

# SUSTAINABLY PURPLE



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# A MESSAGE FROM OUR LEADERSHIP

HealthEquity was founded nearly 20 years ago with a mission to connect health and wealth. The social value of what we do — helping working families attain healthcare financial security and literacy — has always been evident. Perhaps less apparent — at least publicly — is the sustainable way in which we have always pursued these goals.

With HealthEquity's inaugural corporate social responsibility (CSR) report, we hope to draw back the curtain on our environmental, social, and governance (ESG) priorities and the strategies that will keep us Sustainably Purple.

This report was created authentically by HealthEquity team members interested in sharing our approach to sustainability. The order and structure reflect their priorities and their voice. You will find that the team has chosen to lead with and give the greatest weight to social priorities, including diversity and inclusion (D&I), followed by governance, and finally environmental topics. There are a myriad of CSR and D&I constructs, rubrics, and assessment frameworks, some of which are mentioned in this report. The team's approach borrows from each of them, while remaining true to what makes us unique.

Of course, we have opportunities to improve. For example, our team, like all of society, looks forward to a day when the data do not show correlation between economic opportunity and color or gender. If Martin Luther King Jr. were an econometrician, that's how he might have said it. As another example, our team looks forward to boosting its environmental game with the help of our new colleagues, Luuminaries, who recently joined HealthEquity.

As you review this, our first sustainability report, we invite your impressions, ideas for improvement, and your partnership in building a Sustainably Purple future.

A handwritten signature in black ink, appearing to read 'Jon Kessler'.

**Jon Kessler**  
President, Chief Executive Officer, and Director

A handwritten signature in black ink, appearing to read 'Stephen D. Neeleman'.

**Stephen D. Neeleman, M.D.**  
Founder, Vice Chairman, and Director



# OUR PURPOSE

HealthEquity was created with a clear social purpose, defined through our mission, vision, and values.

## Mission

Our mission is to help working American families connect health and wealth. We do this through Health Savings Accounts (HSAs) and other consumer-directed benefit (CDB) accounts that individuals and employers use to spend less today and save tax-efficiently for healthcare costs in retirement.

## Vision

Our vision is that HSAs will be as ubiquitous in family financial planning within 10 years as 401(k) and Individual Retirement Accounts are today. We measure progress towards this vision by growth in the number of HSAs and HSA assets among our members and market-wide.

## Values

Our values — how we pursue our mission and vision — are rooted in the importance of Purple service, to our members, clients, partners and to each other.

- Build meaningful relationships
- Pursue excellence with passion
- Scale the magic
- Do the right thing
- Make a difference



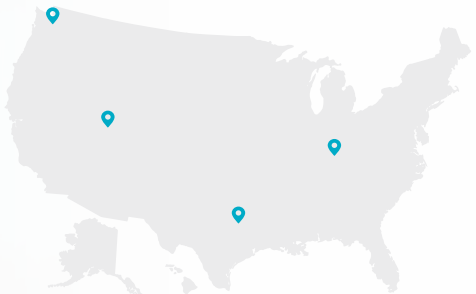
# WHO WE SERVE

 <b>12 million</b> members	 <b>100,000</b> clients	 <b>174</b> network partners	 <b>10,000</b> benefit advisors
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# WHO WE ARE



**3,000+**  
team members  
across 45 states



## Locations

**Headquarters:**  
Draper, UT

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Louisville, KY  
Irving, TX  
Seattle, WA

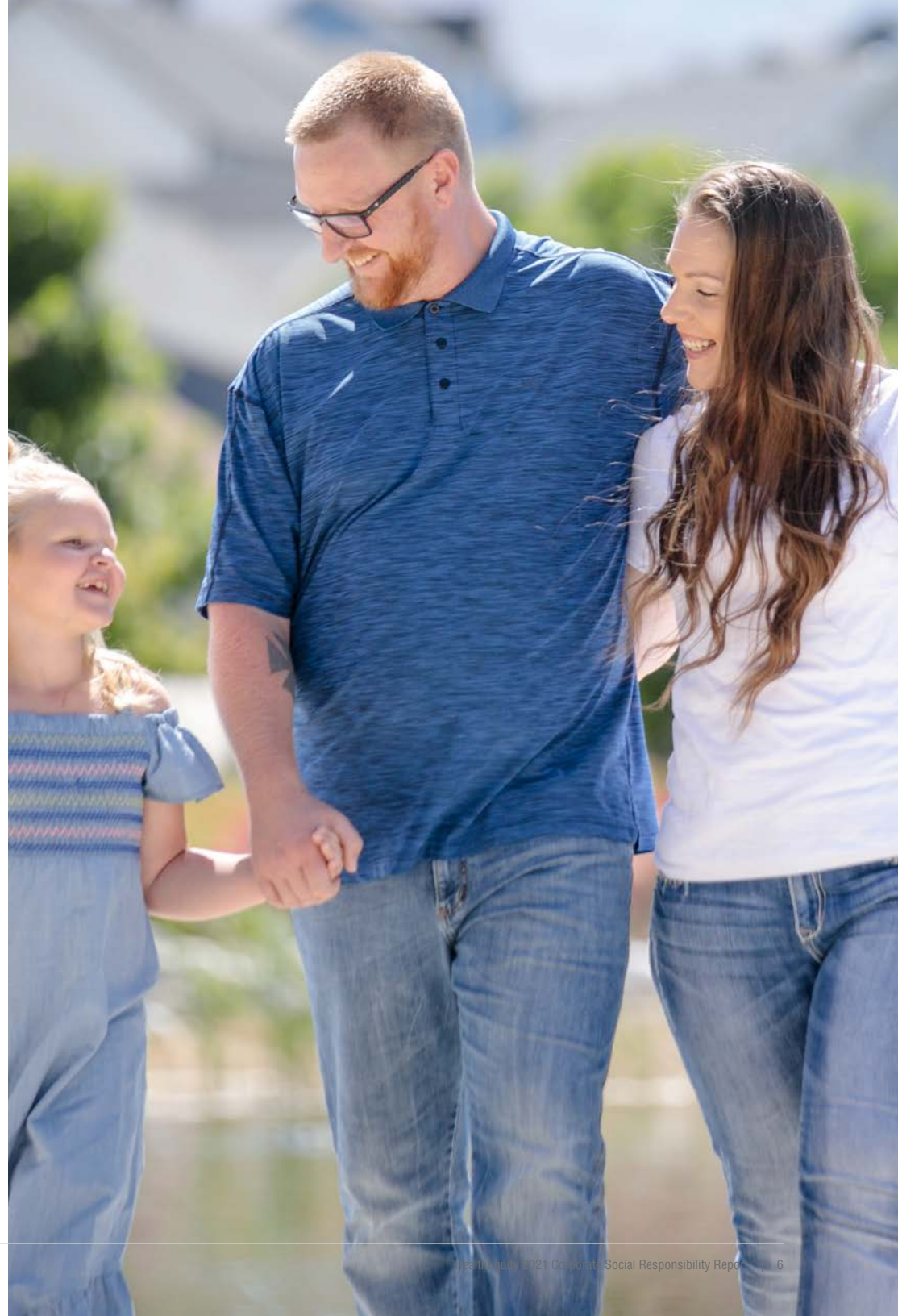
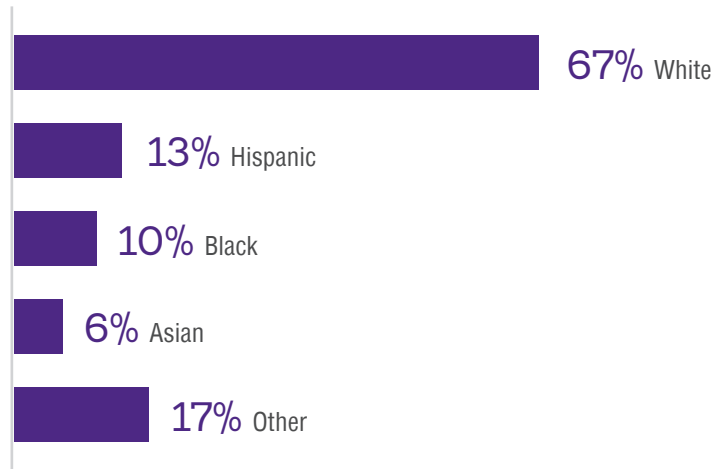
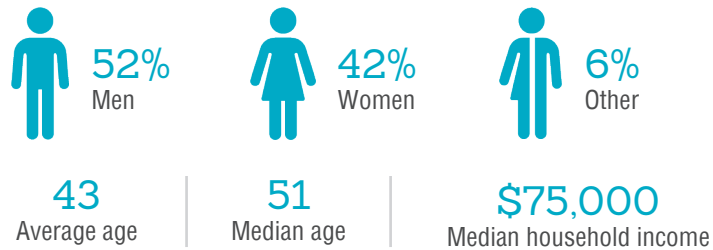
# ONE PARTNER. TOTAL SOLUTION.

