

# Health Catalyst, Inc. – 2022 ESG Scorecard



## Introduction

The following is a summary of Health Catalyst, Inc.'s ("we" or "Health Catalyst") key Environmental, Social and Governance (ESG) disclosures. To inform the topics addressed in this ESG scorecard, we engaged a third-party ESG advisor to facilitate an ESG materiality analysis in 2021 that assessed the most important ESG topics for our business. This analysis was based upon several factors and inputs, including our business, industry and peers, and interviews with our leadership team and 12 of our top 30 shareholders that were willing to participate in the survey conducted by our third-party ESG advisor.

Our ESG materiality analysis helped our team prioritize certain ESG disclosures that we believe are most important to our investors, our leadership and our other stakeholders relative to other ESG disclosure topics. Some of these topics align with ESG disclosure frameworks such as ISS, MSCI, SASB and Sustainalytics, as noted below. For clarity, we do not believe that all topics and disclosures below are material to our business or are required to be included in our periodic reports with the Securities and Exchange Commission ("SEC"). Unless otherwise noted below, the metrics reported in our ESG scorecard are as of December 31, 2022.

## Forward-Looking Statements

This ESG scorecard includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements regarding our ESG objectives, commitments, and strategies as well as related business and stakeholder impacts. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this ESG scorecard that are not historical facts and statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control, including those more fully described in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2021, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022. We undertake no duty to update or revise any forward-looking statements contained in this document as a result of new information, future events or otherwise, unless required by applicable law.

\* Bulleted items are a partial reference to certain third-party frameworks - SASB, MSCI, Sustainalytics, and ISS.



## SOCIAL

### Health Catalyst's Mission and Measurable Healthcare Improvements

Our mission is to be the catalyst for massive, measurable, data-informed healthcare improvement. We fulfill our mission through a confluence of the following elements, such as our data platform, analytics applications, service expertise and engagement of our team members.

#### The Health Catalyst Flywheel

We accomplish our mission with each of our customers by following a process we call the Health Catalyst Flywheel or the Flywheel. This process includes delivering on the three components of our Solution: data platform, analytics applications, and services expertise, which together drive measurable improvements. At the center of the Flywheel is the engagement of our team members. Team member engagement is foundational to everything we do and is the #1 priority of our CEO and broader leadership team. When team members feel connected to our mission and are listened to, cared for, and respected at an extraordinary level, they produce outstanding work, which enables our customers to measurably improve. As customers realize improvements, their trust in Health Catalyst builds, their engagement in our shared work increases, and they choose to renew and expand their relationship with us, while also referring Health Catalyst to key decision-makers at other potential customers. Customer renewal, expansion, and referral produce growing, scalable, and predictable financial performance.

We serve the healthcare industry, with our customers primarily being healthcare providers. We regularly publish on our website examples of our customers leveraging our technology and Professional Services to achieve documented customer improvement across clinical, financial and operational domains. We currently have greater than 300 customer case studies published on our website. We estimate over 5.4 million lives have been positively impacted by our improvement initiatives.

The data below is a subset of the documented healthcare improvements we helped our customers achieve. We categorize these improvements we regularly engage with our team members to assess their job satisfaction, including conducting regular team member surveys and hosting monthly all team member meetings in which leadership answers questions from team members. We use information from these sources, among others, to improve our ability to attract, develop, and retain talented team members who will help achieve our mission.

For several years, we have engaged a third-party consultant, Gallup, to anonymously survey our team members, usually twice per calendar year, to assess team member engagement. Gallup's report also benchmarks our team member engagement against peer companies. Based on recent survey conducted in May 2022, Health Catalyst's overall team member engagement was in the 95th+ percentile as reported by Gallup, as having a positive societal impact. This data includes documented improvements that occurred between Q1 2018 through Q3 2019:

- 2,350 lives saved: This includes lives saved related to early detection and treatment of sepsis, appropriate surgical interventions, etc.
- 94K individuals received potentially life-saving preventative care: Increased rates of colorectal cancer and breast cancer screening, and improved hypertension control, cardiovascular health, immunization rates and diabetes management.
- 2.2 million fewer opioids in the community: Use of evidence-based prescribing practices without negatively impacting an individual's satisfaction with pain relief.
- 47K more days at home: Due to the reduced length of stay and readmissions reductions, people were able to spend more time at home. We have consistently achieved team member engagement performance in the 95th percentile since we began surveying our team members several years ago.

### Team Member Attrition

Our team member attrition, as measured between January 1, 2022 – November 30, 2022, is lower than the industry average for software and technology companies, as benchmarked and reported by our 3rd party advisor for that period.

