I didn’t think I would be able to before.”

**Kathryn Grosshans** (Yorktown, Virginia, U.S.) In her early teenage years, Kathryn’s occasional leg pain was attributed to her heavy figure skating training schedule. But by the time she was a senior in high school, Kathryn’s pain was so debilitating that she could barely walk. A vascular specialist diagnosed her with May-Thurner syndrome and recommended that she receive a stent to relieve a compressed vein. Kathryn was implanted with the [VICI Venous Stent™ System](#) in a same-day outpatient procedure and immediately experienced a difference. A year later, she decided to train for her first marathon, which she completed free of pain.



### HeartLogic™ Heart Failure Diagnostic

The HeartLogic™ Heart Failure Diagnostic is the first and only heart failure diagnostic tool proven to detect 70 percent of heart failure events several weeks in advance, potentially reducing further hospitalization for patients with heart failure. This diagnostic tool is featured in the Boston Scientific Resonate™ family of cardiac resynchronization therapy defibrillator (CRT-D) and implantable cardioverter defibrillator (ICD) devices.



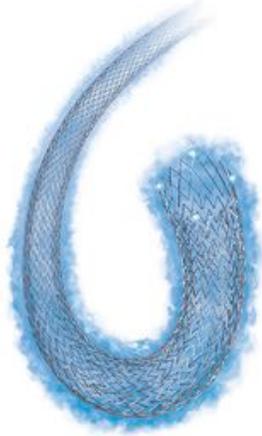
Symbols representing sensors from the HeartLogic heart failure diagnostic tool.



“SCS has given me my life back and I’m able to do things that I love.”

**Gregory Gaddy** (Memphis, Tennessee, U.S.) After falling from a ladder while working in his yard, Gregory was left with chronic pain from his injuries. After more than 10 years of struggling with pain management, he chose to have a Boston Scientific spinal cord device implanted. The SCS greatly reduced Gregory’s pain and allowed him to return to tending his garden and achieving his goal of winning “Yard of the Month” in his community.





**Eluvia™ Drug-Eluting Vascular Stent System**

The Eluvia™ Drug-Eluting Vascular Stent System is a controlled drug delivery system designed and engineered to solve the unique challenge of restenosis in the superficial femoral artery (SFA), the main artery leading to the lower limbs.

**Marjorie Giovannoni** (Coupeville, Washington, U.S.) After a hemorrhagic stroke, Marjorie was paralyzed on her entire right side. As time went on, she faced a difficult choice: go back on blood thinners to address her high risk of stroke or avoid them, because her condition made falls and bleeding more likely. Marjorie elected to be implanted with a [WATCHMAN™ Left Atrial Appendage Closure \(LAAC\) Device](#) as an alternative, which has given her peace of mind.



“It is the best feeling to know the WATCHMAN is in there and going to watch over me.”



“Tom and I are both very excited to get our lives back.”

**Lisa Griener** (Pittsburgh, Pennsylvania, U.S.) Meeting her husband, Tom, was an exciting new chapter in life – but 10 months after their wedding, Lisa was diagnosed with Parkinson’s disease. To manage her Parkinson’s, Lisa took up to 13 pills a day, but her movements were so uncontrollable that it was difficult for her to work or socialize. After receiving the Boston Scientific [Vercise™ DBS System](#), Lisa’s tremors have minimized and she has regained control of her movements – allowing her to reduce her medications. Most importantly, Lisa and Tom are enjoying their life together again and focusing on the years ahead.



**Alex Lamb** (*Smalley, Derbyshire, England*) Not your typical 81-year-old, Alex has a regular regimen of karate, yoga and 5-kilometer daily runs. When he was diagnosed with advanced prostate cancer, his doctor recommended radiation therapy, which is associated with unpleasant side effects such as rectal pain and diarrhea. Alex's doctors used our [SpaceOAR™ Hydrogel](#), which protects organs such as the rectum from radiation exposure during treatment and minimizes side effects. The treatment was successful, and his Prostate-Specific Antigen (PSA) levels are now undetectable. Alex was running two days after his procedure and has now resumed his full workout routine.



"It was vitally important for me to get running again because that really is my whole life."



"I have a second chance at life — to get married and start a family and move on."

**Nicole Leon** (*Chicago, Illinois, U.S.*) At 32, Nicole was diagnosed with a hepatocellular liver tumor. She was told that her tumor was inoperable and that she had six months to live. A multi-disciplinary team at the University of Chicago Medicine's Liver Tumor Program used the [TheraSphere™ Y-90 Glass Microspheres](#) to deliver a treatment called radiation embolization, which reduced the size of the tumor so it could be surgically removed. Today, Nicole has nearly 100 percent of her liver volume back and normal liver function. Nicole is now three years cancer-free, married and has a healthy baby boy whom she named after one of the doctors who helped save her life.



**EXALT™ Model D Duodenoscope**

In December 2019, the [EXALT™ Model D](#), the world's first and only single-use duodenoscope, was cleared by the U.S. FDA, eliminating the need for reprocessing and repairs. The EXALT Model D supports physicians in their mission to deliver the highest quality patient care because they can now use a new, sterile device for every procedure.



Promoting Health Equity with Close the Gap

For more than a decade, the Boston Scientific [Close the Gap](#) health equity program has focused on eliminating care disparities and improving access to health services for underserved patient populations. The company collaborates with healthcare providers, national patient advocacy groups and minority associations to advocate for broader representation of minorities in clinical trials and to support their access to quality care. We also partner with like-minded organizations to reach underserved patient populations with culturally relevant education and resources delivered through events and community programs.



*Boston Scientific employees participating in a Spirit of the Heart event in Georgia, U.S.*

In 2019, [new data from the PLATINUM Diversity trial](#), one of the first clinical studies of its kind to identify the disparities experienced by women and minorities undergoing coronary stenting procedures as compared to white males, demonstrated that minority patients are more likely to stop their dual anti-platelet therapy after a coronary stenting procedure (when compared to white males), putting them at higher risk for potential adverse events. These findings can serve as a basis for action for healthcare providers and is leading investigators to look further into why this is happening.



**Massachusetts Conference for Women: Personal Brand, Heart Health and Exercise**

For the fifth consecutive year, Boston Scientific co-sponsored the annual Massachusetts Conference for Women in Boston, a program drawing more than 13,000 attendees. Approximately 240 employees attended, and Boston Scientific women leaders served as panelists as well as guest speakers. The Close the Gap team collaborated with WomenHeart, a patient advocacy group focused on heart disease in women, to engage conference participants in a dialogue about heart health and to experience on-site wellness activities, including mini-strength and stretching sessions.

**57,000** people reached through Close the Gap awareness events.

**57** events held by Close the Gap in communities across the U.S.

**\$750,000** grants awarded to organizations working to increase enrollment of underserved populations in clinical trials.

**180** Congressional Black and Hispanic Caucus members educated on inequities in health care and the impact of peripheral artery disease on African American men.



Every day, Boston Scientific is...  
 achieving success through our people.

## Our People

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# Our People



“We do our best work to advance health care when we have a richness of perspectives and experience on our teams and when we can bring our whole selves to work.”

— Wendy Carruthers, Senior Vice President, Boston Scientific Human Resources

By pushing the boundaries of what is possible, our approximately 36,000 employees across the globe collaborate every day to change and save lives. As we develop innovative solutions to address unmet needs of patients, physicians and healthcare systems, their collective talent and shared sense of purpose give us our competitive edge.

Innovation thrives in a culture of engagement and inclusion. People deserve to work in an environment where they can make significant contributions to the business while also pursuing their individual goals. Our talent management practices support a workplace where people can create, explore and problem solve – and trust they will be recognized for their performance.

The people of Boston Scientific are defined by:

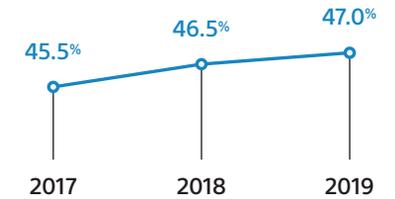
- **Global impact:** Our employees make a difference for people around the world and around the corner.
- **Diversity:** We are proud of the diversity of thought, background and perspective that leads to our greatest breakthroughs.
- **Winning spirit:** Our people take on the industry’s toughest challenges and never settle for the status quo.
- **Growth:** We make learning, development and progression a priority. Talented and dedicated employees deserve opportunities to grow.
- **Engagement:** In our collaborative work environment, people build lasting relationships with colleagues worldwide and advance our thought leadership in the industry.
- **Opportunity:** We offer diverse and global career options, including international assignments and programs.

## The People of Boston Scientific

In the last three years, we have made steady progress to increase the overall representation of women and multicultural<sup>1</sup> talent, with an emphasis on supervisor and manager roles.

### Representation at All Levels

#### Women (Global)



#### Multicultural (U.S./Puerto Rico)



<sup>1</sup>In the United States and Puerto Rico, defined as African American/Black, Asian, Hispanic/Latino, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, and two or more races. Excludes any U.S. Puerto Rico employees where the ethnicity is “Unallocated.”

**D&I efforts throughout Boston Scientific align with four strategic pillars:**



**Making Diversity and Inclusion (D&I) a Priority**

Our diversity value stands for inclusion, equity and opportunity for all. At Boston Scientific, D&I is instrumental to our thriving culture and our focus on innovation. We consider it an urgent issue and business imperative. The society we live in and the customers and patients we serve are diverse in culture, gender identity and ability. To remain innovative and competitive in the marketplace, we must reflect this truth through our people. We recognize change is gradual, and we are committed to progress over time, not overnight.

**Leadership Commitment**

Our leading advocate for D&I is Boston Scientific Chairman and CEO Mike Mahoney. He was among the first of more than 800 CEOs of leading companies to become a signatory of the [CEO Action for Diversity & Inclusion Pledge](#), the largest CEO-driven business campaign in the United States to advance diversity and promote inclusive workplaces.

*Boston Scientific employees welcomed the Check Your Blind Spots mobile bus to the Marlborough, Massachusetts campus. They participated in a unique, technology-enabled multimedia experience focused on understanding and exploring ways to mitigate unconscious bias.*

Consistent with our pledge commitments, we held a second annual Day of Understanding to help employees embrace differences in our organizations and build a more inclusive culture inside and outside of work. We welcomed the [“Check Your Blind Spots” mobile bus](#) tour to our Marlborough, Massachusetts campus, where hundreds of employees boarded the bus to participate in virtual reality scenarios and learn new ways to understand and avoid unconscious bias. All participants signed an “I Act On” pledge affirming their personal commitment to a more inclusive workplace and community. We also collaborated with other CEO Action companies to share best practices for fostering a work environment where difficult conversations about diversity and inclusion can occur.

**CEO Action for Diversity and Inclusion**

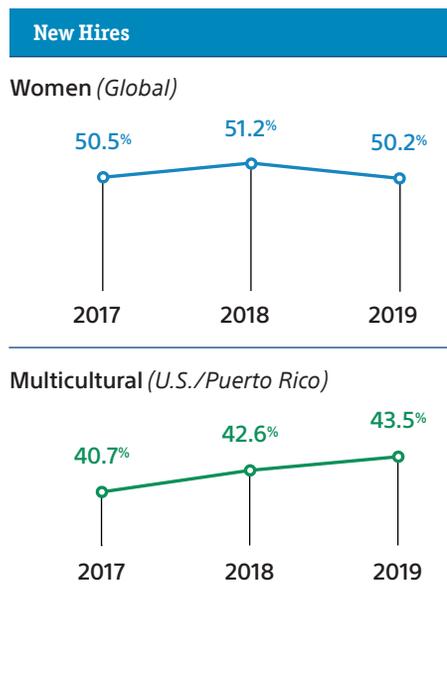
**Boston Scientific was among the first signatories of the CEO Action for Diversity & Inclusion Pledge when it launched in 2017.**

The coalition unites business leaders around four key commitments:

1. We will continue to make our workplaces trusting places to have complex, and sometimes difficult, **conversations** about diversity and inclusion.
2. We will implement and expand unconscious bias **education**.
3. We will share best – and unsuccessful – **practices**.
4. We will create and share strategic inclusion and diversity **plans** with our Board of Directors.



In 2019, we strengthened company-wide efforts to achieve our D&I goals for increasing representation of women and multicultural talent on regional and functional leadership teams across the organization. Attracting diverse talent was a key area of focus and we continued our trend of hiring a greater percentage of multicultural talent and women than our current representation of these groups.



### Collaborating for Change

We collaborate with leading organizations dedicated to promoting and supporting the rights and development of women, multicultural talent, people with disabilities and lesbian, gay, bisexual, transgender and queer/questioning (LGBTQ+) talent. In the United States, our partnerships include Advancing Minorities’ Interest in Engineering (AMIE), American Indian Science and Engineering Society (AISES), Disability:IN, Hiring Our Heroes, the Hispanic Promise, the Human Rights Campaign (HRC), the National Society of Black Engineers (NSBE), National Action Council for Minorities in Engineering (NACME), reachHIRE, the Society of Hispanic Professional Engineers (SHPE) and the Society of Women Engineers (SWE).

Boston Scientific is a founding member of [Disability:IN’s](#) Inclusion Works Program (formerly Going for the Gold), and in 2019 we were premier sponsors of the “IN for Inclusion” annual conference. The event offered a forum for 1,500 participants from more than 10 countries, including [200 NextGen Leaders](#) with disabilities, to engage with industry peers about disability inclusion. The conference featured sessions on topics ranging from workplace and supply chain to technology, and it celebrated leaders in disability equality.

### Targeted Development & Retention Programs

Over the last two years, we broadened the scope of EXCElerate, a multi-year program first designed to foster female talent from manufacturing, supply chain, quality and new product development teams to now include participants from information technology, global business systems and security. We also launched an effort to begin offering the program to all multicultural talent. In 2019, employees from four countries were matched with Boston Scientific executives who serve as advisors, mentors and career advocates.