HealthEquity delivers the integrated solutions needed to simplify benefits and truly impact people's lives.

 <b>HSA</b>	 <b>FSA</b>	 <b>HRA</b>	 <b>Commuter</b>	 <b>COBRA</b>	 <b>Wellbeing</b>
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# OUR MEMBERS

We refer to our individual account holders as members, not customers. Our 12 million members and their families come from all walks of life, reflecting the socioeconomic diversity of the American workforce.





# OUR IMPACT

The positive social impact of what we do is a cornerstone of Purple Sustainability.

Every service we offer exists to further social objectives. HSAs and CDBs create lifetime

affordable, accessible care for working families. The Consolidated Omnibus Budget Reconciliation Act (COBRA) and direct bill benefits ensure continuation of health insurance coverage between jobs. Dependent care assistance programs enable workforce participation in families with young children and/or eldercare responsibilities. Commuter benefits reduce pollution and traffic congestion.

Investment in member education multiplies HealthEquity's social impact, even as it drives our

profitability. By meeting current and potential members where they live and work, showing them opportunities to save or spend wisely, and making it simple to take action, we create more good by doing more than just administering these benefits.

We believe the widely acknowledged social value of our services, paired with our responsible, education-oriented approach to administration, will drive Sustainably Purple growth towards the alignment of societal and business objectives.

# OUR IMPACT ON HEALTHCARE

HealthEquity administers HSAs and other CDBs that connect health and wealth. When incorporated into employee benefit offerings, these services have tremendous influence for social good.

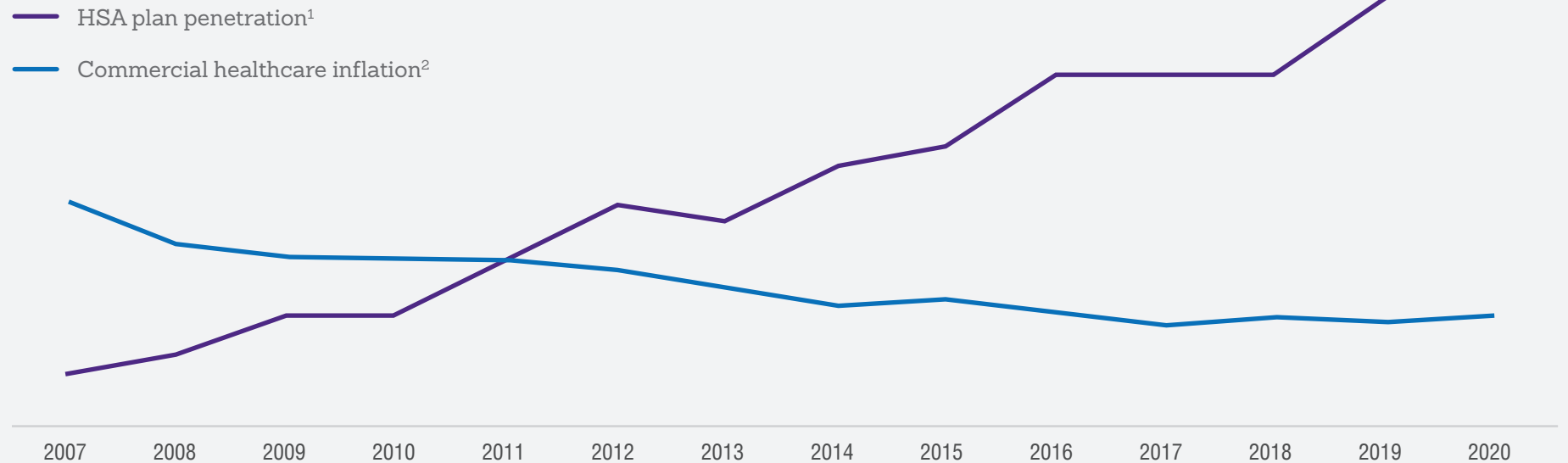


## HSA

HSAs lead our portfolio of services. Millions of Americans are now using these accounts to save and pay for qualified healthcare needs, tax-free, now and in retirement. HSAs are also a powerful force for encouraging positive consumer behavior; a 2020 national omnibus survey conducted for HealthEquity shows that working Americans using HSAs are more likely to price-shop for healthcare services and to express confidence about their readiness to handle healthcare costs in retirement.<sup>2</sup>

With 5.8 million HSA members, \$14.3 billion in HSA custodial assets, and 24/7 onshore member services, HSA is truly in our DNA.

## A sustainable healthcare system



<sup>1</sup> Kaiser Family Foundation Health Survey - October 2020 | <sup>2</sup> PWC report on Medical Cost Trends 2020





## FSA

Flexible spending accounts (FSAs) also help people save money by setting aside pretax money for eligible medical expenses. A WageWorks analysis suggests that an FSA member making \$60,000 a year with a 30 percent tax rate and \$2,600 in medical expenses would take home \$40,180 after taxes using FSA contributions. Without FSA contributions, the same worker would take home only \$39,400. That's a \$780 increase in take-home pay.

Take-home pay  
after \$2,600 in medical expenses



## COBRA

COBRA administration from HealthEquity supports organizations and individuals during some of their most challenging times. When members lose access to employer-sponsored health insurance, whether through termination or a reduction in hours, COBRA administration and direct billing from HealthEquity keep them from slipping through institutional cracks. By paying premiums through HealthEquity, these individuals can stay insured while they seek other arrangements.

Our members had 1.5 million qualifying events in fiscal year 2021, giving us the opportunity to help them stay covered.



## HRA

Health reimbursement accounts (HRAs) provide organizations with yet another avenue to contribute tax-advantaged funds to their employees' healthcare needs. Whether offered alongside a traditional group health insurance plan, or in place of one as with the qualified small employer HRA (QSEHRA), these benefits maximize employer-provided healthcare funds.

## Pandemic recovery

### American Rescue Plan Act

COBRA subsidies will be available at 100% for six months for those who were involuntarily terminated from employment or had a reduction in hours.

In addition, a temporary increase for 2021 was included for the Dependent Care FSA (DCFSA) limit to \$10,500 from \$5,000.

### CARES Act

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the the prescription requirement for over-the-counter medicines or drugs was repealed and menstrual products are now included as eligible medical expenses. HSA-Qualified Health Plans, also known as High-Deductible Health Plans (HDHPs), can cover telehealth and other remote care service expenses below the HDHP statutory deductible limit or at no- or low-cost sharing without affecting an HSA accountholder's ability to continue to contribute to their HSA.

