



**SERVING PEOPLE
SERVING THE ENVIRONMENT
SERVING RESPONSIBLY**

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE
2022 REPORT**



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 **INTRODUCTION**

ABOUT THIS REPORT

This report presents Alignment Healthcare’s (Alignment’s or the Company’s) environmental, social and governance (ESG) approach, policies, practices, performance and commitments for our three strategic pillars – **Serving People**, **Serving the Environment** and **Serving Responsibly**.

The information contained herein reflects decisions and actions through the first quarter of fiscal year 2023 and quantitative data for the fiscal year 2022 (Jan. 1, 2022 - Dec. 31 2022), unless otherwise noted.

The appendices of the report include the Managed Care SASB Standards¹, now part of the International Financial Reporting Standards (IFRS) Foundation, and United Nations Sustainable Development Goals (UN SDGs) contributions. It also contains a list of abbreviations and endnotes, which are featured throughout the report.





MESSAGE FROM OUR FOUNDER AND CEO

We have one mission in mind at Alignment Healthcare – improving health care one senior at a time. We are doing this by leading with our values – putting seniors first, having a serving heart, supporting doctors and improving care with data and technology. Along the way, we are changing the health care landscape for our members and helping each of them age well.

The pairing of our Care Anywhere care model with our proprietary AVA[®] technology is what differentiates us. With our members at the center of every decision, we are getting members the care they need where and when they need it.

We are helping to solve the complicated challenges in the health care system sustainably by:

Serving People

Serving our members, health care providers, caregivers, employees and broader communities with the tools and resources to help them thrive. Importantly, affordable and accessible care is available for all our members as 100% of our plans have \$0 copays for preventive services and 85% of members pay zero premiums.

Serving the Environment

Recognizing, understanding and reducing the environmental impact of our services and operations. Our virtual care offerings have the added benefit of reducing the carbon footprint associated with clinical visits. We estimate that the 120,000+ telehealth visits made by Alignment members were equivalent to 600 metric tons of carbon dioxide (CO₂) emissions avoided or 1.5 million miles driven by an average gasoline-powered passenger vehicle.

Serving Responsibly

Committing to and operationalizing a high level of transparency and accountability across our organization. For example, as our business relies on the continuity of large data transfers, our internal controls and adherence to security and privacy frameworks resulted in zero reportable data breaches, avoiding any disruptions or downtime for our operations or members in 2022.

In the year since our last report, we have made great strides as an organization, including:

-  Achieving a 5-star rating² for the 2023 plan year in North Carolina and enrollment of more than 90% of members in a 4-star or higher plan, recognizing our focus on quality.
-  Creating unique products that holistically address social determinants of health (SDoH), like gas, grocery and utility benefits designed ultimately to drive better health outcomes for our members.
-  Enhancing AVA[®]'s capabilities to streamline and optimize our team's efforts, providing unique insights to our members, their caregivers, health care providers, health plan operators and our internal teams.
-  Establishing an ESG Steering Committee that meets at least quarterly to create goals and track our progress.


As we plan for a sustainable future, we look forward to promoting greater awareness and accountability.

The last few years have been rife with disruption and uncertainty – for entire nations, organizations and individuals. As we continue to navigate the aftereffects of the COVID-19 pandemic and economic instability, we remain steadfast in our determination to serve others and always put our members' health and their care first.

In our second ESG report, I invite you to read about the progress we made in 2022 as we continued to transform health care for our seniors. All of it would not be possible without the mission-driven Alignment Healthcare team, who embody our value of acting with a serving heart.

Lastly, we are very grateful to those who have taken an interest in learning about our journey. We recognize that only through consistent daily advancements are we able to achieve our vision.

Sincerely,

 John Kao
Founder and CEO, Alignment Healthcare

**EVERYONE DESERVES BETTER CARE
AT LOWER COSTS, NO MATTER A
PERSON'S HEALTH OR WEALTH.**

ABOUT ALIGNMENT HEALTHCARE – A NEW ERA OF AGING

We are championing a new path in senior care that empowers members to age well and live their most vibrant lives.

Alignment Healthcare is a tech-enabled Medicare Advantage (MA) company that partners with nationally recognized and trusted local health care providers to deliver timely, coordinated care.

Members benefit from Alignment’s customized care model, powered by its Care Anywhere program and purpose-built AVA® technology. AVA® enables improved clinical outcomes and allows our care specialists to predict members’ complex care needs, often before care is even needed. Our Care Anywhere team, 24/7 ACCESS On-Demand Concierge team and Virtual Care Center allow our members to get the care they need where and when they need it.

Our mission-focused team makes high-quality, low-cost care a reality for members every day and upholds our core values of leading with a serving heart and putting seniors first. By synthesizing and simplifying the complexities within the U.S. health care system and attuning to the needs of our members’ daily lives, we are delivering the health care ecosystem of tomorrow, today.



ABOUT ALIGNMENT HEALTHCARE – A NEW ERA OF AGING

Members Served
(Jan. 1, 2023 Snapshot)

108,300 HEALTH PLAN MEMBERS

52 MARKETS IN **6** STATES



100% MEDICARE ENROLLEES

30% MEDICARE & MEDICAID ENROLLEES

34% PART OF THE MEDICARE LOW-INCOME SUBSIDY (LIS) PROGRAMS

55% WOMEN

43% BLACK, ASIAN, HISPANIC/LATINO, INDIGENOUS OR OTHER³

73 AVERAGE MEMBER AGE

2.5 AVERAGE NUMBER OF CHRONIC CONDITIONS PER MEMBER

Outcomes Delivered

60+ OVERALL NET PROMOTER SCORE (NPS)⁴
• Higher than the 40 NPS industry average

73+ CARE ANYWHERE NPS SINCE 2019
• Higher than the 40 NPS industry average

328 EMERGENCY ROOM (ER) VISITS PER THOUSAND MEMBERS
• 48% Lower than 2019 Medicare Fee for Service (FFS)

159 INPATIENT ADMISSIONS PER THOUSAND MEMBERS
• 37% Lower than 2019 Medicare FFS

37 SKILLED NURSING FACILITY ADMISSIONS PER 1,000 MEMBERS
• 45% Lower than 2019 Medicare FFS

14% MEMBER 30-DAY HOSPITAL READMISSION RATE
• 26% Lower than 2019 Medicare FFS

Operational Achievements

1,000+ EMPLOYEES

200+ EMPLOYED CLINICIANS

71% WOMEN

36% WOMEN ON THE BOARD OF DIRECTORS

4 GENERATIONS OF EMPLOYEES REPRESENTED (GEN-Z TO BABY BOOMERS)

20 DIFFERENT LANGUAGES SPOKEN AMONG EMPLOYEES OTHER THAN ENGLISH

66% BLACK, ASIAN, HISPANIC/LATINO, INDIGENOUS OR OTHER EMPLOYEES⁵

LEED GOLD AND ENERGY STAR CERTIFIED HEADQUARTERS

Quality Awarded



Alignment received a 4 plus star rating for the last 6 years.



Alignment received a 4 star rating on the Consumer Assessment of Healthcare Providers and Systems (CAHPS) measure “Rating of Health Plan” in 2019-2021⁶



Alignment received a 4 star rating on all medication adherence measures (diabetes, hypertension and cholesterol) in 2019-2021⁷



Alignment received a 4.5 star rating for Healthcare Effectiveness Data and Information Set (HEDIS) measures in 2019-2021 across 10 key quality metrics⁸

MA STAR RATINGS SYSTEM

Centers for Medicare & Medicaid Services (CMS) publishes Star Ratings each year to measure the quality of health and drug services received by consumers enrolled in MA and MA Prescription Drug (MAPD) plans. It helps Medicare consumers compare quality, so they are empowered to make the best health care decisions for them. All MA health plans are scored the same way and participate in the Star Ratings program. CMS gives each MA health plan (Part C) and prescription plan (Part D) a rating of 1-5 stars with 5 being the highest. MAPD plans that offer both Part C and Part D plans get an overall rating as well as individual ratings for each component.⁹

OUR ESG APPROACH

The cornerstone of our ESG approach is **leading with a serving heart**. How we serve is through our three pillars – **Serving People**, **Serving the Environment** and **Serving Responsibly**.

Serving is built into our business model and day-to-day operations. Whether it is improving health outcomes, growing our teams or addressing our environmental impacts, our members and all of our stakeholders – including our health care providers, our employees, investors and broader communities – are front and center every step of the way.

TRANSPARENCY AND REPORTING

We are achieving outcomes by diligently assessing, monitoring and managing our material ESG factors.

In 2021, Alignment earnestly embarked on the process. We conducted a materiality assessment based on ESG rating agencies, frameworks, investor perspectives and peer practices. In 2022, we published our inaugural ESG report detailing our programs, policies and practices. We leveraged the SASB Standards, which deliver a global baseline for sustainability disclosures to the capital markets. In addition, we aligned our practices to three of the 17 UN SDGs.

The following three goals were identified as most relevant to our business.



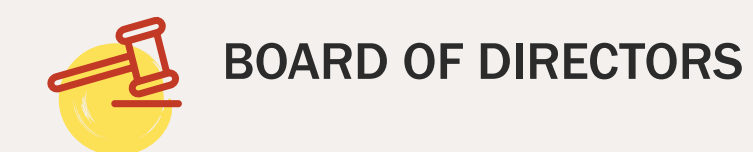
Please see Appendix B for more details.

During the past year, our efforts have not abated. We continued to adapt our internal reporting practices. We hired a senior manager of ESG and enterprise communications to be solely focused on these efforts. We also engaged external consultants to advise on our sustainability strategies and activities, including greenhouse gas (GHG) emissions measurement and reporting. In addition, our ESG Steering Committee developed six goals to guide our momentum within our three ESG pillars.