Our MARC (Men Activating Real Change) Leaders Program supports men as allies and promotes a more level playing field for all. Its curriculum examines assumptions and mindsets to help leaders better understand how dominant business culture and unconscious bias affect partnerships between men and women. The program features an immersive day-and-a-half workshop and facilitated dialogue, including ongoing engagement through MARC alumni networks. Following a successful pilot in 2018, we offered the program to executive teams in 2019 and will offer new MARC opportunities to all employees going forward.



Our Women’s Network (WN) Employee Resource Group chapters continued to expand in 2019 with four new chapters, resulting in representation in each of the company’s four global regions. The WN chapters hold programs that help participants develop their leadership skills, set and pursue career goals and expand their networks. Examples of these offerings include the WN Twin Cities, Minnesota Professional Development Series, the WN “Lessons from LeadHers” in our Europe, Middle East and Africa region, and various chapter mentoring initiatives such as Mentoring Circles and Male Ally Network (MAN) mentor matching program.

## Diversity and Inclusion Goals

We transparently measure and report our progress in building a diverse workforce that fully reflects our core values and the customers and patients we serve. While traditional diversity recruiting efforts have targeted entry-level positions or relied on top-down change, our "10/20/40" by 2020 initiative shifted our focus to reshaping the company's core mid-level employee base.

Our recent D&I progress was driven by these 10/20/40 by 2020 goals:

- **10:** Be recognized as a top 10 leader for workplace inclusion;
- **20:** Increase representation of multicultural talent to 20 percent at the supervisor and manager levels in the United States, including Puerto Rico; and
- **40:** Increase representation of women globally to 40 percent at the supervisor and manager levels.



### D&I 10/20/40 by 2020 Results



We were proud to be recognized as a **Top 10% Inclusion Index Company** by Diversity Best Practices. [See more awards.](#)



We reported **20.8% representation of multicultural talent** at the supervisor and manager levels, meeting our goal.\*



We reported **38.1% representation of women** at supervisor and manager levels.\*

We gained D&I momentum in 2019, achieving our "10" objective with numerous Top 10 recognitions, as a Diversity Best Practices Top 10 Percent Inclusion Index Company, among them. We also exceeded our "20" goal with 20.8 percent multicultural representation at the supervisor and manager levels. We made significant progress toward our "40" goal with 38.1 percent representation of women in supervisor and manager roles. At all levels of the organization, representation of women increased. The results reinforce the importance of making progress over time, not overnight. To that end, we have set new ambitious D&I goals to reach by 2023.

\*Results include 2019 acquisitions.



“D&I is a business imperative and success requires the engagement of our entire company.”

— Camille Chang Gilmore, Vice President, Boston Scientific Human Resources and Global Chief Diversity Officer

**Setting New Goals**

Our “3Up by 2023” goals are growth focused and ensure we continue to build on our measurable goals while also challenging ourselves to achieve them in shorter time frames.

By December 31, 2022, we aim to achieve a 3 percentage point increase from our 10/20/40 by 2020 representation goals:

- Increase our goal for representation of women at the supervisor and manager level by 3 percentage points or more, for a total of at least 43 percent.
- Increase our goal for representation of multicultural talent at the supervisor and manager level by 3 percentage points or more, for a total of at least 23 percent.
- Continue to be a Top 10 percent globally recognized leader for workplace inclusion, because we know that diversity benefits us all.

Achieving these goals will require continued change in three key areas of the management-level employee experience:

- **Attraction:** Hiring diverse managerial talent allows us to cultivate a rich pool of perspectives and backgrounds that will help us innovate beyond our current capabilities.
- **Development:** Recognizing and providing opportunities to diverse talent already within our workforce helps to ensure employees at all levels experience meaningful career journeys.
- **Retention:** Paying attention to who leaves our team matters just as much as who joins it. By supporting, engaging and retaining diverse talent, we can stem attrition to maintain our diverse and innovative culture.

We believe sharing our workforce demographic data is an important step in holding ourselves accountable to measurable progress. To learn more about our progress, visit our [D&I website](#).

**3Up by 2023 Goals**



Increase our goal for **representation of women** at the supervisor and manager levels by 3 percentage points or more, to at least 43%



Increase our goal for **representation of multicultural talent** at the supervisor and manager levels by 3 percentage points or more, to at least 23%



Continue to be a top 10% globally recognized leader for **workplace inclusion**, because we know that diversity and inclusion benefits us all

### D&I Initiatives

Boston Scientific is committed to creating equal opportunities for growth across the company. We believe that meeting this objective requires:

- **Communicating** with transparency about our strategy, actions and results
- **Promoting** diversity awareness and inclusion competency skills for employees worldwide
- **Driving** accountability to promote measurable D&I progress

With a heightened focus on attraction, development and retention, we accelerated our D&I efforts with new resources and programs in 2019.

**Diverse Leaders of Tomorrow:** We launched Diverse Leaders of Tomorrow, a program to help diverse talent manage their personal and professional development and career progression. The two-day experience for high-potential leaders and their managers focuses on equipping participants for future leadership opportunities through skill building, strategic planning and network expansion.

**Recruiting Diverse Talent:** Boston Scientific stepped up efforts to recruit emerging talent by deepening our relationships with institutions such as Historically Black Colleges and Universities (HBCUs). In the summer of 2019, we hired more than 170 diverse interns from colleges and universities across the United States after making 105 on-the-spot offers to students at campus diversity recruiting conferences.

**Talent Management Bias Audit:** We conducted a third-party review of our global talent management processes to identify potential unconscious bias. Using four key checkpoints – clear structures and standards, difference awareness, skill building and data accountability – the evaluation offered insights for how we can further refine management practices to achieve greater inclusion.

**Inclusion Toolkit:** We launched a new online Inclusion Toolkit that offers all employees on-demand D&I tools and information. The content was developed in response to feedback from 2018 focus groups with 350 employees. The toolkit’s resources include an Inclusive Behaviors self-assessment that encourages people to know and increase their Inclusion Intelligence Quotient (IIQ).



**Unconscious Bias Training:** We expanded our Unconscious Bias training to all employees, making it available in 18 languages. The 15-minute online course walks employees through questions and scenarios that help them recognize blind spots or unconscious biases that can negatively influence their work relationships and decision making.

**D&I Dashboard:** This new internal analytics tool provides leaders a dashboard to review and analyze their organization’s representation and trends, as well as metrics for hiring, promotion and attrition. A summary is regularly provided to the Executive Committee.

## Employee Resource Groups

Employee Resource Groups (ERGs) are at the foundation of our D&I strategy. ERGs are voluntary, company-sponsored employee groups that foster and celebrate our diverse work environment. While ERGs are typically formed around a specific diversity dimension such as gender, race, veteran status, sexual orientation or life stage, all employees are welcome and encouraged to join any ERG. Our ERG chapters around the world collaborate across the business at all levels and are considered powerful voices for change in the company.

Boston Scientific supports each ERG with resources, global and local executive sponsors and step-by-step information on how to structure and lead these organizations. Our Employee Resource Group Handbook addresses all aspects of launching and operating an ERG, from mentorship and sponsorship to expense policies and communications guidelines. In 2019, we piloted ERG Insights, a new software management platform that connects employee groups in all regions of the world. It offers online tools for sharing information and managing group responsibilities, including event planning, budgeting and member communications. Following a successful soft launch with ERG leads, we will soon offer all employees access to ERG Insights in 2020.



More than 4,500 Boston Scientific employees are active across nine ERGs with 96 chapters globally, including 10 virtual chapters and 30 chapters outside the United States.

- **BRIDGE:** Developing a Community of Black Leaders
- **HOLA:** Hispanic Organization for Leadership and Achievement
- **LEAD:** Leadership, Education and Allies for Disabilities
- **PEARL:** Pacific East Asian Resources in Leadership
- **PRIDE:** Promoting Respect, Inclusion, Diversity and Equality
- **SAIL:** South Asians in Leadership
- **VETS:** Veterans & Employees Together in Service
- **WN:** Women's Network
- **YPN:** Young Professionals Network

The number of ERGs at Boston Scientific has more than doubled over the past five years. In 2019 alone, 11 new ERG chapters were launched.



ERG Highlights



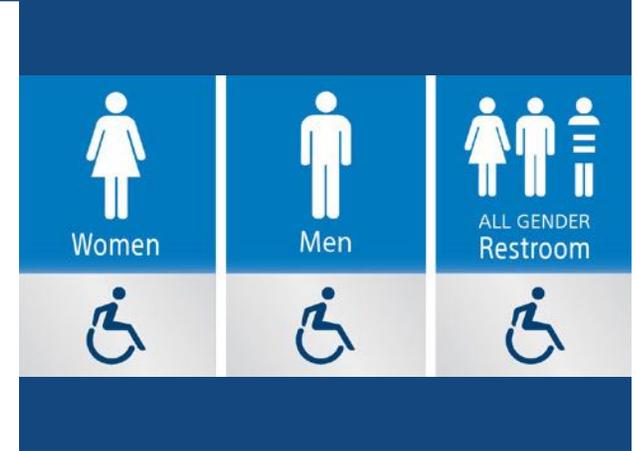
**Serving the Underserved with Health Camps**

Boston Scientific employees in our SAIL ERG collaborate across our Marlborough, Massachusetts and Gurgaon, India offices to offer health camps for children. In 2019, SAIL teamed up with the Health Care Services organization in India to organize local school visits by medical professionals. Approximately 800 students in three locations had the opportunity to receive healthcare screenings and follow-up vaccines as well as dental and eye care. Students also received backpacks with dental kits and other supplies, and participated in STEM activities led by our volunteers.



**Workplace Accessibility**

In September, our LEAD ERG chapters in 10 locations participated in Make Way Day, a global event dedicated to identifying ways to improve accessibility at Boston Scientific sites. From furniture and equipment to collaboration areas and digital accessibility, employees in the United States, Ireland, Puerto Rico and Costa Rica worked together to generate new ideas for improving facilities. Their work continues in 2020 with the objective of developing a company-wide accessibility strategy.



**Inclusive Restroom Signage**

Our PRIDE ERG played a lead role in a 2019 effort to create more inclusive restroom signage at Boston Scientific office locations. PRIDE representatives collaborated with Human Resources and Global Facilities team members to review and consider proposals for signage and restroom design updates. As a result, two updates to our Global Design Guidelines were approved and are now being implemented.

### Global Council for Inclusion

The Boston Scientific Global Council for Inclusion oversees the implementation of the company’s D&I strategies. Chief Financial Officer Daniel Brennan chairs the council and its members include Chairman and CEO Mike Mahoney, the Executive Committee, our global D&I team and all global ERG leaders. The council meets quarterly to evaluate D&I progress and consider challenges that may arise for our employee groups in all locations. In 2019, this work included the development of action items to ensure that ERGs and all leaders have the support they need to foster an inclusive environment. The council also welcomed nominations for our first-ever D&I Impact Awards and selected winners in four categories.

### Inaugural D&I Impact Awards

The **Diversity and Inclusion Impact Awards** were established to recognize employees whose efforts help create a workplace where people can bring their authentic selves to work every day. The company honored winners in the categories of Business Impact, Valued Ally, Workplace Culture and ERG Leader of the Year.

### LGBTQ+ Equality

In 2019, we:

- **Sponsored the Equality Act legislation** to establish protections against discrimination based on sexual orientation or gender identity, and we signed onto an Amicus Brief filed with the U.S. Supreme Court to support upholding inclusive federal non-discrimination policies.
- **Equalized paid benefits for bonding leave** in the United States for the birth parent, non-birth parent, adoptive parent or parent who has a child through a surrogate, and expanded transgender coverage for both voice and communication therapy and gender reassignment surgery.
- **Created more inclusive restroom signage** at Boston Scientific office locations, including a new “All Gender” restroom sign design (formally “Gender Neutral”) as well as single-occupancy restroom locator signs outside of gender-specific restrooms.



### Equal Employment Opportunity Policy

Boston Scientific has been, and will continue to be, an equal opportunity employer. To ensure full implementation of the company’s equal employment policy, we continue to ensure that recruitment, hiring, assignment, promotion, compensation and all other personnel decisions are made and administered without regard to race, religion, ethnicity, national origin, citizenship, sex, sexual orientation, gender identity, gender expression, veteran’s status, age, mental or physical disability, genetic information or any other protected class. We draw strength from the unique talents inherent in a diverse workforce and we believe the best and most innovative products come from an inclusive workplace where varied viewpoints are welcomed and encouraged. We also have a strict policy against harassment that is reinforced through training and multiple communications channels.

## Listening to Our People

Our best ideas come from our people. We listen to them as we continuously improve our work environments and strive to attract and retain top talent. In addition to encouraging ongoing communication and feedback between employees and their managers, we devote resources to ensuring that all employees have the opportunity to share their ideas and insights.

### Expanding Engagement

We revamped our Employee Engagement Survey in 2019 to make it a more dynamic, real-time assessment tool. The new format will launch in 2020 with employee pulse surveys to facilitate continuous engagement, which will be followed by a Global Census Survey. The surveys and results dashboards will be available on mobile devices to offer easy access for participation and review. This all-electronic approach now enables us to evaluate and share employee feedback with reduced turnaround time.

### Assessing People Leadership Skills

Our outreach to provide people leaders with feedback includes employee input on annual performance reviews and 360-degree surveys. We also offer the SPARK survey that lets employees rate their manager's performance against a defined set of leadership behaviors. More than 23,000 employees were invited to offer feedback on 3,380 people leaders in 2019, with a response rate of 77 percent. Of the participating managers, 87 percent (those with three or more direct reports responding) received a personalized feedback report.