### Pay and Promotion Equity

• MSCI (3.2)

We are committed to ensuring our team members receive equal pay for equal work. We establish components and ranges of compensation based on market and benchmark data, with the assistance of a third-party compensation consultant. Within this context, we strive to pay all team members equitably within a reasonable range, taking into consideration factors such as role, market data, internal equity, job location, relevant experience, and individual, business unit, and Health Catalyst's performance, among others. We regularly review our compensation practices and analyze the equity of compensation decisions. We institute measures, such as communications and trainings, to recognize, interrupt and prevent bias in hiring, performance management, and compensation decisions and we provide resources to further develop managers and leaders to help them make equitable decisions about pay. Additionally, Health Catalyst posts many positions externally on our Careers page and other third-party websites to gather a diverse candidate pool. We also use a gender decoder software to strive for gender neutral job postings.

Based upon compensation as of August 2022, we had nearly 100% gender pay parity as measured by our internal People Operations team. In addition, the number of female team members that were promoted in 2022 was approximately equal to the percentage of female team members at Health Catalyst.

### Diversity and Inclusion

• SASB (TC-SI-330a.3)  
• Sustainalytics (S.1.3)  
• ISS (A.1.1.4.2; A.1.1.2.2)

We are committed to fostering a culture of inclusion and belonging, and to building a diverse workforce to drive innovation and collective growth, which we believe is critical to our success. We continue to formalize and invest in our diversity and inclusion initiatives. These diversity and inclusion efforts – spearheaded by Trudy Sullivan, our Chief Diversity, Equity & Inclusion Officer, and our five affinity groups in partnership with hundreds of our team members – focus on diversity and inclusion in our workforce, in our workplace and in healthcare.

- Team members that identify as white: 77%
- Team members that identify as non-white: 18%
- Team members that did not self-identify: 5%

We continue to focus upon inclusive recruitment and hiring practices to source diverse talent and mitigate potential bias. These efforts extend throughout our hiring process, including expanding our internship program to include remote workplace options. During 2021, we proudly attended Women of Color STEM and the Black Engineer of the Year Awards (BEYA) conference and job fairs. Additionally, the BEYA conference recognized two of our team members with Modern Healthcare Technology Leader Science Spectrum Trailblazer Awards.

Our Shades affinity group for team members of color contributes to the marketing and design of our AI-driven Health Equity Assessment and Guidance Solution to overcome disparities in care in the healthcare ecosystem. Over the past year, we continued to expand our diversity training for our team members with the continuation of our Diversity Dialogue Series, which included outside speakers, and our Unconscious Bias Awareness training for all team members.

The Health Catalyst benefit plans have been designed with diversity in mind:

- We offer benefits for married couples, domestic partners, and coverage for domestic partners' children.
- Our benefit plans are designed to address unique needs of the LGBTQ+ community including gender-affirming surgery.
- Our benefit plan does not require a diagnosis of infertility to use the infertility benefit.
- Generous 12-week paid parental leave benefit.
- Generous adoption benefit.
- Flexible PTO and options to work from home.
- Health Catalyst paid mental health resources, including Headspace (a meditation/mindfulness phone app) and Tava Health (a mental health service that provide remote mental health resources).



## ENVIRONMENTAL

### Environmental Footprint of Hardware Infrastructure

• SASB (TC-SI-130a.3)  
• Sustainalytics (E.3.1.1)  
• MSCI (3.2)  
• ISS (B.2.2.1)

We rely on third-party providers, including Microsoft Azure, for the vast majority of our computing infrastructure to deliver our technology solutions. Our use of private data centers is limited to a small number of customers that we anticipate will continue to transition to Microsoft Azure.



## GOVERNANCE

### Business Ethics and Compliance Procedures

• Sustainalytics (G.1.2)

Our team members complete new-hire and annual training modules that include Unconscious Bias Training, Harassment Prevention, Acceptable Use Policy, Information Security Awareness, HIPAA Privacy and Security, Age Discrimination and other topics.

Additionally, our Board adopted and published a Code of Business Conduct and Ethics to aid our directors, officers and team members in making ethical and legal decisions in the conduct of the business and day-to-day duties. Our Code of Conduct covers topics such as political contributions, promoting a positive work environment, compliance with law, conflicts of interest, honest and ethical conduct and fair dealing, confidentiality, anti-bribery, international trade controls, and quality of public disclosures.

