



# Making a Unique Difference in the World

Hologic 2019 Sustainability Report

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Cover image: Manchester, UK employees celebrating International Women's Day, 2019.

# A Message from Our Chairman and CEO



## Dear Hologic Stakeholders:

Thank you for reading our first sustainability report. We hope it helps you understand how Hologic makes a unique difference in the world.

We believe we have a lot to be proud of, but at the same time, a lot that we can do better.

In this letter I'd like to cover three main topics. First, how we got here—the journey we've been on to identify and center around our Purpose, Passion and Promise. Second, why we integrate sustainability issues into our day-to-day business strategy and operations, rather than viewing them as separate priorities. And third, how our approach to sustainability is coming to life.

## Sustainability Through Our Purpose, Passion and Promise

First, a little history. This report is an important milestone—but in no way the end—of a process that began at Hologic a few years ago. As we were evolving through organic growth, international expansion, and acquisitions and divestitures, our leadership team set out to clearly define our role in society.

Around the same time, some of our large institutional investors were increasingly analyzing environmental, social and governance factors—sometimes known as ESG—as part of their investment processes. For example, the CEO of BlackRock, the world's largest investment management company, wrote in early 2018 that:

Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society ... Without a sense of purpose, no company, either public or private, can achieve its full potential.

In response, and after a lot of internal discussion with our Board and employees at all levels, I wrote to stockholders in our 2019 proxy letter that:

We have a fundamental obligation to create value for shareholders through profitable, long-term growth. But this cannot be the whole story. To focus solely on financial outcomes would be to ignore the multifaceted, instrumental role that corporations play in our world. Indeed, most of our employees are motivated by a sense of higher purpose.



Steve MacMillan, Chairman, President and Chief Executive Officer, speaks to our Purpose, Passion and Promise at the Company's 2019 National Sales Meeting in Dallas, Texas.

In that same letter, I quoted Russell Pearlman of the Korn Ferry Institute, who said that "purpose and profit not only peacefully co-exist, but purpose can drive profit." This describes our approach at Hologic well, since the very work we do—fighting disease through early detection—contributes to a healthier, more sustainable world. While companies in most industries provide important benefits to society, we believe ours is a higher calling.

Thus, at Hologic we've defined our **Purpose as enabling healthier lives, everywhere, every day**. We know that the more lives we touch, the more our profits will grow over the long term. In the last year, for example, we estimate that our products touched more than 234 million people around the world, and we know that today's profits will fuel even greater investments in human health in the future. Simply put, we believe strongly that for-profit enterprises like Hologic are having a massive impact on improving human health globally.

Within our Purpose, we place special emphasis on the healthcare needs of women. **Our Passion, therefore, is to become global champions for women's health**. We believe that early detection of disease leads to better, more cost-effective health outcomes. In fact, no company in the world has done more to fight cervical and breast cancer than we have through our innovative diagnostic solutions. While women's health is not our sole focus—we have introduced many products that also benefit men—it is our rallying cry.

We believe our unique passion is urgently needed today. For far too long, women's healthcare needs have been minimized by governments and healthcare systems in emerging—and developed—countries around the world. So we are inspired by the deep belief that our success as a company will fundamentally improve the health of millions of women and families globally. You'll read more about this in this report.



Brainstorming session with members of our supply chain team.

As a healthcare company, we believe we have a special responsibility to patients and medical professionals, since our products contribute to life or death decisions. We make a **Promise to our customers and patients, a Promise rooted in a concept called The Science of Sure™**. The Science of Sure is about progressive certainty. It's a commitment to help healthcare professionals minimize doubt and maximize the confidence they have in their decisions and diagnoses.

How do we do this? To bring The Science of Sure to life and provide value to patients, we focus on:

- **Product quality.** Our customers—radiologists, lab technicians, OB/GYNs and many other important healthcare professionals—count on our products to perform as we say they will, when lives and livelihood are at stake. We must never compromise this trust.
- **Clinical differentiation.** Our R&D programs are geared to generate products that provide a meaningful benefit for customers and patients.
- **Customers relationships.** We partner with our customers over the long-term to help build their businesses and ensure that patients have access to our products. We sell with integrity, help generate patient demand, fight for appropriate reimbursement, and advocate for preventive healthcare.
- **Our people.** We believe that focusing on two simple factors—talent and engagement—helps our employees serve customers more effectively, as well as drive profitable growth.

### Sustainability as Part of Our Business Strategy

I hope it's clear that our commitment to sustainable business practices is part and parcel of our mission. Said another way, for Hologic to drive consistent, long-term shareholder returns, we must exceed the expectations of our customers—doctors and other healthcare providers who have dedicated their careers to improving human life. Likewise, we must nurture and engage our employees, who are striving to provide better lives for themselves and their families. And finally, we must respect our suppliers and our communities, without whose support our results would eventually collapse.

We believe the interests of our key stakeholders are inextricably linked. To deliver profitable growth over the long term, we must, by definition, also meet the needs of customers, employees and our communities. We don't spend a lot of time debating whether one group should rank above the others. Instead, we believe that our many constituencies are mutually supportive of one another, and that in a vibrant capitalist economy, their successes go hand-in-hand.

Similarly, we believe that sustainability issues should be integrated with our business strategy, led by our Global Leadership Team and overseen by our Board of Directors, rather than managed as a separate set of issues.

### Some Early Successes

We have begun to demonstrate some early successes based on this approach, with the understanding that we have much opportunity for future improvement. For example, in the area of diversity, three of our eight directors (including our lead independent director) are women, which clearly supports the organizational passion I described earlier. And three of our directors were born outside the United States, supporting our broad definition of diversity and business goal to grow internationally.

# PURPOSE

ENABLE HEALTHIER LIVES, EVERYWHERE, EVERY DAY.

# PASSION

BECOME GLOBAL CHAMPIONS FOR WOMEN'S HEALTH.

# PROMISE

THE SCIENCE OF SURE.



Among our senior management team, we have promoted and hired women into key roles, including Chief Financial Officer (CFO), Senior Vice President of Human Resources, Chief Information Officer, and Chief of Staff. This represents significant progress since I joined the Company in late 2013, when every member of the senior management team I inherited was a white man. To date, we have hired many of our senior women leaders from outside the Company, but we are also developing a solid talent pipeline at all levels of our organization, and expanding this internal pipeline is a key focus going forward.

For example, we believe that our commercial teams are an important feeder pool for senior management. With this in mind, three of our five domestic commercial leaders are women, and one other is a person of color. And in our Finance organization, which has not been a stronghold for women traditionally, almost half the members of our leadership team are women, including our CFO and Vice Presidents of Treasury and Tax.

In hiring new employees, we don't set diversity targets or quotas. Instead, we strive to hire the most talented person for the job, and believe that over time, this will lead to an increasingly diverse workforce. In fact, we make wide use of customized assessment tools to eliminate bias in the hiring process. These tools are blind to gender and race, which enables us to focus on the potential for performance. And it's performance that drives compensation, which our analysis has shown is equitable between men and women.

We believe the key to achieving better financial performance is engaged leaders, and that every employee deserves a talented and engaged manager. So we have been conducting an annual engagement survey since 2015. More than 90% of employees regularly participate, reflecting the emphasis we place on it. Engagement levels increased substantially several years ago as we brought new

leadership into the Company, then flattened out for a few years. This year, however, we were pleased to see our scores improve again, due to the heightened focus on our Purpose, Passion and Promise, as well as management training.

Another area in which we've made good progress is managing business risks. Here again, mitigating risk is a key element of our business strategy, not a standalone process. Each year, our General Counsel and Corporate Secretary lead our executive team in an exercise to identify the most serious risks facing the Company, which typically range from broad macroeconomic challenges to discrete competitive offerings. We analyze them by probability and potential magnitude, then develop mitigation strategies that are incorporated into the individual performance goals of our leaders.

In conclusion, at Hologic we believe that creating long-term shareholder value is critical, but so is how we create that value. By focusing on our unique Purpose, Passion and Promise, we strive to generate profitable, long-term growth that benefits not only our shareholders, but also our customers and patients around the globe. The integration of sustainability issues with our business strategy has helped us make good progress in several key areas, but we recognize that we can do much more. We hope that publication of this first sustainability report will catalyze that future progress. We look forward to your feedback and thank you for your interest.

Sincerely,

*Steve*

## I Hologic's Life-Saving Impact



Lindsay is a breast cancer survivor. Hear her story at <https://youtu.be/TdLRX1XakK4>

### Who we are

Hologic is an innovative medical technology company primarily focused on improving women's health and well-being through early detection and treatment.

### What we do

We deliver life-changing and life-saving detection, diagnostic and surgical innovations that are rooted in science, driven by technology and inspired by a desire to improve the health of women and families around the world.

### Why it matters

Our exceptional, clinically proven products detect, diagnose and treat illnesses earlier and better. While we focus on women's health and well-being, we are committed to enabling healthier lives everywhere, every day.

We estimate that our products benefited approximately 234 million people across the globe in 2019.



Fred Walker, Hologic Vice President, pictured with his mother and breast cancer survivor, Nan; his wife Liz, whose cervical cancer was found and treated early; and his daughter Emily, who thanks to medical advances in screening and early detection had her healthy grandmother and mom at her wedding.

### Early Detection of Breast Cancer Helps Save Lives

At Hologic, we believe that **finding invasive cancers earlier is best** for patients and the overall healthcare system. That **early detection reduces unnecessary costs**. And that driving patient and provider education helps women **have informed discussions** about their health.

