

**2021**

# **Environmental, Social and Governance Report**

June 30, 2022

**Benefitfocus®**

The cover features a diagonal split design. The upper-left portion is white, while the lower-right portion is a solid blue. A large, semi-transparent photograph of a modern office interior with people walking is overlaid on the blue section. A bright yellow triangle is positioned in the bottom-left corner, partially overlapping the white background.

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# A Letter from Our CEO and President



I'm pleased to share with you the 2021 Benefitfocus ESG Report, highlighting our environmental, social and governance policies and practices.

At Benefitfocus, improving the lives of people is the focus of everything we do. We aim to create healthier, happier communities by empowering individuals and their families to make smarter and more informed decisions on how to choose—and use—their benefits. Their success is what makes us financially sustainable.

At the core of these efforts is our technology. Our solutions:

- Help employers attract and retain the best talent through well-designed and holistic benefits programs
- Reduce the complexity of shopping for and enrolling in benefits by presenting information to people in an organized and easy-to-understand way
- Free up HR and benefits teams to focus on their employees, not processes, by eliminating time consuming, labor-intensive tasks associated with managing employee benefits plans
- Help companies assess whether their benefits programs are meeting the ever-changing needs and expectations of their workforces through data-driven insights and intelligence

We're only able to do what we do because of our incredible team of associates. Our people are our greatest asset. As such, our culture revolves around investing in them. This means providing the tools, resources and support systems they need to excel. It also means fostering an environment that respects, values and welcomes unique and diverse perspectives, embraces work-life balance and prioritizes good health and wellbeing.

Our 2021 report highlights several steps we've taken from an ESG perspective during the past year. And while we've made good progress in a short amount of time, we've only just begun on our journey. We look forward to raising the bar on our commitment to serving our clients, strengthening our communities and investing in the growth of our associates in the years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Levin', with a long horizontal line extending to the right.

Matt Levin  
CEO and President  
Benefitfocus

# About Benefitfocus

## Mission and Core Values

Our mission is simple: to improve lives with benefits. This mission is supported by a set of core values that serve as a daily reminder of who we are and the standards we expect each associate to embody. We call every full- and part-time employee an associate, which signifies our culture of unity and collaboration. Our associates can expect full contributions from every team member and equal opportunities for voices to be heard—regardless of individual titles or position.

Our values include:



**Respect:** Acknowledge the unique and diverse experiences and perspectives that each associate brings to Benefitfocus.



**Community:** Actively create environments that make us proud, not only with our customers and associates, but within our broader communities.



**Own It!:** Be accountable for our actions and proud of our outcomes. Offer solutions, follow through on commitments and learn every day.



**Anticipate:** Share and apply experiences and learnings to proactively meet the needs of our clients and customers, as well as those within our broader markets.



**Together:** Collaborate in the spirit of understanding that “we” is more powerful than “me.”



**Celebrate!:** Have fun and take time to recognize one another and our accomplishments.

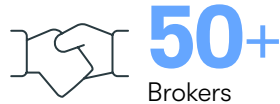
## Our Business

Benefitfocus (NASDAQ: BNFT) is a cloud-based benefits administration technology company committed to helping our customers and the people they serve get the most out of their health care and benefits programs.

Through exceptional service and innovative SaaS solutions, we aim to be the safest set of hands for our customers by helping to simplify the complexity of benefits administration while delivering an experience that engages people and unlocks the potential for better health and improved outcomes.



### We partner with



### We serve



## Our Solutions

Our solutions are based on a multi-tenant architecture and feature a user-friendly interface that enables people to easily access all their benefits in one place. Our comprehensive “one-to-many” model supports a broad lineup of benefits, including core medical benefit plans, ancillary benefits (dental, life, disability insurance, mental health and financial wellness) and a full array of voluntary benefits.

Our platform includes functionality designed to help consumers identify and evaluate benefit options available to them. As the number of employer benefits plans continues to increase, and with each plan subject to different business rules and requirements, demand for Benefitfocus solutions is growing.

### Employers

Employers use our solutions to streamline benefits processes and control costs, keep up with challenging and ever-changing regulatory requirements and offer a greater variety of benefit options to attract, retain and motivate employees.

The Benefitfocus Platform enables our employer clients to manage complex benefits processes, from enrollment to ongoing administration engagement. It provides their employees with a highly intuitive and personalized user interface for selecting and managing all of their benefits via a mobile or desktop device. We sell our technology solutions to large employers (those with more than 1,000 employees) on an annually recurring or multi-year subscription basis.

### Health Plans

Health Plans, also known as health insurers, health insurance carriers or medical insurance carriers, use our solutions to more effectively market their offerings to benefits-eligible employees, simplify billing and improve the enrollment process.

We also provide a large network of benefit provider data exchange connections, which facilitates the otherwise highly fragmented interaction among employees, employers, brokers and health plans. We sell our solutions to the health plan market on a subscription basis.