### Consolidated Appropriations Act

Provided flexibility to existing health and DCFSA.

### IRS Announcement 2021-7

Personal protective equipment (PPE) purchased primarily to prevent the spread of coronavirus disease 2019 (COVID-19) is an expense eligible for reimbursement under Internal Revenue Code § 213(d).

This guidance confirms such expenses are now eligible for reimbursement through Health FSAs, HRAs, and HSAs.



# HEALTHCARE FINANCIAL LITERACY

Remarkable education, member engagement, and our signature Purple service support HealthEquity's mission to connect health and wealth.

## Remarkable education

To maximize understanding and utility, HealthEquity is dedicated to client and member education. We connect with proven outreach and engagement at critical junctures like open enrollment and our on-demand webinars.

HealthEquity is one of the first HSA administrators to provide access to member-level investment advisory services. Our web-based advisory services, which are provided by HealthEquity Advisors, LLC (a wholly owned subsidiary of HealthEquity, Inc. and an investment adviser registered with the SEC), help members choose and diversify their HSA investments across a breadth of mutual funds, including an ESG mutual fund that allows members to make a socially conscious investment decision and indirectly invest in companies committed to sustainability that are held by that fund.

## Purple service

Members can also get in touch with us 24 hours a day, seven days a week, 365 days a year.

- Our Member Services team fields nearly 20,000 calls per day.
- Our members also engage with us online, where we address issues and provide social care through social media platforms, the Better Business Bureau (BBB), Yelp, and other channels.

# BEYOND HEALTHCARE



## DCFSA

DCFSA provide social assistance outside of healthcare, allowing people to use pretax money from their paycheck and save an average of 30 percent on pro-social expenses for dependents. HealthEquity members use their DCFSA on a range of services, like daycare, summer day camp, eldercare, and before- and after-school programs.



## Wellbeing

Wellbeing services help organizations support general physical and mental health for their employees. With reimbursement-based programs for fitness, nutrition, smoking cessation, and transit, HealthEquity wellbeing services support general quality-of-life measures that make a difference.



## Employee Care and Disaster Relief Accounts

These accounts, which allow employers to provide funds for qualified disaster-related expenses, have been especially beneficial in the wake of the COVID-19 pandemic. They can support employees in paying for family and medical care, home office technology, Internet fees, groceries, and other expenses with tax-advantaged funds.



## Commuter

As one of the nation's largest administrators of commuter benefits, HealthEquity is proud of the work our services do to improve life and health across the country.

**76%**  
of commuters  
drive alone<sup>3</sup>

**ONLY 5%**  
of commuters use  
public transportation<sup>4</sup>

Since acquiring Luum, a sustainable commuter technology company, we now offer our clients the power to put fully flexible programs in place for HR leadership to fully affect employee engagement, retention, and wellness.

### Case Study Seattle Children's Hospital<sup>5</sup>

#### Problem

- 10,000 employees commuting
- 1,000 patients visiting daily
- 1,100 parking spaces

#### Solution

- Pay-by-day parking
- Pay incentives for non-drivers
- Van pooling
- Ride-share matching
- On-site bike shop

#### Result

- ✓ **20% reduction** in car commuting
- ✓ **30% fewer** peak-hour vehicle commutes
- ✓ **500 fewer** parking spots needed — avoiding a \$20M parking structure install
- ✓ **2,700 metric ton reduction** of carbon emissions by 2028

<sup>3</sup> <https://www2.census.gov/programs-surveys/commuting/guidance/acs-1yr/DY2019-Percent-drove-alone.pdf> | <sup>4</sup> <https://www2.census.gov/programs-surveys/commuting/guidance/acs-1yr/DY2019-Percent-public-transportation.pdf> | <sup>5</sup> <https://usa.streetsblog.org/2015/05/08/how-seattle-childrens-hospital-took-the-lead-on-healthy-transportation/>



# RESPONSIBLE ADVOCACY

Almost all the services HealthEquity offers were born out of the federal laws designed to help working families and therefore put in place by congressional legislation, with some occasional regulatory fine-tuning. A comprehensive risk assessment includes evaluating the nature of our portfolio of services and its vulnerability to political change.

While elected officials have implemented policies that are beneficial to working families, they have done so under the mandate of the people who elected them. HealthEquity has worked to develop and market services that enjoy widespread support among voters and elected officials of both major political parties. HealthEquity does not regularly make political contributions and made no political contributions in fiscal year 2021.



## HSA

The medical savings account, the grandfather of the HSA, was created in 1996 when President Bill Clinton signed bipartisan legislation into law. Congress widened the parameters of the benefit – now called the HSA – and made it more broadly available in 2003, when legislation with narrow bipartisan support was signed by President George W. Bush.

It is now used by more than 29 million American families.



## FSA

FSAs were created through the Revenue Act of 1978, passed with nearly 100 percent support in both the House of Representatives and the Senate before it was signed into law by President Jimmy Carter. Since then, FSAs have enjoyed popular usage and nearly 40 years of expansion with bipartisan and bicameral support.



## COBRA

COBRA, with provisions to help families stay insured through their employers' health plan, was signed into law by President Ronald Reagan in 1986 after it was passed with bipartisan support in both House and Senate. Amendments to and expansion of the plan have garnered bipartisan and bicameral support.



## HRA

HRAs evolved during the late 1950s and 1960s as a way for employers to provide health insurance coverage to employees by reimbursing them for out-of-pocket costs, including premiums. As group health insurance became more widely used, HRAs were adopted widely as a way to provide additional funding for eligible medical expenses. Recent legislation, including the 21st Century Cures Act, has solidified HRAs as both a primary and supplemental channel for employee health benefits.



## Commuter

Commuter tax benefits were introduced to encourage working Americans to use more public transportation and carpool, thus reducing not only traffic and fuel consumption, but greenhouse gases from single-passenger vehicles. These benefits were first put in place for employers in 1984, with expansions covering parking, transit, and vanpooling benefits to employees passed between 1992 and 1998. Presidents Reagan, Bush, and Clinton — along with bipartisan legislators in both the House and the Senate — supported the expansion of these benefits.



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HealthEquity benefits administration helps not only working individuals and families save more of their hard-earned resources for healthcare and retirement costs, but it also benefits the country environmentally and socially.

To support the expansion of HSAs and other CDBs going forward and to broaden their usage for others, HealthEquity continues to engage in public policy processes and industry advocacy.

We do this primarily through our internal advocacy team. The HealthEquity Advocacy and Government Affairs (AGA) department is committed to educating, developing and deepening relationships within key offices of the government, including both the House and Senate leadership, the health and tax writing staff, committees of jurisdiction, and revenue estimators with a goal of becoming a trusted resource for information about healthcare and benefits. Through our AGA's efforts, we provide data related to HSAs, FSAs, HRAs, COBRA, commuter, and other benefits by congressional district to help educate and advise on issues that impact our services.

The AGA monitors legislation and regulatory issues and provides regular webinars and timely updates that have helped preserve and protect the tax-favored status of these consumer benefit services, expand flexibility for their use, increase awareness, and educate regulators on technical nuances.

HealthEquity's AGA has garnered a reputation in Washington, D.C. with both parties and in both houses of Congress as an honest and reliable source of information concerning these benefits.