One example is 3D Mammography™, which is recognized as the standard of care for breast cancer screening by clinicians worldwide. Many peer-reviewed studies have shown that 3D Mammography™ **detects more invasive cancers earlier** than digital mammography alone.<sup>1,2,3</sup>

We are grateful to the millions of women who request our mammography exam, the physicians who recognize it as their patients' best choice, and the many partner organizations that join us to ensure everyone, every where has access to our technologies and the ability to make the best decisions for their health.

These innovations have clearly made a difference. Overall breast cancer death rates increased by 0.4% per year from 1975 to 1989, but decreased by 1.8% per year from 2007 to 2016, for a total **decline of 40%**. As a result, **348,800 breast cancer deaths have been averted** in the US through 2016. This progress reflects improvements in **early detection** (through screening, as well as increased awareness of symptoms) and better treatments.<sup>4</sup>

### Hologic's Leadership in Cytology Shows the Impact of Early Detection

Before the introduction of the Pap test, cervical cancer was the leading cause of cancer-related deaths for women in the United States. Thanks to Pap tests and co-testing (a Pap test with an HPV test), cervical cancer now ranks 14th in frequency.<sup>5</sup> In fact, the Pap test is considered the most successful cancer screening tool in history. Cervical cancer death rates have declined by more than 70% since the introduction of screening in the 1950s.<sup>5</sup>

The introduction of the ThinPrep Pap test revolutionized cervical cancer screening, contributing to a reduction in cervical cancer rates. ThinPrep—now the most widely used Pap test in the country—continues to show a significant benefit compared to a conventional Pap smear.<sup>6</sup>

<sup>1</sup>. Ciatto S, Houssami N, Bernardi D, et al. Integration of 3D digital mammography with tomosynthesis for population breast-cancer screening (STORM): a prospective comparison study. *The Lancet Oncology*. Jun 2013;14(7):583-589. <sup>2</sup>. Hodgson R, Heywang-Kobrunner S, Harvey S, et al. Systematic Review of 3D Mammography for Breast Cancer Screening. *The Breast*. 2016;27:52-61. <sup>3</sup>. McDonald ES, Oustimov A, Weinstein SP, et al. Effectiveness of Digital Breast Tomosynthesis Compared With Digital Mammography: Outcomes Analysis From 3 Years of Breast Cancer Screening. *JAMA Oncol*. 2016 Jun 1;2(6):737-43. <sup>4</sup>. American Cancer Society, Facts and Figures 2019. <sup>5</sup>. American Cancer Society. Cancer Facts and Figures 2005. Atlanta: American Cancer Society; 2005. <sup>6</sup>. ThinPrep 2000 System PI, MAN-026240-001, Marlborough, MA; Hologic, Inc.



## Research and Development

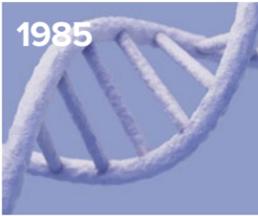
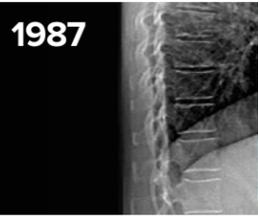
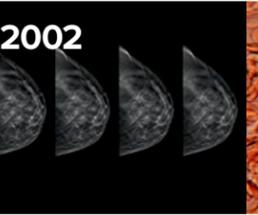
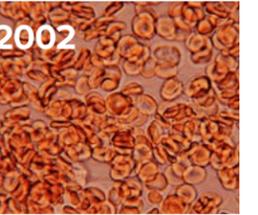
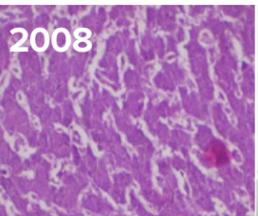
The healthcare markets in which we participate are characterized by rapid technological change, frequent product introductions and evolving customer requirements. Investment in research and development (R&D) is critical to driving our future growth. Hologic has demonstrated a long-standing commitment to R&D and has spent more than \$1.3 billion over the last six years.

Hologic's best-in-class products include our 3Dimensions™ mammography system, the ThinPrep® Pap test, and our fully automated Panther® system. These products have made a huge difference in the fights against breast cancer, cervical cancer, and infectious diseases, respectively. Our R&D efforts are focused on improving existing products and developing new ones to solve customer challenges and meet the world's future healthcare needs. We remain committed to fueling sustainable growth by enhancing the new product pipelines in each of our businesses.

Diagnostic employee in a wet lab in San Diego, California.



## Our History of Innovation

 <p>1985</p>	 <p>1987</p>	 <p>1987</p>		
<p>FDA clears the first nucleic acid test.</p>	<p>Hologic introduces the first dual-energy X-ray absorptiometry system for evaluating osteoporosis.</p>	<p>FDA clears the first molecular diagnostic test kit for a sexually transmitted infection.</p>		
 <p>1995</p>	 <p>1996</p>	 <p>2001</p>	 <p>2002</p>	 <p>2002</p>
<p>FDA approves the Rapid fFN® test.</p>	<p>FDA approves the ThinPrep® Pap test, liquid-based cytology for cervical cancer screening.</p>	<p>FDA approves the NovaSure® endometrial ablation treatment for abnormal uterine bleeding (AUB).</p>	<p>FDA approves the Selenia® mammography system—the beginning of a new era in breast cancer screening.</p>	<p>FDA approves the first nucleic acid test for screening donated blood prior to transfusion.</p>
 <p>2003</p>	 <p>2008</p>	 <p>2011</p>	 <p>2012</p>	 <p>2014</p>
<p>Release of the Tigris® DTS® system for automated screening of sexually transmitted infections (STIs).</p>	<p>FDA approves the Procleix® Ultrio® triplex blood screening assay for HIV-1, hepatitis B and C.</p>	<p>FDA approves the breakthrough Selenia Dimensions® digital tomosynthesis system with the Hologic 3D Mammography™ exam.</p>	<p>FDA clears the Panther® system, an automated, integrated molecular platform for use with the Aptima Combo 2® assay.</p>	<p>FDA clears the use of the bone densitometer for assessing three critical health problems, including osteoporosis.</p>
 <p>2015</p>	 <p>2016</p>	 <p>2017</p>	 <p>2017</p>	 <p>2018</p>
<p>Launch of CE-marked virology portfolio, including Aptima® HIV, HCV and HBV assays, along with the Aptima® M. genitalium assay.</p>	<p>FDA clears the new Affirm® prone biopsy system.</p>	<p>FDA approves the Brevera® breast biopsy system with CorLumina® imaging technology—combining tissue acquisition, real-time imaging, verification and advanced tissue handling.</p>	<p>FDA approves the Aptima® HIV-1 Quant assay, the Aptima® HCV Quant DX assay, and the Aptima® HSV 1 &amp; 2 assay. Panther Fusion® respiratory assays are also cleared.</p>	<p>FDA clears Clarity HD high-resolution 3D™ imaging and the SmartCurve™ breast stabilization system, providing superior image quality and a clinically proven solution for a more comfortable mammogram.</p>

## Track Record of Sustainable and Consistent Revenue and EPS Growth

### Revenue & CC Growth Rates<sup>1</sup>

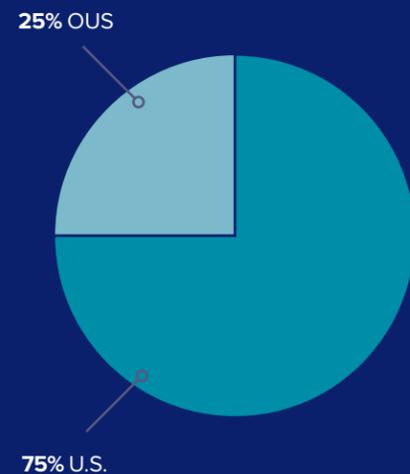


### Non-GAAP EPS<sup>1</sup>

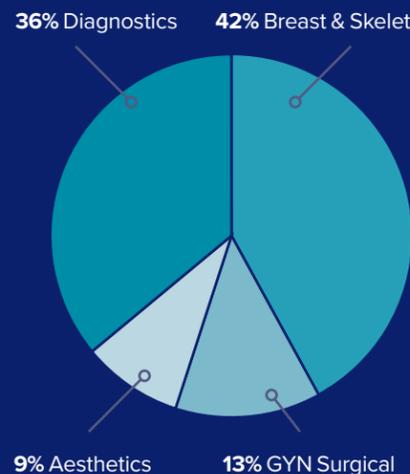


## 2019 REVENUE

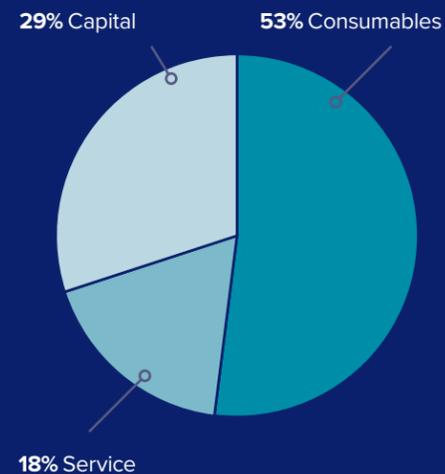
### By Geography



### By Division



### By Type



<sup>1</sup> Total non-GAAP revenue and EPS growth as reported with the exception of FY14, which excludes ~\$20 million one-time revenue contribution from restructuring of Roka license, which increased operating margin and added \$0.05 to EPS. Reconciliations to GAAP are available in quarterly financial releases, at [Hologic.com/investors](http://Hologic.com/investors) and on the last page of this report. <sup>2</sup> Compound annual growth rates (CAGR) calculated based on reported rates