### Evaluating our Communications

Boston Scientific conducts a bi-annual all-employee survey about our communications content and channels. The 2019 survey generated responses from nearly 10,000 employees in all regions, an increase from 8,200 in 2017. Of those respondents, 77 percent were non-management employees, 20 percent were supervisors and managers and 3 percent were leaders at the director level and above. The results showed an increase of 7 percent in overall satisfaction with company communications and provided insights that are informing ongoing efforts to engage our workforce.



## Setting the Bar Higher

Boston Scientific is fully committed to promoting an inclusive culture and being an employer of choice for globally diverse talent. In the spirit of transparency, we participate in external benchmark index surveys that candidly assess our progress and ensure we are doing all we can to achieve our D&I goals.

We are proud to have been recognized by the following organizations in 2019. Please visit our website for a complete listing of [Boston Scientific awards and recognitions](#).

### 2019 People Awards

#### D&I Awards

- Bloomberg Gender-Equality Index:** Boston Scientific was one of 230 companies globally to be included in the Index, which tracks the performance of public companies most committed to supporting gender equality.
- Best Place to Work for Disability Inclusion:** For the fourth consecutive year, we have been recognized as a Best Place to Work for Disability Inclusion, receiving a 100% on the Disability Equality Index in 2019.
- Forbes Best Employers for Diversity:** Forbes recognized Boston Scientific on its America's Best Employers for Diversity list for the second year in a row.
- Best Place to Work for LGBTQ Equality:** For the fifth consecutive year, we earned a 100% score on the Human Rights Campaign's Corporate Equality Index, earning the designation as a Best Place to Work for LGBTQ Equality.
- Hispanic Association on Corporate Responsibility (HACR) Corporate Inclusion Index (CII):** In our first year participating, we were named a 5-Star Company for Employment based on HACR's accountability survey that assesses inclusion of Hispanics in Corporate America.

- Diversity Best Practices:** Boston Scientific was one of only 14 companies to be named a Top 10% Inclusion Index Company in 2019.
- Beyond the Yellow Ribbon Company:** We were honored as a Yellow Ribbon company for supporting service members, military families and veterans as they transition to employment.
- Best Companies for Multicultural Women:** *Working Mother* Magazine recognized Boston Scientific for its policies, programs and practices that support career advancement for multicultural women.
- Best Companies for Moms & Dads:** *Working Mother* Magazine selected Boston Scientific for its annual 100 Best Companies and Best Company for Dads lists, based on maternal and paternal leave policies, flexible work schedules and inclusive benefits.

#### Workplace Awards

- America's Best Large Employers:** Forbes ranked Boston Scientific #1 in the Health Care Equipment and Services industry.
- Family Friendly Certified Company, Korea:** Boston Scientific Korea was certified as a Family Friendly Organization by the Korean Government Ministry of

Gender Equality and Family, a designation acknowledging our inclusive and family-friendly culture.

- Best Companies to Work for in Asia:** Our Taiwan and Hong Kong sites were both recognized as top places to work, based on our workplace culture and high levels of employee engagement.
- Great Place to Work Certified, India:** The Great Place to Work Institute honored Boston Scientific with this award for our high-trust, high-performance culture in India.
- Top 50 Workplaces of the Fortune 500:** We were recognized as a top-rated workplace by Indeed, which includes companies on the Fortune 500 Index with at least 100 employee reviews.
- 2019 Glassdoor Best Places to Work:** Our employees contributed valuable, candid feedback about working at Boston Scientific, earning us this honor based entirely on their reviews.
- Top 50 STEM Workplaces:** We were honored for the third consecutive year by AISES (American Indian Science and Engineer Society), a U.S. non-profit focused on substantially increasing representation of Native peoples in STEM studies and careers.

## Employee Growth and Development

Developing our people professionally is one of the most important things we do. At every level of the company, employees have access to programs, training and tools they can use to advance their skills and expertise and create greater possibilities for their careers.

### Developing Talent

We invest in building and sustaining an environment where coaching and development are a priority. To ensure the success and growth of our leaders, we offer tools and training to support their continuous development as well as their accountability.

With the pace of business moving faster than ever, we are becoming more agile in the ways we meet the needs of our multigenerational workforce. The company introduced and expanded development programs for all levels with easy-access tools that allow employees to manage their own growth and careers. Boston Scientific offers more than 150 professional and technical courses each year, including on-the-job training, skills-based learning and programs for talent who have the potential to hold future leadership positions.

**Accelerated Leadership Development Program (ALDP)** expedites the readiness of high potential leaders and key successors to take on more complex roles. Senior leaders act as facilitators for a series of one-week

classroom sessions featuring business simulations, coaching, case studies and networking with peers and Executive Committee members. In 2019, the ALDP graduated 27 leaders from 11 countries.

### Leadership Development Program (LDP)

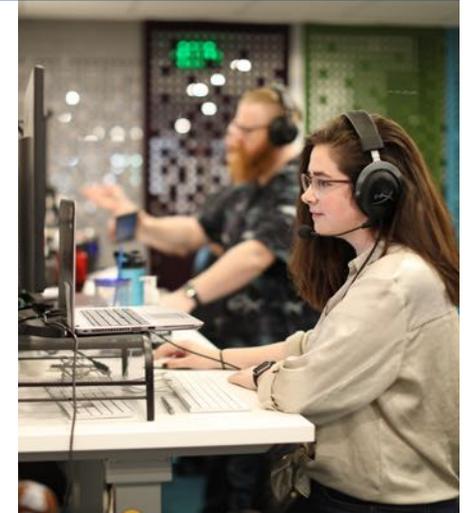
is designed for director-level and above employees who are nominated to prepare for their next level of growth. The curriculum enhances their personal and leadership skills through interactive sessions and gives them opportunities to network with global peers and senior leaders. In 2019, 39 participants from 10 countries completed the program. More than 500 Boston Scientific leaders have graduated from the LDP. In 2020, the curriculum and participants will shift to focus on preparing senior managers for director-level roles.

### Management Development Program (MDP)

features resources and coaching tools for new leaders. The mandatory 18-month program covers hiring practices, talent and performance management, unconscious bias, situational leadership and coaching skills. More than 2,200 managers worldwide completed over 5,000 MDP sessions in 2019. Based on the success of the MDP, we are launching the People Leader Experience in 2020, a 12-month program for new leaders that includes onboarding activities, development experiences and guidance for enhancing partnerships with supervisors.

## 2019 Highlights

- Team Acceleration** is a customized, interactive workshop that helps employees build and sustain high-performing teams. The two-day curriculum offers tools that use customer insights to help teams gain clarity about their goals, roles, processes and strategies in order to accelerate and succeed. In 2019, more than 60 participants in the U.S. completed this pilot program.
- Insights Discovery** is a methodology that uses a four-color model and evaluator to help people become more self-aware about their style and strengths, guiding them to better understand how they interact and perform as team members. In 2019, more than 1,800 employees participated in this training.
- Mastering Emotional Intelligence** is a training module that helps employees increase their emotional quotient (EQ) skills, including how they communicate, make decisions, respond to change and handle stress or conflict. More than 300 people at Boston Scientific completed the on-demand, voluntary training in 2019.



**568,000**  
hours spent by non-manufacturing employees in virtual and classroom training in 2019



**Leadership Development Across Cultures**

Boston Scientific offers targeted leadership development programs to complement corporate programs and support talent throughout the organization. Some examples of our regional development programs include the following:

- **Our Key Talent Program** in the Europe, Middle East and Africa (EMEA) region provides high-potential senior managers and directors the opportunity to advance their development. The initiative aims to deepen the region’s leadership talent through a combination of growth experiences, coaching and interactions with senior leadership.
- **The Asia Pacific Leadership Development Program** is an accelerated development program for talented and diverse leaders to

build our talent pipeline for future commercial leaders in the Asia Pacific region. The curriculum includes business projects and career-building international work experiences, and it is customized to meet each talent’s unique developmental needs.

- **Senior leaders and program alumni** facilitate our leadership development program in Latin America, which supports building capabilities to address the region’s emerging market challenges and unique health ecosystem. In 2019, 60 participants from five countries completed the 10-session curriculum. In addition, nearly 200 emerging leaders participated in country-level development programs in Colombia (above left), Brazil, Argentina, Puerto Rico and Mexico (above right).



- **The bi-annual Asia Pacific Women’s Leadership Summit**, held in Bangkok, Thailand, included female leaders, male advocates and senior executives from 10 countries (left). With the theme “Behind every strong woman leader is a network supporting her,” the summit provided a platform for leaders to sharpen their skills and build a network for sharing best practices and promoting women’s career advancement.

**Cross-Cultural Learning**

As a global company, we offer employees the opportunity to routinely interact with peers, customers and patients from a variety of cultures and countries. We have developed a comprehensive portfolio of on-demand training and resources to support cross-cultural learning and awareness among all employees.

## Compensation and Benefits

Boston Scientific compensation and benefit programs support the well-being and health of our people while also providing flexibility to meet their needs and expectations. Our teams continually evaluate these programs to reach beyond best practices with offerings that are the best fit for our employees in our multigenerational, multicultural workforce.

### Compensation

We believe strongly in pay for performance. Where it is relevant to an employee's responsibilities and is in compliance with local and national labor standards, we strive to offer both a base and a variable component to employee pay, including annual bonus programs, long-term incentive stock awards and performance rewards issued on a one-time basis, including on-the-spot bonuses for highly successful projects, and recognition awards for breakthrough performance.

**99%+** pay equity for gender globally, and for multicultural talent in the U.S. and Puerto Rico

### Equal Pay for Equal Work: Pay Equity

Global compensation practices at Boston Scientific are rooted in our values and the high priority we place on paying people equally for equal work. We regularly benchmark salaries, conduct annual internal and external parity audits and review pay recommendations company wide. In addition, we contract with an independent, third party<sup>2</sup> to annually assess pay equity across all positions using regression analysis. This data analytics approach controls for variables that influence compensation such as job position, tenure, years of experience and location. We use the results to identify any potential pay disparities that should be addressed.

In this process, we look closely at both pay equity and pay parity. We place more weight on pay equity to advance inclusion, equality and opportunity for all. In 2019, we continued to see pay equity results that reflect our practices and the commitment of our leaders to ensure equal pay: 99+ percent pay equity for gender globally and 99+ percent pay equity for multicultural talent in the United States and Puerto Rico. In the few instances where we identified a gender disparity – which occurred in positions involving both men and women – we examined the circumstances and acted to increase pay where appropriate.

## Pay Equity

### Gender (Global)



### Multicultural Talent (U.S./Puerto Rico)



Sustaining equal pay for equal work requires constant measurement and attention. Our pay practices support the company's high-performance culture, including regular company-wide benchmarking of salaries, internal parity audits and reviews of pay recommendations across the business. We continue to assess and fine-tune our practices to

improve on our results, maintain transparency and educate leaders on our pay equity practices. In 2019, our compensation experts also held face-to-face meetings and teleconferences at major worksites globally to address employee questions.

## Benefits

We understand that good health, well-being, financial health and security are essential for a productive and thriving workforce. One of the important ways we support a culture of health for our people is by providing them with comprehensive benefits.

Our benefits plans are based on these principles:

- **Enable high-performing talent:** As part of a broader rewards portfolio, we offer market competitive benefits that are flexible and affordable to meet the individual needs of our increasingly diverse talent base.
- **Support life-work integration:** We strive to offer programs that acknowledge, respect and support an individual's life and work choices.
- **Promote well-being:** Our programs are holistic in approach and designed to support physical, emotional, social and financial well-being.
- **Value and cultural fit:** We strive to offer benefits that our employees value, differentiate our culture and support an inclusive work environment.
- **Communication and tools:** We aim to communicate in a manner that makes our plans easy to use and enables employees to take action to achieve well-being.

## Global Employee Assistance Programs

The company's Global Employee Assistance Programs maintain a network of support and resources that encourage overall well-being, including help with finances, family life, elder/childcare and mental health. We continued to broaden the availability of these programs to include all countries where our company has a concentration of employees.



## Embracing Life-Work Needs

Our Global Benefits to Fit Your Life program is a package of solutions designed to make life-work integration easier for all employees, regardless of their stage of life. It provides the benefits and services our employees want in order to be happy, productive and engaged in their roles. Our life-work offerings include telehealth services, childcare and parental care benefits, college and financial planning, a breast milk shipping service, tuition support, a meal-planning service and sabbaticals for employees with more than seven years of service.

In 2019, we addressed the increasingly varied needs for support and flexibility in our workforce, which is more multigenerational than ever before. In Japan, we developed a handbook and new managerial practices to support women returning to work after childbirth or other career break. We also completed a Workflex pilot program in the United States aimed at improving life-work satisfaction and expanded financial wellness benefits to address the needs of employees, from those starting their careers and building financial profiles to those investing for retirement.

We took further action to acknowledge that "family" has become a broadly defined and inclusive term. The following benefits became effective in 2019 or in January of 2020.

- **EMEA paid parental leave:** In the EMEA region, we significantly expanded parental leave for employees. All new parents working at Boston Scientific sites in the region are now eligible for a minimum of 18 weeks of fully paid leave during the first year of their child's birth or adoption.
- **Women's and family health:** In the United States, we partnered with the virtual clinic Maven to expand our offerings for employees and their partners who are pregnant, up to six

months postpartum or pursuing fertility treatment. No-cost benefits available through Maven include support through egg freezing, fertility, pregnancy, postpartum, adoption, surrogacy, early pediatrics and returning to work.

- **U.S. paid parental leave:** Benefits are available to all employees who are new parents — birth parents, non-birth parents, adoptive parents and now for parents who have a child through surrogacy. In 2020, we also expanded non-birth paid parental bonding leave to eight weeks.
- **Surrogacy benefits:** We introduced a surrogacy expense reimbursement program so U.S. employees who have a child through surrogacy now have benefits similar to those we offer employees who adopt children.
- **Expanded fertility benefit:** We enhanced our employee fertility benefit for U.S. employees to cover treatments without any diagnosis requirements, making it easier for employees to receive assisted reproductive technology, including those who are single or in same-sex relationships.