### Brokers

Brokers use our platform to manage employer portfolios and individual clients. This includes delivering strategic, data-driven insights that improve their employer clients' benefit experience while demonstrating greater value.

In addition, brokers benefit from access to a larger set of relevant products and coverage for employers, which builds client goodwill and can often yield higher broker commissions and profits.

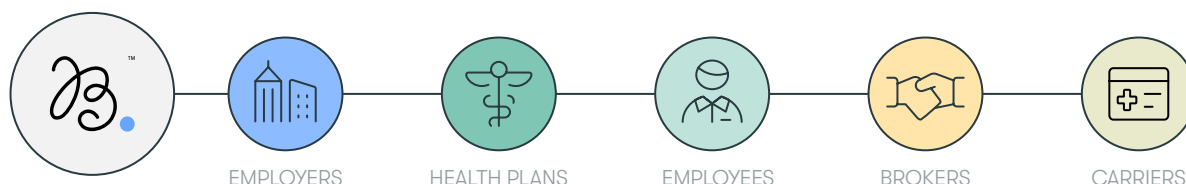


### **Our suite of offerings also includes a robust voluntary benefit solution, known as our Benefit Catalog.**

Benefit Catalog provides a best-in-class portfolio of voluntary benefit designs and options that enable consumers to access a wide range of voluntary benefit options that meet their individual needs. Through this voluntary benefits solution, we provide employee/consumer education and access, data-driven analysis and modeling tools and operational efficiencies. By driving additional value, Benefitfocus can collect carrier commissions and/or fees based on the volume of products and coverages purchased on our platform.

## Our Products

Our portfolio of products serves the entire benefits ecosystem. Employers, and by proxy their employees, health plans and brokers rely on Benefitfocus to simplify everything about benefits.



Our solutions help **employers** and **clients of brokers** by:

### Simplifying Benefits Enrollment

Our solutions reduce the complexity of benefits enrollment by integrating plan information into one place and presenting it to employees in an organized and easy-to-understand manner. Employees shop and enroll in their benefits using a highly intuitive and engaging consumer-oriented interface.

### Reducing Cost and Increasing Return on Investment

Our solutions automate the benefits management process and reduce the cost associated with clerical errors and covering ineligible employees and dependents. They also include advanced analytics and insights that enable employers and employees to quickly gather, report and forecast benefit costs.

### Attracting, Retaining and Motivating Employees

Our solutions help employers attract, retain and motivate top talent by delivering benefits information through a highly intuitive and engaging user interface. We believe that when employees understand the value of their benefits and have easy access to them, they are more likely to be satisfied with and engaged in their jobs.

### Streamlining HR Processes

Our solutions eliminate the time-consuming, labor-intensive and often paper-based processes associated with managing employee benefits plans. Employers and HR professionals can efficiently enroll users or update information and communicate or make changes to plans in real-time.

### Integrating Seamlessly with Related Systems

Our solutions can be easily and securely integrated with a variety of related systems, including health plan membership and billing, payroll and HR, banking and other third-party administration. We provide a network of benefit provider data exchange connections through industry standard interfaces that are configurable to accommodate a variety of needs. Our open architecture further extends our functionality by allowing third parties to develop and offer products and services on our platform. Our human capital management application programming interface, or API, replaces traditional file-based systems with an automated, real-time interface.

### Providing the Ability to Offer Non-Medical Benefits

Our platform includes a holistic, multidimensional marketplace where carriers and suppliers can sell non-medical, voluntary and specialty products to employees.



Our solutions help **insurance health plans** and **suppliers** by:



### **Bolstering Retail Distribution Capabilities Through Marketplaces**

In an evolving marketplace, retail distribution capabilities are increasingly important to attracting and retaining new members. Our platform offers health plans a lower-cost direct sales channel to employer groups and individuals. We offer the ability to sell both health care and non-health care benefit products in an online shopping environment that serves as an alternative to government-sponsored public exchanges.

### **Attracting and Maintaining Memberships**

Our solutions enable carriers to maximize sales capacity and efficiency by communicating directly with their employer clients and individual members.

### **Reducing Administrative Costs**

The Benefitfocus Platform enables health plans to consolidate IT systems and automate and simplify various aspects of the benefits administration process, such as enrollment, plan changes, eligibility updates and billing and payments, from one centralized location.

### **Facilitating Real-Time Data Exchange**

Our solutions simplify interactions and data exchange and foster collaboration among carriers, suppliers, brokers, employers, employees and consumers. This allows health plans to rapidly tailor and offer new benefits packages.



### **Benefitfocus Enhances ACA Compliance and Reporting with Acquisition of Tango Health**

In November 2021, Benefitfocus acquired Tango Health, an innovative software and services company focused exclusively on solutions for employer-sponsored health care such as benefits communications, health plan decision support and ACA compliance and reporting.



“Tango Health brings promising decision support, benefits communication and engagement capabilities to Benefitfocus that will help our joint customers earn a better yield on their health care investment.”