**Founded:**  
1985 by Jay Stein and David Ellenbogen

**Stock Exchange:**  
Nasdaq: HOLX

**Employees:**  
6,400+ worldwide

**Global Patents:**  
3,000+

**Global Reach:**  
Locations in 21 countries

**Global Headquarters:**  
Marlborough, Massachusetts

## Materiality Overview

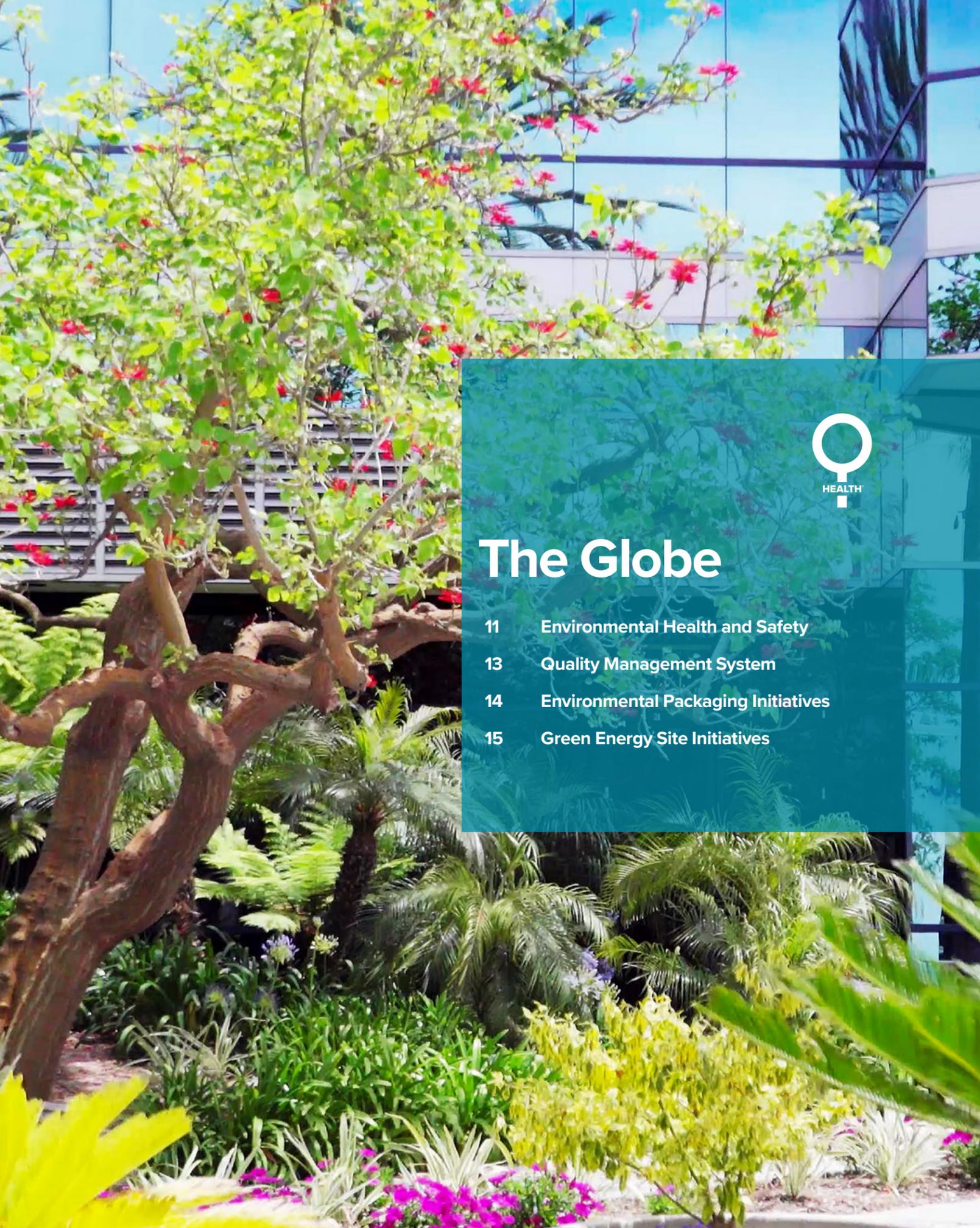


In preparing our first sustainability report, we completed a broad materiality assessment to identify the key environmental, social and governance issues that are most important to our stakeholders, including investors, employees and customers.

To manage this process, we formed a cross-functional internal steering committee consisting of senior leaders from Operations, Finance, Legal, Human Resources, Communications and Investor Relations. The committee was formed with the goal of identifying material sustainability topics and establishing a corresponding sustainability reporting framework. The committee held meetings with several shareholders to solicit feedback; reviewed sustainability frameworks and guidelines such as those published by the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD); and evaluated ESG data providers' scoring methodologies. These insights, along with our management team's contributions, helped us develop our materiality framework and identify relevant topics for disclosure.

We are committed to incorporating these material issues into our business operations, to focusing on the topics that matter most to our business and stakeholders, and to continually evaluating our sustainability issues for future reporting.

THE COMPANY & THE GLOBE	CULTURE & SOCIETY	CORPORATE GOVERNANCE
<ul style="list-style-type: none"> <li>Product Innovation</li> <li>Product Quality and Compliance</li> <li>Employee Health and Safety</li> <li>Impact on the Environment</li> </ul>	<ul style="list-style-type: none"> <li>Talent</li> <li>Engagement</li> <li>Diversity</li> <li>Access to Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Board Role and Structure</li> <li>Compensation</li> <li>Risk Management</li> <li>Policies and Ethics</li> </ul>



# The Globe

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- 13 Quality Management System
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- 15 Green Energy Site Initiatives

## Environmental Health and Safety



Solar panels at our Costa Rica facility supply 14% of the plant's energy needs.

Hologic strives to make business decisions that have a positive impact environmentally, socially and economically, today and in the future. We accomplish this by promoting responsible practices within our organization, among our suppliers, and in the communities where we live and work. Hologic manages our environmental health and safety (EH&S) concerns as an integral part of our business. Hologic focuses its efforts in five main areas:

### Energy Efficiency and Emissions

Promoting energy-efficient practices not only cuts costs and improves operational performance, it also measurably decreases our environmental footprint and greenhouse gas emissions.

### Recycle and Reuse

As we enhance the technology behind our products, we also ensure that they remain as environmentally friendly as possible. Today, we're reimagining how we design our products so that more can be reused and recycled.

In 2016, Hologic set a goal to reduce our greenhouse gas emissions\* by 10% by 2021, and we achieved this goal early in 2019. Going forward we are committed to building on this progress and promoting energy-efficient practices to reduce our environmental footprint and operating costs as our business grows.

\*As a percent of revenue.

### Hologic Emissions Summary 2013–2019



Image left: San Diego office exterior.

## I Environmental Health and Safety

### Supply Chain

Hologic promotes environmental and social responsibility across our supply chain. We work with our partners to design and enforce policies that help us all achieve high compliance standards. Hologic is developing a Supplier Environmental and Social Responsibility Code of Conduct, which will help promote awareness about our sustainability efforts and reduce risks within our supply chain.

### Chemical Management and Hazardous Waste

We manage risk from hazardous chemical use through training and procedures that minimize the risk of employee exposure. In addition, when new chemicals are ordered through our purchasing system, the EH&S team is notified so that the hazards can be evaluated beforehand.

We strive to prevent hazardous material releases into the atmosphere, land or water. We are committed to minimizing the amount of hazardous waste generated, and we ensure the safe and lawful disposal of regulated waste. We apply various disposal techniques, including recycling, reclamation, waste to energy, fuel blending, wastewater treatment, incineration, autoclave, and finally landfill for nonhazardous materials when other alternatives are not available.

### Workplace Health and Safety

Every day, Hologic employees strive for zero health and safety incidents in their workplaces. We collaborate to improve safety, increase productivity and reduce waste.

We comply in letter and in spirit with all applicable laws and regulations and implement programs, policies, and procedures to ensure compliance throughout the Company. Where these are not adequate to ensure protection of human safety, health and the environment, we establish our own EH&S standards.

We employ management systems and procedures specifically designed to prevent activities and/or conditions that pose a threat to human safety, health or the environment. We minimize risk and protect our employees and communities by employing safe technologies and operating procedures, and by maintaining a robust business continuity program to stay prepared for emergencies.

Three of our manufacturing sites are ISO 14001/OHSAS 18001-certified, and all other sites are audited annually against the concepts of the ISO 14001/OHSAS 18001 standards. Implementation of our EH&S Management System ensures that we are committed to manufacturing our products in a safe and environmentally friendly manner, while continuously improving our processes.

Hologic maintains health and safety programs conforming to best practices in the industry. Safety rules and procedures have been developed that address behaviors and work practices that can lead to accidents and injuries. Safety performance is assessed throughout the year by management and during annual performance reviews. Hologic rewards positive safety performance and encourages employees to:

- **Refuse.** Employees are directed to stop work when an unsafe condition or incident occurs, and are empowered to inform and/or correct the unsafe condition.
- **Report.** Employees must report unsafe acts and conditions, safety incidents and injuries to their management and EH&S immediately.
- **Remind.** Employees are encouraged to remind each other to work safely.

#### Recordable Case Incidents and Lost Workdays Compared to Industry Averages

Year	Hologic TRIR	Industry Avg. TRIR	Hologic LWIR	Industry avg. LWIR
2016	1.6	3.3	0.4	0.9
2017	1.2	3.2	0.4	0.9
2018	1.0	3.2	0.4	0.9

**TRIR** = Total Recordable Cases Incident Rate. **LWIR** = Total Lost Workday Cases Incident Rate. Incident rate calculation = # of incidents \* 200,000 / # hours worked in year. Industry Average provided by BLS (<https://www.bls.gov/iif/oshsum.htm>). 2017 & 2018 compared to 2017 BLS Data for private industry >1,000 employees. 2016 compared to 2016 BLS Data for private industry >1,000 employees.