To learn more about our benefit programs and services, visit [BenefitsConnect](#).

### Employee Health and Safety

Boston Scientific takes a global approach to prioritizing, executing and monitoring efforts to ensure employee safety and foster a safety-oriented culture in all of our offices and facilities.

We set health and safety goals called Total Recordable Incident Rate (TRIR) targets for every Boston Scientific operations site. To measure the number of injuries per 100 employees, our EHS Operations Council reviews performance monthly to discuss trends and risks, as well as opportunities for improvement.

#### Total Recordable Incident Rate (TRIR) Goals

In 2019, we met our 10-year target of **0.5 TRIR**

2030 Goal: **0.25 TRIR**  
Achieve a company-wide safety goal of 0.25 injuries per 100 employees

During the year we expanded the TRIR goal to include our global organization and set a goal of 0.25 by 2030, cutting our incident rate by 50 percent across the company. This new 2030 TRIR goal will be a key performance indicator incorporated into our company-wide performance tracking for safety, quality, service and cost.

We integrate multiple health and safety metrics in our Environment, Health and Safety monitoring systems at both the local and global level in accordance with the [Boston Scientific EHS policy](#). Our performance against these metrics is reviewed daily by local site groups, weekly in management meetings and monthly with global leadership to identify and respond to any adverse trends or incidents.

### Occupational Health and Well-being

The people of Boston Scientific are our most valuable resource, and a comprehensive occupational health and well-being program is an integral part of our employee support system. Our Occupational Health Council expands the reach of our health and wellness programs with offerings including employee nutrition, healthy minds, healthy bodies, weight management support, yoga, mindfulness meditation, smoking cessation support and group sporting events. We also broadened our focus on mental health awareness and developed more ways to offer help, resources and referrals to care providers.

In 2019, we promoted the benefits of volunteering through community litter pickups, blood donations, group mountain climbs and our LEAD ERG's support for a "Run 1 Mile" event.

We also released the EHS Essentials handbook for employees with EHS responsibilities throughout the organization. The handbook details our company-wide EHS strategy and policy, and establishes the expectations and responsibilities for all Boston Scientific sites.



*An employee enjoying her workout in the fitness center at our global headquarters in Marlborough, Massachusetts.*

### Pursuit of Excellence in our Global Facilities

We maintain facilities at the highest standards to ensure the company's workspaces promote optimal physical health and overall well-being. Our scientific environments are designed to foster creativity, communication and innovation. In 2019, our facilities teams increased the use of natural light at a number of campuses and added collaborative work areas that offer employees greater flexibility, more networking opportunities and the agility to do their best work.

#### Buenos Aires, Argentina

Our Buenos Aires team moved into a newly renovated office that offers collaborative spaces and plenty of natural light.



#### Chengdu, China

In Chengdu, China we opened an Institute for Advancing Science, a 17,000 square-foot facility with state-of-the-art labs and classrooms for healthcare professionals to learn about Boston Scientific products and procedures.



#### Clonmel, Ireland

The new open-space building on our Clonmel, Ireland campus is designed to encourage employee mobility.



#### Madrid, Spain

Our Madrid team moved into a new office that features an Institute for Advancing Science as well as ample collaboration spaces.



#### Shanghai, China

Our Shanghai headquarters features a renovated Institute for Advancing Science and office space.



## Caring for Our Communities

Our employees are the driving force behind the way we live our caring value in the communities where we work. They have a prominent voice in how we invest in the well-being of communities and volunteer to make the world a better place. Our community outreach focuses on three key areas:

- Health:** We aim to decrease health disparities for the underserved by providing access to quality care. This work is grounded in prevention through education and awareness, providing access to care by increasing the number of qualified healthcare workers and preparing kids at risk for, or diagnosed with, a chronic disease for their journey into adulthood.
- Community:** Through engagement and recognition programs, we are empowering our employees to advance possibilities in their local communities by donating their time and resources to help those most in need.
- Education:** As a longtime advocate for education and STEM (Science, Technology, Engineering and Math) programming for K-12 students, we are developing diverse future talent that will enable us to create health solutions for generations to come.

### HEALTH: Fostering Healthy Communities

We embrace the profound responsibility that comes with our work in health care. Because preventing illness is as important as treating it, our health awareness programs offer education and resources to help people live better, healthier lives. In regions where people lack adequate access to information and basic care, we collaborate with charities and other non-governmental organizations to make strides in reducing chronic disease risk and health disparities in these underserved populations.

In an effort to contribute to improved health for as many patients as possible, we share our products, expertise, time and resources globally. Our partnerships with Project HOPE, Children’s HeartLink and Partners in Health have helped to increase the number of healthcare workers focused on chronic disease worldwide. Since 2016, these collaborations have provided training for more than 2,800 healthcare professionals and chronic disease screening, education or care for more than 23,000 people in India, South Africa, Malaysia and Mexico.



### Project HOPE in India

In 2016, Boston Scientific partnered with the health and humanitarian relief organization Project HOPE to fund the United Dialogue and Action Against Non-Communicable Disorders (UDAAN) program. We entered into this collaboration to help stem the significant rise in premature mortality in India, where chronic diseases are estimated to account for 60 percent of all deaths. Over the last three years, we worked with the Project HOPE team to implement the program in the Ranchi district of Jharkhand State.

The initiative focused on working collaboratively with the State Government of Rajasthan to deliver services, care and support for health practices that can help prevent chronic disease. It also built capacity into health systems to identify and manage chronic disease in the

community and strengthen the necessary referrals to chronic disease clinics, Accredited Social Health Activist (ASHA) and Anganwadi Workers (AWW) for home follow-up care. In addition, the UDAAN program’s education efforts emphasized the importance of healthy lifestyles through interpersonal counseling and community mobilization.

Because of the commitment of Boston Scientific, Project HOPE:

- Screened 13,534 adults** between the ages of 30 and 70 for non-communicable diseases (NCDs)
- Trained 1,321 community health workers and medical officers** on NCD protocols
- Reached 220,000 people** from 200 villages

10,000+  
employee volunteers

41,000+ hours

38 countries

600+  
community events

140+  
award nominations

\$162+ million  
in contributions for medical research, education and charitable organizations

**COMMUNITY: Giving Back**

In 2019, more than 10,000 Boston Scientific employee volunteers contributed more than 41,000 hours of their time in 38 countries, and they supported more than 600 community events. Our annual awards program, which recognizes and rewards employee community service efforts, received more than 140 nominations.

In 2019, Boston Scientific contributed more than \$85 million to support medical research, education and charitable organizations. We provided \$77 million in funding for research, education and fellowships addressing a broad spectrum of health conditions and diseases. Our charitable donations to support communities around the globe totaled more than \$8.1 million.

In addition, as a result of employee participation in the Boston Scientific Employee Matching Gifts Program, we made \$1.2 million in contributions.

**Possibility Grants**

Boston Scientific employees from our Massachusetts and Minnesota facilities have the opportunity to nominate local non-profits for Possibility Grants that help meet a significant community need. In 2019, we awarded \$15,000 in Possibility Grants to 10 non-profit groups. Community efforts and improvements supported by these grant recipients include:



- **A local school's new program** to offer students first-time access to robots
- **Repairs for a farm** that provides enrichment programs for individuals with and without disabilities
- **New shelving for a food pantry** to provide access for all clients regardless of mobility restrictions
- **STEM experiences for students** from homeless families who are placed in transitional housing facilities

**Week of Caring**

In the second annual Boston Scientific Week of Caring, employees in over 15 countries demonstrated the positive difference we can make together

through an impressive range of community projects. Our contributions included book drives for hospital libraries in Greece, a fitness challenge in Galway, Ireland and disaster relief supply campaign in Singapore. In Latin America, employees mobilized to commemorate World Environment Day with tree plantings and other green initiatives. In Malaysia, we hosted a blood donation campaign and worked with local charities to expand their outreach. Closer to our global headquarters in Massachusetts, we sponsored volunteer awareness events and deployed teams to staff 28 community projects in the Boston area.

2019 Highlights: Caring for Customers, Communities and Patients



**China Caring Team**

Employees in China volunteered alongside the China Mayor's Association and the Bethune Foundation to help with local patient health screenings. The first event of this initiative was held in Panzhuhua, Sichuan Province. With the assistance of the local government and the Panzhuhua Chinese-Western Hospital, more than 300 patients received blood pressure screenings and education materials on various medical conditions.



**“In nearly 30 years of working at Boston Scientific, I’ve never been prouder of how our teams embrace so many significant ways of caring.”**

— Marilee Grant, Director, Boston Scientific Global Community Engagement



**Colon Cancer Awareness Events**

The Southern California Endoscopy Sales Team joined their local customers to host colon cancer awareness events led by California hospitals and communities. The purpose of the events was to reach at-risk individuals in the community and provide them with information as well as access to colon cancer screenings.

**Volunteer Recognition Awards**

The Boston Scientific Global Community Engagement team announced the three winners of our second annual Volunteer Recognition Awards. Nearly 100 employees from 24 countries were nominated for their commitments to improving their local and global communities. Our honorees’ contributions included grassroots volunteer campaigns, advocacy for disabled athletes, and leadership that resulted in medical and humanitarian missions.



**STEM and Family in Seoul**

Employees and their children gathered in Seoul for our [South Korea STEM and Family Event](#). Using a bring-your-child-to-work approach, the program offered an opportunity for kids to develop an interest in STEM as they learned about Boston Scientific, our products and what their parents do at work. Participants were also trained in CPR and how to help in a life-threatening situation.

**Rhythm Management Product Donation Program**

We support U.S. physicians with resources for their humanitarian missions. Our Cardiac Rhythm Management and Electrophysiology Grant Committee reviews and approves applications from doctors for indigent care and humanitarian product donations. In 2019, the committee approved \$180,000 in funding for missions to Egypt, India, Honduras, Bolivia, Lebanon and Dominican Republic.

**EDUCATION: Inspiring the Next Generation of STEM Innovators**

Our employee volunteers bring their energy and expertise to introduce K-12 youth to STEM experiences and careers. In our work to inspire a diverse generation of STEM innovators, Boston Scientific brings customized STEM activities and interactive experiences to the young people in the communities we serve.

Our teams are especially interested in introducing students from under-represented populations to the possibilities STEM learning can provide. They consult with educators to better understand students’ needs and conduct STEM outreach through a combination of mentoring, sharing career experiences and leading participants through hands-on experiments and onsite tours.

Boston Scientific has dedicated volunteer teams focused on STEM programming at 13 sites. Their work to help grow a future pipeline of diverse talent includes finding creative ways to share their passion for their work, from career cards and videos to events that introduce students to a variety of STEM roles. In 2019, our people contributed:

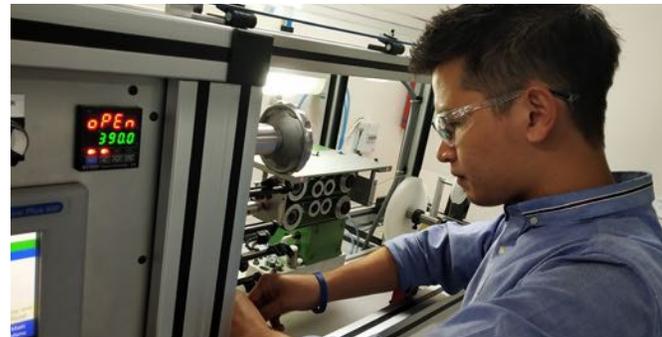
- 12,000+ STEM volunteer hours
- 1,500+ STEM volunteers
- 160+ STEM events

**Our Commitment to STEM**



**STEM Camp in Puerto Rico**

The Boston Scientific Dorado manufacturing plant hosted 19 public school students for an intensive one-week summer technology camp. The program, designed and led by our local STEM team, focused on how to put new concepts for innovation into practice. Students participated in problem-solving activities and took on challenges such as applying Newton’s Laws and constructing a robot.



**Technical Training in India**

Employees in Gurgaon partnered with the Kiki Centre for Technology to offer a new pathway for youth to apply skills they learn in the classroom to real-world experiences. Students enrolled in the three-year technical training course received classroom instruction and industry training with local businesses. Three students selected for Boston Scientific internships completed their first year of training in 2019.



**Future Med-Tech in China**

At Boston Scientific Shanghai, we welcomed 30 sixth graders for a day of STEM activities that included a site tour, a 3D-surgery tutorial and simulated surgical operations. A highlight of the event was the launch of Design Thinking with Future Med-Tech, a new interactive program developed with the help of JA China. The curriculum was designed to inspire innovation and show students how new ways of thinking can lead to healthcare solutions.



Every day, Boston Scientific is...  
 helping shape the future of our planet.

## Our Planet

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*Boston Scientific employees participating in a tree planting event in Colombia in September 2019.*

## Our Planet

A critical challenge for us as a global medical device manufacturer is to deliver on our promise to customers and patients while caring for the planet. The way we do our jobs each day contributes to reducing our environmental impacts, achieving carbon neutrality and improving supply chain sustainability. We are making measurable progress toward shaping a better future for our planet by proactively addressing energy consumption, carbon emissions, waste management and water use.

The [Boston Scientific Environment, Health and Safety \(EHS\) Policy](#) outlines our high environmental standards and is central to the work of our newly established EHS Center of Excellence. We rigorously measure, assess and report progress toward our EHS goals globally. Across all operations and key distribution locations, we strive to meet and exceed International Organization for Standardization (ISO) standards for environmental management systems. In 2019, our newest manufacturing location in Penang, Malaysia achieved ISO 14001:2015 certification. Of the 16 Boston Scientific sites that have earned this certification, 13 facilities achieved zero non-conformances during the 2019 audit cycle.