**Matt Levin**  
CEO & President  
Benefitfocus



## Our ESG Strategy and Reporting

Our ESG strategy focuses on prioritizing and implementing actions that create a stable, inclusive, innovative and well-governed company. We place a high importance on governance and have continued to create momentum in our inclusion initiatives.

### Stable

In 2021, we completed our strongest open enrollment season, with more than 19 million enrollments, a 100% on-start time and a 95% customer satisfaction rating.

### Inclusive

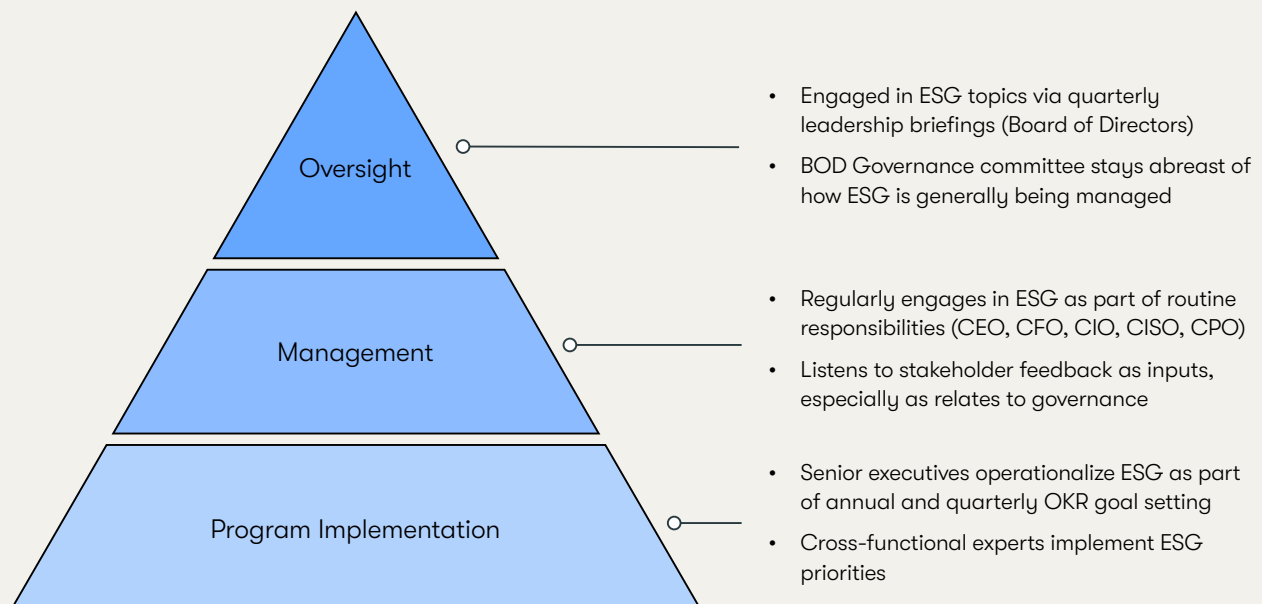
We strive to be champions of promoting equity and inclusion within our workforce. We routinely host quarterly associate town halls and encourage open dialogues around diversity and inclusion issues. We also offer access to on-demand training and development on a wide range of diversity, belonging and inclusion topics, including those that educate associates on cultural and other biases.


### Innovative

We have a robust product development roadmap with a customer-centric lens for prioritization that continues to evolve to meet the needs of our key stakeholders.

### Well-Governed

We have a strong culture of accountability, from the Board of Directors to Management to every associate at the Company.





The disclosures in this report were informed by the recommendations of the software and IT services standard published by the Sustainability Accounting Standards Board (SASB). SASB is an independent, private sector standards-setting organization dedicated to improving the effectiveness and comparability of corporate disclosures on environmental, social and governance factors.



Specifically, this report provides information on the following SASB sustainability disclosure topics:

- Data Privacy and Freedom of Expression (**page 11**)
- Data Security (**page 11**)
- Recruiting and Managing a Diverse, Skilled Workforce (**page 12**)

Disclosures provided by Benefitfocus are informed by SASB guidelines. We believe SASB establishes and maintains industry-specific standards that will assist us in disclosing financially material, decision-useful sustainability information. We will expand our disclosure of meaningful metrics as we continue to transform and improve the company. Transparency of our performance is critical to holding ourselves accountable to our plans and the progress we make.

We will prioritize any additional improvements and implementations to our ESG strategy using SASB as a guide. Below is the SASB matrix we will use going forward to benchmark and disclose our performance against the relevant SASB topic. Additionally, our teams will spend time over the next 12 to 18 months evaluating additional standards and priorities to implement. There are additional standards that we will also evaluate for future inclusion including, and not limited to, GRI and TCFD.