## I Quality Management System

**The purpose of Hologic's Quality Management System (QMS) is to consistently meet customer requirements and enhance customer satisfaction. The system is documented and maintains effectiveness in accordance with applicable standards and regulatory requirements. It is aligned with Hologic's mission and values, and constitutes a framework that ensures continuous improvement.**

The Hologic QMS includes multiple regulatory certifications, such as the current ISO 13485:2016 certifications, which are held at each of our sites. In addition, each Hologic site is responsible for maintaining an adequate organizational structure to ensure that products manufactured there are designed and produced in compliance with the requirements of the QMS. Individuals responsible for performing and verifying work affecting quality are defined. These individuals have the independence and authority to assure product quality and conformance to specifications and quality objectives. Each site has an organizational chart that clearly delineates roles and functional responsibility.

The Hologic QMS takes into account requirements unique to our business and the regulatory requirements of the healthcare industry. Hologic has documented procedures for providing complaint notification to the appropriate regulatory authorities. These meet specified reporting criteria for adverse events and issuance of advisory notices. These records are maintained in accordance with Hologic's record retention program.

#### FIELD ACTION PROCEDURE

Our field action procedure defines the requirements and conditions under which a recall (field correction or removal), customer notification, safety alert, market withdrawal, and/or field safety corrective action take place.

This procedure applies to all facilities and organizations within Hologic. It applies to all products manufactured by or for us and is applicable when a Hologic product, including software, has

entered commercial distribution and is suspected of posing a risk to patient health or violating applicable regulations. All Hologic entities follow the minimum requirements defined in our Corporate Standard Operating Procedures. If additional local laws, regulations and/or standards are required, Hologic sites are responsible for developing a local procedure to ensure full compliance with applicable requirements.

Recall Metrics	FY'18	FY'19
Class 1	0	0
Class 2	2	3
Class 3	2	1

#### COMPLAINT HANDLING PROCEDURE

Customer satisfaction is a key priority. Our procedures establish requirements for complaint handling for marketed products in accordance with established regulations across all sites that are governed by our corporate quality system. They also allow flexibility, where appropriate, based on the nature of the products and processes at the individual sites. The requirements of these procedures apply to all finished products manufactured or distributed by Hologic.

#### QUALITY AUDIT PROCEDURE

Our quality audit procedure provides parameters for our internal audit program. Internal audits are conducted to determine whether our Quality Management System at all global sites and regions complies with applicable internal and external requirements, ensuring they are effectively implemented and maintained.

All Hologic employees are required to complete training in Quality System requirements and to acknowledge and adhere to our Hologic Quality Policy.



### Hologic's Quality Management System:

**Determines the criteria** and methods needed to ensure that both the operation and control of quality processes are effective. **Ensures the availability** of resources and information to support the operation and monitoring of these processes. **Establishes processes** to identify and implement actions necessary to achieve planned results and maintain their effectiveness. **Monitors, measures and analyzes** all quality processes. **Establishes and maintains records** to demonstrate conformance and compliance with applicable regulatory requirements.



Hologic employee preparing documentation prior to shipping assays, San Diego, California.



**gallons of conserved water**

In San Diego, one of our largest manufacturing facilities, we have installed a condensation recovery system to conserve water. Since 2009, 13.5 million gallons of water have been recovered, which resulted in a \$70,000 cost savings.

## Environmental Packaging Initiatives

### Reusable Bins Reduce Waste and Improve Operational Efficiency in Danbury, CT

Several days a week, we transport between facilities large, blue Hologic-branded bins containing the parts needed to produce our flagship Genius™ 3D Mammography™ systems. The bins have replaced cardboard boxes on skids, reducing waste by eliminating the need for about 2,000 boxes a year, and producing other benefits such as ergonomic improvements, financial savings, and reduced component damage during shipping.

“Not only is the manufacturing floor much cleaner now, but we were able to utilize our space more effectively and improve our efficiency—a nice win for us,” says Robert Salvatore, Supervisor of Manufacturing Operations. “Opening cardboard boxes created dust, which would create artifacts inside the instruments, so we now have fewer quality issues.”

Since implementation of the program three years ago, operators are spending less time opening packaging and are receiving parts in a more ergonomically friendly environment, which enables them to operate more effectively. And as part of our continuous improvement journey, we are reinforcing the importance of reusable packaging to our suppliers to ensure future growth and sustainability within our Breast & Skeletal Health Division.

### Reusable Containers Save Money, Delight Customers while Reducing Waste for Diagnostics Business

For Hologic’s Diagnostic Solutions business in San Diego, CA, shipping the frozen components of molecular assays presented a key environmental improvement opportunity. Beginning in 2018, reusable containers were implemented for shipping these components in bulk to distribution centers. And in September 2019, a reusable shipping program for sending assays directly to our clinical laboratory customers was launched.

The reusable containers consist of a plastic box, which is kept cool with a reusable insert containing “phase change material,” which can maintain a temperature of -20 degrees Celsius for up to 120 hours. The containers can be used for up to five years and are projected to save shipping costs by 50%.

“Shipping the traditional way was wasteful,” says Allen Krist, Director of Supply Chain for Manufacturing Operations. “It involved non-recyclable polystyrene containers, filled with dry ice, which needed to be disposed of by the customer. The bulk reusable shipping containers have already eliminated the need for an estimated 10,000 non-recyclable polystyrene containers and 200,000 pounds of dry ice in one year. Our customers are excited for the new program, which is making their lives easier. So in addition to the cost savings, it also helps with customer satisfaction and loyalty.”



Costa Rica employees planting 165 native trees throughout San Juan La Selva in Sarapiquí.

## Green Energy Site Initiatives

### Sustainability Projects Receive National Recognition

Hologic secured three coveted awards this year from some of the world’s premier manufacturing groups.

The National Association of Manufacturers (NAM) honored Hologic’s Costa Rica facility for an innovative project that increased environmental sustainability, while also boosting financial performance.

“We are honored to receive this prestigious recognition from NAM’s Manufacturing Leadership Council for the third consecutive year,” says Patrick Brady, Senior Vice President of Supply Chain at Hologic. “This award is a testament to our steadfast commitment to leverage technology and processes to positively affect the environment and optimize operations.”

The Costa Rica site received the Sustainability Innovation Award by demonstrating a deep commitment to sustainability through product design, metrics, and policies that ensure sustainable practices internally and across supply networks. Hologic’s energy savings program centered on reductions to air pressure, energy consumption and overall carbon footprint. In addition, the site installed a rooftop photovoltaic system that will supplement grid power and reduce the facility’s electrical cost by more than 14% annually. “It’s a real accomplishment to win alongside other leading companies, so it makes us feel really proud about working at Hologic and striving to improve the Company every day,” says Cristian Ledezma, Facilities and Innovations Manager for Hologic Costa Rica.

Second, Hologic’s Danbury, CT site received NAM’s Operational Excellence Award by implementing LEAN principles to optimize production testing and training, streamline processes, and maximize the operational footprint for the testing of our market-leading Selenia® Dimensions® and 3Dimensions™ mammography systems. Our program reduced testing cycle time by more than 50%, created more than 2,300 sq. feet of additional production space, and increased employee engagement through participation in Kaizen continuous improvement activities.

In addition to the NAM award, our Costa Rica facility recently received the Shingo Institute’s Silver Medallion Award for Operational Excellence, as well as certification from the National Electrical Power Distribution Company ICE (Instituto Costarricense de Electricidad) for generating 99% of the site’s electricity from renewable resources.





# Culture & Society



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## Engagement



### Engagement Fuels Our Purpose

At Hologic, our culture is fueled by a talented and highly engaged workforce that is focused on a common purpose: to enable healthier lives everywhere, every day. Our 6,400+ colleagues around the globe are intensely passionate—highly committed to our customers, our patients and to one another. For many of our colleagues, it is personal, as they, their family or friends have been affected by breast or cervical cancer, or the other diseases our products detect.

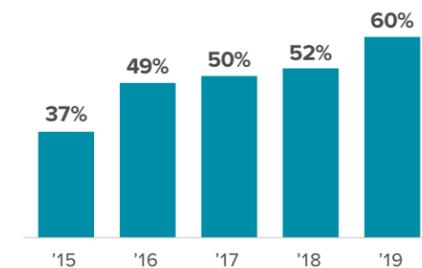
We know that highly engaged teams have a positive impact on our culture, our performance, and most importantly, our customers and their patients. Engaged employees care about their work and about the performance of the Company, and feel like their efforts make a difference. The more an employee is engaged, the more they will take positive actions to further the organization's purpose.

Each year, we give our colleagues a voice to share their input and opinions about the Company through our annual Employee Engagement Survey. We measure 12 elements of engagement using the Gallup Q12 survey and methodology. Our employees assess actionable areas including: Company mission/purpose; job expectations; manager quality and interaction; and overall work relationships. We identify our organizational strengths and tackle areas for improvement through measurable annual action plans.

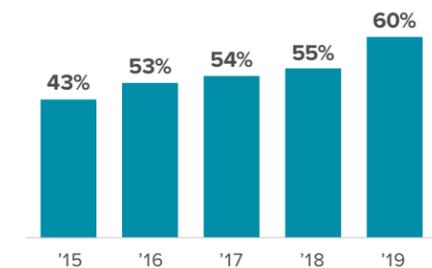
We have made steady progress on engagement. In 2019, 92% of employees participated in our survey, which is well above the industry benchmark of 65% participation. In addition, 60% of employees were highly engaged, with an engagement ratio of nine engaged employees to every one actively disengaged employee.