Our Global Energy Management System (GEMS) helps ensure that we meet ambitious energy reduction and greenhouse gas (GHG) reduction targets using the C<sup>3</sup> strategy (Cut, Convert, Compensate). Developed in collaboration with the National University of Ireland, Galway (NUI Galway), GEMS focuses on cutting energy use, converting to renewable energy resources instead of fossil fuels and compensating with carbon offset projects where needed. Our advances through GEMS earned Boston Scientific and NUI Galway recognition as finalists for the [2019 US-Ireland Research Innovation Awards](#), a joint initiative of the Royal Irish Academy and the American Chamber of Commerce, Ireland.

We are continually monitoring progress through GEMS and our teams are working to meet or exceed the following targets with the overall goal of achieving carbon neutrality by 2030:

- 50 percent renewable electricity by 2021
- 100 percent renewable electricity by 2024
- 90 percent renewable energy (all sources) by 2027



**“Working in the healthcare space, we have the privilege to help advance science and improve patient health, but we also have the responsibility to do this work in a sustainable manner that enriches communities. We’ve set aggressive environmental goals to do our part to help shape a better future for our planet, and we’re holding ourselves accountable.”**

*— Brad Sorenson, Senior Vice President, Boston Scientific Manufacturing and Supply Chain*

### Our targets to achieve carbon neutrality by 2030:

**50%**  
renewable  
electricity  
by 2021

**100%**  
renewable  
electricity  
by 2024

**90%**  
renewable  
energy (all  
sources) by 2027

The GEMS methodology is implemented through our global energy team, including representatives from each Boston Scientific manufacturing and main distribution sites. We measure our performance through these GEMS key performance indicators (KPIs):

		2015	2016	2017	2018	2019
 <b>Carbon Footprint</b> (MT CO <sub>2</sub> eq)	Total amount of Scope 1 and Scope 2 GHG emissions emitted into the atmosphere from manufacturing and distribution sites. Measured in metric tons of carbon equivalent.	118,327	108,694	94,946	85,127	84,778
 <b>Energy Use</b> (kWh)	Total energy Boston Scientific consumes annually to manufacture our products.	370M	367M	364M	352M	368M
<b>Energy Use kWh/\$K Revenue</b>	Total normalized energy Boston Scientific consumes annually to manufacture our products.	49	44	40	36	34
 <b>EM<sup>3</sup></b>	An energy management maturity model to establish where in the “energy journey” each manufacturing site resides on a scale from 1 to 5 (Minimal > Emerging > Developing > Advancing > Leading).	2.7	3.2	3.6	3.7	3.9
 <b>Green Real Estate</b> (% of total)	Percentage of Boston Scientific real estate that is independently certified for energy efficiency by industry-leading programs such as LEED for design and Energy Star or ISO50001 for building operations.	27%	28%	32%	37%	45%
 <b>Renewable Energy</b> (% of total)	Percentage of total energy consumed, generated from renewable energy sources, with Boston Scientific owning the renewable attributes.	–	–	–	5%	11%
 <b>Cleaner Energy</b> (% of total)	Energy produced from fossil fuels, but based on high-efficiency technologies such as combined heat and power (CHP) in comparison to conventional power generation.	6%	7%	9%	9%	11%

## Climate Change

By addressing the company's energy consumption, carbon emissions and environmental design, we are reducing our climate impacts.

### Striving for Carbon Neutrality

Boston Scientific is committed to achieving carbon neutrality across our manufacturing and key distribution sites by 2030. Carbon neutrality means achieving net zero carbon emissions associated with manufacturing operations and energy use by balancing the amount of carbon released with an equal amount removed or compensated. Increased levels of carbon dioxide and other GHG emissions in the atmosphere are closely tied to climate change, and achieving carbon neutrality will significantly reduce our contribution to this pressing issue.

### Leading in Energy Certification

Sustainability is a critical objective for our global facilities' teams as we focus on improving existing sites and developing new construction in an environmentally responsible manner.

Leadership in Energy and Environmental Design (LEED) is an internationally recognized certification program for the environmental performance and sustainable design of buildings. Boston Scientific now has 14 LEED-certified buildings on campuses in the United

States, Central America, Europe and Asia, including our San Jose Baytech site in California, which achieved LEED certification in 2019. In Sweden, our Helsingborg Office achieved "[Miljöbyggnad](#)" [Silver](#) certification from the Sweden Green Building Council, Sweden's largest organization for sustainable community building.

Continual improvement in the energy performance of our manufacturing operations has earned ISO certification for five of our manufacturing locations. The company's two Costa Rica manufacturing sites in Coyol and Heredia have been carbon-neutral since 2016 and received ISO 50001:2011 certification the following year. In 2019, Boston Scientific facilities in Clonmel, Cork and Galway, Ireland achieved ISO 50001:2018 certification. Our distribution center in Kerkrade, Netherlands maintained its [3rd Lean & Green Star](#) certification, first awarded in 2018 by Europe's leading program for sustainable logistics. We are one of only nine companies in Europe to receive this award for carbon emissions reduction.

In total, Boston Scientific operates 4.3 million square feet of independently certified green real estate that supports our energy performance and sustainability goals, representing 45 percent of our footprint worldwide.

## LEEDing Locations

45% of our global footprint worldwide is green real estate



<b>United States</b>	San Jose Baytech, California Maple Grove, Minnesota Marlborough, Massachusetts Quincy, Massachusetts	LEED Silver LEED Silver / LEED Certified LEED Gold / LEED Certified LEED Silver / LEED Certified
<b>Central America</b>	Coyol, Costa Rica Heredia, Costa Rica	LEED Silver / ISO 50001:2011 ISO 50001:2011
<b>Europe</b>	Clonmel, Ireland Cork, Ireland Galway, Ireland Kerkrade, Netherlands Helsingborg, Sweden	ISO 50001:2018 ISO 50001:2018 ISO 50001:2018 LEED Silver / Lean and Green Miljöbyggnad Silver
<b>Asia</b>	Beijing, China Shanghai, China Penang, Malaysia Singapore	LEED Silver / LEED Certified LEED Silver LEED Silver LEED Silver

**CARBON NEUTRAL BY 2030**

Boston Scientific  
Answering Science for life™

We have committed to achieving carbon neutrality in all of our manufacturing and key distribution sites by 2030.

**Investing in Renewable Energy**

Our work to reduce GHG emissions includes investing in renewable energy. At two of the company's locations in Massachusetts, we have onsite solar installations that generated a combined total of 3.1 million kilowatt-hours of renewable electricity in 2019, resulting in savings of nearly 1,000 metric tons of GHG emissions. At our Marlborough headquarters and Quincy distribution center, solar energy was responsible for 46 percent and 45 percent of the electricity required to operate, respectively. Also in Massachusetts, Boston Scientific became the anchor business customer for a new 12.9-megawatt community solar development, a project involving large and small businesses and residential households that will increase access to clean energy across the state.



*Solar installment at Boston Scientific global headquarters in Marlborough, Massachusetts*

We continue to make progress toward our goal of purchasing 100 percent renewable electricity by 2024. In 2019, our three manufacturing sites in Ireland marked their first full year of operating with certified 100 percent renewable electricity. Over the course of the year, renewable energy accounted for 11 percent of our energy purchased. In addition, we executed a virtual power purchase agreement for 100 percent renewable electricity for our U.S. energy needs.

**Environmental Impact**

As a company with a global footprint and global impact, we have a responsibility to carefully manage the materials in our products and packaging, the resources used to manufacture and transport them and what happens to any waste generated. We measure waste generation and water use at our major manufacturing and distribution facilities through the implementation of ISO 14001:2015. The Boston Scientific plant in Malaysia achieved ISO 14001:2015 certification in 2019, and we now have 16 sites certified to this standard.



*Clearway Energy Group community solar project in Massachusetts*

**Waste Management**

Sustainable waste management continues to be a significant priority for Boston Scientific. We have adopted international best practices and research-based protocols as our teams work to continually make greater progress. In 2019, we recycled 80 percent – 8,943 metric tons – of total solid waste. The company's operations and primary distribution sites recycled or recovered 54 percent of hazardous and regulated waste generated. We also diverted 95 percent of solid waste from landfills.

In addition, we almost met our 10-year environmental goal of an 81 percent recycling rate. In 2019, we evaluated our efforts and committed to a 2030 goal of achieving [TRUE Zero Waste Certification](#) for our operations and key distribution sites. This certification will create a framework for minimizing non-hazardous solid wastes and maximizing efficiency in the company's use of resources.

### Conserving Water

We understand the importance of water as a shared resource. While Boston Scientific operations are not water-intensive, we are committed to minimizing consumption and being prepared for environmental challenges such as water scarcity. In 2019, we conducted an assessment of water-related risks and opportunities at all manufacturing and central distribution sites based on local water stress and intensity of water use. Using the World Resources Institute Aqueduct – a global water risk-mapping tool – we determined that 11 locations are at low overall water-related risk, and six facilities are in the low-to-medium water-related risk category. This effort will expand in 2020 to include the company’s significant commercial operations.

Water usage at our manufacturing and major distribution centers is predominantly associated with headcount; only 25 percent of our consumption is associated with production processes. Even with a 12.5 percent increase in headcount in 2019, we consumed marginally less water than in 2018. Over the past 10 years, we have reduced water consumption by 30 percent.

### Recognitions for Sustainability Leadership

- **FTSE4Good Constituent:** Boston Scientific earned 2019 certification in the FTSE4Good Corporate Social Responsibility Index, which measures the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
- **Chelsea Santucci Greenovation Awards:** Boston Scientific sites in Dorado and Maple Grove were honored for their environmental performance and sustainability efforts by Kimberly-Clark Professional.

30% decrease in water consumption\*

80% of total solid waste recycled

95% of solid waste diverted from landfills

\*Compared to 2009 baseline



### Double Wins: Greenovation Award

Our teams in Dorado, Puerto Rico and Maple Grove, Minnesota received 2019 Chelsea Santucci Greenovation Awards for results they achieved as participants in RightCycle, the first large-scale recycling program for non-hazardous laboratory and industrial waste. Through an intensive effort to collect previously hard-to-recycle nitrile gloves, the Boston Scientific team in Dorado diverted 12,385 pounds of gloves from local landfills and won Greenovation honors for the second year in a row. In Maple Grove, our employees collected enough nontraditional waste – gloves as well as single-use garments, hoods and boot covers – to divert 35,500 pounds of waste from landfills, winning Greenovation recognition for the fifth consecutive year.

The Greenovation awards were established in 2013 and renamed in 2015 in honor of Chelsea Santucci, a former Kimberly-Clark Professional employee who was instrumental in creating the RightCycle program before dying of cancer at age 26.

*Ariel Gonzalez, Boston Scientific EHS manager in Dorado, Puerto Rico, receiving the Greenovation Award from Daniel Perez, Kimberly-Clark representative.*

## Green Team Environmental Sustainability Initiatives

Boston Scientific Green Team initiatives are inspired and led by employees across the globe. Every year, they organize and implement projects focused on reducing the company's environmental footprint and improving the communities where our people live and work. Their efforts help to strengthen our business practices while raising environmental awareness and supporting local partners dedicated to caring for our planet.

Our Green Teams continued to embrace sustainability in 2019. In **Kerkrade, Netherlands**, employees collected plastic lids and donated the recycling refunds to the Royal Dutch Guide Dog Foundation (KNGF Geleidehonden). **Milan, Italy** employees organized an initiative to eliminate complimentary water bottles from workplace common areas. Similarly, we eliminated water bottles in meeting rooms and kitchens in all of our **Latin America** sales offices. The **Warsaw, Poland** Green Team led an effort to install water dispensers for employees and organized a World Environment Day that included a cleanup day at a local park.

### Keeping Our Planet Clean

In 2019, Boston Scientific employees volunteered their time to support efforts to preserve beaches and habitats and protect local ecosystems. Green Teams also developed environmental education campaigns and introduced additional green practices within the company.



#### Environmental Wins in Minnesota

A newly organized Green Team in **Minnetonka, Minnesota** made its mark with a series of projects. They started an onsite volunteer garden, successfully implemented a campaign to eliminate onsite disposable cup use and held a first annual "Ecolympics" to educate employees about the environment. In May, the team completed a utility-funded energy audit that resulted in an initial 5 percent reduction in electricity use and 17 percent decrease in natural gas use. The Minnesota Safety Council recognized the team's efforts with a Meritorious Achievement Award.



#### Cork Green Team Takes to the Shores

With the 2019 motto "Our Planet, Our Waters," the **Cork, Ireland** Green Team members focused on making local shorelines cleaner and safer. The team partnered with the Cork Water Harbour Keepers to offer an employee education program about the environmental impact of single-use plastics, then organized volunteers for two local cleanup events. At the Blackrock Shoreline Clean in June, they picked up litter along a stretch of shore especially popular with walkers and runners. In August, at Carrigrenan beach in Little Island — where water pollution can make swimming unsafe — they turned out with family and friends to clear the high volume of waste washed ashore.



#### Clean and Green in Valencia

The Boston Scientific Green Team in **Valencia, California** devoted their time to support two ambitious ecosystem initiatives. In Santa Clarita, they joined the volunteer ranks of the 10th annual Earth Arbor Day tree-planting crews, taking shovels to the ground at the city's Central Park to plant 10 eight-foot trees. In Santa Monica, the Valencia Green Team worked alongside more than 13,500 volunteers for the 35th annual Coastal Cleanup Day, an effort that diverted 30,165 pounds of waste from the aquatic ecosystems of oceans and waterways.



Every day, Boston Scientific is...  
committing to responsible practices.