## Sustainability Disclosure Topics & Accounting Metrics



SASB Topic	Accounting Metric	Unit of Measure	CY 2021
<b>Environmental Footprint of Hardware Infrastructure</b>	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	Gigajoules, Percentage	Unavailable at this time, but working to provide disclosure on current performance
	(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters, Percentage	Unavailable at this time, but working to provide disclosure on current performance
	Discussion of the integration of environmental considerations into strategic planning for data center needs	N/A	Unavailable at this time, but working to provide disclosure on current performance
<b>Data Privacy &amp; Freedom of Expression</b>	Description of policies and practices relating to behavioral advertising and user privacy	N/A	On our website you will find Benefitfocus's <b><u>Privacy policy</u></b> , <b><u>Services Privacy Policy</u></b> , <b><u>Guiding Principles for Data Use</u></b> and <b><u>Terms of Use</u></b>
	Number of users whose information is used for secondary purposes	Number	Information only used to carry out the contracted business purpose and not for secondary use
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Reporting currency	\$0.00
	(1) Number of law enforcement requests for user information, (2) Number of users whose information was requested, (3) Percentage resulting in disclosure	Number, Percentage	0, 0, 0%
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering or censoring <sup>3</sup>	N/A	N/A
<b>Data Security</b>	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of users affected <sup>4</sup>	Number, Percentage	0, 0%, 0
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	N/A	We follow the NIST Cybersecurity Framework to protect the confidentiality, integrity and availability of the enterprise's information assets. This includes developing and deploying all process, tools and organization and governance to detect, respond and recover from a security incident. In the rare occurrence that an incident occurs, we follow a structured Incident response plan to identify, analyze, contain, eradicate and restore operations



SASB Topic	Accounting Metric	Unit of Measure	CY 2021
<b>Recruiting &amp; Managing a Global, Diverse &amp; Skilled Workforce</b>	Percentage of employees that are (1) Foreign nationals and (2) Located offshore <sup>5</sup>	Percentage	2%, 24% - All contractor population (as of April 19, 2022)
	Employee engagement as a percentage <sup>6</sup>	Percentage	Unavailable at this time, but working to provide disclosure on current performance
	Percentage of gender and racial/ethnic group representation for (1) Management, (2) Technical staff, and (3) All other employees <sup>7</sup>  Management defined as anyone with the title of Manager or above	Percentage	<p>Percentages as of April 19, 2022:</p> <p><b>Management gender:</b> 47% Female 53% Male</p> <p><b>Technical staff gender:</b> 32% Female 68% Male</p> <p><b>All other employees' gender:</b> 63% Female 37% Male</p> <p><b>Management racial/ethnic representation:</b> 4% Asian 3% Black or African American 2% Hispanic/Latino 69% White 11% Prefer Not to Answer 10% No Response</p> <p><b>Technical staff racial/ethnic representation:</b> 8% Asian 6% Black or African American 2% Hispanic/Latino 0.41% Two or More Races 0.41% Hawaiian/Pacific Islander 56% White 12% Prefer Not to Answer 15% No Response</p> <p><b>All other employees racial/ethnic representation:</b> 0.47% American Indian/Alaskan Native 3% Asian 11% Black or African American 3% Hispanic/Latino 0.32% Two or More Races 55% White 12% Prefer Not to Answer 15% No Response</p>



SASB Topic	Accounting Metric	Unit of Measure	CY 2021
<b>Intellectual Property Protection &amp; Competitive Behavior</b>	Total amount of monetary losses as a result of legal proceedings associated with anti- competitive behavior regulations <sup>8</sup>	Reporting currency	\$0.00
<b>Managing Systemic Risks from Technology Disruptions</b>	Number of (1) Performance issues and (2) Service disruptions; (3) Total customer downtime <sup>9</sup>	Number, Days	Unavailable at this time, but working to provide disclosure on current performance
	Description of business continuity risks related to disruptions of operations	N/A	Unavailable at this time, but working to provide disclosure on current performance

## Activity Metrics

Activity Metric	Unit of Measure	CY 2021
<b>(1) Number of licenses or subscriptions, (2) Percentage cloud-based</b>	Number, Percentage	Unavailable at this time, but working to provide disclosure on current performance
<b>(1) Data processing capacity, (2) Percentage outsourced<sup>10</sup></b>	Data processing capacity shall be reported in units of measure typically tracked by the entity or used as the basis for contracting software and IT services, such as Million Service Units (MSUs), Million Instructions per Second (MIPS), Mega Floating-Point Operations per Second (MFLOPS), compute cycles or other. Alternatively, the entity may disclose owned and outsourced data processing needs in other units of measure, such as rack space or data center square footage. The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers.	Unavailable at this time, but working to provide disclosure on current performance
<b>(1) Amount of data storage, (2) Percentage outsourced<sup>11</sup></b>	Petabytes, Percentage	Unavailable at this time, but working to provide disclosure on current performance