#### Employee Engagement Progress

Highly Engaged Employees  
Gallup average: 30% engagement



Connection to Company Purpose  
% of employees who strongly agree that the Company's purpose connects them to their jobs



Engagement Ratio  
Measures the number of engaged to actively disengaged employees

Engaged  
Actively Disengaged

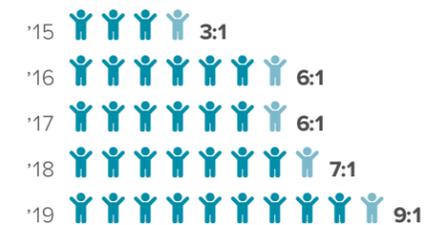


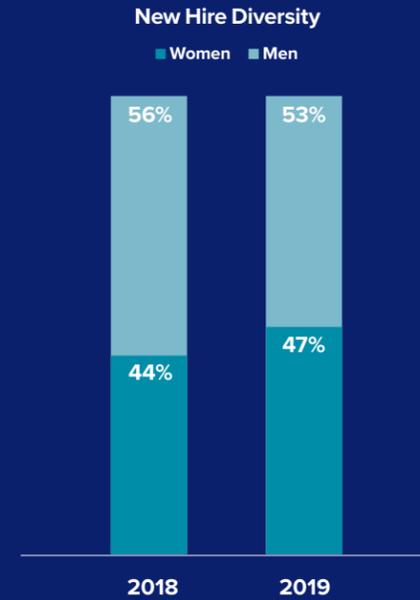
Image left: Hologic employees at National Sales Meeting, 2019

## Diversity Drives Performance

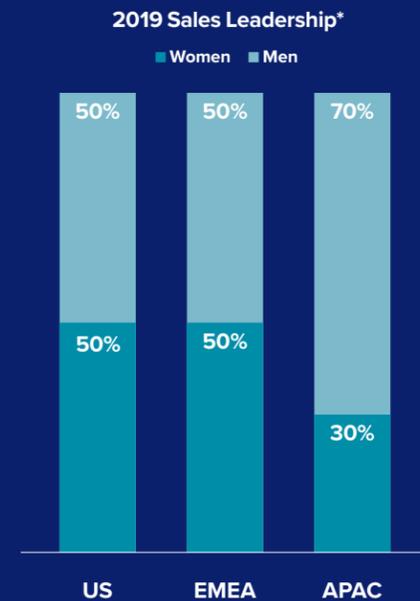
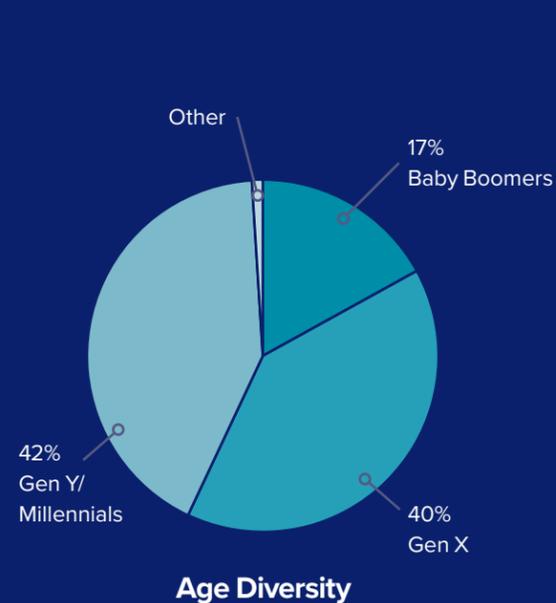
As global champions for women's health, diversity is embedded into our Company culture and DNA. Our focus on the lives of women has enabled us to organically attract a diverse workforce and build an inclusive ethos where different perspectives are valued and respected. This philosophy drives our innovations in women's health and creates a stronger, sustainable workplace.

Since 2015, we have actively worked to appoint, develop and promote high-potential women into leadership roles across the Company. This effort has been particularly successful in developing a deep talent pipeline and succession path for women in commercial leadership roles.

- Diversity in Senior Leadership** Over the past several years, we have increased the number of women on our leadership team—from zero women in 2015 to 21% women in 2019. We have also appointed women into several critical roles including Chief Financial Officer, SVP and Chief Information Officer, SVP Global HR, Corporate Secretary, and Chief of Staff.
- Diversity in Sales Leadership** We have promoted several women into sales leadership positions, and 50% of our sales U.S. leaders are women. [See chart at right.]
- Global Diversity** As the Company has expanded globally, we have built and grown local teams with in-country expertise and knowledge. Today, our global workforce represents 31 countries and speaks 22 languages.
- Diversity on Our Board of Directors** Today, women comprise 38% of our Board of Directors, including our lead independent director. See information regarding board diversity on [page 29](#).



Employees at Massachusetts Conference for Women.



\*Sales leadership includes divisional sales vice presidents in each region

## Talent is Our Passion

Our people are our most important asset. They deliver on our Purpose, Passion and Promise to propel our organization forward. We are focused on being the destination for the best talent.

At Hologic, we believe managers matter, and that each employee deserves a talented, engaged leader. In 2019, more than 71% of employees had an engaged manager. We are proud of this commitment, which has made a positive impact on team engagement.

We invest in our managers and high-potential talent to drive effective leadership and develop our next generation of leaders who we can also promote from within. In 2019, nearly 69% of our leadership roles were filled internally.

We launched new development programs for managers to expand their leadership skills and inspire the performance of their teams. In 2019, nearly 500 managers and leaders participated in our development programs, including **Principles of Great Management** and **Leading High Performing Teams**.

**71%** of employees have an engaged manager

**69%** of leadership roles were filled internally in 2019

**NEARLY 500** Hologic managers and leaders have participated in our development programs

## Commitment to Pay Equity

We promote equal pay for equal work as an integral part of our compensation strategy. We conduct both internal audits and external third-party analyses on gender pay equity and review the results globally against industry benchmarks. In 2018, we worked with an outside firm to conduct a comprehensive gender pay equity study for our U.S. salaried workforce. The independent study analyzed compensation [base pay, merit increases, bonuses and long-term incentive grants] for men and women in more than 4,000 roles across 80 job functions. The study found no statistically significant pay differences between men and women. We also completed a required pay equity audit in Sweden and a voluntary pay equity analysis in the U.K.

Image right: Employee in team meeting.



## Better Access, Better Rewards



As a leader in women's health, we believe everyone deserves the chance to lead a healthy, productive life, and that starts inside our walls.

Through our wellness programs, we invest in the physical, emotional and financial well-being of our employees. Our programs are designed to give our employees peace of mind, so that they can balance their commitments at home and at work.

### U.S. Parental Leave

Hologic's U.S. parental leave policy enables employees to take time away from work. Birth and non-birth parents may receive up to 16 weeks of job-protected parental leave for the care of a newborn or a newly adopted child. The length of this leave is among industry leaders.

### Best-in-Class Cancer Screening

Our employees have access to our best-in-class cervical and breast cancer screening technologies. We cover these screenings for all enrolled in our medical plan. Additionally, employees and family members battling cancer have access to resources that help support their clinical choices, get physical and emotional support, and coordinate day-to-day life throughout the cancer journey.

### Employee Benefit Participation

**65%** in Healthy Living wellness program  
54% industry benchmark<sup>1</sup>

**97%** in 401K program  
85% industry benchmark<sup>2</sup>

**55%** in Employee Stock Purchase Plan  
30% industry benchmark<sup>3</sup>

### U.S. Employee Screening Compliance

**78%** of employees completed mammography screening

**74%** of employees have completed cervical cancer screening

<sup>1</sup> Virgin Pulse <sup>2</sup> Profit Sharing Council of America (PSCA) 2017 Plan Experience <sup>3</sup> Fidelity

## I Access to Healthcare

**“It is not only a privilege but also a responsibility for Hologic to be part of this initiative to improve access to crucial diagnostic testing technology.”** Jan Verstreken, Hologic

The burden of HIV—particularly in resource-limited settings such as Africa—is tremendous. Hologic’s Global Access Initiative, launched during the International AIDS18 conference in Amsterdam, is expanding access to diagnostic testing in the countries that make up 90% of the global HIV disease burden.

“It’s extremely rewarding to have the opportunity here at Hologic to provide what these low-resource countries need, a single price for multiple tests,” says Tiffany Clarke, Director of Global Marketing, Virology, for the Diagnostic Solutions division.

The first partnership announced within Hologic’s Global Access Initiative was designed to provide seven countries in sub-Saharan Africa with a single price for Aptima® assays for HIV, hepatitis B and C, and human papillomavirus (the cause of most cervical cancers).

The partnership was announced during a press conference at AIDS18, at which Jan Verstreken, Regional President of EMEA and Canada, said: “It is not only a privilege but also a responsibility for Hologic to be part of this initiative to improve access to crucial diagnostic testing technology.”

Partners in this effort include the Clinton Healthcare Access Initiative, MedAccess, the United Kingdom’s Department for International Development (DFID), Unitaid, the United States President’s Emergency Plan for AIDS Relief (PEPFAR), and the African Society for Laboratory Medicine (ASLM).

Speaking in a session at AIDS18, President Bill Clinton pointed to the partnership: “I’m very grateful that thanks to DFID, MedAccess and Unitaid, we made an agreement with Hologic to expand access to viral load [tests at] lower costs.”