## SOME OF OUR MOST SIGNIFICANT DEVELOPMENTS INCLUDE:

- ✓ Support for the fiduciary rule and continued compliance to its higher standard, which provides clear regulatory guidelines that protect members' access to high-quality, affordable investment advice
- ✓ Successfully advocated to exclude deposits associated with HSAs from the final brokered deposit rules, as the primary purpose is to facilitate the payment for, or reimbursement of, qualified medical expenses
- ✓ Worked on the CARES Act, including two important provisions that are vital for members and especially useful during the pandemic crisis: the repeal of the prescription requirement for over-the-counter medicine and the inclusion of menstrual care products as qualified medical expenses, which relieves members of having to see a physician before they can use pretax funds to purchase these items
- ✓ Fielding inquiries on COVID-19 relief and the eventual provision of relief through actions from the Department of Labor and IRS, which extended deadlines for a number of employee benefit plan requirements in order to prevent members from experiencing a lapse of plan coverage or a denial of valid benefits claims during the pandemic
- ✓ The Consolidated Appropriations Act included significant flexibility for FSAs, including the ability to make election changes, unlimited carryover of unused funds, and extended grace periods. It also extended these to DCFSA's. We submitted comments to IRS and Treasury to ask for guidance and our comments were considered and included in IRS Notice 2021-15
- ✓ The American Rescue Plan Act, signed into law on March 12, 2021, includes a 100% COBRA subsidy for up to six months, grants the ability to make a prospective election, and temporarily increases the DCFSA maximum to \$10,500 for the 2021 tax year

# DATA PROTECTION

## Establishing sustainable growth for HealthEquity requires a steadfast commitment to information security and data privacy.

Data protection and privacy are critical to our sustainability and long-term success. We heavily invest in security systems and protocols to ensure data is responsibly stored, transmitted, and retained.

This starts with putting consumer transparency at the forefront of our data decisions. We aim to inform our members of how and why data is collected and used, and grant them the information they need to make

the choices that are right for them across all our services.

We strive to enforce industry-standard encryption and member privacy protocols. We are compliant with applicable state and federal privacy laws, with an enterprise-wide awareness and a strong focus on privacy and security with our third-party partners. We enforce two-factor authentication, and 24/7 system surveillance through our internal and external detection and response teams.

We also require HealthEquity team members to participate in ongoing training, elevating their awareness of risk and ensuring they understand their responsibilities to our members and clients.

Our comprehensive risk and security team focuses on wide-ranging security factors, including:

- ✓ Information security to prevent, detect, and respond to information security threats
- ✓ Privacy to assure the lawful and ethical access, use, and disclosure of personal information
- ✓ Physical security to identify and respond to threats to our people and assets
- ✓ Fraud prevention to protect our assets and the assets of our members and clients
- ✓ Enterprise risk to enable appropriate risk-based decisions

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## Other important information security items include:

- Statement on Standards for Attestation Engagements 18 (SSAE-18) and Service and Organization Controls (SOC 1 & 2) reports
- Routine third-party validation testing
- Assessment and testing for vulnerabilities, recovery, and capacity
- Full intrusion prevention program
- Multiple redundant data centers
- Plans tested routinely
- Multiple call centers with dynamic call migration
- Physical, technical, and administrative safeguards



# WORKPLACE SOCIAL RESPONSIBILITY

The long-term success of HealthEquity depends on the strength and dedication of our team.

Maintaining a workplace community built on Purple culture and shared values is our highest sustainability priority. We believe a sustainable workplace is one that emphasizes the advancement of its people through lifetime education, training, and career opportunity; supports their work-life balance, and physical and mental health; and actively encourages their participation in community-building activities beyond the workplace.

We also believe that, like all truly sustainable communities, our workplace must actively seek out and nurture team members at all levels with a diversity of thought and experience, promote inclusion and mutual respect, and strive for greater equity and fairness in pay and other areas.

Reflecting its importance, workplace sustainability is objectively tracked and measured both internally and externally. This report includes some of our own key measures and objectives and also the findings of external tracking, in which we encourage our team members to participate in their communities through volunteerism and outreach. To keep ourselves accountable, it also means regular and transparent reporting.



# DIVERSITY AND INCLUSION

At HealthEquity, we celebrate the diversity of our team members and strive for consistent inclusion.

We seek to make HealthEquity a place where diversity of thought, culture, orientation, identity and experience enhance every aspect of what we do. We recognize the value of diversity, both as a social imperative and as beneficial for our business, and we strive for inclusion in our business practices.

We know that inclusivity and equality in the workplace are key to team members feeling happier and more comfortable in their work environment. That translates to higher productivity, increased motivation and improved performance. Diversity in the workplace can increase return on investment (ROI), lead to more innovative ideas and foster a more productive work environment. In fact, companies that place emphasis on diversity are 35 percent more likely to have financial returns above the industry median.<sup>6</sup>

As such, we've committed to serious and ambitious approaches to diversity and inclusion at HealthEquity via the Created Equal initiative. Over the past few years passionate team members have raised their hands and volunteered their time to further the Created Equal mission of increased diversity and inclusion at HealthEquity.

Team members meet on a regular basis to address current events, provide education to team members and leaders, plan recognition and celebration of diverse cultures, and discuss opportunities to further the mission. From speaker series to team member panels and soon to be company-wide "Connections" (affinity) groups, the Created Equal team is taking key steps to ensure diversity and inclusion are embedded in Purple.

<sup>6</sup><https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>



## Our commitment to diversity and inclusion begins at the top of the organization.

At the time of the HealthEquity IPO, the Board was comprised of seven men and one woman, with two members of color. The following statistics are based on data as of the end of fiscal year 2021.

### Board members

10



7 men | 3 women | 2 members of color

Additionally, one of our board members is a veteran and two of our board committees are chaired by women.

### Executive leadership team

15



12 men | 3 women | 2 members of color

### Total leaders

651



9.5%  
Men | POC

37.2%  
Men | White



15.5%  
Women | POC

37.8%  
Women | White

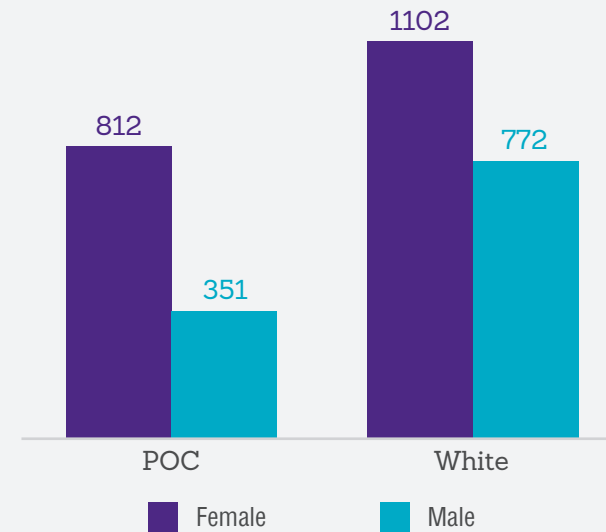
### Total team members

3,037

36.9%  
men

63.1%  
women

38.3%  
POC



Less than one percent of team members did not specify gender and 3.85 percent did not specify race.

Each year, HealthEquity reports this information by filing the EEOC-1 report in compliance with Equal Employment Opportunity Commission (EEOC) regulations. Due to COVID-19, the 2019 report has been postponed to 2021. The most recent filing is for 2018 data, filed in April of 2019.

HealthEquity is also currently collecting benchmark data on our company demographics through an annual survey to measure our progress and focus on diversity and inclusion.



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Beyond tracking and reporting this data, HealthEquity is committed to strengthening our company's diversity and inclusion efforts through transparency, continual awareness building and targeted initiatives across key company processes.

## CREATED EQUAL

The Created Equal team has made significant progress in promoting visibility and awareness of various diversity issues impacting team members. The team created a dedicated page on the HealthEquity intranet with approximately 100 resources on diversity and inclusion topics, event recordings and educational opportunities.