ESG GOVERNANCE

We have a thoughtful leadership structure to manage and oversee our ESG pillars.

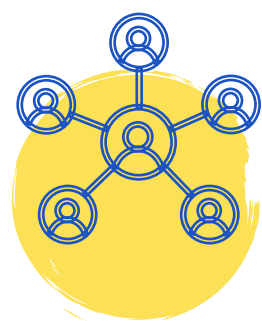


Consisting of more than 25 key leaders from across the Company and led by our Vice President of Corporate Communications

OUR ESG APPROACH

ALIGNMENT'S ESG STRATEGIC GOALS

The ESG Steering Committee established six core goals that we will work toward through 2025. Each goal ladders up to one of our three pillars.



Serving People

Focuses on care delivery, product/benefit design, human capital (HC) management and diversity, equity and inclusion (DEI) initiatives to support our members, health care providers and employees.

SERVING OUR MEMBERS

- 1** Proactively provide all members with access to high-quality, low-cost care.
- 2** Advance health equity initiatives to help build healthier communities.

SERVING HEALTH CARE PROVIDERS

- 3** Support the delivery of care by health care providers with the tools and resources that enable more accessible and actionable insights.

SERVING OUR EMPLOYEES

- 4** Create an organization where employees feel a sense of engagement, ownership and belonging.



Serving the Environment

Considers the impact of our services and opportunities for sustainable operations.

- 5** Support environmental health by understanding and improving the impact of our footprint.



Serving Responsibly

Addresses ethics and compliance, enterprise risk management (ERM), data privacy and security and corporate governance.

- 6** Maintain effective, transparent and ethical governance of Alignment's business.



SERVING PEOPLE

UNDERSTANDING AND CARING FOR OUR SENIORS

Alignment and its team of passionate, member-centric industry experts are championing higher-quality care by approaching health holistically in a way that considers the financial, physical and emotional well-being of seniors.

SOCIAL DETERMINANTS OF HEALTH

According to the U.S. Department of Health and Human Services, SDoH are the conditions in the environment that impact many health and quality-of-life outcomes. SDoH have been proven to have a greater impact on health than medical care alone.¹⁰ For this reason, we build our services to holistically address the unique SDoH of our senior members to support their optimal health and well-being.

The 5 Social Determinants of Health Categories¹¹

 HEALTH CARE ACCESS AND QUALITY

 NEIGHBORHOOD AND BUILT ENVIRONMENT

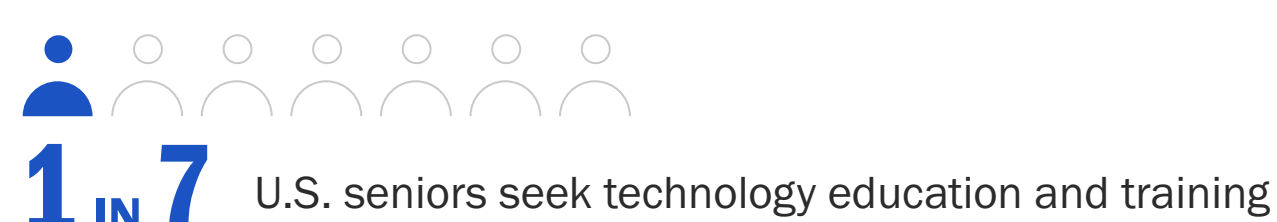
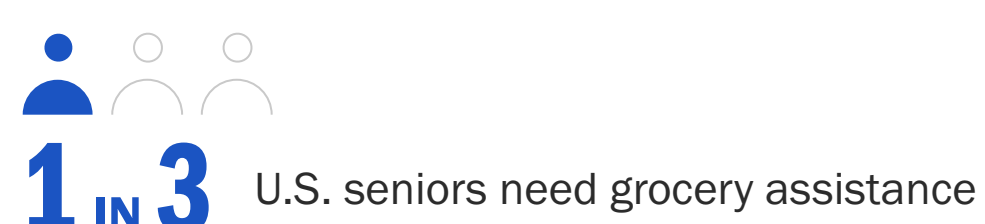
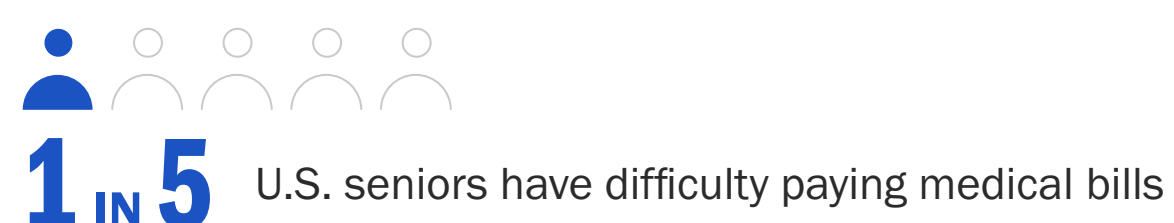
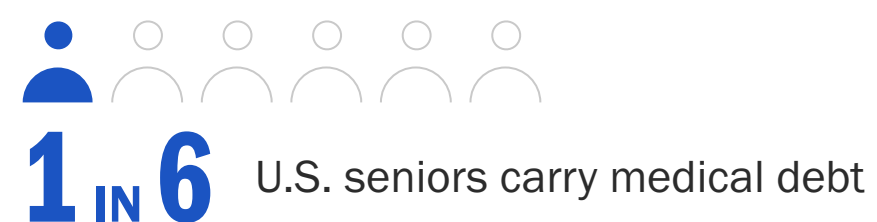
 EDUCATION ACCESS AND QUALITY

 SOCIAL AND COMMUNITY CONTEXT

 ECONOMIC STABILITY

SOCIAL THREATS TO AGING WELL IN AMERICA SURVEY FINDINGS

In 2022, we commissioned our inaugural **Social Threats to Aging Well in America** survey to understand the top social factors that impact senior health, now and in the future. We asked seniors, ages 65 and up, about their biggest obstacles to health care and the support they need to overcome those challenges.¹² We specifically assess SDoH, such as income level, access to reliable transportation and access to healthy foods through our benefit offerings.



PUTTING SENIORS FIRST

One of our core values is to put seniors first in everything we do, from designing our health plans to delivering our services. Our ultimate success is measured by our ability to drive tangible health outcomes with superior member experience while lowering costs.



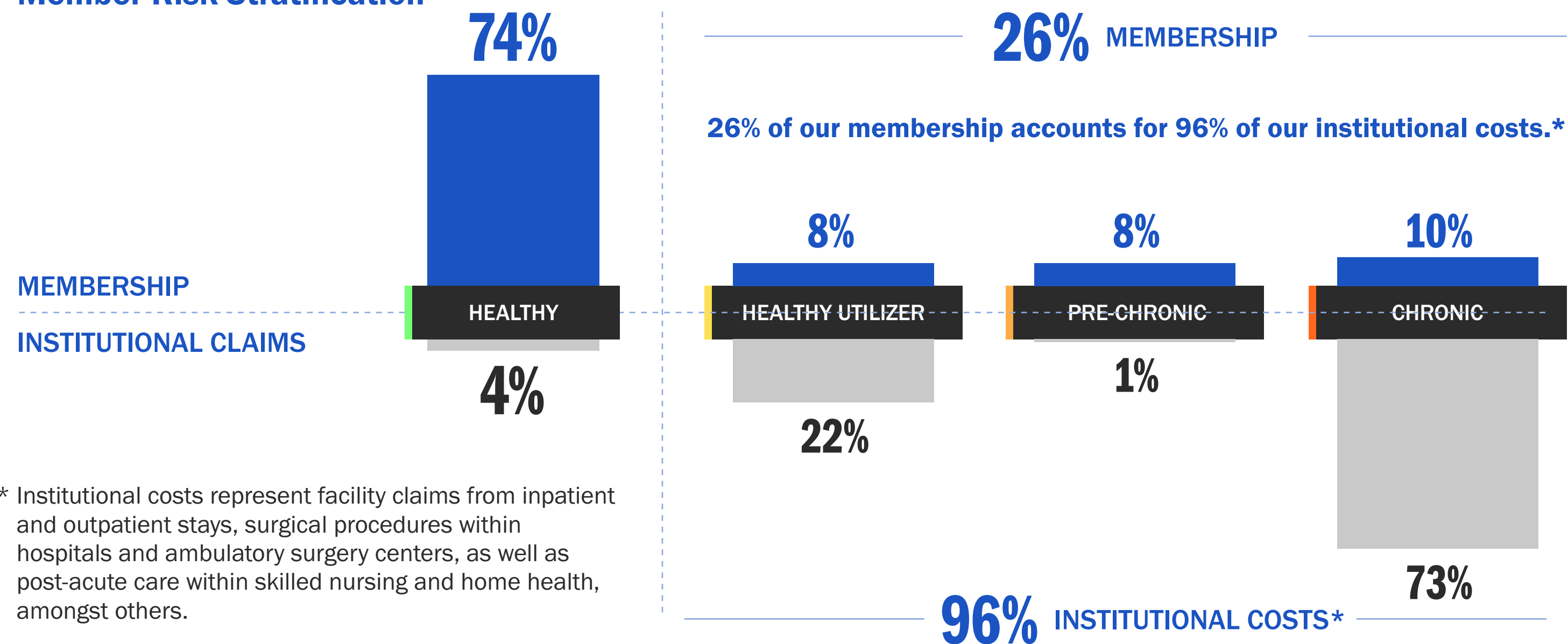
THE ROLE OF AVA® AND CARE ANYWHERE

AVA®

AVA® is an integrated health experience platform that functions as our health care ecosystem through numerous modules and applications. It helps us comprehensively and securely assess our members by using more than 200 unique data sources along with more than 13,000 consumer and SDoH attributes for deploying care. AVA® then stratifies members into risk categories to help provide a personalized care journey.