Among the challenges with the project were issues with stability during shipping, as well as the need to establish key procurement agreements with PEPFAR and Unitaid, which provide diagnostics funding to developing countries. In 2017, the Hologic HIV assay received prequalification from the World Health Organization, the last hurdle before the current agreement could be reached.

**“It’s extremely rewarding to have the opportunity here at Hologic to achieve what I know these low-resource countries need.”** Tiffany Clark, Hologic

“As excited as I am about this program,” says Clarke, “I will be even more excited to NOT BE talking about HIV in Africa someday, because our work will be done and we will have been successful. Working toward that dream is what gets me to the office every day.”



Top: Hologic’s Global Access team visits one of our distribution partners in Uganda.

Right: Training session in Zimbabwe for our Panther® molecular diagnostics system. Hologic’s assays for HIV and other viruses run on the Panther system.



## I Philanthropy

At Hologic, we take the role we play as leaders in the communities where we live and work seriously. We give our time and resources through philanthropic and charitable efforts that provide immediate benefits to needy patients, but that also further our business objectives over the long term, for example, by promoting scientific literacy in younger generations. Specifically, we provide monetary donations through our corporate philanthropy committee, which includes employees from various divisions and sites. Over the last few years, we have provided hundreds of grants, generally ranging from \$1,000 to \$30,000 each, to non-profit organizations near our facilities that support women's health and STEM (science, technology, engineering and math) education. Most commonly, we support efforts by local hospitals to improve access to preventive healthcare for underprivileged women. In addition, examples of our larger, multi-year partnerships include:

- **Ann's Place in Danbury, Connecticut, which provides community-based support for cancer patients and their loved ones.**
- **The Massachusetts Science and Education Fair, which advances science literacy and inspires new generations of science and engineering leaders.**
- **The Ocean Discovery Institute in San Diego, California, which uses ocean science to empower young people from underserved urban communities.**
- **The Silicon Valley Education Foundation in San Jose, California, which delivers and advocates for STEM education that inspires underserved students.**
- **Susan G. Komen San Diego's Race for the Cure, the walk to end breast cancer.**



Hologic is committed to providing financial support to healthcare organizations that share our values and commitment to promoting healthier lives. We contribute to organizations that champion the advancement of women's health, expand access to life-saving products and screening, and provide medical education regarding key women's health issues. In addition, there are still far too many populations around the world without access to greatly needed diagnostic screening and medical treatment. Hologic contributes to organizations that are working to help underserved communities.

Grants, Charities & Donations in Millions



## Philanthropy

Our employees throughout the world are committed to making a difference in their local communities. Here are a few examples.



### Building Housing for a Family in Massachusetts

Hologic employees in Massachusetts and Connecticut sponsored the Metro West Habitat for Humanity Build Day in June 2019.

The project renovated a 110-year-old home in Massachusetts. This home provided an affordable dwelling in a safe community for a local family.



### Helping Underprivileged Children in California

Thanks to our perinatal staff in Sunnyvale, California, underprivileged children in need of school supplies received a backpack, which included pens, pencils, flash cards, rulers, a calculator, notebooks, folders and other school supplies. Also included in the bags was a \$40 gift card for each student to buy shoes, along with books, socks, a dental hygiene kit and groceries.

“When you work at Hologic, you’re working toward helping people. It’s already in your spirit, so these community-engagement activities are an extension of that ethos,” says Gail Marzolf, Senior Manager of Product Development for Hologic in Sunnyvale. “It’s just a really caring group of people we have here.”



### Hologic Cultivates Environmental Stewardship in Costa Rica

The Company’s team in Costa Rica actively engages in their community. They have championed projects that aid breast cancer patients, reward children for their academic excellence, reduce energy consumption and boost use of solar power.

Employees celebrated environmental stewardship by planting 165 native trees throughout San Juan La Selva in Sarapiquí, a fire-scarred biological corridor. Many important species live in that area, including sloths, bats, amphibians, monkeys and birds.



### Hologic Makes a Splash Against Cancer in Spain

In May 2019, four members of the Hologic team in Spain swam in the ocean, early in the morning, in 15-degree-Celsius waters. Altogether, Team Hologic swam 27 kilometers for a project called “Un Mar de Solidaridad” (“A Sea of Solidarity”), which raises money for breast cancer research.

“I am a friend and family member of women affected by cancer,” says Jose Yebra, Hologic’s Regional Business Director for Spain, Portugal and Italy. “We have never done a fundraising project like this one, but we hope to organize many more. Our people at Hologic are passionate—and they make a difference.”



### Partnership with the Cancer Foundation of China to Provide Free Cervical Cancer Screening

Hologic employees partnered with the Cancer Foundation of China to provide free cervical cancer screening for 2,000 low-income women across China. In addition, Hologic employees drove awareness by distributing a guidebook with consumer information about breast and cervical health.



### Hologic Helps Provide Free Mammograms to Tens of Thousands of Women in Thailand

Hologic donated several 3Dimensions™ mammography systems for mobile mammography buses in support of the Kanjana Baramee Foundation in Thailand. The buses have visited 103 out of Thailand’s 169 districts during the past five years, providing free mammograms for about 20,000 low-income women. At each location, the foundation offers free 3D™ mammograms and holds educational events to raise awareness about early detection and treatment as fundamental components of optimal breast health.



# Corporate Governance



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## I Governance and Shareholder Engagement

Our Board believes that good governance not only requires an effective set of specific practices, but also a culture of responsibility and accountability throughout the organization. Governance at Hologic is intended to achieve both. **Good governance ultimately depends on the quality of an organization's leadership, and our Board is committed to recruiting and retaining directors and officers with proven leadership ability and personal integrity.**

The Board is engaged with management, with each other, and with the Company's shareholders. Beginning in 2015, we implemented a year-round approach to shareholder engagement. In addition to discussions that take place before our Annual Meeting, each year we initiate discussions in early fall during the proxy "off-season," reaching out to our largest investors to discuss business highlights, compensation and governance matters—or whatever else is on their minds. Directors participate in these discussions as requested, and are updated on calls in which they do not participate.

**Our Board takes feedback from investors seriously.** Feedback from investors has helped shape our compensation programs as well as our governance structures. In fact, discussions with several of our largest investors helped shape our approach to sustainability reporting, including the development of this report.

## I Board Transformation and Structure

Our Board, which consists of a uniquely strong group of proven leaders in diverse healthcare companies, has been transformed through purposeful refreshment over the past five years.

**2015** Eleven members—including two representatives of the Icahn Group

**2019** Eight members—no activist investor representatives

- Four of the directors on the Board in 2015 remain
- Four new independent directors were elected to the Board since 2015

These new directors bring experience and expertise in areas important to the Company and the Board, including:

- Worldwide operations
- Leadership of global, innovative organizations
- Financial expertise
- Healthcare industry experience

**The mix of experience, diversity and fresh perspectives on the Board serves to strengthen management and the Company.**

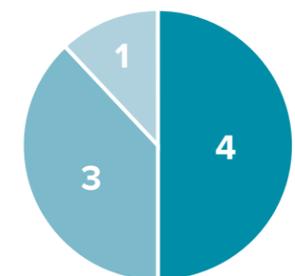
Given its smaller size, each member of the Board is highly engaged, contributing and having his or her voice heard, while supporting and appropriately challenging management.

Our Board has an ongoing commitment to Board refreshment and to having highly qualified, independent voices in the boardroom—which has resulted in an exceptionally well-balanced group.

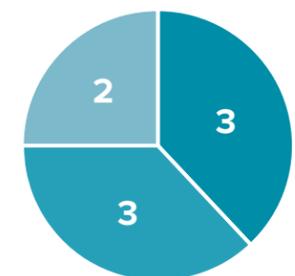
### Key Skills

- |                                |                           |
|--------------------------------|---------------------------|
| Healthcare Industry Experience | Business Development/ M&A |
| Executive Leadership           | Global Experience         |
| Operational                    | Financial Expertise       |

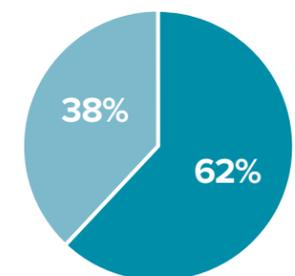
Image left: Steve MacMillan, Chairman, President and Chief Executive Officer, at 2019 National Sales Meeting.



Tenure Diversity  
■ 0-5 Yrs ■ 6-10 Yrs ■ >10 Yrs



Age Diversity  
■ 60s ■ 50s ■ 40s



Geographic Diversity  
■ Born in US ■ Born Abroad



## Board Composition

The Board is composed of a majority of independent directors, and each of the three Board committees (Audit and Finance, Compensation, and Nominating and Corporate Governance) is composed entirely of independent directors. The current membership of our Board and each committee is listed below.

Director and Principal Occupation	Age*	Since	Independent	Current Committee Membership
<b>Stephen P. MacMillan</b> Chairman, President and Chief Executive Officer, Hologic, Inc.	56	2013		• N/A
<b>Sally W. Crawford</b> Former Chief Operating Officer, Healthsource, Inc.	66	2007	✓	• Lead Independent Director • Compensation • Nominating and Corporate Governance (CHAIR)
<b>Charles J. Dockendorff</b> Former Chief Financial Officer and Executive Vice President, Covidien plc	65	2017	✓	• Audit and Finance (CHAIR)
<b>Scott T. Garrett</b> Senior Operating Partner, Water Street Healthcare, Partners	69	2013	✓	• Compensation (CHAIR) • Nominating and Corporate Governance
<b>Ludwig N. Hantson</b> Chief Executive Officer Alexion Pharmaceuticals, Inc.	57	2018	✓	• Compensation • Nominating and Corporate Governance
<b>Namal Nawana</b> Former Chief Executive Officer Smith & Nephew plc	49	2018	✓	• Compensation • Nominating and Corporate Governance
<b>Christiana Stamoulis</b> Executive Vice President and Chief Financial Officer, Incyte Corporation	49	2011	✓	• Audit and Finance
<b>Amy M. Wendell</b> Former Senior Vice President, Strategy & BD&L, Covidien plc	59	2016	✓	• Audit and Finance

\*As of January 1, 2020.