Created Equal continues to push the needle and create opportunities to engage team members through diversity and inclusion-related discussions and programs.

## ELEVATE

In 2019, we launched Elevate – an internal women's business forum designed to empower women and their peers to elevate their lives and careers through connection, education and inspiration.

Elevate's goal is to address relevant issues and assist women in advancing their careers and building their networks. Elevate hosted several Women in Leadership panels, most recently in October 2020, on overcoming career challenges.

## SOME HIGHLIGHTS INCLUDE:

- ✓ In February 2020, we held our first site-wide diversity event in honor of Black History Month. Sites received inspirational quotes from prominent Black trailblazers and team members had the opportunity to share works of art from their favorite Black artists.
- ✓ In June 2020, the Created Equal team hosted a forum to bring awareness to the challenges faced by members of the Black community after social injustices became prevalent in our society in the wake of the murder of George Floyd.
- ✓ In honor of Pride Month, the Created Equal team partnered with Encircle House, a nonprofit organization in Salt Lake City, with a mission to bring the family and community together to enable our LGBTQ+ youth to thrive. HealthEquity donated \$15,000 to support this nonprofit organization.
- ✓ The Created Equal team helped to create five short videos on various diversity topics such as unconscious bias, micro aggressions, inclusion, etc. We hosted a company-wide speaker series in August 2020 with Dr. Kyle Reyes discussing Unconscious Bias.



We have also made commitments to grow in a diverse, inclusive and socially sustainable way. We have signed The Parity Pledge®, which provides simple steps for all business leaders to make better decisions to achieve parity – especially for executive and leadership roles.

Tactically, that means that HealthEquity has pledged to interview at least one qualified female candidate for every role, Director-level and above, as well as at least one qualified person of color for every Vice

President-level role and above. The Parity Pledge also helps facilitate discussions with our leaders about the importance of diversity, inclusion and belonging and to set the right expectations about hiring processes.

To further advance our goals, the HealthEquity Talent Partner team has reached out to several diverse organizations to network and share job postings, creating awareness of HealthEquity among their communities and members.

Currently, we're focused on increasing outreach based on:

- ✓ Gender
- ✓ Race and ethnicity
- ✓ Veterans and active-duty military status
- ✓ LGBTQ+ identity



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We're also taking active steps to uncover and eliminate bias in our recruitment processes. Some of our initiatives include:

✓ **Internal training**

The HealthEquity Talent team is partnering with our Legal and Learning and Development departments to create a hiring training course for leaders, focused on interviewing techniques and uncovering unconscious bias. The team has produced additional courses on vital job skills, including how to write resumes, create a social media presence, and prepare for interviews. The Talent team also continues to train on its own – each member has completed the “Diversity, Inclusion and Belonging for All” LinkedIn course, as well as the Harvard Implicit Bias Test (Race, Disability, Gender – Career).

✓ **Gender decoding**

Research shows that many words are associated with masculine or feminine stereotypes, such as aggression or compassion, unconsciously influencing the jobs for which people apply. To assist in attracting a diverse talent pool, we are using gender decoding software to help us reach our commitment of a 60:40 ratio of words used in our job postings.

✓ **Establishing hiring committees**

The Talent Partner team is organizing hiring committees within each area of the organization to ensure inclusive recruitment and interviewing practices.

# FAIR AND EQUITABLE PAY

Through its Total Rewards program, HealthEquity strives to recognize and reward the effort and performance of team members consistently, transparently and without bias or discrimination.

The next step in HealthEquity's fair and equitable pay journey is called Purple Path, a top-to-bottom review of every position in the organization. Beyond furthering equitable pay for like positions and unbiased recruiting, Purple Path will help team members identify avenues for career growth across the entire organization according to their experience and qualifications, and free from role-based bias or discrimination.

Finally, to ensure its commitments on diversity and inclusion are understood and honored, HealthEquity continues to operate according to a formal policy on non-discrimination. The HealthEquity Policy Against Unlawful Harassment and Discrimination, detailed here, is made available to all team members through our People Handbook.

## Key elements of our Total Rewards program:

- Competitive total target cash compensation at all positions, assured through an annual data-driven market review
- Offered participation in our annual bonus program to all regular, non-commissioned team members, full and part-time, which is funded based on metrics reported to all team members, and individual awards are based on written performance assessments
- An extensive package of benefits, including comprehensive health benefits, contributions to health and retirement savings accounts, and paid time off to all team members who work a minimum number of hours, whether salaried or hourly
- A long-term (equity) compensation program to all team members who reach a defined grade, under which they are eligible to receive grants of restricted stock upon hire or promotion, or in the case of outstanding performance, in connection with the annual performance assessment
- To assure leadership alignment with long-term value creation, a portion of all equity awards to all senior executives, and 100% of equity awards to the Chief Executive Officer, are conditioned on multiyear total shareholder return relative to a benchmark determined by the Board of Directors.

*HealthEquity is committed to providing a work environment free of discrimination and unlawful harassment. We are an Equal Employment Opportunity employer committed to providing equal opportunity in all of our employment practices, including selection, hiring, assignment, re-assignment, promotion, transfer, compensation, discipline, and termination. We have policies in place that prohibit discrimination, harassment, and retaliation in employment based on race; color; religion; genetic information; national origin; sex (including same sex); sexual orientation; gender identity; pregnancy, childbirth, or related medical conditions; age; disability or handicap; citizenship status; service member status; or any other category protected by federal, state or local law.*

*As part of our commitment to equal employment opportunity, and pursuant to federal laws and regulations, we also take affirmative action to ensure that team members are treated, without regards to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status, status as a qualified individual with a disability or any other protected category, and that all team members are considered for promotions, transfers, training and other employment opportunities without regard to these categories.*

*Our policy against unlawful harassment, discrimination, and retaliation applies to all team members, including leaders. It also applies to all customers, service delivery partners, vendors (partners), and independent contractors. We prohibit leaders and team members from unlawfully harassing subordinates or coworkers as well as customers and contractors.*



# EDUCATION, TRAINING AND CAREER GROWTH

HealthEquity is dedicated to maintaining our Purple culture by ensuring our team members are successful in their current roles and able to reach their ultimate career goals.

We know that supporting individual success benefits not only our team members, but our company, partners, clients, and members as well. A full 99 percent of the Purple team was involved in training during Fiscal Year 2021, logging more than 100,000 hours of training and compliance.

HealthEquity is also passionate about the education and development of our people. We offer an internal professional mentoring program and, historically, a tuition assistance program. While our tuition reimbursement policy had to be suspended in 2020

due to pressures from COVID-19, we are proud of the results it has created and expect to offer it again soon.

More broadly, HealthEquity practices a culture of internal growth by helping team members take on more responsibilities.

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Nearly one-third of the positions filled in fiscal year 2021 were filled by internal candidates.

# PHYSICAL AND MENTAL HEALTH

A critical component of helping the HealthEquity team thrive is supporting the physical and mental health of our people. We accomplish that primarily through our benefits and engagement initiatives.

HealthEquity believes in approaching team member health holistically. Our benefits philosophy is firmly rooted in the foundational beliefs that — first — all areas of health are intertwined, and — second — that when team members are thriving in mental, emotional, physical, social, and financial health, they are in the best position to thrive personally and provide remarkable service professionally.