1. Legal Note: SASB standards are not intended to, and indeed cannot, replace any legal or regulatory requirements that may be applicable to a reporting entity's operations. 2. Note to TC-SI-220a.3 – The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses. 3. Note to TC-SI-220a.5 – Disclosure shall include a description of the extent of the impact in each case and, where relevant, a discussion of the entity's policies and practices related to freedom of expression. 4. Note to TC-SI-230a.1 – Disclosure shall include a description of corrective actions implemented in response to data breaches. 5. Note to TC-SI-330a.1 – Disclosure shall include a description of potential risks of recruiting foreign nationals and/or offshore employees, and management approach to addressing these risks. 6. Note to TC-SI-330a.2 – Disclosure shall include a description of methodology employed. 7. Note to TC-SI-330a.3 – The entity shall describe its policies and programs for fostering equitable employee representation across its global operations. 8. Note to TC-SI-520a.1 – The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses. 9. Note to TC-SI-550a.1 – Disclosure shall include a description of each significant performance issue or service disruption and any corrective actions taken to prevent future disruptions. 10. Note to TC-SI-000.B – Data processing capacity shall be reported in units of measure typically tracked by the entity or used as the basis for contracting software and IT services, such as Million Service Units (MSUs), Million Instructions per Second (MIPS), Mega Floating-Point Operations per Second (MFLOPS), compute cycles, or other. Alternatively, the entity may disclose owned and outsourced data processing needs in other units of measure, such as rack space or data center square footage. The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers. 11. Note to TC-SI-000.C – The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers.

# How We Operate



## Ethics and Compliance

At Benefitfocus, integrity is a key element of our corporate culture. We place a high value on honesty, fair dealing and ethical business practices and hold our associates accountable for ensuring integrity in every aspect of their dealings with our key stakeholders, including clients, partners, suppliers, government authorities, other associates and those in our broader communities.

## Code of Conduct

Our Code of Conduct outlines our core values and the standards that govern our business and is designed to help all associates and affiliates understand what our Company expects in terms of ethical and legal business conduct.

Our Code of Conduct specifically highlights our commitment to equal opportunity employment and maintaining a safe workplace. It also ensures that our commitment to labor laws is distinct and the right to freedom of association and collective bargaining is understandable.

All associates, including management, participate in annual Code of Conduct training, during which they must attest that they will comply with the code.

## Whistleblower Programs

Our associates, suppliers and clients are encouraged, without fear of punishment, to raise questions or concerns about our operations and business practices and are expected to report any behaviors they believe violate the company Code of Conduct. Those who make such good faith reports are commonly referred to as “whistleblowers.”

Any person may submit a good faith complaint, report or concern regarding such matters without fear of dismissal or retaliation of any kind. All allegations are investigated, and appropriate action is taken based on the findings.

Potential violations of our Code of Conduct or other company policies can be reported through several channels, all of which are handled with confidentiality:

### **Directly to Human Resources and/or the Legal departments**

#### **Anonymously by phone or online through our Ethics hotline:**

Phone Number: 866-815-7146 | Website: <https://www.openboard.info/BNFT/index.cfm>

#### **By notifying the Board of Directors’ Audit Committee at:**

Attention: Audit Committee | [AuditCommittee@benefitfocus.com](mailto:AuditCommittee@benefitfocus.com)  
Benefitfocus, Inc. 100 Benefitfocus Way Charleston, SC 29492



Benefitfocus’ formal Whistleblower Policy can be found [here](#).

## Board and Managerial Oversight

Our Board of Directors and Executive Leadership Team are committed to maintaining strong corporate governance principles and ethical business practices, which are based on our company values. Our Board regularly reviews corporate governance best practices, changing regulatory requirements and feedback from shareholders and makes changes it believes are in the best interest of Benefitfocus and its shareholders.

Our Audit Committee monitors our enterprise-wide risk management program and our controls, compliance and ethics programs and standards.

## Board and Management Sustainability Oversight

The Benefitfocus Board of Directors is a diverse, talented and experienced group of nine leaders who are aligned with our business and strategy and who provide effective oversight of the Company's management.

Our commitment to leveraging diverse experiences and talent is reflective of our Board, where 22 percent of directors are female and 22 percent are racially/ethnically diverse. Approximately two-thirds (67 percent) of our Board Members have served for less than six years, and we continuously look to refresh our Board representation as part of our governance process.

Our Board conducts an annual review of the Company's corporate governance practices and periodically reviews our data privacy and security and human capital strategies. The Board is also responsible for the overall risk oversight of Benefitfocus and receives periodic updates regarding the Company's social- and governance-related initiatives and progress.

The Benefitfocus management team is subject to oversight by our Board. Each year, the team reviews our long-range business plans and structures, monitors and adjusts our data privacy and security and human capital efforts in a manner that best serves the interests of the Company and its stakeholders.

**At an operating level, the following senior executives have ultimate responsibility for critical areas of our ESG initiatives:**



GOVERNANCE & ETHICS

**Joel Collins**

General Counsel and  
Chief Legal Officer



DATA PRIVACY

**Monique Brown**

Privacy Officer



CYBERSECURITY

**Kevin Heineman**

Chief Information  
Security Officer



HUMAN CAPITAL

**Kristin Adams**

Chief People Officer



## Data Privacy and Cybersecurity

We apply industry-leading data privacy and cybersecurity standards in our day-to-day business. We have a duty to our associates, clients, communities and stakeholders to proactively safeguard and handle their data, systems and technology in a manner that is aligned with continually developing regulatory frameworks.