## Roles of the Board

Taking an active role in the Company's strategic direction, the Board continually educates itself on the Company's products, markets, customers, competition and culture. The Board assesses risk, evaluates management's performance, plans for successors and provides overall guidance and direction to the Company.

### Risk Oversight

**Our Board is responsible for risk oversight.** A fundamental part of risk oversight is understanding the risks that we face, the steps management is taking to manage those risks, and assessing our appetite for risk. Risk management systems, including our internal auditing procedures, internal control over financial reporting and corporate compliance programs, are designed in part to inform management about our material risks.

Our Board receives regular reports from management on matters relating to strategic and operational initiatives, financial performance and legal developments, including the related enterprise-risk exposures. The involvement of the Board in the oversight of our strategic planning process is a key part of its assessment of the risks inherent in our corporate strategy.

Each year, the Board also reviews an enterprise risk management report compiled by business leaders who have assessed risks throughout the business over a three-year horizon, focusing on financial risk, legal/compliance risk and operational/strategic risk. The report details the Company's top 10 risks as well as mitigating actions and plans relating to those risks.

**Underscoring the Board's and management's focus on enterprise risk are the individual performance objectives of the executive leadership team for fiscal 2020, which are again aligned with the Company's top enterprise risks, as identified in the enterprise risk management report.**

While the Board has overall responsibility for risk oversight, each of the three standing committees of the Board regularly assesses risk in connection with executing their responsibilities.

- The Audit and Finance Committee focuses on cybersecurity risk as well as financial risk, including internal controls. The Committee receives regular reports on cybersecurity as well as an annual risk assessment report from the Company's internal auditors.
- The Compensation Committee oversees risk relating to compensation. Its independent compensation consultant conducts a risk assessment of our executive compensation programs, and members of our internal legal, human resources and sales operations departments evaluate our other compensation programs to assess risk. These results are presented to the Compensation Committee annually.
- The Nominating and Governance Committee oversees all of our governance processes and attendant risks.

### ESG Oversight

**The Board recognizes the connection between ESG topics and risk mitigation, financial performance and shareholder return.** The Board's Nominating and Corporate Governance Committee oversees the Company's reporting on ESG. Furthermore, a steering committee of senior members of management has been tasked with monitoring and reporting on key ESG topics, and drafting an annual sustainability report. The report is reviewed with the Nominating and Corporate Governance Committee, and with the full Board annually in advance of publication.

Image left: Sally W. Crawford, Lead Independent Director, and Steve MacMillan, Chairman, President and Chief Executive Officer, at Nasdaq Opening Bell. October 2, 2019.



# I Compensation Philosophy and Structure

## Our Compensation Philosophy

Our ability to compete effectively depends to a large extent on our success in identifying, recruiting, developing and retaining management talent. To this end, the design of our executive compensation program and the decisions made by the Compensation Committee of the Board are guided by the following principles:

### Pay for performance

We believe that our compensation programs should motivate high performance among our Named Executive Officers (NEOs) within an entrepreneurial, incentive-driven culture and that compensation levels should reflect the achievement of short- and long-term performance objectives.

### Competitive pay

We aim to establish overall target compensation (compensation received when achieving expected results) that is competitive with that being offered to individuals holding comparable positions at other public companies with which we compete for business and talent.

### Focus on total direct compensation

We seek to offer a total executive compensation package that best supports our leadership talent and business strategies. We use a mix of fixed and variable pay to support these objectives, and provide benefits and perquisites, where appropriate.

**Hologic is focused on growth, efficient use of capital and shareholder value. Consequently, the Company uses measures of adjusted revenue, adjusted EPS, ROIC (return on invested capital), and relative TSR (total shareholder return) for incentive compensation plans. We believe this compensation structure drives performance, while also ensuring management efforts are aligned with the interests of our shareholders.**

#### ROIC

The Compensation Committee introduced ROIC as a performance metric in fiscal 2014 to hold management accountable for generating greater returns on capital allocated. This metric:

- Creates an effective balance of growth and returns
- Holds management accountable for the efficient use of capital
- Links executive compensation to value creation

#### FREE CASH FLOW

In fiscal 2020, the Compensation Committee added the measure of free cash flow, which is an important metric as the Company seeks to continue to deploy capital efficiently with continued business development activity and share repurchases.

#### RELATIVE TSR

In addition to being well-received and supported by our stockholders, use of relative TSR:

- Provides an external performance measure, which complements the internal ROIC measure
- Links executive compensation directly to stockholder value creation

#### Executive Stock Ownership

Our Board believes that our directors and officers should hold a meaningful financial stake in the Company in order to further align their interests with those of our stockholders. Our CEO is expected to achieve equity ownership in the Company with a value of five times his then-current base salary. Each of our other NEOs (named executive officers) and executive officers is expected to achieve equity ownership in the Company with a value of two times his or her then-current base salary.

As of the end of fiscal 2019, Mr. MacMillan owned equity in the Company with a value of over 60 times his fiscal 2019 base salary when taking into account shares that have vested but have been deferred (but not including any unvested equity). This ownership makes him one of our 30 largest stockholders.

# I Governance Policies and Procedures

## Employee Code of Conduct

Our Code of Conduct, which is publicly available [here](#), outlines Hologic's commitments to integrity and ethical conduct. It is a resource for all employees to identify the principles and values that Hologic is founded upon and to understand what is expected of them. All employees must read and understand the Code of Conduct, as well as our policies and procedures, and strive to uphold the principles of integrity and ethics in these written standards. Some of the basic values that form the underpinnings of our Code include:

- **Honesty** being truthful and upfront with co-workers, customers, communities, suppliers, distributors and shareholders
- **Integrity** delivering what Hologic promises and standing up for what is right
- **Respect** treating each other with fairness and dignity and appreciating the unique abilities and strengths of each individual, as well as the advantages of diversity
- **Trust** building team spirit and confidence by communicating openly and honestly
- **Responsibility** taking the initiative to speak up and report concerns regarding ethical conduct and seeking reliable guidance in cases of doubt
- **Citizenship** obeying the laws of all the jurisdictions where the Company does business

## Diversity Policy

Our approach to diversity is covered in our employee Code of Conduct, and is supported internally through our global Anti-Discrimination and Anti-Harassment Policy. Hologic is fundamentally committed to the principle that those we interact with, whether employee, vendor, partner, or customer, will be treated with respect, dignity, and professionalism. We are an equal opportunity employer. It is Hologic's policy to administer all human resource actions and policies without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, ancestry, age, mental and/or physical disability, genetic information, veteran status, any military service or application for military service, marital status, creed, citizenship status or membership in any other category protected under state, federal or local law. All employment decisions and personnel actions, including hiring, promotion, compensation, benefits and termination, are and will continue to be administered in accordance with, and to further the principle of, equal employment opportunity. Performance of supervisors and employees alike will be evaluated on the basis of work-related criteria.

Our global Anti-Discrimination and Anti-Harassment Policy explicitly prohibits any form of discrimination, harassment, sexual harassment or retaliation. It also clearly outlines the complaint procedure process. All employees are required to undertake bi-annual anti-harassment and anti-discrimination training and to acknowledge and adhere to our Anti-Discrimination and Anti-Harassment Policy.

## Human Rights and Fair Working Conditions

Human rights and fair working conditions are covered in our employee Code of Conduct. Hologic supports fundamental human rights globally and is committed to a work environment that is free from human trafficking and slavery. We do not allow child or forced labor by our Company, nor do we knowingly work with business partners that employ children or forced labor. We also follow all applicable wage and hour laws.

## Intellectual Property and Data Privacy Protection

Data privacy protection is covered in our employee Code of Conduct. Information and information systems are fundamental to daily operations and to the future success of Hologic, and our Board of Directors and management team are committed to preserving and protecting data and information systems. We have several internal policies and associated training courses that govern employee behavior and educate employees on how to effectively manage risks. The objective of our policies is to safeguard the confidentiality, integrity and availability of our information and systems.



## Intellectual Property and Data Privacy Protection (cont.)

Our internal policies include the following:

- Information Protection Policy
- Information Security Policy
- Information Security Management Policy
- Social Media Policy
- Acceptable Use Policy
- Cybersecurity Training, Education, and Awareness Policy
- IS Risk Management Policy

## Ethics in Sales and Marketing

Hologic is dedicated to the improvement of patient care through providing innovative, high quality, cost-effective healthcare technology. We recognize that adherence to ethical standards and compliance with applicable laws and regulations is critical to achieving these objectives. As a developer, manufacturer and supplier of diagnostics and medical devices, Hologic is subject to laws and regulations designed to protect patients and consumers, improve the quality of healthcare services, and help eliminate fraud and improper influence on medical judgment. Our products are closely regulated by government agencies, health ministries and regulatory authorities worldwide.

We prioritize integrity as a fundamental aspect of our sales and marketing practices. Hologic is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that prohibit improper payments to obtain a business advantage. In addition, as a medical products manufacturer, Hologic has the added responsibility of ensuring that representations regarding our products are consistent with the approved label. Our policies ensure employees communicate clearly and accurately so that customers understand the features and benefits, but also limitations, of our products. Customers and patients, as well as our business partners and suppliers worldwide, rely on Hologic for honest and accurate communication. Our commitment to ethics is part of everything we do, and we take the following steps to ensure our employees understand how to achieve business objectives with transparency, honesty and integrity.