As further discussed in our periodic filings with the SEC, our business and affairs are managed under the direction of our Board, which is elected by our stockholders. In carrying out its responsibilities, our Board selects and monitors our top management, provides oversight of our financial reporting processes, and determines and implements our corporate governance policies. Our Board and leadership team are committed to ethical practices and good corporate governance to ensure that we are managed for the long-term benefit of our stockholders, and we have a variety of policies and procedures to promote such goals.

We also have also established disclosures control policies and procedures in accordance with the requirements of the Sarbanes-Oxley Act and the rules and regulations of the SEC, and have a procedure for receipt and treatment of anonymous and confidential complaints or concerns regarding audit or accounting matters in place.

As noted under "Data Privacy & Security" above, we have adopted compliance policies and procedures designed to comply with applicable requirements under applicable laws, including HIPAA, and to maintain our third-party certifications, including HITRUST and our SOC 2, Type II certifications.

In addition, our Board adopted and published a set of Corporate Governance Guidelines. Our nominating and corporate governance committee is responsible for reviewing our corporate governance guidelines from time to time and reporting and making recommendations to our Board concerning corporate governance matters. Our corporate governance guidelines address such matters as:

- Director Independence—Independent directors must constitute at least a majority of our Board;
- Monitoring Board Effectiveness—Our Board must conduct an annual self-evaluation of our board and its committees;
- Board Access to Independent Advisors—Our board as a whole, and each of its committees separately, have authority to retain independent experts, advisors, or professionals as each deems necessary or appropriate; and
- Board Committees—All members of the audit, compensation, nominating and corporate governance and transactions committees are in accordance with applicable Nasdaq criteria.

### Board Diversity

• Sustainalytics (G.2.7.1)  
• MSCI (3.3; 3.4)

- 3 of the 7 members of our Board are women
- 1 member of our Board racially identifies as Asian
- 1 member of our Board racially identifies as two or more races or ethnicities
- 1 member of our Board identifies as LGBTQ+

### Team Member Engagement

• SASB (TC-SI-330a.2)

We regularly engage with our team members to assess their job satisfaction, including conducting regular team member surveys and hosting monthly all team member meetings in which leadership answers questions from team members. We use information from these sources, among others, to improve our ability to attract, develop, and retain talented team members who will help achieve our mission.

For several years, we have engaged a third-party consultant, Gallup, to anonymously survey our team members, usually twice per calendar year, to assess team member engagement. Gallup's report also benchmarks our team member engagement against peer companies. Based on recent survey conducted in May 2022, Health Catalyst's overall team member engagement was in the 95th+ percentile as reported by Gallup. We have consistently achieved team member engagement performance in the 95th percentile since we began surveying our team members several years ago. Our team member attrition between January 1, 2021 – September 30, 2021 is lower the industry average for Software and Technology companies, as benchmarked and reported by our 3rd party advisor for that period.

### Team Member Gender Diversity and Inclusion

• SASB (TC-SI-330a.3)  
• MSCI (3.2)  
• ISS – (A.1.1.2.3)

- Female team members comprise approximately 40% of our total workforce.
- Female team members comprise approximately 40% of our Leadership Team.
- Approximately 43% of the members of our board of directors (our "Board") are women.
- Female team members comprise approximately 36% of our people managers.\*
- Female team members comprise approximately 55% of our non-technical team members.\*
- Female team members comprise approximately 31% of our technical team members.\*

The gender data above does not include team members who chose not to self-identify during onboarding.

We also sponsor the Corporate Women Tech Council and have a scholarship program to sponsor female team members that seek higher education in engineering. Our Women Empowered affinity group was founded in 2018 and includes 194 team members, as of Dec 20, 2022.

\*Team members are not double counted. If technical staff team member is also a people manager, they were counted as a people manager.

\*"Technical Team Members" include: Product, Engineering, or Technical Enablement teams.

\*"Non-Technical Team Members" include: Customer Support, General & Administrative (G&A), Marketing, Sales, and Services teams.

\*"People Managers" include: All employees with one or more direct reports, regardless of title or management level.

### Flexible Working Policy

• ISS (A.1.1.4.1)

We help our team members succeed by providing flexibility in where and how they work. For many years, we have enabled team members to have flexible work arrangements. A majority of our team members are remotely based. We believe these arrangements can increase team members' ownership, satisfaction and productivity, as well as enable us to hire from a broader, more diverse pool of talent. In response to the COVID-19 pandemic, we allowed all team members to be remote to protect the health, safety and wellness of our team members. We continue to support our workforce with the technology and infrastructure necessary to work from a remote location, including a work equipment and utilities reimbursement program to help our team member improve their dynamic workspaces.