Programs and offerings that HealthEquity provides to our team members to support their holistic health includes:

## Mental and emotional health

- Semimonthly stress and anxiety support sessions, led by a licensed clinical social worker (LCSW) to discover the causes of stress and develop coping skills
- Monthly burnout support sessions led by an LCSW
- Annual mental health wellness interventions supporting positive mental health habits
- Guided meditation sessions

## Physical health

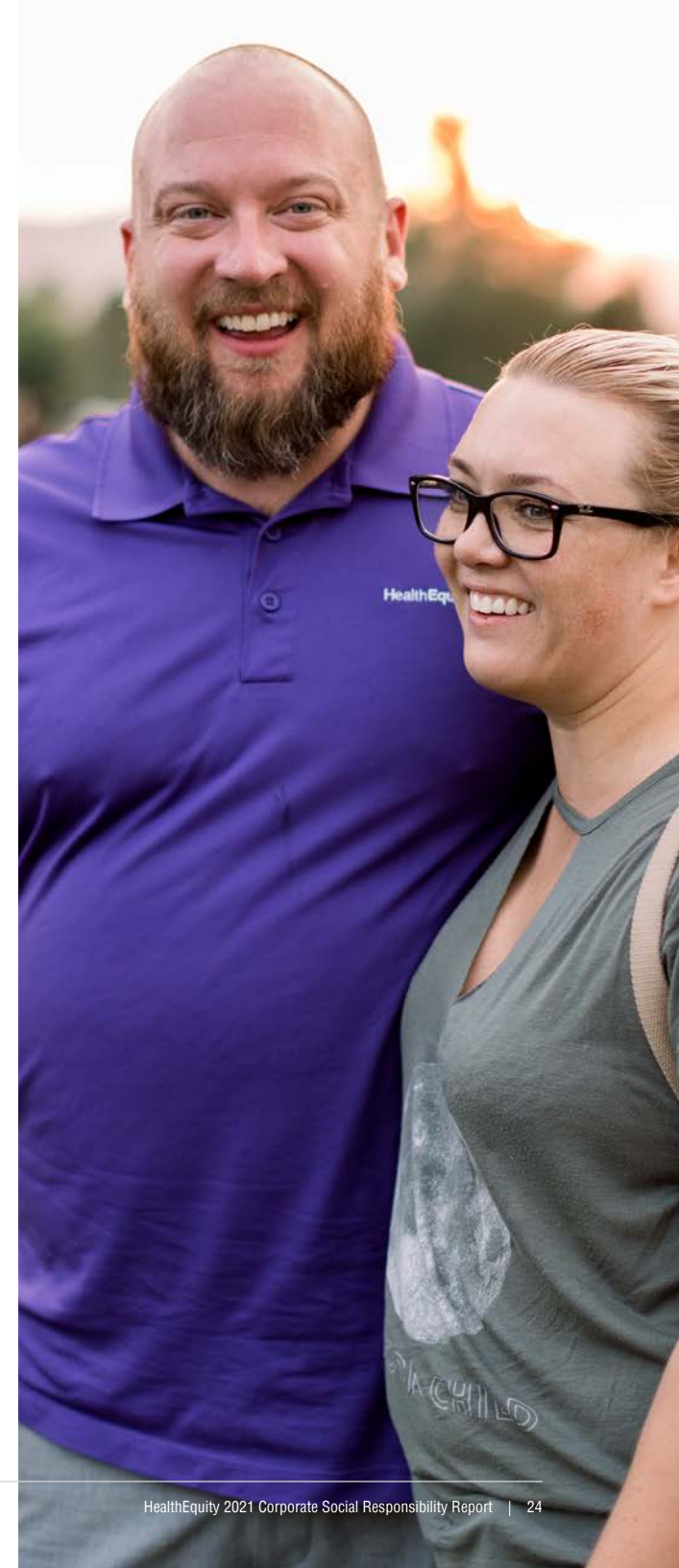
- A wide array of healthcare benefits, with medical premium subsidies of up to 85 percent
- Historically, we offered financial incentives for increased and maintained physical health, suspended in 2020 due to COVID-19 but expected to return
- Annual HealthEquity 5K – along with support for a number of team and individual sporting events for our team members

## Social health

- Team member-led social clubs
- Childcare support sessions
- Dependent care benefits
- Paid maternity and parental leave
- Paid time off
- Suicide prevention training

## Financial health

- Financial wellness courses
- Free one-on-one sessions with personal financial advisors
- Up to \$4,000 in employer contributions to HSAs through seeding and matching
- Up to \$500 employer contributions to Dependent Care FSAs
- Consumer-driven healthcare trainings
- Fee-free HSA investing
- Team member to team member financial support program
- 401(k) matching employer contribution







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## HealthEquity ensures team members have the working conditions they need to succeed.

Physically, we promote safety on the job. The health and wellbeing of our team members at work is foremost among our concerns, and each team member is expected to assist us in maintaining safe working conditions.

We have policies that encourage our team members to follow common sense safety practices and correct any unsafe condition or report it to their leader. Additionally, we're committed to maintaining a safe workplace free from unlawful drugs and alcohol in accordance with applicable law.

We have a zero-tolerance policy for violent acts or threats of violence against our team members, applicants, members, clients, partners, or other third parties. We do not allow fighting, threatening words or conduct, or any other form of violence. This policy also prohibits sexual harassment, aggressive or intimidating behavior, and verbal abuse that a reasonable person would consider threatening.

HealthEquity supports these measures through extensive team member training as well as formal grievance procedures and policies. Team members also have the option of working flexible hours. To support unique needs, our team leaders are prepared to work with team members to negotiate new schedules. We have team members who have chosen to work 10 hours a day, four days a week, along with other alternative full-time and part-time hours.

In response to the COVID-19 pandemic, we have prioritized the health and safety of our team members. This includes transitioning the vast majority of our team members to work from home, while implementing additional safety measures for team members continuing essential on-site work. In addition, the Company has established a conditionally based paid leave policy to support team members who have been directly impacted by COVID-19.

HealthEquity has also helped team members maintain a healthy work-life balance and juggle competing needs during the pandemic by supporting flexible work schedules. HealthEquity has maintained a strong focus to support the holistic health of our team members, offering a variety of recurring sessions addressing their mental, emotional, and physical health and that of their dependents.

# VOLUNTEERISM

HealthEquity has a vested interest in the strength and sustainability of our local communities, as well as in the social health of our team members.

## PURPLE WITH purpose

We provide paid volunteer time off (VTO) to all of our team members through our Purple with Purpose program. Each year, HealthEquity team members can use allotted Purple with Purpose hours to take paid time off from work and serve within their communities.

- Full-time team members: 16 hours
- Part-time team members: 8 hours

In 2020 team members collectively spent 1,494 hours volunteering in a safe and socially distant manner to help their communities in need during the pandemic.

### Helping Hands

HealthEquity also supports team member-to-team member support. Our Helping Hands program allows team members to donate money to a general fund, which is used to help other team members in need. All team members are eligible to apply for this financial help.

Finally, HealthEquity makes corporate charitable donations and hosts fundraisers for a number of local and national charitable organizations.



# ACCOUNTABILITY REPORTING

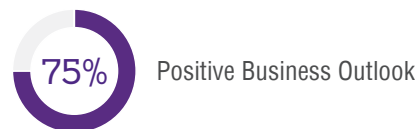
Our commitments to supporting HealthEquity team members are made meaningful and sustainable through regular accountability reporting.

To ensure our actions are successful, we have formal policies in place to measure and improve our team member-focused initiatives. We also monitor internal engagement scores and company ratings via Glassdoor, an employer review website.