- We maintain and promote our Code of Conduct, which sets forth our philosophies regarding ethical business practices and contains guidance specific to anti-corruption, anti-bribery, ethical promotion and marketing practices, among many other topics.
- We provide our Code of Conduct in eight languages, so that substantially all our employees can read it in their first language.
- Upon hire and bi-annually thereafter, employees are required to take a Code of Conduct training course, which provides examples and hypotheticals on how the concepts contained in the Code of Conduct can be applied to daily business practices. This course is also offered in eight languages.
- We require all employees to certify to our Code of Conduct on an annual basis to ensure their continued understanding of its contents.
- We maintain various additional policies that provide further detail on the topics covered in our Code of Conduct. Several of these are also supported by online training modules that employees take when they join the Company and on a regular basis thereafter.
- We maintain a process by which all marketing and promotional materials are reviewed by subject-matter experts to ensure that claims are accurate, supported by reliable data, and consistent with the approved product labeling.
- We provide a compliance hotline that is available internally and externally to employees and third parties whereby they may report compliance concerns to us.
- We employ a compliance team who has responsibility for monitoring and following up on compliance matters, maintaining and updating compliance policies and procedures, and reporting their activity to senior management, as well as the Board of Directors, in order to ensure visibility to compliance matters at all levels of the company.

Image right: Breast and Skeletal Health software engineers.

## Ethical Interactions with Healthcare Professionals

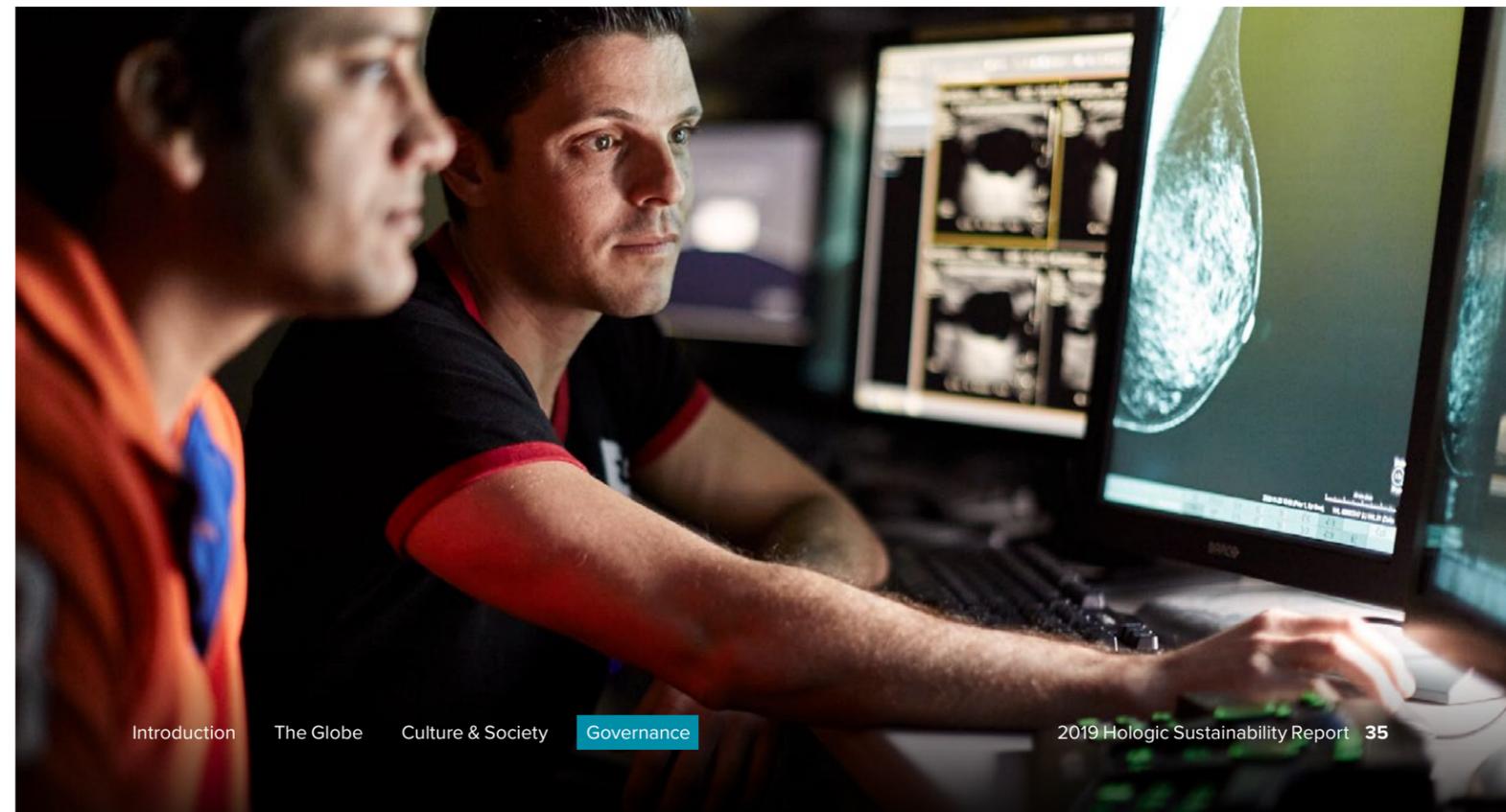
Hologic recognizes that healthcare professionals are critical partners in our ability to fulfill the Company's mission. In order for Hologic to understand the needs of the healthcare community and provide the highest quality products, we must regularly work and interact with healthcare professionals. Strict regulations govern our interactions with healthcare professionals, which include physicians, nurses, and hospital or medical office administrators, and we ensure our employees are aware of the potential compliance risks inherent in these interactions.

Our policies and robust employee training programs ensure that any interaction Hologic employees have with a healthcare professional serves an appropriate and ethical business purpose, does not interfere with the healthcare professional's independent medical judgment, and does not violate local law or regulation. The Company maintains systems, policies and training to ensure that any exchanges of value between the Company and healthcare professionals are tracked, monitored and reported in accordance with applicable payment disclosure laws. We disclose payments and transfers of value made to physicians and other healthcare entities in every state and country where disclosure is required by law. In the United States, this information is published on the Centers for Medicare and Medicaid Services Open Payments site.

Like our Code of Conduct and other compliance policies, our programs to ensure ethical interactions with healthcare professionals include written policies, online and ad hoc training depending on an employee's function (for example, compliance training to sales professionals during their annual sales meeting). In addition, we use procedures and systems to help ensure we are meeting our requirements. These include online expense reporting platforms that include embedded features like required data fields and compliance certifications prior to submission. Finally, we employ individuals who have responsibility for monitoring compliance, enhancing our programs as needed, and reporting to senior management and the Board.

### Our internal policies include the following:

- Medical Education and Healthcare Professional Interaction Policy
- State Healthcare Professional Interactions (SHIP) Policy
- Gifts and Other Incentives Policy
- Healthcare Anti-Inducement and Anti-Kickback (HAK) Policy
- Foreign Corrupt Practices Act and Other International Bribery Laws Policy
- Sunshine Act Policy



## Conflict Minerals

Our policy is publicly available [here](#). Hologic supports the goal of ending human rights violations, violence and harmful environmental impacts in the covered countries and around the globe. We are committed to complying with all requirements applicable to the Company under the Conflict Minerals rule.

## Antitrust and Competition Laws Compliance

Antitrust and competition laws compliance are covered in our employee Code of Conduct. Antitrust laws are generally designed to foster and preserve fair and honest competition within the free enterprise system. Hologic requires all employees to comply with all applicable antitrust laws, and we are committed to prohibiting any actions that result in unfair methods of competition or restraint of trade.

## Formal Grievance Escalation Process

Hologic is an organization with strong values of responsibility and integrity. We are committed to fostering an environment in which open, honest communications are the expectation, not the exception. We encourage employees to feel comfortable approaching their supervisor or management in instances where they believe violations of policies or standards have occurred.

However, in situations where employees prefer to place an anonymous report in confidence, they are encouraged to use our hotline provider, which is hosted by a third party. Employees can submit reports relating to violations stated in our Code of Conduct, as well as ask for guidance related to policies and procedure. The information provided is sent to Hologic on a confidential and anonymous basis at the discretion of the employee.

## GAAP to non-GAAP reconciliation

Earnings Per Share	Year Ended					
	9/28/19	9/29/18	9/30/17	9/24/16	9/26/15	9/27/14
<b>GAAP earnings (loss) per share (EPS)</b>	<b>(0.76)</b>	<b>(0.40)</b>	<b>2.64</b>	<b>1.16</b>	<b>0.45</b>	<b>0.06</b>
Non-GAAP adjustments	3.19	2.63	(0.61)	0.80	1.22	1.45
<b>Adjusted EPS</b>	<b>2.43</b>	<b>2.23</b>	<b>2.03</b>	<b>1.96</b>	<b>1.67</b>	<b>1.51</b>
<b>Adjusted EPS growth from prior year</b>	<b>9%</b>	<b>10%</b>	<b>3%</b>	<b>17%</b>	<b>11%</b>	
<b>5-Year Average Adjusted EPS growth</b>	<b>10%</b>					



Image right: San Diego employees celebrating International Women's Day, 2019.

Enabling healthier lives everywhere, every day.  
Learn more at [Hologic.com](http://Hologic.com)