Our commitments to data privacy are outlined in our enterprise-wide data privacy policy, which can be found [here](#).

### Governance and Management Systems

Benefitfocus' Security Department comprises a team of dedicated security professionals focused on areas including, but not limited to, cybersecurity defense, cybersecurity offense, risk management, information assurance and business continuity. We continuously monitor cybersecurity, business continuity, privacy events and threats to ensure a proactive response.

The Security Department, in collaboration with our Privacy Officer, operates a standing committee that provides our executive team with regular reports on cybersecurity, privacy and risk management. Our Board oversees our Data Privacy and Cybersecurity programs.

We validate our security policies, standards and operational practices and procedures in several ways. These include, but are not limited to:

- Internal and external assessments and audits
- A threat and vulnerability management program that oversees vulnerability scanning and penetration testing activity
- Various annual third-party audits, including HITRUST, SOC, PCI-DSS and SOX
- Tabletop exercises and incident response programs
- Regular security monitoring and testing of our corporate and client-facing environments
- A structured Business Continuity and Disaster Recovery framework, which includes regular review, maintenance and testing of contingency plans

### Data Privacy and Cybersecurity Training

At Benefitfocus, we expect each associate to be responsible for the security and confidentiality of sensitive information. All associates are required to complete privacy and security training on an annual basis to ensure they are informed about the criticality and confidentiality of data that is stored, processed and/or accessed. All associates who are specifically engaged in the processing or access of personally identifiable information (PII) are contracted and trained accordingly.

We also provide our Board members with access to the same privacy and security training as our associates, underscoring our commitment to these topics across all levels of leadership. Benefitfocus also ensures that all third parties are contracted and reviewed according to access and processing activities, including confidentiality commitments.

## Feedback and Stakeholder Engagement



At Benefitfocus, it is our intent to adopt and incorporate standards and activities that enhance our ability to create value over the long term. We value listening and devise actions to address feedback by routinely engaging with several key stakeholder groups, each of whom plays an important role in helping us continue to evolve and improve our focus on ESG.

Some recent examples of these initiatives include:

Stakeholder Group	Issue	Outcome
<b>Clients</b>	Our clients asked for reduced innovation timelines and improvements in service excellence.	<p>In 2021, we hired several seasoned and experienced leaders in the industry to help us re-shape and refine our service, product and implementation approach to better meet our clients' needs:</p> <ul style="list-style-type: none"><li>• Sue Leary, Chief Customer Officer</li><li>• Tim Sand, SVP of Customer Operations</li><li>• Tina Provancal, Chief Product Officer</li></ul> <p>We are also prioritizing our innovation improvements utilizing Continuous Improvement/Continuous Development (CI/CD) practices, with the goal of zero downtime updates as we continue to evolve.</p>
<b>Board Members</b>	Our Board explored opportunities to increase shareholder value and accountability.	<p>We conducted a thorough review of our governance practices, and as a result:</p> <ul style="list-style-type: none"><li>• Adopted a <b>clawback policy</b></li><li>• Added InfoSec/cybersecurity training to a new onboarding program</li></ul>
<b>Shareholders</b>	Shareholder feedback indicated a desire to change some of our governance policies and practices.	<p>We implemented several governance changes, including:</p> <ul style="list-style-type: none"><li>• Adding a minimum of four meetings per year to the Nominating and Governance Committee Charter</li><li>• Explicitly prohibiting hedging and pledging by associates (including executive officers) and non-employee directors in our Insider Trading Policy</li></ul>
<b>Associates</b>	Associates wanted to remain in a remote or hybrid environment, with opportunities to thrive and collaborate in person on an 'as needed' basis.	<p>We shifted associates to a permanent hybrid/remote work model.</p>

# Our People



Our mission to improve lives with benefits starts with our 1,000+ associates. Their engagement and commitment to our customers, partners, communities and each other are critical in our efforts to make Benefitfocus a great place to work.

## Our Total Rewards

As a benefits company, we recognize the important role that a comprehensive benefits package plays in helping our associates and their families thrive.