AVA®'s capabilities go beyond clinical care. The technology is securely and privately integrated throughout Alignment, providing unique insights to our members, their caregivers, health care providers, health plan operators and our internal teams. AVA® was built on a secure cloud infrastructure with a cloud-native technology architecture. This helps to efficiently scale massive data sets for millions of members and reduce the need for maintaining significant on-premise systems or heavy infrastructure as we grow.

Member Risk Stratification¹³



* Institutional costs represent facility claims from inpatient and outpatient stays, surgical procedures within hospitals and ambulatory surgery centers, as well as post-acute care within skilled nursing and home health, amongst others.



THE ROLE OF AVA® AND CARE ANYWHERE

CARE ANYWHERE

The invaluable human touch, compassionate care and unwavering trust provided by our physicians, caregivers, medical support staff and all those who serve our members are irreplaceable. Our Care Anywhere team, powered by AVA®, envelops members who have chronic conditions and are at higher risk for admission to the hospital with extra care. This proactive approach helps our overall mission to deliver high-quality care to all of our members at a low cost.

The Care Anywhere program is a physician-led, multidisciplinary team-driven model of care. It is designed to support patients who may benefit from a comprehensive in-home assessment and ongoing home-based care that addresses immediate, chronic and social health care needs in order to prevent unnecessary hospitalizations or ER visits. Importantly, this program is free for qualifying members.

10K+ Members eligible for the Care Anywhere program

6.1K Members in the Care Anywhere program

73+ Care Anywhere NPS

32 Touches per year per member

The Care Anywhere team provides proactive outreach, 24/7 access and enhanced care coordination, all centered around the member. Each team member plays a vital role in delivering care across multiple sites – home, inpatient, outpatient and virtual.



OUR MEMBERS AND HEALTH CARE PROVIDERS

IMPROVING HEALTH CARE ACCESS AND QUALITY

An estimated 14% of seniors cite the lack of responsive care from medical providers as one of the obstacles to health care.¹⁴ Alignment is alleviating health care access and quality problems by considering our members' full health care journey. From the initial member welcome call, our employed and contracted health care providers deliver a more obstacle-free health care journey.

196K+ Health care interactions and member touchpoints

45K+ Touchpoints related to case management and special needs

100% of Members are Medicare enrollees

30% of Members are Medicaid and Medicare enrollees (dual eligible)



Establishing Care

With the first member **Welcome Call**, we personalize each member's plan benefits experience and access to care. We also assist them in scheduling their first **Jump Start Assessment (JSA)**, our comprehensive annual wellness exam that goes above and beyond an **All Wellness Visit (AWV)** and establishes baseline information to help us best serve them. Internal teams host **new member orientations** to introduce our members to our online member portal and mobile app and learn about their preferred communication methods.



Next, our members complete a PCP **initial medical assessment** to understand where they are on their health journey, so we can provide personalized comprehensive care.

12K New member Welcome Calls completed

Proactive Support

Our products and services provide comprehensive care for better health care experiences.

- We regularly reach out to our members with **Just Checking-in Calls** where we empower them with benefits information, schedule their AWV and assist with coordination of care.
- We continue to offer our members a **JSA** to bridge any gaps in health care and detect early warning signs of health risks.

JUMP START ASSESSMENTS

JSAs can be conducted virtually, at home or in-person at any one of our Alignment care centers. They capture member-reported data that is then analyzed to create personalized risk assessment scores. These are used to develop individualized care plans tailored to each member's unique health needs and goals.

While most industry medical visits last 15 minutes or less and focus on a limited part of care, Alignment clinicians will spend up to an hour with members to provide a full head-to-toe exam and medical history review.

25.5K JSAs completed

OUR MEMBERS AND HEALTH CARE PROVIDERS



Proactive Support Cont.

- We leverage our **medication adherence engine** to assist members with timely alerts to refill prescriptions. Our medication adherence rates are:

92% for Diabetes (4.89% higher than the average for MAPD contracts)

92% for Hypertension (3.26% higher than the average for MAPD contracts)

90% for Cholesterol (2.86% higher than the average for MAPD contracts)

- We support our physicians and other health care providers with real-time and actionable data through **tailored dashboards and messaging tools**. Applications like **Patient Priority and Patient 360** streamline medical chart preparations and submissions.

170+ Artificial intelligence (AI) models

250+ Self-service dashboards

30+ Workflow and engagement applications

TESTIMONIAL



“The AVA® workflow has been great. My staff has told me on several occasions how user-friendly the platform is and that they do not find it burdensome at all. We have been able to complete the AWVs much more thoroughly at a much faster pace. We appreciate your team’s thoroughness in following up with us to ensure that the loop has been closed with regard to online submission of the AWVs. It has truly been a pleasure using this system.”

– DR. SHAROBIEM
RIVERSIDE, CA

Comprehensive Services

Our health care offerings provide our members with the care they need.

- **All-encompassing services** – Comprehensive coverage under our MA plans is available to our members, regardless of their income.

100% of our Members have access to dental services, vision services, preventative hearing services and free flu vaccinations

- **Preventative Care** – Continuous monitoring of members’ health profiles is available to all members and integral to our holistic approach to health care.

80% of Chronic Condition Special Needs Plan (C-SNP) and Dual-Eligible Special Needs Plan (D-SNP) enrollees completed a health risk assessment

81% of Female members completed breast cancer screenings¹⁵

72% of Female members completed body/bone density (DEXA) scans¹⁶

80% of Members completed colorectal screenings¹⁷

- **Pharmacy coverage** – Broad pharmaceutical access is available to members with 10,000+ drugs in our formularies.

3-4M Prescription medications processed annually

DATA-DRIVEN SERVICE EXPANSION

AVA® insights informed the expansion of our mental health and psychiatric services in 2022. We offer a range of personalized therapy programs, including individual counseling and group therapy to support our members’ health journey.

OUR MEMBERS AND HEALTH CARE PROVIDERS

Comprehensive Services Cont.

- **Healthy at Home** – Our care facilitation program is there to help transition members from the hospital to their home.

HEALTHY AT HOME

Healthy at Home offers hands-on support and attentive care for a period of 60 days, with weekly in-person or virtual follow-ups to monitor progress and ensure a full recovery. Meal provisions are available for those in need of nutritional support during the transition period.

- **Chronic Care Coordination** – At-home monitoring tools and consistent treatment is available for members with late-stage chronic conditions, like diabetes or kidney disease.

84% of High-risk members enrolled in clinical programs completed a comprehensive annual exam

- **Individualized Care Plans** – Members are provided a tailored care plan that addresses their specific needs at the moment and establishes a continuum of care in close partnership with their PCP.

35K+ Individualized care plans



Easy Access to Health Care

Our full-service support gives our members the care they need *when* they need it.

- **Virtual Care Center** – 24/7 support from a virtual team of dedicated advanced practice clinicians, licensed social workers, registered nurses and care coordinators.

120K+ Virtual visits

- **24/7 ACCESS On-Demand Concierge Care** – Access to live agents who are available anytime to deliver an end-to-end experience for the member, including support with benefits, clinical needs and prescription medications needs.
- **Pharmacy Member Services** – Personalized support for our members is available 24/7 with dedicated agents that can assist members in their preferred language with any prescription medication benefit inquiries they may have.

ACCOUNTABLE CARE ORGANIZATION REACH PROGRAM

Alignment participates in the Accountable Care Organization (ACO) REACH¹⁸ (Realizing Equity, Access and Community Health) program, a CMS model focused on promoting health equity by addressing health care disparities for underserved communities. This is a natural extension of our goal to provide high-quality and low-cost care to seniors and demonstrates our ability to deliver better health outcomes across varied care settings and populations.

The ACO REACH model provides tools and resources to empower physicians and other health care providers to better coordinate and improve the quality of care they offer patients with traditional FFS Medicare coverage. The latest official data from 2021 shows that Alignment and our health care provider partners achieved a net savings rate of 6.1%, placing it in the top quartile of all participating entities. This was achieved despite having the second-lowest weighted average benchmark in the country.¹⁹

OUR MEMBERS AND HEALTH CARE PROVIDERS

EXPANDING HEALTH CARE EDUCATION

Alignment is dedicated to bridging gaps in our members' education access and quality. We do this by delivering senior-friendly health information through their preferred communication channels and staying up-to-date with research on senior-focused health care.

Improving Member Education and Awareness

We help our members feel empowered to make informed health care decisions.

- **Virtual and in-person town halls** gather members for presentations on eligible products and services, common health conditions, treatments and Q&As.

65.7 K+ TOWN HALL PARTICIPANTS, INCLUDING:

43.5K+ ATTENDING MONTHLY MEMBER EDUCATION TOWN HALLS

12.9K+ ATTENDING ANNUAL NOTICE OF CHANGE (ANOC) TOWN HALLS

- **Targeted and resourceful communications** update members on relevant products and services, appointment and medication reminders, and healthy activities using their preferred method of communication.
- **Health education programs** include fall prevention education, diet and nutrition, smoking and alcohol cessation, drug management and medication therapy management.

- **Interdisciplinary case management team** addresses health, wellness, prevention and SDoH.