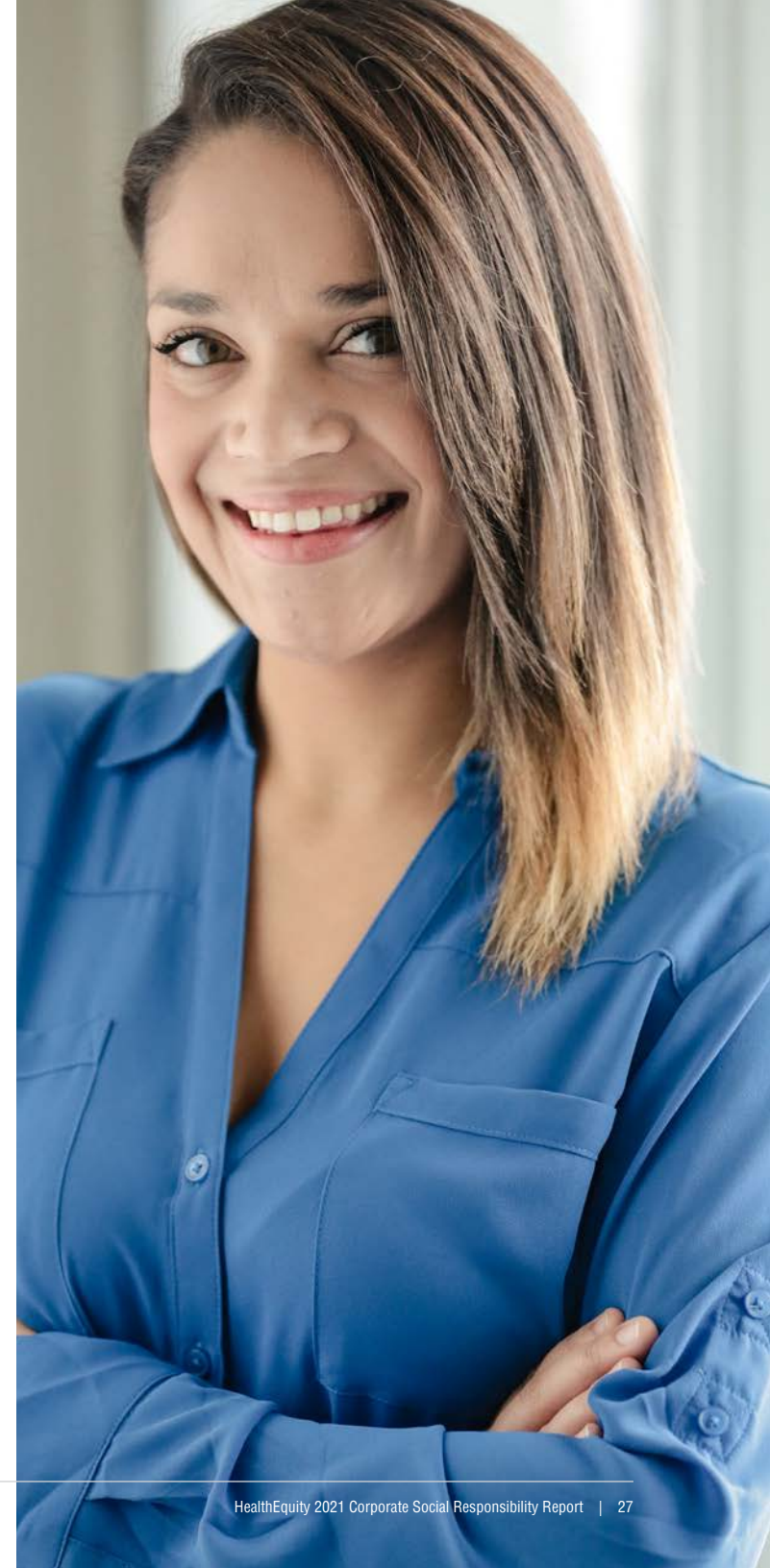
We're proud to share that we enjoy high retention rates within our team with very low turnover.

## HealthEquity, Inc. Ratings and Trends

Overall	★★★★★ 4.1
Culture and Values	★★★★★ 4.3
Diversity and Inclusion	★★★★★ 4.2
Work/Life Balance	★★★★★ 4.2
Senior Management	★★★★★ 4.2
Compensation and Benefits	★★★★★ 4.3
Career Opportunities	★★★★★ 4.1



Source: Glassdoor, as of February 1, 2021



# MANAGING OUR ORGANIZATION WITH GOOD GOVERNANCE

## Governance sustainability at HealthEquity

HealthEquity is a publicly traded company listed on the Nasdaq Stock Market and is subject to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and Nasdaq continued listing standards. In connection with SEC regulations and Nasdaq continued listing standards, we regularly provide governance information to our shareholders in addition to other financial and business updates.

But good governance and a sustainably Purple culture includes more than meeting continued listing standards and complying with SEC regulations. It must also reflect, reinforce, and strengthen our sustainability efforts and long-term strategy. That starts at the top. Our Board of Directors (Board) works to ensure governance that meets our high standards and ensures the success of our sustainability initiatives.

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Additional information about our Board of Directors, the committees of the Board, the qualifications to serve on the Board, and committee reports are found in our annual Proxy Statement to shareholders. The latest Proxy Statement and Annual Report to shareholders, SEC filings, committee charters, and other important shareholder information can be found on our investor relations website: [ir.healthequity.com](http://ir.healthequity.com).

## HERE ARE A FEW OF OUR KEY GOVERNANCE PRACTICES:

- ✓ **HealthEquity maintains an independent Board.**
  - Eight of our 10 directors meet the SEC's definition of independent.
  - We have an independent Board chair.
  - We have standing Board committees overseeing important aspects of our ESG practices impacting our strategy and risk, including oversight of talent management and culture by our Talent Compensation and Culture Committee, oversight of corporate social responsibility and ESG matters by our Nominating, Governance and Corporate Sustainability Committee, and oversight of our cybersecurity and technology practices by our Cybersecurity and Technology Committee.
- ✓ **Our Board structure and practices support effective shareholder representation.**
  - We seek diversity when adding new members to the Board.
  - We do not have a staggered board with the entire Board elected annually.
  - We maintain a majority voting standard for the election of our directors in uncontested elections, requiring that any majority-opposed director tender his or her resignation for the Board's consideration.
  - Our Board conducts annual performance reviews of all individual directors, the Board of Directors as a whole, and all Board committees. Periodically, we also retain the assistance of a third-party expert to ensure best practices and objectivity.
- ✓ **We support shareholder rights.**
  - We eliminated all supermajority voting standards that were included in our governing documents at the time of our IPO.
  - Our stockholders representing at least 25% of our capital stock have the power to call a special meeting of stockholders.
  - We maintain a director nomination policy that allows stockholders to recommend director candidates for our Nominating, Governance and Corporate Sustainability Committee's consideration.

## Risk and Compliance

From a management perspective, HealthEquity's enterprise risk management (ERM) program is delivered by the ERM Team, within the Risk & Compliance Department (HealthEquity's "second line of defense") and colleagues company-wide. The ERM program is governed by the Enterprise Risk Committee of management and ultimately the Audit and Risk Committee (ARC) of the Board. The program works to identify, assess, mitigate, and monitor significant risks to HealthEquity. Foundational to the work of our organization, the program helps to shape and deliver actions both tactical and strategic.

For example, the team and larger program were instrumental in 1) assessing risks to HealthEquity at the onset of the pandemic; and 2) leading the all-hands-on-deck initial corporate response to shift the workforce to a work-from-home footing with no interruption to support provided to members, clients, and partners. The team and larger program also work to ensure that HealthEquity is resilient to risks at all times, especially during "busy season" (open enrollment) with significant member/client/partner touchpoints.