### Total Wellbeing

Associates can engage with a variety of benefits programs designed to protect and improve their total wellbeing:

- Essential core benefit offerings in medical, dental and vision, with a generous annual contribution to associates' health savings accounts and the opportunity to personalize their benefit options to meet a diverse set of needs
- Company-sponsored health and wellness programs that provide unlimited access to coaching, workshops and other resources, along with an on-demand fitness platform for the whole family
- A wide variety of curated voluntary benefits that foster peace of mind by providing financial safety nets, identity protection and the opportunity to ensure the health and safety of family pets. Inclusive benefits, including parental, adoption and foster care leave, are available for all associates



### Work-Life Balance

Associates can engage with a variety of benefits programs designed to protect and improve their total wellbeing:

- Company-sponsored emotional health programs with caregiving support, employee assistance program and health advocacy services
- Generous paid leave programs that include annual PTO awards, time off for voting activities, COVID-related time off, mental health and wellness days, parental leave, sabbatical leave for highly tenured associates, bereavement leave and company holidays
- Company-sponsored disability benefits
- A charitable giving match program, volunteer opportunities and a culture designed to help associates find connection and belonging
- Online learning resources for continuous learning and associate professional development










## Financial Security

Associates can build future financial security while being equipped for growth and success through:

- Our 401(k) Retirement Savings Plan with company match per pay period, which is available to all full- and part-time associates working more than 20 hours per week
- An Employee Stock Purchase Plan (ESPP) available to more than 95 percent of our associates, including part-time associates working 20 hours or more per week and all full-time associates below the Vice President level
- Associate Stock Awards, putting true ownership into the hands of all associates by providing grants of Restricted Stock Units (RSUs) to every full-time associate



### The following voluntary benefits are offered to Benefitfocus associates:

	Accident, Critical Illness, Hospital Indemnity		Health Advocate Program <sup>1,2</sup>
	Identity Theft Protection <sup>1</sup>		Identity Theft Protection
	Medical Benefits		Dental and Vision Benefits Legal Plan Benefits <sup>1</sup> Lifeworks EAP <sup>1,2</sup> Life and Disability Insurance
	Financial Wellness Program <sup>1</sup>		
	Caregiver Support Benefits <sup>1</sup>		Fertility and Family Planning Support
	Student Loan Support <sup>1,2</sup>		Pet Insurance <sup>1</sup>
	College Savings Program <sup>1</sup>		Pet Discount Program <sup>1</sup>

<sup>1</sup>Also available to part-time associate

<sup>2</sup>100 percent employer-paid benefit

## Where We Work

We want our teams to work where they work best. As such, we follow a remote-first policy. Meaning, we do not require associates to come into the office should they choose to want to work remotely. For those associates who are most productive in the office, we have taken several steps to ensure our facilities are suitable to accommodate individuals and groups back to work safely.

## Recognizing Our Associates

Our associates are the lifeblood of our company. When they outperform our expectations, we reward them individually and as teams. Some of the ways we recognize top performers include:

- Providing dozens of weekly awards during the annual enrollment period to celebrate results and hard work
- Gifting anniversary boxes to celebrate major career milestones
- Allowing two-week sabbaticals for associates at 20 years of service
- Awarding special trips and incentives through our President's Club, which recognizes top-performing sales associates

## Building a Strong, Diverse Talent Pipeline

Our leadership team is committed to making Benefitfocus a place of true belonging, regardless of gender, race, sexual orientation, age, disability, religion or appearance.

We believe our associates should reflect the communities we serve. Our HR teams routinely engage in recruiter training, recruiter certifications and in creating diversity strategies to help ensure the most talented, diverse candidates are sought out to join the Benefitfocus team.

We have set a company goal to increase underrepresented groups by 5 percent in each business unit in 2022. As part of operationalizing how we execute this, our HR teams aim to provide hiring managers with at least two candidates from underrepresented groups per vacancy. Our HR and management teams adjust these practices and goals as needed.



## Performance Management

We have invested in a modern performance management tool to provide every associate with real-time performance feedback and coaching. Every associate is expected to align their objectives and targeted key results to others in the Company, which increases the level of transparency and support they can expect to receive. Associates can also support each other by providing feedback and public recognition within the performance management tool.



## Associate Training and Development



Our Associate Development Academy creates an adaptive learning environment where associates are equipped with the skills, knowledge and abilities to excel in their role today and in the future. We continue to evolve our programs to provide curated and personalized learning pathways focused on the following areas:

- New and enhanced employee onboarding
- Job-related technical skills and role-based training
- Social and behavioral skills
- Corporate and industry compliance
- Diversity, inclusion and belonging efforts (optional participation)

# Our Commitment to Diversity, Inclusion & Belonging (DIB)



Benefitfocus respects, values and welcomes all aspects of diversity within our workforce. We are committed to providing a diverse and inclusive culture, in which fairness and equity help facilitate a sense of belonging. We pride ourselves on being an employer that values respect and equality and that encourages associates to work together to overcome biases as one, united community.

## Our Vision for Diversity, Inclusion and Belonging

By achieving our diversity, inclusion and belonging goals and strategic objectives, our communities will recognize Benefitfocus as:



### Employer of choice

where all associates are treated with respect and feel like they can be their authentic selves at work



### Preferred partner

in the health and benefits industry



## Our DIB Executive Council

In 2020, we created a Diversity, Inclusion and Belonging (DIB) Executive Council, which comprises associates from various functions, levels and geographies throughout the Company and operates under the executive sponsorship of the Chief People Officer.