15.9K+ Cases managed by our case management team

8.9K+ Care navigation or resource referrals

5.4K+ Health literacy referrals

DATA-DRIVEN EDUCATION

According to the Centers for Disease Control and Prevention (CDC), in 2020 alone, falls were the leading cause of injury for seniors, resulting in 36,000 deaths, 3 million ER visits and an estimated \$50 billion in medical costs annually.²⁰ In response, Alignment launched the Safety Assessment Fall Education (SAFE) program, which identifies members who are at risk of falls and provides them with fall prevention and safety at-home assessments, education and tools.

- **Health education classes** offered with partnership organizations.

5.8K+ Attendees of American Diabetes Association healthy recipe classes

COMPREHENSIVE CARE ADDRESSING SDOH

44.9K+ SDoH referrals **22** Offerings and supplementary benefits address SDoH

Exploring Trends and Outcomes

We are advancing products, knowledge and innovation in the field of senior care through our publications.

- **2022 Social Threats to Aging Well in America²¹** – A report investigating SDoH that prevent the growing U.S. senior population from receiving high-quality care. According to the study, the top three social barriers to senior health are:

1 Economic instability **2** Loneliness **3** Food Insecurity

- **Transforming Member Experience with On-Demand Healthcare Transportation²²**

Partnerships for Education and Access

We work and partner with like-minded organizations in the senior health care ecosystem.

- **Signatory of Health Evolution Forum's Health Equity Pledge**
- **Member of America's Health Insurance Plans (AHIP)**

OUR MEMBERS AND HEALTH CARE PROVIDERS

STRENGTHENING ECONOMIC AND COMMUNITY SERVICES

With one in five U.S. seniors feeling lonely and isolated and facing payment issues as a barrier to health care, we offer products and services that address socioeconomic issues and encourage our members to not compromise or delay care.²³ We also create products and services that promote equity and inclusivity.

We serve members from diverse communities and economic backgrounds:

43% of Members are Black, Asian, Hispanic/Latino, Indigenous or other²⁴

34% of Members are part of the Medicare Low-Income Subsidy (LIS) programs

30% of Members are Medicaid and Medicare enrollees (dual eligible)

VALUE-BASED INSURANCE DESIGN (VBID) MODEL

Alignment joined CMS’s VBID Flexibilities program in 2022, which enables us to offer additional monetary benefits to eligible members based on their socioeconomic status or chronic health conditions. Eligible members may receive a monthly cash benefit, as well as enhanced allowances for transportation, healthy food, gas, utilities and supplementary medical services, including dental, vision or hearing-related expenses.

How We Serve Our Members



AT A PHARMACY

Affordable drug pricing provides low-cost options from negotiated pharmacy and drug manufacturer prices with our Pharmacy Benefits Manager (PBM).

90% of Pharmacy claims had a member cost share of \$10 or less

88% of Offered prescriptions are generic

58% of Pharmacy claims had a \$0-member cost share

Multilingual pharmacy member services support native languages, including Spanish, Chinese, Vietnamese, Tagalog and Cambodian.

70% of Pharmacy member services staff speak languages other than English

Over-the-counter (OTC) allowance on the ACCESS On-Demand Concierge Card covers eligible expenses such as pain relief medication or Healthy Rewards items, including household products and vitamins.

100% of Members were issued cards

500K+ Transactions placed²⁵

TOP 3 OTC Items purchased – Oral care, pain relief and vitamins

TOP 3 WELLNESS Items purchased – Hygiene wipes, cotton swabs and skin care



AT A STORE

Nourishing foods included in the ACCESS On-Demand Concierge Card grocery purchases, such as fresh fruits and vegetables.

Grocery allowance available to members with eligible chronic conditions or those facing food insecurity.

54K+ of Members qualify to receive grocery benefits

1K+ Members received financial assistance referrals

TOP 3 GROCERY Items purchased – Coconut water, canned tuna, ramen noodles

Grocery store eligibility expanded to serve the diverse diets across the communities we serve.

OUR MEMBERS AND HEALTH CARE PROVIDERS



AT HOME

Utility benefits were introduced in 2022 for the 2023 plan year to support qualifying members' payments for cable, electricity, gas, heating, sanitation, water and telecommunications, including Wi-Fi.

Fully prepared, refrigerated meal delivery via external partnerships assist members who have been discharged from the hospital, have a chronic condition or experience severe food insecurity.

23.6K+ Meals delivered post-discharge

9K+ Post-discharge meal deliveries for members with diabetes

Home safety and housing referrals ensure our members live in stable and safe home environments.

1.2K Housing or home safety referrals

DATA-DRIVEN SUPPORT

AVA® insights raised the need for pest control as part of our utility benefits. Eligible members can maintain healthy living conditions and enjoy a better quality of life with the expanded coverage.

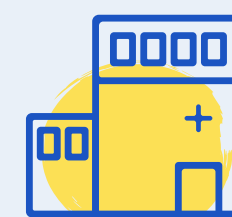
37.7K+ Members eligible for pest control benefit

Companion care partners provide high-quality companionship and assistance with everyday tasks.

13.6K+ Total companion care visits

Grief support and **chronic care groups** help our members navigate hardships and adjustments to significant life events.

Pet care services help qualifying members care for their pets with dog walking or pet sitting.



AT CLINICAL SETTINGS

Affordable care is available for all our members.

100% of Plans have \$0 copays for preventive services

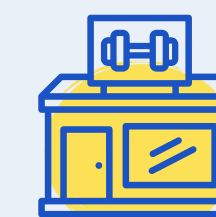
85% of Members pay zero premiums

FLEX Allowance was introduced in 2022 for the 2023 plan year as a part of the ACCESS On-Demand Concierge Card, which covers dental, vision and hearing expenses for members of certain plans, as well as acupuncture and chiropractic services for eligible members.

Culturally and linguistically appropriate plans accommodate services for the unique needs of our growing senior ethnic communities, including the Harmony Plan for members of Asian heritage and ONE/el ÚNICO Plan for our Hispanic/Latino members.

SUPPORTING CAREGIVERS

Members enrolled in a plan with a caregivers benefit are offered an annual allowance for respite care provided through a personal care attendant, including but not limited to bathing assistance, light housework or meal prep, transportation and/or accompaniment to medical appointments. There are no qualifications needed to access this benefit.



AT A GYM

Fitness benefits can be used for gym memberships or fitness classes.

100% of Members have a fitness benefit with a \$0 copay

4.6K+ Gym locations available

In-person or virtual **group exercises** and **walking clubs** bring our members together.



GETTING THERE

Transportation allowances are offered to eligible members and help them reach their appointments.

84.5K Members enrolled in the transportation benefits

147.6K+ Total rides taken

OUR MEMBERS AND HEALTH CARE PROVIDERS

QUALITY AND SATISFACTION OF MEMBERS

We strive to give our members the best care experience possible, from a white glove member experience to the creation of a comprehensive care plan that considers every aspect of our members' health journeys. Our interdisciplinary approach ensures seamless transitions across care touchpoints, no matter the member, plan type or need. We take pride in managing care across different markets and medical groups to ensure personalized support for every member.

Making Every Member Call Important

We focus on end-to-end member experiences and emphasize first-call resolutions.

- **24/7 Live Concierge** to support our members. Members can contact the concierge anytime to get help with a range of health care needs, including scheduling appointments with doctors, finding specialists, understanding their insurance coverage and getting help with medication management.
- **Member engagement teams** onboard our new members with welcome calls, schedule annual visits and address provider terms.
- **Customer support training** is provided to all our agents and includes programming on age sensitivity, compassionate solutions to difficult situations, positive mental attitude and tone, and de-escalation.
- **AVA®** is integrated as our customer relationship management (CRM) and care coordination tool to record and support all interactions.

DELIVERING DATA-DRIVEN SOLUTIONS

AVA® leverages Natural Language Processing (NLP) technology to better respond to member experiences and requests. By using NLP, our member experience team's notes are synthesized and optimized to identify trends in the issues our members raise during calls.

Focusing on Quality

Quality is our north star. To ensure we provide the best experience, we listen to our members and incorporate their feedback through:

- **Alignment's Quality Management (QM) program**, which helps review, monitor and evaluate current practices and implement quality improvement initiatives as coordinated and facilitated by our QM department.

QUALITY OVERSIGHT

QM program coordinates ongoing monitoring and improvement
 Quality Improvement Committee (QIC) provides oversight of the QM program

QUALITY POLICIES

Quality Assurance Policy
 Member Rights and Responsibilities

- **Regular surveys and roundtables**, which provide data-driven insights from Customer Satisfaction (CSAT) surveys, SNP-member Care Management Satisfaction surveys, Call Tracking and Management (CTM) surveys and focus groups.

96% SAT survey score for Courtesy and Respect

90% CSAT survey score for Information and Help Needed

- **Voice of Customer program**, which gathers first-hand accounts of our members' experiences.
- **Calls with our vendors**, which ensure consistency in service quality and learnings from member engagements.
- **Grievances and appeals process**, which help address and deliver timely resolutions of our members' concerns.

Member Satisfaction

60+ Overall NPS since 2019 **73+** Care Anywhere NPS since 2019

5 Out of 5-Star rating on the CAHPS measure "Rating of Health Plan" in 2019-2021²⁶

93% Overall satisfaction with the Care Management program

92% Would recommend the Alignment Care Management program to a friend or relative



INDUSTRY AWARDS

As a testament to our commitment to excellence, we have been recognized with the following industry awards.



OUR MEMBERS AND HEALTH CARE PROVIDERS

DELIVERING MEANINGFUL OUTCOMES

By investing in programs and initiatives that address SDoH – health care access and quality, education access and quality, economic stability and neighborhoods, and community needs – Alignment delivers care that helps our members age well.