## Our Practices

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*Boston Scientific employees help inspire the next generation of innovators through the Little Doctors program in Guangzhou, China.*

## Our Practices

Our business practices support and ensure our company’s worldwide focus on quality, safety and sustainability as we deliver meaningful innovations that make a difference in patients’ lives. We operate with a culture of integrity; we believe in strong corporate governance; and we insist on impeccable ethics and regulatory compliance.

### Compliance, Ethics and Integrity

Boston Scientific employees have a shared commitment to:

- Act honestly and ethically in all company matters
- Protect the privacy of patients, customers and employees
- Treat one another with respect and fairness
- Hold one another accountable to ensure quality in all that we do

Our Global Compliance team provides employees with the resources and training they need to do business with integrity, treat customers and suppliers fairly, and report ethics concerns when they arise. Led by our Chief Compliance Officer, the team collaborates across the company to monitor our activities and performance. The Chief Compliance Officer reports quarterly to the Audit Committee of our Board of Directors and more frequently as needed.

### Code of Conduct for Employees and Channel Partners

Every Boston Scientific employee is required to read and understand our Code of Conduct, which is the foundation for all of our business practices and relationships. Employees also complete multiple mandatory training curriculums that explain company policies and corruption- and compliance-related risks and point them to resources where they can report concerns. Our training offers scenario-based content to help prepare people to respond ethically to issues that may arise in their daily work.

The global marketplace in which we compete is advancing rapidly, and our workforces in many countries are continually adapting to new developments in technology, public policies and the environment. In a world of constant change, it’s increasingly important that we provide our people with clear guidance about how to handle ethical challenges. In 2019, we completed a year-long effort to update the Boston Scientific Code of Conduct. Changes range from additional language about our Corporate Social Responsibility (CSR) commitment to expanded provisions on conflicts of interest and patient and data privacy. The updated Code of Conduct went into effect on January 1, 2020. It is [available online](#) in 21 languages.

### Code of Conduct Changes

The 2020 update of our Code of Conduct includes:

- New language about **CSR** – what it means for us at Boston Scientific and our responsibility as a global citizen
- Greater specificity about **respecting patient, customer and employee privacy** and additional explanations about ethical and legal requirements
- New language about the importance of **maintaining a safe and healthy work environment** and what that means in practice
- Additional emphasis on **data privacy** and **protecting confidential company information**
- Expanded information on **conflicts of interest** and potential conflicts that must be disclosed

Our compliance training is comprehensive. It includes customer interactions training to provide guidance on the laws, policies and processes for working with licensed healthcare professionals in the U.S. The curriculum also includes anti-corruption training that explains compliance requirements for interacting with healthcare professionals, public officials and other third parties, including channel partners (e.g., distributors, dealers and agents) outside the U.S.

Additional global ethics initiatives include sexual harassment training for all our salesforce managers as well as training for our Human Resources team on local and national laws that govern employment compensation, sexual harassment and discrimination.

The Boston Scientific Channel Partner Code of Conduct details our expectations for channel partners doing business on our behalf. All channel partners complete mandatory onboarding training as well as annual ethics training in which they pledge to adhere to our Code of Conduct. They are also required to abide by national anti-bribery and anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Our third-party program to monitor and support channel partners includes onsite auditing and other procedures that verify their compliance with our requirements.

### Compliance Program

Strong alignment with the Boston Scientific Code of Conduct requires a shared sense of integrity among employees throughout the company. We have a comprehensive compliance program to prevent, detect and respond to any conduct or situation that does not fully conform with the Code of Conduct.

### Advice Line

As stated in the Boston Scientific Code of Conduct, all employees are responsible for immediately reporting any suspected violation of the code or company policy.

In 2019, we expanded efforts to promote our Advice Line through an internal campaign (see side bar). The toll-free service is operated by a third party and is available 24 hours a day, seven days a week, in multiple languages.

Our Non-Retaliation Policy is an essential component of our Compliance Program. It prohibits any form of retaliation, direct or indirect, against an individual who raises a concern in good faith. This protection extends to anyone who assists with, or cooperates in, an investigation or report of misconduct.

### Governance

The Boston Scientific Board of Directors and Executive Committee oversee all aspects of our role as a corporate citizen. These leaders and directors play a critical part in implementing guidelines to ensure we act ethically in our business practices, comply with all tax and business laws and regulations, and remain transparent in our reporting.

The Board maintains charters for its governing committees, which meet regularly to discuss their respective areas of focus. The Board's committees in 2019 were the Audit Committee, Executive Compensation and Human Resources Committee, Finance Committee, and Nominating and Governance Committee.



**“Our caring value reminds us to uphold the Boston Scientific mission in a way that is fair and considerate to everyone. This includes treating our customers, colleagues and competitors with respect. It also means always acting with integrity and ensuring our business decisions and relationships embody that integrity.”**

— *Desiree Ralls-Morrison, Boston Scientific Senior Vice President, General Counsel and Corporate Secretary*

### New Communications Initiatives



We launched new global employee communications initiatives in 2019 to increase transparency and expand awareness of our compliance activities and resources. Our global Boston Scientific newsletter includes an “Integrity Corner” segment that features real-world examples of ethical challenges, describes what happens when an ethics concern is reported and an overview of compliance activity. We also introduced an “Open

Doors” campaign to help managers handle ethics issues raised by their direct reports. In addition, we conducted an all-employee ethics survey to gauge employees’ understanding of – and confidence in – how the company deals with ethical concerns. The results were reported across the company and will inform future compliance efforts.

*Boston Scientific Chairman and CEO, Mike Mahoney, participating in an integrity awareness event at the Marlborough, Massachusetts global headquarters in 2019.*

In 2019, our Board and stockholders approved and adopted two by-law provisions that reflect best practices and input from stockholder engagement.

- **Majority Vote Standard in Uncontested Elections:** Under this standard, director nominees must receive a majority of votes to be elected. An increasing number of S&P 500 companies have adopted this corporate governance best practice, and our Board believes it will enhance accountability to stockholders.
- **Proxy Access:** This new by-law permits stockholders who meet certain ownership requirements to include a nominee for director election in the company's annual proxy statement. The Board expects the change will enhance stockholder rights and increase the company's accountability to stockholders.

### Enterprise Risk Management

Under the oversight of our Board of Directors, the company's Enterprise Risk Management (ERM) team supports company leadership with background and guidance on issues that could affect the achievement of performance objectives. ERM team members analyze strategic, operational, financial, legal and compliance risks to ensure we can adapt to challenges, seize opportunities to help patients and deliver on our commitments to stockholders.

As warranted, the ERM team, led by our Chief Audit Officer, communicates with the Board and management to discuss enterprise-level issues that present potential obstacles to preserving and growing stockholder value. According to the company's escalation framework, any matter that presents a potential risk to the company's financial results, operations or reputation is reported by management to one or more members of the Board.

### Global Security

Our Global Security and Resilience team provides solutions that promote enterprise resiliency while protecting our people, profitability and operations. The team uses a combination of industry-standard protocols and global situational awareness to manage our security posture and maintain a Global Security Operations Center 24 hours a day, seven days a week. Efforts to continuously protect and enhance physical security and cybersecurity are supported by a network of partners who specialize in facilities, IT security, environment, health and safety, global regulation and data privacy.

The company's global security and resilience experts also lead a business continuity program and resiliency working group. To maximize operational resiliency across global operations, our facilities are prepared to address emergency response, enterprise business continuity and crisis management.

### Political Involvement and Contributions

Boston Scientific supports public policies that promote diversity and inclusion and improve our employees' lives, the patients we serve and the communities where we live. We advocate responsibly and transparently for inclusive policies that focus on increasing patient access to life-changing and life-saving technologies. The company shares [annual updates](#) on contributions to political action committees, corporate contributions to state officials, and memberships in associations that engage in public policy advocacy.

To promote the advancement of sound public policy, the Boston Scientific Corporation Political Action Committee (PAC) facilitates voluntary political contributions by eligible employees and our Board of Directors in accordance with federal law. While the PAC supports our company values, it accepts no corporate contributions. The PAC is run by a governing board of senior employees who represent our primary businesses and functions. The Nominating and Governance Committee of our Board of Directors annually reviews political contributions made by our company and the PAC.

In partnership with our global Employee Resource Groups (ERGs), in 2019 we developed new measures for assessing PAC contributions to candidates and efforts that support our core values. As part of this work, we updated selection criteria to include a candidate's character and integrity. All donations also now include a letter that emphasizes our company's core values, including the importance of diversity and inclusion.

Boston Scientific PAC contributions are bipartisan and based on the following criteria:

- Candidate sits on a congressional committee with jurisdiction over issues affecting our business
- Candidate serves in elected leadership within Congress or in a position that shapes public policy
- Candidate represents a district or state with a Boston Scientific facility
- Candidate's voting record supports key issues affecting Boston Scientific
- Candidate's character and integrity, including his or her statements and positions, do not conflict with the company's core values

## Human Rights

At Boston Scientific, we believe that corporations have a responsibility to respect and protect human rights. We support the United Nations (UN) International Bill of Rights and its founding principles. The International Bill of Human Rights consists of:

- the Universal Declaration of Human Rights,
- the International Covenant on Economic, Social and Cultural Rights,
- the International Covenant on Civil and Political Rights and its two Optional Protocols.

We adhere to all applicable labor and human rights laws, including those related to slavery, child labor, human trafficking, bribery, discrimination, harassment and pay equity. We require that our third-party partners do as well.

Our company's efforts to uphold and protect human rights include support for the rights of children to have access to education, health care and protection from criminal behavior. We take the necessary steps to ensure that forced labor and human trafficking do not take place in our business or supply chains. In addition, we adhere to local and national human rights laws and regulations, including disclosure requirements under the California Supply Chain Transparency Act and the U.K. Modern Slavery Act.

## UN International Bill of Rights

Our practices reflect the basic tenet of the International Bill of Human Rights:

**“All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”**

## Developing Innovative Products

Boston Scientific maintains a steadfast focus on delivering services and solutions to address the healthcare challenges that matter most to patients and customers. We foster creativity and collaboration so our people can continually pursue and develop life-changing innovations. Our teams collaborate inside and outside the company to design and champion solutions that will make patients' lives better.

## Approach

Our new product development teams follow the Product Life Cycle Process methodology. This global process integrates business, technical and quality-system tasks to support a uniform and transparent development approach company wide. The result is a robust capacity for driving breakthrough ideas from concept through commercialization to product end-of-life.

We have research and development (R&D) sites in the U.S., Puerto Rico, European Union, Costa Rica, India and China. Some of these sites also serve as R&D Centers of Excellence with specific focus, expertise and capabilities that are shared across our global development network.

## Pre-Clinical Sciences

Boston Scientific conducts extensive pre-clinical research into the safety and efficacy of our medical devices before progressing to human clinical trials. Our pre-clinical research and science policies set stringent standards that govern our training practices, product testing and regulatory compliance.

Biocompatibility and toxicology play a pivotal role in medical device development. In 2019, we expanded our Global Biocompatibility and Toxicology group to advance our product development expertise, streamline capabilities and improve our agility in responding to regulatory changes. This expansion will continue in 2020 to reflect ongoing innovations in the company's product development pipeline.

Ensuring that we meet the highest safety standards in all new products and therapies sometimes calls for animal testing in our R&D efforts. When we use new materials in medical devices, the U.S. Food and Drug Administration (FDA) may require evidence of pre-clinical animal testing before starting human clinical trials.

Boston Scientific is committed to the humane care and treatment of laboratory animals. We use alternative testing whenever such methods are feasible, scientifically valid and appropriate. Our pre-clinical research personnel are highly trained professionals with multiple certifications, and our facilities meet or exceed applicable laws and regulatory requirements, guidelines and standards. We are routinely audited by internal experts and relevant government agencies, including the FDA, U.S. Department of Agriculture (USDA) and the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC).

**Clinical Trials**

Scientifically rigorous clinical trials and the data they generate are essential to document the safe and effective use of our products. An internal Clinical Data Task Force led a 2019 effort to strengthen our advanced analytics capabilities by adopting unified trial data definitions. We also expanded the information technology infrastructure that supports all clinical trials. With a significant investment in new research tools, we implemented our strategy to meet and exceed European Union Medical Device Regulation (EU MDR) standards. We also made operational enhancements to support EU General Data Protection Regulation (GDPR) compliance and International Organization for Standardization (ISO) excellence.

Also in 2019, we piloted an initiative, called the start-up Center of Excellence (COE), to identify practices used in the earliest stages of successful clinical trials and apply them seamlessly across all trials. The new framework will support future trial start-ups through a centralized COE team of start-up experts and proven best practices.

**We conducted 115 active trials in 2019, enrolling nearly 5,000 patients globally.**

**“More than 40 years of experience in developing medical devices has shown us that the path to innovation is complex. The collaboration between Mayo Clinic and Boston Scientific supports our shared goal of advancing patient-centered innovation.”**

— *Mike Mahoney, Boston Scientific Chairman and CEO*



**Accelerating Innovation Through Meaningful Collaboration**

To solve the toughest healthcare challenges, we rely on our ability to iterate quickly, collaborate and take informed risks while ensuring that quality and patient safety are our primary focus. For nearly a decade, engineering and clinical teams from Boston Scientific and the Mayo Clinic have worked side-by-side to discover and develop new life-changing solutions.

In 2019, the Mayo Clinic and Boston Scientific announced a new joint innovation accelerator called Motion Medical. Located in Rochester, Minnesota, Motion Medical focuses on developing minimally invasive treatments for conditions that impede quality and longevity of life. This includes early-stage medical technologies for interventional cardiology, health rhythm management, endoscopy, neuromodulation and urology.