### Team Member Recruitment, Training, and Development

• ISS (A.1.1.6.1)

We invest significant resources to develop talent and actively foster a learning culture where team members are empowered to drive their personal and professional growth. We offer extensive onboarding and regular training programs to prepare our team members at all levels for career progression and individual development. We also offer annual continuing education reimbursement to allow team members to be continuous learners and seek new challenges. Last, we have a formal mentorship program for team members to help foster further professional development and coaching. We provide extensive benefits to our team members that, based upon 3rd party benchmarking data, exceeds the average benefits in the aggregate compared to our peers. Our benefits and compensation package includes equity ownership grants to every US-based team member and providing every US-based team member with the right to participate in our employee stock purchase program.

With very few exceptions, Health Catalyst posts all positions internally, which allows for all team members to have an opportunity to be considered for open positions, especially at a leadership level. Additionally, Health Catalyst posts most positions externally on our Careers page and other third-party websites to gather a diverse candidate pool. More than 60% of our leadership team joined the leadership team through internal promotions.

### Data Privacy and Security

• SASB (TC-SI-230a.2)  
• Sustainalytics (S.3.1.3)  
• ISS (A.2.2.2.1.2.1. – A.2.2.2.1.2.3.; A.2.2.2.3.1. – A.2.2.2.3.2.; A.2.2.2.2.1)

We are committed to prioritizing privacy and security. At every level of our organization, we foster a culture focused on safeguarding patient data and our customer's data, including through our:

- Third-Party Certifications for certain offerings, including our DOST Platform
- HITRUST Risk Management Framework (which includes standards from frameworks such as HIPAA, ISO, EU, GDPR, NIST and PCI to provide scalable, risk-based certification for companies in the healthcare supply chain)
- Security Organization Control (SOC) 2, Type II that evaluates our security, confidentiality and business continuity protocols.
- Training: All of our team members must complete new-hire and annual training modules that include data privacy, cybersecurity and compliance with the Sarbanes-Oxley Act, HIPAA and relevant, applicable securities laws.
- Policies and Procedures: We have a comprehensive set of policies and procedures that govern data privacy, ethics, security and risk management, including our Code of Conduct, Insider Trading, Related Party Transactions and a suite of policies under our Information Security Management System Policies (including Acceptable Use, Data Backup, Disaster Recovery, Incident Management, Mobile Device Management, Physical Security and other information security programs, policies and procedures).
- Evaluation of our systems and security: Outside of our standard cadence of refreshing our 3rd party certifications, we regularly evaluate the security of our IT systems and technology offerings through vulnerability assessments and penetration tests conducted by our internal security team and our external advisors. We also run simulations of breach protocols and phishing scenarios against our team members at least monthly to help our team remain vigilant about phishing attempts, social engineering and other potential security threats.

### Board Independence

• Sustainalytics (G.2.9.1)  
• MSCI (3.4)  
• ISS (A.3.1.1.1; A.3.1.1.2)

Our non-employee directors, including our chairperson, are all "independent" as determined by our Board under the applicable rules and regulations of the SEC and Nasdaq listing standards, based upon the information provided by each director concerning his or her background, employment, and affiliations. Accordingly, our Board concluded that none of our non-employee directors have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our Board considered the current and prior relationships that each non-employee director has with Health Catalyst and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director and any of their affiliated funds, and the transactions involving them described in the section of our most recent Annual Report on Form 10-K titled "Certain Relationships and Related Party Transactions."

### Remuneration Based Upon ESG Metrics

• ISS (A.3.1.3.1; A.3.1.3.2)

Our 2022 annual bonus for people managers includes a bonus metric based upon team member engagement scores as reported by our third-party consultant, Gallup. Additionally, our 2022 annual bonus includes a bonus metric based upon the number of documented customer improvements, which includes the improvements that directly improve healthcare outcomes for patients.

### Shareholder Rights

• ISS (A.3.1.2.1)

We do not have a dual class capital structure. Accordingly, one vote right is afforded for each share of common stock. This principle of "one share, one vote" helps align economic and voting power by voting power corresponding to economic exposure. We do not have a controlling shareholder.

### Board Oversight on ESG matters

• Sustainalytics (G.2.1)  
• ISS (A.3.1.1.3)

Our nominating and corporate governance committee oversees our ESG initiatives and matters. Additionally, other committees and the full Board oversees and advises on certain ESG-related matters that are within their respective purviews. For example, our compensation committee oversees compensation-related matters and our entire Board reviews results of our team member engagement surveys that are administered by Gallup.