Member Care Study #1²⁷

Mr. Jones, a long-time Type 1 diabetic, frequently visited the ER due to low blood sugar caused by an inability to afford a balanced diet due to financial challenges and limited health literacy. Based on SDoH and chronic illness diagnosis data, AVA®’s AI algorithms identified him as high risk. During a low-blood sugar telehealth call, his condition prompted a routing to an on-call physician who stabilized his blood sugar by ordering food delivery within 30 minutes. Through his enrollment in Care Anywhere, he now has regular check-ins with a social worker and Care Anywhere provider, along with support from Mom’s Meals, effectively preventing his return to the ER and ensuring holistic and supportive management of his health and well-being.

Member Care Study #2

Mrs. Johnson came to an out-of-network ER with shortness of breath, which was an undiagnosed pulmonary embolism. Typically, she would have been sent home without communication with her health plan, potentially delaying critical care. Alignment’s on-call physician engaged with the ER after receiving an AVA®-generated notification of the visit and her high risk of blood clots based on her comprehensive medical history. This led to further assessments and prompt admission to the hospital for appropriate treatment, potentially avoiding a catastrophic outcome.

Improved Chronic Illness Outcomes

Members with chronic conditions, including diabetes, are given the tools needed to manage their health proactively, from kidney disease monitoring to blood sugar control. A hemoglobin A1c (HbA1c) test measures how much sugar is attached to the blood’s hemoglobin protein. A 1-point reduction in HbA1c leads to a reduction in health risks, including a 21% reduction in death from diabetes.²⁸

79% of Eligible diabetic members had their blood sugar level in control
>1.5 Points is the Average reduction in Alignment members’ HbA1c after 12 months of Care Anywhere enrollment



MEMBER TESTIMONIALS



“I am 6 months sober today and that is the longest period of sobriety I have been able to sustain for over 16 years. I am thankful for Alignment helping me with inpatient/outpatient care coordination, psychiatric medication management and support and assistance with housing resources.”

- JOHN W., CARE ANYWHERE MEMBER

“My husband has been facing some major health issues and complications this year and as a result, he is not able to work. At my last visit, I was in tears because of the financial stress we were under and knew if I went back to work, I would not be able to care for him. Through a social work referral, Alignment connected us with Veteran Affairs, which has eased the financial strain and allows me to remain at home as his caretaker.”

- ELLEN N., ALIGNMENT MEMBER

OUR EMPLOYEES

Alignment is dedicated to fostering a serving culture that values our employees. With our people-centric approach, we are striving to create an empowering and inclusive work environment, where our teams can excel and feel supported. Through a multi-year strategy, we continue to enhance talent recruitment and retention efforts, ensuring we have a skilled and diverse workforce that keeps up with our fast-paced growth.

PEOPLE OVERSIGHT

We have a dedicated team devoted to serving our people, with oversight and guidance from our CEO and Board.



BOARD OF DIRECTORS



COMPENSATION COMMITTEE • NOMINATING, CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

Advise on compensation-related and regulatory matters as well as ESG factors, including HC management.



CEO



CHIEF PEOPLE OFFICER

Responsible for the HC strategy and execution and reporting HC matters to the CEO and the Board and its committees.



HC MANAGEMENT TEAM

Executes critical HC programs and process, relating to:
 Talent Acquisition • Learning and Development • Total Rewards • HC Business Partners and Compliance • Performance and Succession Management • Data, Systems and Operations • Facilities

RECRUITMENT AND ONBOARDING

As our Company continues to grow and evolve, we are taking steps to attract top-tier talent who are aligned with our mission-driven and high-performance culture.

- ✓ **Enhancing recruitment pipelines** through health care preceptorship programs for advanced clinical practitioners.
- ✓ **Establishing partnerships** with universities to recruit medical professionals.
- ✓ **Robust onboarding processes** with Foundational Business Training.

BENEFITS AND REWARDS

We want all our employees at Alignment to feel recognized, appreciated and valued for their contributions.

- **Fair and competitive pay** through performance management plans and expansion of incentive opportunities to non-management employees.
- **Comprehensive benefits** that include medical, dental, vision, life and accidental death and dismemberment insurance, short- and long-term disability benefits, 401(k) matching program and well-being offerings.
- **Additional perks and incentives** that make Alignment an exceptional workplace.

FLEXIBLE WORK CULTURE

Allows for hybrid and remote options for certain positions.

HEALTH & WELLNESS INCENTIVES

Supports our employees' well-being and promote a healthy lifestyle.



OUR EMPLOYEES

EMPLOYEE ENGAGEMENT

We take action by listening to our employees and letting them know they are heard.

- **Annual engagement and pulse surveys** provide employee insights with lessons shared with executives, HC team and business leaders.
- **Action plans** proactively address the expansion of our strengths and target areas for improvement.
- **All-employee and leadership meetings** occur regularly, updating employees on our strategy and progress.
- **Monthly CEO Connection meetings** provide first-hand feedback from our Founder and CEO John Kao to smaller groups of leaders.



RECOGNITION AND AWARDS

We believe that our individual and team accomplishments should be recognized and celebrated.

- **Serving Heart Employee Recognition program**, created in 2022, acknowledges, celebrates and rewards peer-nominated employees for their outstanding contributions and dedication to our four core values.
- **You're a Star Award** celebrates exceptional customer service and dedication to the well-being of our members.

EMPLOYEE TESTIMONIAL



I joined Alignment in December 2013. What I enjoy most about working at Alignment is the opportunity to make a difference in people's lives, not just for our members, but for everyone at the Company. I believe in the quote by Albert Schweitzer that says, 'The purpose of human life is to serve and to show compassion and the will to help others.'

What makes Alignment a great place to work is the dedication of people to one common goal. The Company culture is supportive, collaborative and focused on making a positive impact on the lives of our members and employees alike."

- HAROLD W., DTS OPERATIONS

DIRECT EMPLOYEE FEEDBACK

Our 2022 engagement surveys included recurring topics about the workplace and a new section on our DEI initiatives.

61% of our Employees participated in the surveys

70% of Employees feel engaged
 • on par with industry benchmarks²⁹



Favorability Scores by Topic

89% of Employees have a clear understanding of what is expected of them

87% State that their immediate supervisor/manager provide them with timely and helpful feedback

86% Feel that they are a part of a team

84% Agree that Alignment senior leadership has communicated a vision of the future that motivates them

OUR EMPLOYEES



DIVERSITY, EQUITY AND INCLUSION

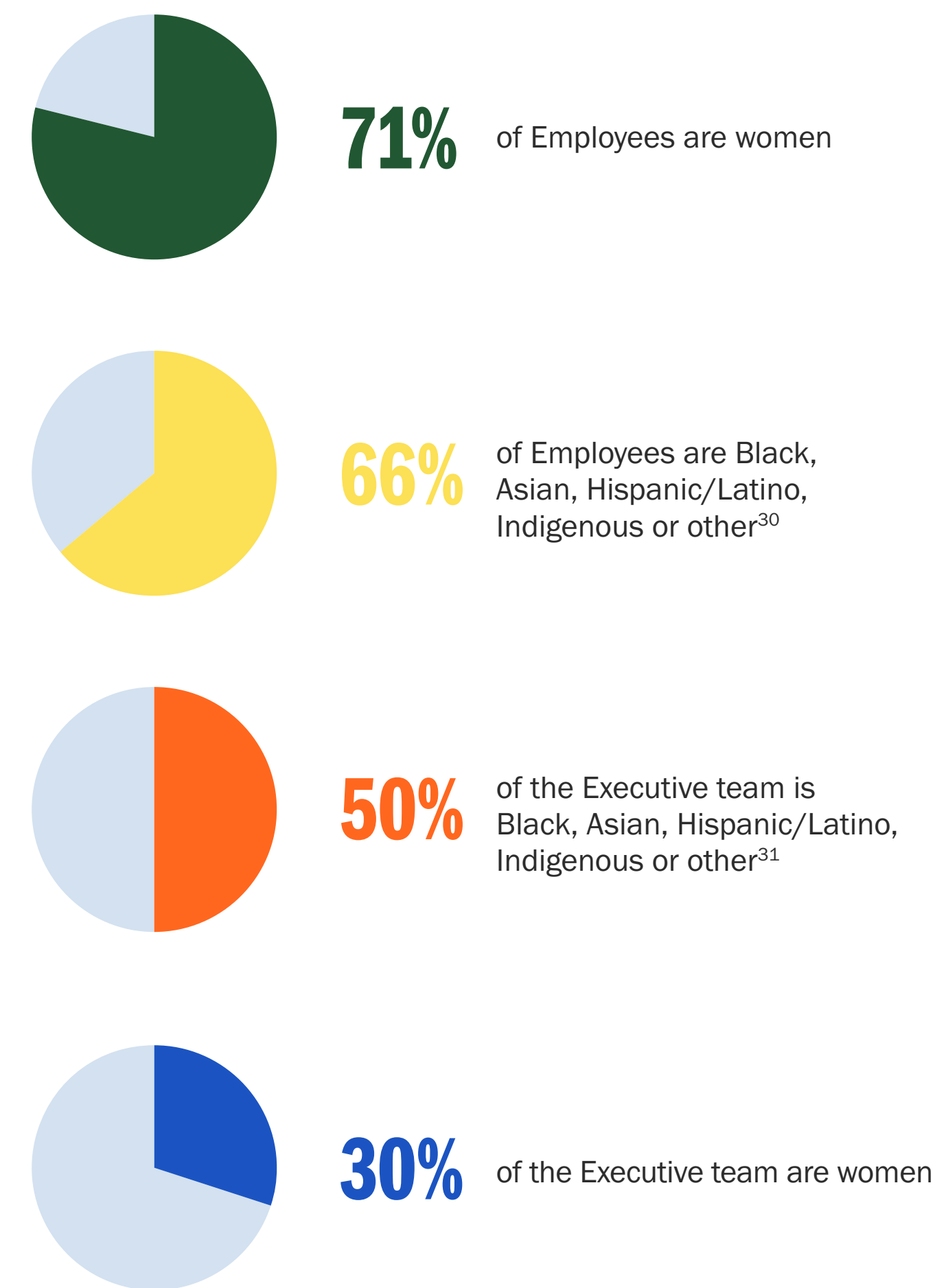
We place a strong emphasis on DEI in the workplace. In 2022, our approach to DEI went beyond traditional policies and programs to gain insights on how to create an inclusive work environment that supports the entire employee journey. We achieved this by:

- **Engaging an external consultant** to bolster our DEI program.
- **Conducting focus groups** with leaders and employees to establish a baseline understanding of our DEI culture.
- **Developing an enhanced DEI strategy** based on our internal research findings.
- **Completing pay equity reviews** to ensure fair compensation for employees.
- **Disclosing salary ranges** in solicitations for new hires based in California to promote transparency.
- **Offering regular training** and development initiatives to continue supporting our DEI program.