Alongside the ERM Team sits the Compliance Team, which, with colleagues throughout the company, delivers the overall compliance program. Compliance leverages and sustains HealthEquity's remarkable Purple culture, not least its "DEEP Purple" element (which focuses on "driving excellence, ethics, and process" in the work of all team members). Compliance is governed by the Executive Leadership Team of management and the ARC of the Board.

### PURPLE

'Code' for being **remarkable**; for under-promising and over-delivering; for exceeding the expectations of our team members, members, clients, partners, and investors.

Being **purple** is the heart and soul of our company.





# GROWING THE GREEN BEHIND THE PURPLE

## Environmental sustainability at HealthEquity

Climate change poses a significant risk for the national and global economy. HealthEquity recognizes this reality and — though environmental factors are not core to our corporate success — we are committed to maximizing the influence we do have in order to be part of the solution.

The Purple approach to environmental risk is a holistic one, encompassing both commercial solutions to climate change and internal initiatives to become a better corporate citizen.

HealthEquity Commuter services play a meaningful role in reducing greenhouse gas emissions by supporting extensive use of public transport. We're also in an ideal position to grow our influence here, with our national presence and deep market expertise.

As a team, we have also worked with governmental officials and agencies to help address the effects of climate change in our own backyard while growing our company ranks. We've also made substantial changes across many of our sites to help increase energy efficiency and lower our carbon footprint.

Moving forward, we are committed to continuously evaluating our performance and the impact we have on our shared planet.

# ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES

The HealthEquity services portfolio does not have a significant impact on the environment, and environmental factors are not material to its continued success. However, we are proud of the positive influence our Commuter service line has on important metrics like fuel consumption, greenhouse gas emissions and air quality.

By helping organizations and individuals give and use pretax dollars on transit and parking, HealthEquity Commuter benefits encourage the use of public transportation.

The effects of commuter services like ours are well-documented. Between 1967 and 1992, the number of vehicles owned per 1,000 people in the U.S. grew 51 percent, from 500 to 758.

Commuter benefits have helped slow that growth to just 10 percent over the past 25 years.

With the acquisition of Luum, our ability to support data-driven sustainable mobility grows exponentially. Measurable and lasting – the Luum platform galvanizes employee behavior change from driving alone to shared and alternative modes, lowering overall organizational CO2 emissions. Clients can then easily deliver the data to key stakeholders that demonstrate the efficacy of their sustainability efforts around commuting. Collectively, clients using the Luum platform are making a significant environmental impact and have avoided 165,884,390 pounds of CO2 through incentivizing alternative trips and coordinated parking events.

As one of the largest administrators of commuter benefits, we are proud to do our part in perfecting commercial solutions to climate change to help members and clients reduce their environmental impact.

✓ 26,541,639  
alternative trips

✓ 44,754,452  
parking events

✓ 165,884,390  
lbs CO2 avoided





# PUBLIC PARTNERSHIPS

Working to support those economically displaced by climate change mitigation is another important aspect of how HealthEquity responds to environmental concerns.

## Purple Pastures Program

In 2015, HealthEquity formed the Purple Pastures program to offer new job opportunities in rural Utah. Partnering with the Governor's Office of Economic Development (GOED), we identified potential locations for talent expansion, prioritizing areas in need of economic revitalization.

After evaluating our talent needs and working with GOED, we chose Price, Utah – a historic coal mining community located two hours south of our Draper headquarters. Price's economy has been decimated as power production has moved away from coal. Extending our Member Services operations to Price has provided stable and meaningful employment to the community.

Team Members in rural Price receive the same wages and benefits as our Team Members in the urban Salt Lake Valley. Our partnership with the State of Utah to expand our client services and IT departments was projected to add \$10 million in new state revenue and an estimated \$27 million in capital investment.

We now employ more than 50 team members in Price and are happy to help bring opportunity to an area in need of new economic investment.



# CORPORATE ENVIRONMENTAL INITIATIVES

Through our annual enterprise risk assessment, HealthEquity has not identified any material risks posed to our business operations that would have a substantive impact from environmental changes.

We are not located in high-risk areas and the nature of our business services and operations does not significantly impact the environment. However, we are dedicated to identifying opportunities to be a part

of the global solution that we all face with regard to climate change.

This determination is consistent with and supported by the Sustainability Accounting Standards Board (SASB) Materiality Map, which identifies sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry. SASB is an organization that develops and disseminates sustainability accounting standards

intended to help public corporations disclose sustainability information to investors that may be financially material to the company.

SASB’s approach to determining materiality for the purposes of standard setting is informed by the provisions of the federal securities laws, court opinions and the regulations, interpretations and guidance issued by the Securities and Exchange Commission.

## Sustainability Accounting Standards Board (SASB) Materiality Map

- The issue is likely to be material for more than 50 percent of the companies in the industry or sector
- Sector or industry HealthEquity most clearly aligns with

SASB General Issue Category: Environmental	Sector or industry					
	Financial Services	Software and IT Services	Health Care	Transportation Services	Extractives and Minerals Processing	Food and Beverage
GHG Emissions				●	●	
Air Quality				●	●	
Energy Mgmt		●				●
Water/Wastewater Mgmt					●	●
Waste/Hazardous Materials Mgmt					●	
Ecological Impacts					●	



# ENERGY MANAGEMENT



Wind power  
in Irving, TX



Permanent increase  
in work from home



Solar panels  
on the new headquarters  
building in Draper, UT



Green cleaning  
products



Electric vehicle  
charging stations



Quick access to  
public transport

# WATER MANAGEMENT

- ✓ Automatic touchless faucets
- ✓ Auto flush  
Water efficient toilets
- ✓ Desert landscaping  
Grounds and maintenance landscaping to reduce water usage

# WASTE REDUCTION

- ✓ Automatic paper towel dispensers
- ✓ Discontinued use of Styrofoam cups and containers
- ✓ Recycling  
all sites – paper, plastic bottles and cans
- ✓ Filtered water fill stations  
and reusable containers to reduce plastic bottle usage
- ✓ End of life equipment management  
of disposed technology to responsibly recycle or repurpose
- ✓ Company-wide usage of electronic signature enabled documents  
replaces printing, faxing, scanning, and overnight paper documents while providing security and reducing paper usage



# STAY REMARKABLE

Despite the past year that has been endured by all, we recognize that not everyone's experience has been the same. At HealthEquity we strive to fulfill our commitments to our team members, members, clients, and partners. Our goal, through our first corporate sustainability report, is to present HealthEquity's continued progress on corporate responsibility, summarizing recent efforts and status as of January 31, 2021, while remaining true to what makes us unique.

The report leverages inputs from teams firmwide, guided by precepts of risk management, and informed by relevant CSR and ESG frameworks and initiatives. We plan to update the report periodically, but now that the curtain has been drawn back – we invite you to celebrate our successes with us and once again invite your impressions, ideas for improvement, and your partnership in building a Sustainably Purple future.

For more information, you may contact:

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## Richard Putnam

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## AWARDS & RECOGNITIONS



### Technology Leadership Award

Women's Tech Council  
Becky Whitehead, CTO  
2020



### Entrepreneur of the Year

MountainWest Capital Network  
Steve Neeleman, Founder  
2020



### Shatter List

Women's Tech Council  
2020, 2021



### Best Places to Work

Phoenix Business Journal  
2020



### "Fast 50"

Utah Business Magazine  
2017, 2018, 2019



### Best Companies to Work For

Utah Business Magazine  
2014, 2015, 2016, 2017, 2018, 2019, 2020



### Utah Fastest 100 Growing Companies

MountainWest  
2017, 2018



### Best Companies to Work For in Utah

Salt Lake Tribune  
2015, 2016, 2017, 2018, 2019, 2020

HealthEquity®

Connecting health and wealth