The Executive Council meets at least bi-weekly and is responsible for driving greater alignment of our diversity, inclusion and belonging efforts with our overall business objectives, providing strategic direction on and execution of our DIB efforts and supporting an inclusive workplace culture for all associates.





## Our DIB Initiatives

Some of the initiatives we have recently implemented include:

- Building a more diverse executive leadership team and Board of Directors by adding talent from underrepresented groups
- Doubling the size of our DIB Executive Council to create additional support and engagement across our senior leadership team
- Participating in discussions with South Carolina-based historically black colleges and universities about implementing a diversity hiring plan
- Launching a formal Diversity, Inclusion and Belonging policy
- Implementing additional demographic fields to our applicant and HRIS software systems to better understand our associate populations and inform our future HR and DIB initiatives
- Shifting Martin Luther King Jr. Day to a paid company holiday
- Forming two Employee Resource Groups (ERGs) focused on LGBTQIA+ and neurodiversity and finalizing plans to introduce additional ERGs in 2022
- Hosting collaborative sessions for associates on various DIB topics, including those focused on belonging, women in leadership and unconscious bias awareness
- Launching a LinkedIn Learning program designed to provide associates with professional development opportunities related to DIB topics
- Hosting various customer events and roundtable discussions with industry experts focused on diversity and inclusion and improving health equity
- Donating to organizations that support DIB-related issues and causes, including Juneteenth, military veterans and LGBTQ Pride Month

In the future Benefitfocus may evaluate the addition of an EEO-1 disclosure.



More information about the commitment to advance diversity, inclusion and belonging at Benefitfocus can be found [here](#).



## Our Future Commitment to DIB

As we look ahead, DIB will remain one of Benefitfocus' main priorities. Our stakeholders have increased expectations for transparency and accountability, and we will continue to refine our strategy and frameworks to meet this important imperative.

In the next year, we pledge to:

- Expand our DIB Executive Council to include ambassadors and advocates who further the mission of the council
- Introduce additional ERGs to create awareness and understanding of the diverse backgrounds and experiences represented at the Company
- Continue to engage in conversations with our associates, members of our local communities and recognized thought leaders on DIB-related topics and issues
- Encourage associates to use proper identity pronouns as a part of our culture
- Introduce additional training and development opportunities for all associates and leaders, including those offered through our LinkedIn Learning course path
- Host diversity, inclusion and belonging panels internally and externally to help inform and engage key stakeholders in conversations around DIB issues



### **We invite you to hold us accountable to our words and our commitments.**

We want you to see a clear difference in the way we carry ourselves as a company and as individuals as we move toward becoming the change we want to see in the world. We are committed to our mission to improve lives with benefits, and we are equally committed to embracing the diversity and uniqueness of everyone needs to move this mission forward.

# Our Communities and Environment



## Environmental Initiatives

Our impact on the environment matters to us and to our stakeholders. We are committed to doing our part to support the shift to a low-carbon economy and lessen the impacts of climate change.



**82%**

FY21 revenues derived from cloud-based products and services

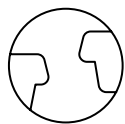
### **Some of the steps we have taken to support sustainable and environmentally conscious business operations include:**

- Implementing a remote-first policy for our associates, enabling us to minimize our physical and environmental footprint
- In our physical locations, encouraging recycling and use of reusable dishes and providing water dispensers in lieu of disposable single-use bottles
- Encouraging associates who travel to book lower emission flight options. In 2021, the approximate greenhouse gas emissions our associates avoided equates to 5.8 trash bags of waste being recycled instead of landfilled
- Communicating with clients through digital channels to reduce the use of paper
- Incorporating sustainability criteria in our vendor selection process, with preference of working with cloud services vendors that can demonstrate efficient computing cycles and waste reduction practices

## Going Green at One of Our Data Centers

In 2022, Benefitfocus is consolidating its data centers and transitioning into a new state-of-the-art green data center to run our applications, which is 100% wind power.

The building's ownership is committed to several sustainability goals, including:



### 68%

reduction in Scope 1 and 2 emissions  
(direct and indirect company emissions)  
by area

### 24%

reduction in Scope 3 emissions  
(indirect emissions in their value chain)  
by area by 2030



Executing a

### Global Water Strategy

that identifies regions where water  
quality and scarcity pose risk to the  
reliable operations of their data centers  
and creates a pipeline of projects and  
opportunities focused on water

**conservation, resiliency  
and redundancy.**



## Community and Philanthropic Initiatives

Throughout our history, Benefitfocus has focused, and continues to be focused on, strengthening and supporting our communities.

Since 2016, more than

### \$600,000

invested via charitable giving



### 200+

organizations benefited

In addition, we offer a matching gifts program, which provides full- and part-time associates with a dollar-for-dollar match, up to \$250 per year, for their contributions to nonprofit organizations.

# Benefitfocus®



For any questions about our ESG strategy or this report,  
please email [ir@benefitfocus.com](mailto:ir@benefitfocus.com)