We offer a wide range of training courses on DEI topics through our Cornerstone OnDemand platform, including:

- ✚ Creating a Working Environment Based on Respect
- ✚ Cultural Awareness in the Workplace
- ✚ Equality and Diversity
- ✚ Diversity Made Simple for Managers and Employees

Diversity by The Numbers as of Jan. 1, 2023



SERVING THE ENVIRONMENT

We believe that businesses have a responsibility to safeguard the environment and establish sustainable practices that will benefit future generations.

We continue to build on our commitment to serving the environment and look forward to continuing to share further progress in upcoming reports.

VIRTUAL HEALTH CARE

The modality of care is shifting with an increasing focus on virtual care services. Our virtual care delivery model provides safety, comfort and convenience to our members. It offers 24/7 access to clinicians via telehealth and addresses answers to medical concerns or questions with health care providers by phone or video.

Virtual care has the added benefit of impacting the environmental footprint associated with clinical visits. By reducing the need and frequency of in-person visits, our members, clinical teams and health care providers are avoiding GHG emissions incurred while traveling to and from medical appointments. It is estimated that 5,000 metric tons of CO₂ are avoided for every 1 million virtual visits.³²

120k+ TELEHEALTH VISITS WERE MADE BY ALIGNMENT MEMBERS, EQUIVALENT TO:

600 METRIC TONS OF CO₂ EMISSIONS AVOIDED

1.5M MILES DRIVEN BY AN AVERAGE GASOLINE-POWERED PASSENGER VEHICLE³³

PREVENTING UNNECESSARY AND AVOIDABLE HOSPITALIZATIONS

The environmental benefits of our programs and services are not just from the avoidance of emissions from traveling to and from appointments. They may also be realized from the prevention of unnecessary and avoidable hospitalizations.

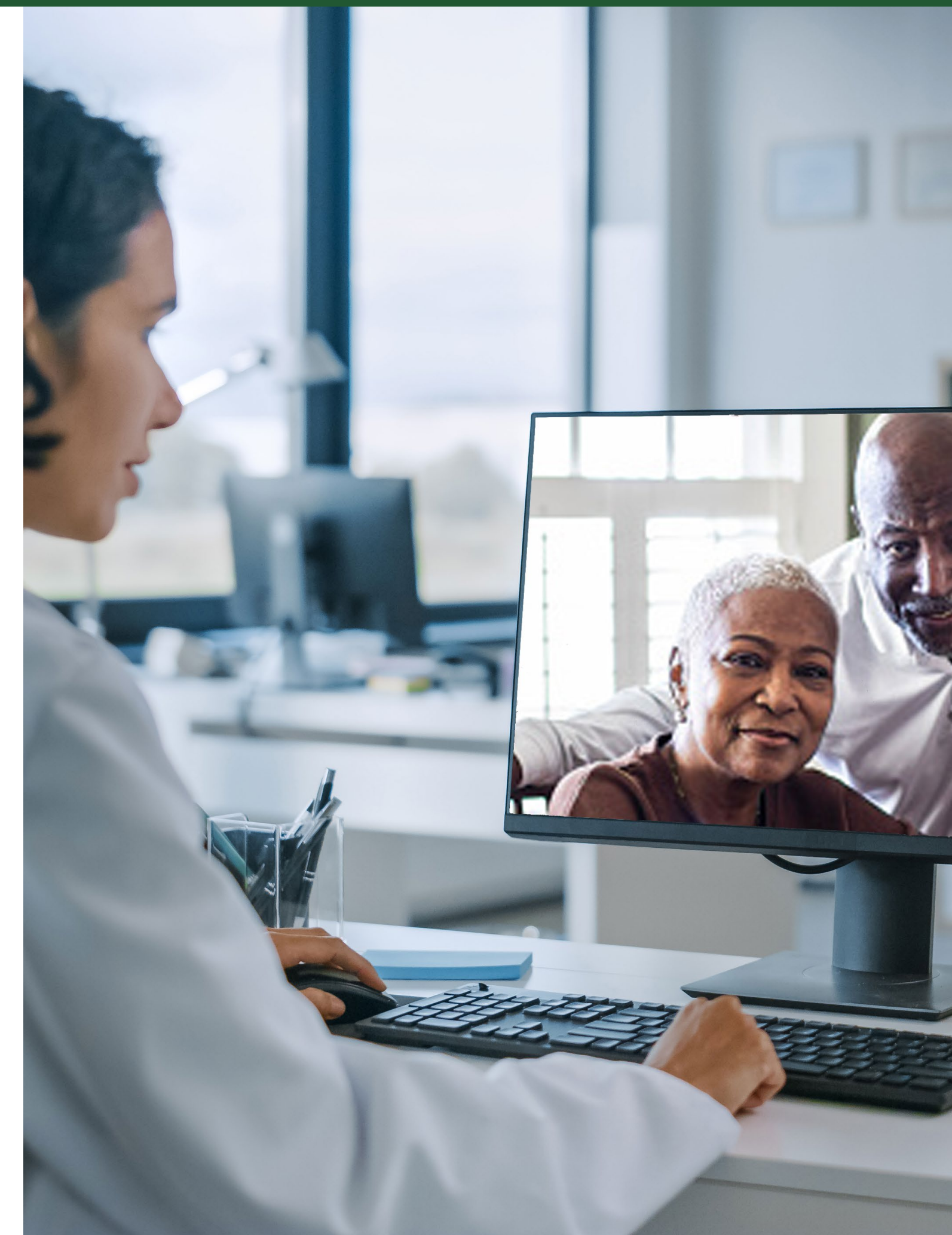
On an annual basis, it is estimated that each hospital bed generates between 250-370 metric tons of CO₂ emissions.³⁴ With the health care sector representing 4.4% of the global net emissions and 17% of that coming from health care facilities and health care-owned vehicles, our focus on inpatient and ER admissions per thousand in addition to readmission rates may further contribute to reduced GHG emissions.³⁵

In 2022, compared to 2019 Medicare FFS benchmarks, Alignment had:

48% Reduction in ER admission per 1,000 members compared to Medicare FFS 2019 Benchmarks

37% Reduction in member hospital admission per 1,000 members compared to Medicare FFS 2019 Benchmarks

26% Reduction in 30-day member readmission rates per 1,000 members compared to Medicare FFS 2019 Benchmarks





SUSTAINABLE OPERATIONS

Our day-to-day operations are another distinct opportunity for us to serve the environment and reduce our footprint. At a glance, our business model is not dependent on brick-and-mortar locations, and we generally lease our operational spaces. We have also primarily transitioned to cloud-based versus physical data centers. Even though we are asset-light, we prioritize the sustainable management of our properties by implementing environmentally sensitive practices, engagement with eco-conscious partners and measurement of our actions.

RESPONSIBLE MANAGEMENT

We support activities that generate positive environmental outcomes and enhance our understanding of our footprint.

- **Appointed a dedicated facilities manager** to work with and identify real estate partners who provide safe, secure and environmentally sensitive workplaces.

LEED Gold and Energy Star-certified headquarters

- **Implemented a flexible work culture** that minimizes the need for and usage of physical locations.
- **Invested in the transition to a low carbon future** with the availability of on-site electric vehicle (EV) charging at certain locations and the procurement of hybrid vehicles.

100% OF OUR SALES AGENT VEHICLE FLEETS ARE HYBRID

- **Adopted recycle-oriented facilities practices** from our printer toners and waste facilities management to our e-Stewards and/or R2-certified responsible, safe and ethical electronic waste management initiatives.³⁶
- **Partnered with a carbon-neutral, cloud-based data service provider** that has ambitions for all its energy to be carbon-free by 2030.³⁷

92% Energy savings from the transition to cloud-based data platform computing resources

79% Energy savings from the transition to cloud-based data platform storage resources

- **Initiated a GHG study** in collaboration with an external consultant on our Scope 1 and 2 emissions in order to establish a baseline understanding of our impact.



SERVING RESPONSIBLY

DATA PRIVACY AND SECURITY

At Alignment, we prioritize information security and data privacy in our everyday business, especially when handling, storing and sharing protected health information (PHI) and personally identifiable information (PII).

We safeguard sensitive data and adhere to strict protocols to ensure the confidentiality, integrity and availability of information follows legal requirements, industry regulations and best practices.

With AVA® as the backbone of our operations, we can provide holistic health care for seniors, streamline workflows and provide timely, accurate and actionable insights. AVA® facilitates transparent data sharing across the Company, leveraging a unified data architecture to transform large, longitudinal datasets into valuable insights, analytics and custom-built applications. As we continue our migration to a singular engineering platform, we are enhancing our ability to make informed, data-driven decisions.