*Gianrico Farrugia, MD, president and CEO of Mayo Clinic, and Mike Mahoney, chairman and CEO, Boston Scientific, at the Motion Medical ribbon cutting ceremony.*

## Innovation Initiatives



### Digital Health

In September 2019, Boston Scientific, in partnership with Google, launched the fifth **Connected Patient Challenge**. This external innovation competition focused on future digital health solutions that can manage chronic health conditions. Inventors and entrepreneurs uploaded their proposals, with a record number of entrants submitting new product ideas. The Nutrimedley telenutrition platform won the challenge. BreathResearch received runner-up honors for its mobile technology to detect the early signs of respiratory attacks.



**“The Connected Patient Challenge fosters dialogue and strengthens relationships in the digital health community that will accelerate the pace of change. The energy of the exchanges will fuel our continued commitment to enhance patient care — that is the most satisfying outcome of all.”**

— Jodi Euerle Eddy, Boston Scientific Senior Vice President and CIO



### Recognize Success

At the 12th annual Boston Scientific **Recognize Success event**, we celebrated the collective work of thousands of our employees. More than 50 leaders and their teams were honored for their roles in improving quality, patient care and value for the business.

### Develop Excellence

Every year, our **Recognize Development Excellence** program identifies and rewards Boston Scientific cross-functional teams who work together to develop meaningful medical innovations for customers and patients.

### Idea Portal

We invite original ideas from customers and innovators outside of the company. In 2019, our external [Idea Portal](#) received more than 80 submissions from physicians and academic institutions worldwide. Two innovators were selected to enter medical device exploratory programs.



### Breakthrough Ideas

Innovation can come from anyone and anywhere in the company. The annual Boston Scientific **ImagineIF** program takes a venture-style approach to funding bold ideas from our employees. In 2019, the company funded seven new projects through this program, including Artificial Intelligence (AI)-driven algorithms to improve diagnostic processes and a machine-learning model to analyze manufacturing and testing patterns. Since 2014, ImagineIF has resulted in 52 funded projects and more than 20 patent filings, all above and beyond the ongoing work of our research and development teams and planned product pipeline projects.

## 2019 Innovation and Product Awards

**Edison Awards:** The Boston Scientific LithoVue Empower™ Retrieval Deployment Device won silver, and the AXIOS™ Stent and Electrocautery Enhanced Delivery System earned bronze for [Best New Products in the Medical Field](#) category.

**Shingo Prize:** Our Coyoil, Costa Rica facility received the 2019 Shingo Prize for operational excellence and demonstrating a commitment to continuous improvement.

**Top 100 Global Innovator:** Boston Scientific was honored by Derwent as a Top 100 Global Innovator for the third consecutive year.

**MDEA (Medical Design Excellence Awards):** Our LithoVue Empower™ Retrieval Deployment Device won silver for Gastrointestinal and Genitourinary Devices; the Eluvia™ Drug-Eluting Vascular Stent earned bronze in the [Drug-Delivery and Combination Products](#) category.

## Digital Health

Advances made by our Digital Health teams allow us to secure, connect and use data in new ways to benefit patients and customers through predictive analytics and tools for care coordination. One example of this work is the AI behind our HeartLogic™ Heart Failure Diagnostic. The first and only diagnostic of its kind, HeartLogic can predict worsening heart failure events weeks before they happen, giving physicians critical time to act. We also made new progress in pain management through our partnership with IBM Research, using patient data to develop an objective measure for pain that we hope will lead to highly personalized therapies.

Our digital health offerings also include safe and secure methodologies for smarter management of patient data. We developed the Boston Scientific MyLATITUDE™ app so patients with subcutaneous implantable defibrillators (S-ICD) can easily monitor their heart data on personal mobile devices. We have also equipped healthcare providers with tools and applications to help them optimize their care processes by quickly and securely integrating their data.



“This is the true promise of digital health: a future in which connected smart devices, the Internet of Things and predictive digital diagnostics come together to drive better, faster actions for providers and patients alike. Stay tuned... the future is nearer than you think.”

— David Feygin, Boston Scientific Chief Digital Health Officer

## Quality and Safety

Innovative, high-quality and safe products that break new ground can make all the difference in patient outcomes. We continually strive to exceed expectations with customer-centric, quality solutions that transform patient lives.

Our global quality and safety efforts are supported by:

- Quality Systems training for all employees
- A Quality master plan that prioritizes quality improvement projects, leading to higher quality products and better patient outcomes
- Our global Quality system that integrates customer feedback and regulatory requirements into our processes
- The Boston Scientific Best4 strategy (see next page) for delivering industry-leading performance

Our commitment to quality begins with the one-line **Quality Policy** that is highly visible in our facilities:

“I improve the quality of patient care and all things Boston Scientific.”

## Best4 Strategy

Best4 underpins every Boston Scientific process, including product development.



**Best Culture:** Together, we sustain a culture that makes the Quality Policy real for every employee. We reinforce the importance of everyone’s role in improving patient lives, and we sustain a diverse, winning quality team that lives our core values.

**Best Agility:** We add value by reducing complexity, removing obstacles and adapting to changing business needs. This means having intentional simplicity in our systems as well as lean practices and the right technology for process efficiency.

**Best Performance:** For our teams, best performance means developing and making the best products, services and solutions for patients and customers. Quality by Design and Continuous Improvement are core foundations of this work.

**Best Compliance:** We follow and comply with global laws and regulations with one global Quality System. This work includes ongoing risk mitigation and an effective transition to the EU MDR.



“Our Best4 Strategy ensures patient safety is always our top priority.”

— Roz Burke, Boston Scientific Senior Vice President, Global Quality and Regulatory

Our teams rely on a global design controls process, risk assessment and usability engineering to create safe and effective solutions from new technologies. At every stage of development, we are focused on the unmet needs of patients who will benefit from our products. For example, employees are encouraged to spend time in the field, observing procedures and talking with patients and healthcare providers.

The quality materials we use are vital to our manufacturing decisions as we develop safe and effective products. Teams across the company carefully assess component and device materials and consider a range of factors, from efficiency and availability to worldwide medical and environmental requirements and regulations.

### Strategic Quality Process (SQP)

Our manufacturing process requirements reflect the Boston Scientific Corporation Quality Policy and our SQP, which evolves year-over-year, and encompasses:

- Operational strategy
- How we execute our work
- Our pursuit of continuous improvement
- How we measure performance
- Recognition and engagement

Every manufacturing site across the business develops its own customized SQP to support the facility’s focus and performance objectives. The cohesion of quality within our culture is reinforced by consistent, direct linkages between individual site SQPs and our overarching corporate SQP.

Our Quality Policy is complemented by our **Quality Mission**, which states:

“We exceed expectations with customer-centric quality solutions that transform patient lives.”

## Our Latest Quality Initiatives

We take on targeted quality and compliance projects every year with a focus on continuous improvement. Highlights of our 2019 accomplishments include:

- Implementing a global usability, risk management and design-controls process to harmonize best practices for product design and performance
- Completing work to prepare our Quality System for meeting new EU MDR requirements
- Further supporting acquisition integration activities with the launch of an online Quality and Operations Acquisition Integration Roadmap
- Strengthening our medical device cybersecurity protocols in accordance with FDA guidance
- Investing in additional improvements in Post-Market Quality Assurance that further enhance our Post-Market Surveillance capabilities

## Cultivating Quality in Our Culture with Everyone Makes an Impact Events

Our annual Everyone Makes an Impact events take place at Boston Scientific sites around the world. These onsite employee gatherings bring our quality policy to life through the stories and experiences of patients who have benefited from our devices.

**EVERYONE  
MAKES AN IMPACT**



**Indira Quirós:** In Heredia, Costa Rica, Indira talked with our team about how she suffered from Wolff-Parkinson-White syndrome,<sup>1</sup> a rare congenital heart disorder involving an extra electrical pathway that results in abnormal heartbeat, with symptoms including tachyarrhythmia that could result in sudden death. She underwent a procedure that used three devices made by our Heredia team. Indira's heart surgeons used the Dynamic XT™ and VIKING™ catheters to diagnose her condition, then implanted the BLAZER™ II catheter to treat her cardiac ablation. She traveled from Nicaragua to meet the 140 employees who worked together on the devices that dramatically improved her prognosis and quality of life. Indira has resumed her regular activities and is enjoying a healthy, active life with her two children.

*Indira posing with the 140 Boston Scientific employees who worked on the devices used in her diagnosis and treatment.*

<sup>1</sup> "Wolff Parkinson White Syndrome." Rare Disease Database. <https://rarediseases.org/rare-disease/wolff-parkinson-white-syndrome/>



**Meho Temim:** After being diagnosed with Sick sinus syndrome,<sup>2</sup> a group of heart rhythm problems in which the heart's natural pacemaker does not work properly, Meho was implanted with a Boston Scientific Accolade™ MRI EL pacemaker. For this dedicated member of our Electrophysiology development team in Arden Hills, Minnesota, the successful treatment hit close to home. "It's a nice feeling to know you have a device that you can count on," he told his colleagues at our 2019 event in Minnesota. "My coworkers and I built my pacemaker with the highest quality standards in the world, and I'm proud of that."

*Meho being interviewed at the Arden Hills, Minnesota Everyone Makes an Impact event by David Thompson, Boston Scientific Vice President, Clinical Solutions, Cardiac Rhythm Management.*

<sup>2</sup> "Sick sinus syndrome." Mayo Clinic. <https://www.mayoclinic.org/diseases-conditions/sick-sinus-syndrome/symptoms-cause/syc-20377554>

## Sustainable Supply Chain

Our manufacturing and supply chain teams lead the company's efforts to plan, source, manufacture and distribute more than 15,000 products with the potential to improve or save lives. In this work, we collaborate with leading suppliers to provide a reliable supply of high-quality products to customers and patients in all regions globally. We use a strategic quality process to prioritize, execute and monitor our manufacturing and supply chain.

To maintain the highest-quality component supply, we take a rigorous risk management approach as we select supply chain partners. Our sourcing team assesses risk to ensure that long-term suppliers share our quality standards and customer focus as well as our values. The logistics experts on our supply chain team facilitate planning across divisions and regions as they monitor progress and adapt to meet evolving customer and patient needs.



## Setting Industry Standards

Boston Scientific collaborates with trade associations and regulatory bodies around the world to set new standards in quality and remain informed and agile about new and changing regulatory requirements. We make it a priority to help influence industry and regulatory approaches to quality as we share the best practices behind our patient-focused systems.

- FDA Digital Health:** Through the FDA Digital Health Precertification Program, Boston Scientific completed a 2019 assessment that confirmed the high quality of our Digital Health product development process. As a result, we now have access to program benefits such as expedited regulatory approval pathways for new and innovative devices.
- Industry Leadership:** In 2019, we continued to identify and prioritize opportunities to expand the leadership and influence of Boston Scientific in priority areas. These include medical device user fee negotiations, regulatory submission initiatives such as the FDA Safer Technologies Program (STeP), and collaborative efforts such as the National Evaluation System for health Technology (NEST).

- FDA Case for Quality:** As a participant in the FDA Case for Quality Voluntary Improvement Program (VIP), five Boston Scientific manufacturing sites have undergone quality system maturity appraisals to drive continuous improvement and organizational excellence. Significant benefits of the program include expedited manufacturing change approvals and a streamlined FDA inspection schedule.

## Measuring and Monitoring Quality and Compliance Effectiveness

We regularly conduct internal audits to verify that our Global Quality System conforms to internal and external requirements and is effectively implemented and maintained. As we plan and execute our internal audits, we conduct follow-up activities, including re-auditing prior observations and verifying actions taken.

External regulatory agencies also review our performance to ensure quality and compliance, with the following results in 2019:

External regulatory inspections*	87
Percent external regulatory inspections resulting in no findings*	79%
Average findings per external regulatory Inspection*	0.35
Average findings per FDA inspection	0

\*Includes Notified Body, Competent Authority, FDA

### Product Performance

Boston Scientific reviews customer feedback and monitors their experiences with our devices. This information provides valuable inputs for our Quality system as well as future product iterations and innovations. We follow our Corrective and Preventative Action process to collect and analyze data that can help identify root causes for potential quality and compliance issues. Our teams are then able to address potential problems and prevent future issues or recurrences. We initiate field actions (product advisories, product advisory updates, product retrievals), including follow-up and closure, to ensure that regulatory or field safety issues are resolved quickly and effectively.

**In 2019, Boston Scientific had zero Class I recalls and zero open FDA warning letters.**

### Responsible Marketing

Our company has a firm commitment to ethical and responsible marketing and promotion throughout the business. Our Code of Conduct and all other related employee policies emphasize the importance of fair and honest communications with patients and customers.

**In 2019, we spent nearly \$1 million on company-wide programs that provided almost 13,000 hours of training for customer-facing employees on a range of integrity topics.**

The curriculum for these sessions included identifying and avoiding conflicts of interest, respecting intellectual property, fair and honest marketing practices and appropriate interactions with physicians and government officials.



### Customer Relationship Management

Our achievements are rooted in a deep commitment to helping healthcare providers meet patient needs. The Boston Scientific Customer Relationship Management (CRM) team takes the lead in our work to monitor and learn from customer satisfaction feedback. Metrics from our customer surveys provide crucial information on what we are doing well and where we need to make improvements to better serve our customers. Our industry-leading CRM practices in the United States are now expanding to other regions across the globe.

In March 2019, the Boston Scientific Customer Service organization was honored with the Customer Relationship Management Institute LLC (CRMI) NorthFace ScoreBoard Award (NFSB) for achieving excellence in customer service in the "Overall" and "Customer Service" categories.



**Material Reduction and Environmental Stewardship**

One of the largest Boston Scientific distribution centers achieved significant wins in material reduction and environmental stewardship in 2019. The team in Quincy, Massachusetts conducted a review of internal processes and identified avoidable product waste associated with customer-applied labels. By implementing more specific instructions and visual aids, the facility prevented 11.18 tons of packaging waste from reaching landfills.