INFORMATION SECURITY AND PRIVACY OVERSIGHT

We have a dedicated team of information security and privacy experts who work around the clock to protect our systems. They are overseen and guided by our Board, in addition to internal and external auditors and our internal compliance and control team. We take action by listening to our employees and letting them know they are heard.

INFORMATION AND PRIVACY TEAM



SECURITY AND PRIVACY FRAMEWORKS

Our information security and risk management programs have been developed in alignment with the National Institute of Standards and Technology (NIST) framework and Common Security Framework (CSF), including the externally validated Health Information Trust (HITRUST) certification. These, along with other programs and guidelines below, reinforce our protection-oriented approach.

- **Health Insurance Portability and Accountability Act (HIPAA)** for protecting health information privacy and security.
- **International Organization for Standardization (ISO) 27000** for delivering a robust information security management system.
- **Payment Card Industry Data Security Standard (PCI-DSS)** for safeguarding credit card information.
- **Federal and state requirements** for data protection and privacy in compliance with relevant laws, regulations and industry standards.

CONTROLS FOR DATA PRIVACY AND SECURITY

We prioritize long-term preventive solutions to mitigate current and anticipated cybersecurity risks and threats.

- **Third-party system monitoring** by a specialized operations security center, operating 24/7, to promptly notify our staff of any issues.
- **Managed detection and response plans** to effectively respond to and quarantine attempted breaches and hacks of our system.

DATA PRIVACY AND SECURITY

CONTROLS FOR DATA PRIVACY AND SECURITY CONT.

- **Standard information technology (IT) general controls and SOX reporting** adherence to comply with the federal laws, ensuring the integrity, confidentiality and availability of IT systems and data for transparency and accountability in financial reporting services.
- **Annual HITRUST Alliance assessment** with full assessments conducted twice a year to maintain our HITRUST controls.

100% Compliant across 19 control domains

- **Encounter claims audits for CMS** to meet regulatory compliance for services provided for Medicare and Medicaid beneficiaries.
- **SymKey® health care management** tools for quality assurance purposes.
- **Third-party penetration tests, vulnerability scans and phishing exercises** to identify weaknesses in our system and proactively address them.
- **Business continuity and disaster recovery plans** to minimize impacts on the delivery of health care. If a disruption arises, a ranking system is utilized to determine the severity of the situation, followed by appropriate response mechanisms involving relevant teams and escalation processes.
- **Privacy Policy** and **Terms of Use** communicated to all of our members and strictly adhered to in our internal operations.

TRAINING AND SECURITY AWARENESS

Our comprehensive cybersecurity and data privacy training program includes various initiatives to ensure our employees and business partners are well-equipped to protect against cyber threats.

BY THE NUMBERS

Our internal controls and adherence to security and privacy frameworks resulted in zero reportable data breaches, avoiding any disruptions or downtime for our operations or members in 2022.

0 Reportable data breaches **0** Affected users **0%** Involving PHI or PII

99.9% Sustained uptime over the last 24 months

We provide onboarding and annual training to keep our employees vigilant. Our programs include HIPAA compliance training, proper handling protocols, seasonal awareness programs and anti-phishing techniques training for all our employees as well as supplemental training, including live training, for repeat offenders.

In 2022, we recognized Cybersecurity Awareness Month for the first time and offered optional training and additional information on cybersecurity. We launched “The Inside Man,” a highly engaging miniseries delivered in a TV show format, which provided important cybersecurity awareness information in an easily digestible manner.

Award-Winning Technology

- 2022 Association for Corporate Growth Orange County Innovation Award winner
- Cybersecurity Excellence Awards Nominee (Keeping Medicare beneficiaries safe in the cyberworld)



DATA PRIVACY AND SECURITY



AVOIDING BIAS IN AI-ENABLED TECHNOLOGIES

It is critical for us to address any potential biases that may arise from the use of an AI-enabled platform. As we integrate AVA[®] further into our operations, we continue to develop appropriate processes and procedures to address potential biases.

- **Testing and controls** – Rigorous testing models on diverse datasets to evaluate their performance across different populations.
- **Subject-matter expert review and iteration process** – Regular iteration and refinement of models based on expert feedback.
- **5-Factor review** – Incorporation of assessments on accuracy, bias, fairness, transparency and interpretability of our models.
- **Fairness assessments** – Identification of potential biases in the used data, employed algorithms or the predicted outcomes.
- **Use of large-scale datasets and monthly updates** – Consistent updates of datasets and continuous monitoring of model performance to train AVA[®] results.

PARTNERSHIPS FOR IMPROVED SAFETY

We have established strategic collaborations with specialized entities to improve safety across different data privacy and cybersecurity fronts.

- **Health Information Sharing Analysis Center (H-ISAC)** – As a member of H-ISAC, we are able to share information, insights and best practices related to cybersecurity, threat intelligence and incidence response in the health care industry.
- **FBI InfraGard program** – As a participant, we have access to information on emerging threats, timely alerts and expertise on investigations and threat analysis.
- **Strategic consultancy** – As a partner with a global research and advisory firm, we have access to cutting-edge insights, analyses and recommendations related to cybersecurity, risk management and compliance.

CULTURE OF COMPLIANCE

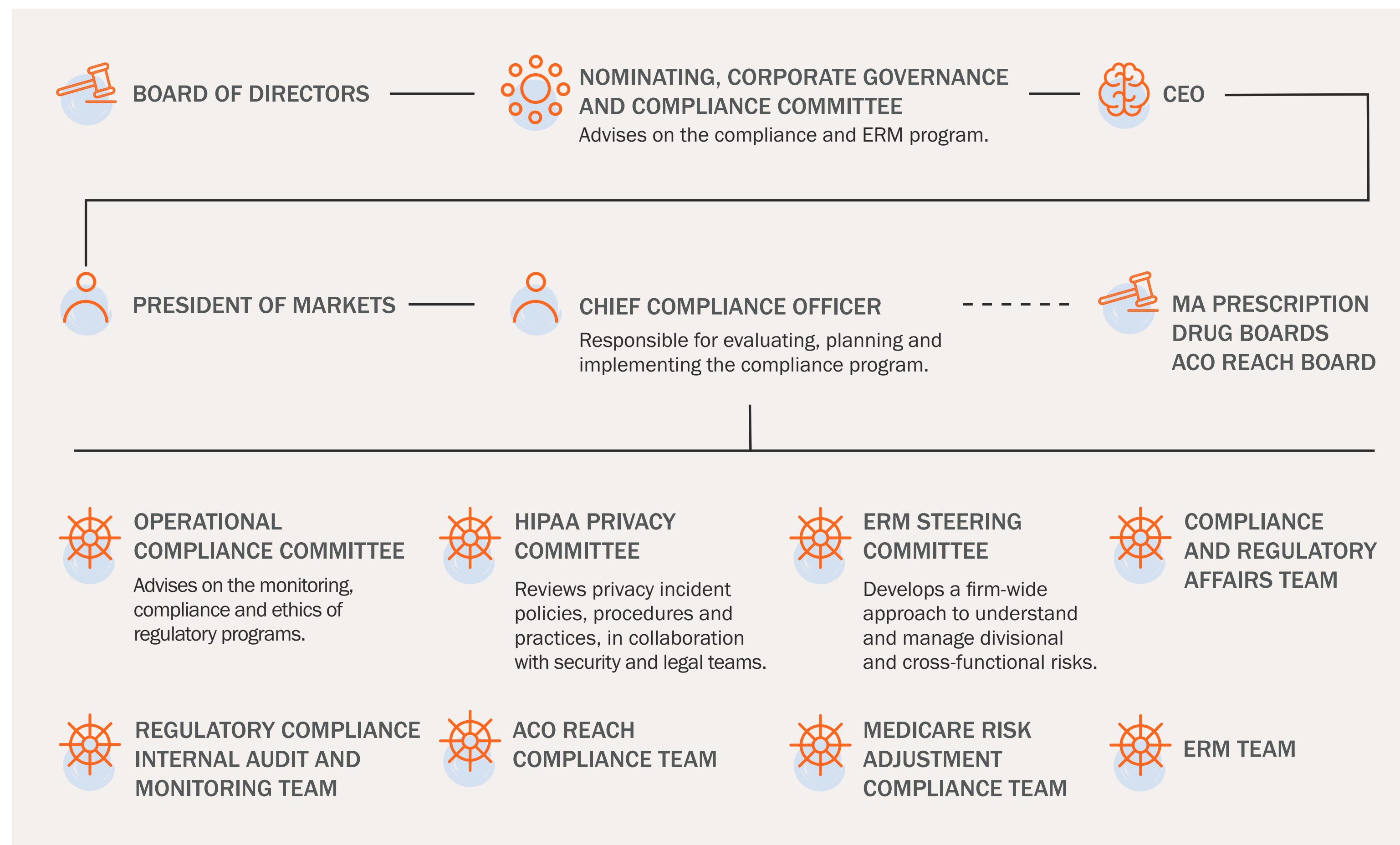
We operate in a highly regulated environment, working with and alongside multiple stakeholders, including our members, regulators, physicians, health care professionals and employees. As an organization, we are committed to conducting business ethically, honestly and in compliance with all rules, laws and regulations, while remaining steadfast to our mission of delivering high-quality care at a low cost.

Our unwavering dedication to regulatory compliance is reflected in our strict adherence to the guidelines provided by the Department of Health and Human Services (HHS) and CMS. We adhere to state and federal regulatory requirements, including those set forth by CMS, the Office of Inspector General, the Office for Civil Rights, state departments of insurance and Medicaid divisions. In addition, as a participant of Medicare’s ACO REACH program, we adhere to their regulations and guidelines to remain a trusted ACO provider.