**Packaging and Labeling**

Packaging practices at Boston Scientific reflect our obligation to protect medical devices during sterilization, distribution, storage and use. We collaborate with our customers and conduct usability assessments to ensure we are meeting their needs and requirements.

As the business makes advances with sustainability, a global Sustainability Packaging and Labeling Steering Committee confers with the Boston Scientific CSR Council to develop our packaging strategy and goals. Our packaging and supply chain practices include optimizing design, reducing waste and limiting emissions from shipping. In addition, our packaging teams use case studies to communicate key packaging objectives and further engage our people as they document and share successful practices. In 2019, we expanded the company's sustainability case study portfolio by more than 50 percent from 2018.

We continually assess our labeling processes for new ways to meet customer needs while also reducing our environmental footprint. In parallel with a focus on sustainability, Boston Scientific has controls in place to verify that our product labeling meets global labeling regulations and comprehensive internal quality standards.

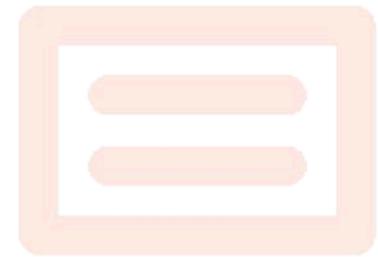
In 2019, Boston Scientific was proud to join the Healthcare Plastics Recycling Council (HPRC), a consortium of industry leaders dedicated to boosting plastics recycling efforts in clinical settings. As a member of the HPRC, Boston Scientific shares innovations and collaborates with peer companies to support increased use of recycled material, remove barriers to waste reduction and educate the market about sustainability.

**2019 Snapshot**

- Approximately 140 tons of packaging waste diverted from landfills
- 3,560 pallet shipments avoided
- 14,500 acres of forest projected to be saved from CO2 emissions
- 750 products repurposed during development

**“We are delighted to have Boston Scientific join our efforts. As an industry leader, Boston Scientific has a passion for solving the challenges that matter most. The company is motivated by a deep caring for human life and a strong sense of corporate and environmental responsibility.”**

*— Peylina Chu, Director of the Healthcare Plastics Recycling Council (HPRC)*



## Supporting Small Business and Supplier Diversity

Meeting the needs of more than 30 million patients each year requires a wide variety of perspectives. Diverse vendors and suppliers bring new and innovative ideas to our business. These professionals allow us to approach challenges from different angles, collaborate more constructively and better serve customers and their patients. This focus on diversity and inclusion extends throughout our supply chain.

In 2019, we worked with more than 4,600 diverse suppliers in the United States, including businesses that are:

- Minority-owned
- Women-owned
- Small or disadvantaged
- Veteran-owned
- Service-disabled, veteran-owned
- LGBTQ-owned
- Disability-owned

From sourcing manufacturing materials to managing the distribution of Boston Scientific products to more than 120 countries, these partners work with us to ensure that our products are in the right place at the right time to improve patient lives.

We use an inclusive procurement process that involves close collaboration with our Diversity and Inclusion team, input from our CSR Council and input from employee resource groups.



and influence. Every person should be aware of the direct impact they can make by choosing to support small and diverse vendors in their personal and professional lives.”

— Saken Khokhar, Manager, Boston Scientific Supplier Diversity

## In 2019, we spent \$755 million with diverse suppliers, an 18% increase from 2018.

In 2020, we are aiming to increase this spend by 7 percent. We also conducted more than 200 capability assessments with diverse vendors.

### Our Responsible Supplier Standards

Quality is the most important aspect of our supplier relationships. Our more than 27,000 suppliers throughout the world meet a robust set of standards. The company actively seeks supply chain partners who will consistently deliver industry-leading quality, reliability and value.

All direct materials suppliers for Boston Scientific are required to comply with strict quality requirements. We agree to partnerships only with companies that share our commitment to ethical conduct and that are in full compliance with all applicable laws and regulations. To identify these businesses, we use a standardized supplier performance assessment tool with criteria ranging from CSR practices to strategic business processes. Our mandatory evaluation protocol allows us to build relationships with responsible and high-performing suppliers that make significant contributions to our work.

This Performance Report contains forward-looking statements within the meaning of the federal securities laws. See the discussion under “Safe Harbor for Forward-Looking Statements” in the [Annual Report on Form 10-K](#) for the year ended December 31, 2019, for matters to be considered in this regard. In addition, please see our Annual Report on Form 10-K for a description of our Non-GAAP adjustments and the reasons for excluding each item.

	Year Ended December 31,					5-Year Average
	2019	2018	2017	2016	2015	
<b>Total BSC Revenue Growth</b>						
<b>Percentage change in net sales, as reported</b>	<b>9.3 %</b>	<b>8.6 %</b>	<b>7.9 %</b>	<b>12 %</b>	<b>1 %</b>	<b>8 %</b>
Less: Impact of foreign currency fluctuations	(1.8)%	0.6 %	0.1 %	—%	(7)%	(1)%
<b>Percentage change in net sales, operational</b>	<b>11.1 %</b>	<b>8.0 %</b>	<b>7.8 %</b>	<b>12 %</b>	<b>8 %</b>	<b>9 %</b>
Less: Impact of certain acquisitions and divestitures	3.8 %	0.8 %	1.2 %	2 %	3 %	2 %
<b>Percentage change in net sales, organic</b>	<b>7.3 %</b>	<b>7.2 %</b>	<b>6.6 %</b>	<b>10 %</b>	<b>5 %</b>	<b>7 %</b>

	Year Ended December 31, 2019		
	MedSurg	Rhythm and Neuro	Cardiovascular
<b>Percentage change in net sales, reported</b>	10.0 %	3.3 %	11.4 %
Less: Impact of foreign currency fluctuations	(1.5)%	(1.6)%	(2.1)%
<b>Percentage change in net sales, operational</b>	11.5 %	4.9 %	13.5 %
Less: Impact of certain acquisitions and divestitures	2.7 %	1.6 %	4.2 %
<b>Percentage change in net sales, organic</b>	8.8 %	3.3 %	9.3 %

	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Operating Margin</b>					
<b>Operating margin, reported</b>	14.1 %	15.3 %	14.2 %	5.3 %	(3.8)%
Less: Non-GAAP adjustments	(12.0)%	(10.2)%	(10.8)%	(18.8)%	(26.1)%
<b>Operating margin, adjusted</b>	26.1 %	25.5 %	25.0 %	24.1 %	22.3 %
Basis Point Improvement from 2018	60				
Basis Point Improvement from 2015	380				

Percentages are calculated using unrounded numbers and may not calculate precisely due to rounding. Amounts may not add due to rounding.

Year Ended December 31, 2019

Percentage Change in Net Sales of Reportable Segments	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis	Less: Impact of Recent Acquisitions/Divestitures	Organic Basis
Urology and Pelvic Health	13.4 %	(1.3)%	14.7%	6.3%	8.4%
<b>MedSurg</b>	<b>10.0 %</b>	<b>(1.5)%</b>	<b>11.5%</b>	<b>2.7%</b>	<b>8.8%</b>
Cardiac Rhythm Management	(0.6)%	(1.8)%	1.2%	0.0%	1.2%
Electrophysiology	5.5 %	(2.0)%	7.5%	0.0%	7.5%
Neuromodulation	12.0 %	(1.1)%	13.1%	6.3%	6.8%
<b>Rhythm and Neuro</b>	<b>3.3 %</b>	<b>(1.6)%</b>	<b>4.9%</b>	<b>1.6%</b>	<b>3.3%</b>
Interventional Cardiology	8.7 %	(2.3)%	11.0%	1.0%	10.0%
Peripheral Interventions	17.3 %	(1.8)%	19.1%	11.3%	7.8%
<b>Cardiovascular</b>	<b>11.4 %</b>	<b>(2.1)%</b>	<b>13.5%</b>	<b>4.2%</b>	<b>9.3%</b>

Year Ended December 31, 2019

Percentage Change in Net Sales by Region	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis
EMEA (Europe, Middle East and Africa)	4.0%	(5.4)%	9.4%
APAC (Asia-Pacific)	9.9%	(2.4)%	12.3%
LACA (Latin America and Canada)	3.3%	(4.0)%	7.3%
<b>Medical Devices<sup>5</sup></b>	<b>8.5%</b>	<b>(1.7)%</b>	<b>10.2%</b>
<b>Specialty Pharmaceuticals<sup>8</sup></b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Net Sales</b>	<b>9.3%</b>	<b>(1.8)%</b>	<b>11.1%</b>
Emerging Markets <sup>7</sup>	14.1%	(5.4)%	19.5%

<sup>5</sup> We have three reportable segments comprised of Medical Surgical (MedSurg), Rhythm and Neuro, and Cardiovascular, which represent an aggregation of our operating segments that generate revenues from the sale of medical devices (Medical Devices). We have included BTG's Interventional Medicine business in our Peripheral Interventions operating segment's 2019 revenues from the date of acquisition. <sup>7</sup> We define Emerging Markets as the 20 countries that we believe have strong growth potential based on their economic conditions, healthcare sectors and our global capabilities. Periodically, we assess our list of Emerging Markets; effective January 1, 2019, we updated our list of Emerging Market countries. We have revised prior year amounts to the current year's presentation. The revision had an immaterial impact on prior year Emerging Markets sales. <sup>8</sup> As part of our acquisition of BTG, we acquired a specialty pharmaceuticals business (Specialty Pharmaceuticals). Subsequent to acquisition, Specialty Pharmaceuticals is now a stand-alone operating segment presented alongside our Medical Device reportable segments.

Percentages are calculated using unrounded numbers and may not calculate precisely due to rounding. Amounts may not add due to rounding.

Year Ended December 31,

## Earnings Per Share

	2019	2018	2017	2016	2015	2014
<b>GAAP net income (loss) per share</b>	<b>\$ 3.33</b>	<b>\$ 1.19</b>	<b>\$0.08</b>	<b>\$0.25</b>	<b>\$(0.18)</b>	<b>\$(0.09)</b>
Amortization expense	0.44	0.37	0.35	0.35	0.33 <sup>a</sup>	0.29 <sup>b</sup>
Intangible asset impairment charges	0.07	0.02	—	0.01	0.01 <sup>a</sup>	0.12 <sup>b</sup>
Acquisition/divestiture-related net charges (credits)	0.48	—	0.01	0.09	0.17 <sup>a</sup>	(0.03) <sup>b</sup>
Restructuring and restructuring-related net charges	0.05	0.05	0.05	0.04	0.05 <sup>a</sup>	0.07 <sup>b</sup>
Litigation-related net charges (credits)	0.05	0.06	0.12	0.37	0.52 <sup>a</sup>	0.49 <sup>b</sup>
Investment impairment charges	—	—	0.03	—	—	—
EU MDR implementation charges	—	—	—	—	—	—
Debt extinguishment net charges (credits)	0.05	—	—	—	0.02 <sup>a</sup>	—
Deferred tax expenses (benefits)	(2.91)	—	—	—	—	—
Discrete tax items	0.01	(0.23)	0.62	—	(0.01) <sup>a</sup>	(0.01) <sup>b</sup>
Pension termination charges	—	—	—	—	0.02 <sup>a</sup>	—
<b>Adjusted net income (loss) per share</b>	<b>\$ 1.58</b>	<b>\$ 1.47</b>	<b>\$ 1.26</b>	<b>\$ 1.11</b>	<b>\$ 0.93</b>	<b>\$ 0.84</b>
Less: Impact of 2018 net tax benefit <sup>3</sup>	—	0.07	—	—	—	—
<b>Adjusted net income (loss) per share, excluding 2018 net tax benefit</b>	<b>\$ 1.58</b>	<b>\$ 1.40</b>	<b>\$ 1.26</b>			
<b>Adjusted EPS growth from prior year</b>	<b>8%</b>	<b>17%</b>	<b>13%</b>	<b>20%</b>	<b>11%</b>	<b>15%</b>
<b>Adjusted EPS growth from prior year, excluding 2018 net tax benefit</b>	<b>13%</b>	<b>11%</b>				
<b>5-Year Average Adjusted EPS growth</b>	<b>14%</b>					

<sup>a</sup> Assumes dilution of 21.5 million shares for the year ended December 31, 2015. <sup>b</sup> Assumes dilution of 23.7 million shares for the year ended December 31, 2014. <sup>3</sup> Full year 2018 adjusted earnings per share was \$1.47, which includes a \$0.07 net tax benefit for the year. Excluding this net tax benefit of \$0.07, our 2018 adjusted earnings per share grew 11 percent. 2019 adjusted EPS growth including the aforementioned 2018 net tax benefit is 8 percent and normalized for the 2018 net tax benefit is 13 percent. Full year 2018 net tax benefit of \$0.07 includes our second quarter \$0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter \$0.05 charge for our tax reinvestment strategy. In addition, the net benefit includes a \$0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

## Adjusted Free Cash Flow (in millions)

	2019	2018
<b>Operating cash flow, reported</b>	<b>\$1,836</b>	<b>\$ 310</b>
Less: Purchases of property, plant and equipment	461	316
Add: Proceeds on disposals of property, plant and equipment	7	14
<b>Free Cash Flow</b>	<b>1,382</b>	<b>8</b>
Plus: Restructuring and restructuring-related payments	66	89
Plus: Acquisition-related payments	266	205
Plus: EU medical device regulation payments	4	—
Plus: Special Tax Payments (Refunds/Credits)	(42)	977
Plus: Litigation-related Settlements	330	791
<b>Adjusted free cash flow</b>	<b>\$2,007</b>	<b>\$2,070</b>
<b>YoY Growth</b>		<b>(3)%</b>

Percentages are calculated using unrounded numbers and may not calculate precisely due to rounding. Amounts may not add due to rounding.

**Boston  
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Advancing science for life™

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