COMPLIANCE OVERSIGHT

The governance of our compliance program is led by our Chief Compliance Officer (CCO), who along with the Operational Compliance Committee, Compliance and Regulatory Affairs team and ERM Steering Committee, report to the CEO and the Board on a routine basis.



CULTURE OF COMPLIANCE

OUR COMPLIANCE PROGRAM

Our Compliance program consists of seven core principles:

- 1** Written conduct standards, policies and procedures.
- 2** Effective oversight through a compliance officer, Compliance Committee and executive ownership.
- 3** Screenings and evaluations of employees, physicians, vendors and corporate governing body.
- 4** Effective communication, education and training.
- 5** Publications and consistent enforcement of disciplinary standards.
- 6** Effective systems for routine monitoring and identification of compliance risks.
- 7** Processes and systems facilitating prompt responses, including investigation, correction and prevention.

TRANSPARENCY AND AWARENESS

We continuously review and enhance our transparency practices and take necessary measures to ensure the highest levels of awareness throughout our organization.

- **Compliance team** conducts annual risk assessment, mitigation plans, monitoring, audits submissions and longitudinal studies.



- **Code of Conduct (Code) and other ethics policies** serve as a foundation of our transparency and compliance practices and apply to all of our employees, contractors, clinicians, vendors, health care professionals and other individuals serving on our behalf.
- **Annual training on ethics and compliance programs with role-specific training** reinforce the elements of the Code and other internal and external regulations.

100% of Employees completed general compliance training and fraud, waste and abuse training

ENTERPRISE RISK MANAGEMENT

Alignment is focused on developing effective ERM to identify, assess and manage risks throughout the organization. Our ERM program, which is led by the ERM Steering Committee with the CEO involvement, includes:

- **An internal communication strategy** to raise awareness across teams and functions.
- **An ERM charter and policy** based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework.

- **Annual risk assessments** across our divisions and communicating them to the Board.

Through these initiatives, we aim to create a centralized, transparent and proactive approach to risk management, ensuring alignment of ERM efforts with organizational goals and objectives, while enhancing overall organizational resilience.

WHISTLEBLOWER POLICY

Alignment maintains a Whistleblower Policy that meets the requirements of federal and state laws, ensuring that employees have the right to report compliance and ethics concerns without fear of retaliation. We offer multiple reporting channels, including a 24/7 anonymous hotline and website available for all employees and third parties. Our employees receive annual training on the policy to ensure they are aware of the reporting channels. In the event of a reported case, members of our management team and the Board thoroughly review and investigate the case to determine the appropriate course of action.

SUPPLIER DIVERSITY

We believe in data-driven decisions and partnerships that align with our mission and contribute to the well-being of our communities. In 2022, we took initial steps to review DEI within our supply chain. We engaged a third party to conduct a review of our year-end spend report and vendor partnerships. We are committed to working alongside others who are committed to DEI, and have already identified partners leading the way, including Microsoft, which is a **Billion Dollar Roundtable**³⁸ company.



GROWING WITH OUR VENDORS

As we celebrate our growth, we recognize the impact of our vendor partners. Since 2005, we have had a partnership with JRCopiers, a small business offering wholesale printers, faxes, scanners, copy paper, toner cartridges and service repair. Our partnership began with Honored Citizens Choice Health Plan, a Medicare Advantage plan that Alignment acquired shortly after its founding in 2013. Through this acquisition, JRCopiers grew alongside us, expanding their services in North Carolina, Arizona and Nevada.

For JRCopiers' owner, Juan P. Rivas, Alignment's support has been invaluable in helping him realize his dream of running a successful family-operated business and giving back to his community. He has donated supplies and printers free of charge to Academia Avance, Los Angeles International charter high school and Murchison Elementary school. When the COVID-19 pandemic disrupted our operations, JRCopiers was there for us, assisting our facilities department with care center relocations and delivery of printers, copiers, computers and furniture to employee's homes.



JRCopiers owner Juan P. Rivas at his shop, 2022.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

At Alignment, we are committed to do well by doing good. This involves the application of sound corporate governance practices that adhere to regulatory requirements and promote the long-term interests of our stakeholders.

- **Quarterly and ad-hoc meetings**, as necessary, for our Board and its committees.
- **Independent executive sessions** for independent directors to meet without management.
- **Committees comprised entirely of independent directors.**
- **External and internal education sessions** for our directors to expand their knowledge and awareness.
- **Annual self-evaluations** for the Board and its committees.
- **Separate Chair and CEO positions, with a Lead Independent Director.**
- **Stock ownership guidelines** for our executive officers and non-employee directors.

Through our programs and practices, we aim to promote strong ethical and compliant behavior, while seeking to make sound business decisions that never sacrifice our integrity or compassion to serve others in pursuit of our business aims.

LEADING WITH A SERVING HEART

Our Alignment team of highly experienced health care, compliance, finance, technology and business development leaders serves as our role model. They set the example of

leading with a serving heart, always keeping our mission of changing health care one person at a time at the forefront of their decision-making. They achieve this by building robust departmental and cross-functional systems that effectively monitor, manage and advance our strategic goals and by reporting on our efforts to and receiving guidance from our Board.

BOARD OVERSIGHT

Our Board’s primary function is to oversee our risk management process and to provide mentorship to our management team via open and transparent engagements.

Our three standing committees support the overall functioning and oversight of our Board.

The Audit Committee’s responsibilities include oversight of our financial reporting, internal financial and operating controls, information technology systems, data protection and cybersecurity, as well as our whistleblower process.

The Compensation Committee’s responsibilities include oversight of our executive, management and employee compensation programs and policies and our HC strategies.

The Nominating, Corporate Governance and Compliance Committee’s responsibilities include oversight of our director identification and selection process, corporate governance practices, health care compliance activities, ERM and our ESG strategies.



CORPORATE GOVERNANCE

BOARD COMPOSITION

Our Board is comprised of 11 directors who each contribute deep and varied expertise and are committed to our mission and strategic objectives. When selecting directors, the Board and the Nominating, Corporate Governance and Compliance Committee seek out candidates who represent a diverse set of experiences, skills and qualities and who have a high degree of care for integrity, ethical standards and risk oversight.

36%







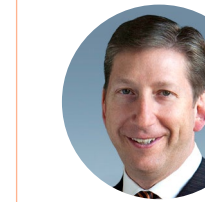
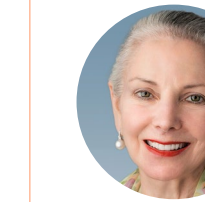


BOARD MEMBERS ARE WOMEN

18%

BOARD MEMBERS ARE AFRICAN AMERICAN, ASIAN, HISPANIC/LATINO OR OTHER³⁹

9 OUT OF 11

DIRECTORS ARE INDEPENDENT

	 JODY BILNEY	 THOMAS (TJ) CARELLA	 DAVID HODGSON	 YON YOON JORDEN	 JOHN KAO	 JOSEPH KONOWIECKI	 JACQUELINE KOSECOFF	 JEFFREY H. MARGOLIS	 MARGARET MCCARTHY	 MARK MCCLELLAN	 ROBERT VORHOFF
Accounting/ Finance Expert				✓				✓			
Capital Markets		✓	✓	✓	✓	✓		✓			✓
Clinical Practice								✓		✓	
Diversity, Equity and Inclusion	✓			✓	✓		✓		✓		
Direct Consumer Markets	✓			✓	✓		✓	✓	✓		
Executive Leadership	✓			✓	✓	✓	✓	✓	✓		
Health Care Industry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal/Securities Regulatory Compliance						✓					
Social Media/ Marketing	✓					✓	✓	✓			
Technology/ Business Processes								✓	✓		
Regulatory/ Public Policy						✓				✓	



FURTHERING OUR COMMITMENT

During the past year, we maintained the momentum from our inaugural ESG report and the foundation we laid with our three pillars of **Serving People**, **Serving the Environment** and **Serving Responsibly**.

Our accomplishments included the development of overarching goals, advancements in our products and services to help our members live and age well and operational programs that make us a more structured, responsible and inclusive workplace.




This report achieves another milestone in our commitment to being transparent and reporting on the practices that help improve health care one person at a time.



APPENDIX A: SASB STANDARDS – MANAGED CARE

SASB TOPIC	ACCOUNTING METRIC	2022 ALIGNMENT RESPONSE
Customer Privacy and Technology Standards	Description of policies and practices to secure customers’ protected health information (PHI) records and other personally identifiable information (PII)	Refer to Data Privacy and Security (pages 25-27).
	(1) Number of data breaches, (2) percentage involving (a) personally identifiable information (PII) only and (b) protected health information (PHI), (3) number of customers affected in each category, (a) PII only and (b) PHI	0 Reportable data breaches 0% Reportable data breaches involving PHI or PII 0 Users affected
	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	\$0
Access to Coverage	Medical Loss Ratio (MLR)	2022 Medical Benefits Ratio (MBR) based on adjusted gross profit was 86.5%. We calculate MBR by dividing total medical expenses excluding depreciation and equity-based compensation by total revenue in a given period.
	Total amount of rebates accrued and paid due to non-compliance with the Patient Protection and Affordable Care Act for Medical Loss Ratio (MLR)	\$0 in 2021. 2022 MLR remittance is not completed and submitted to CMS until January 2024.
	Percentage of proposed rate increases receiving “not unreasonable” designation from Health and Human Services (HHS) review or state review	Not applicable to Medicare health plans.
Plan Performance	Average Medicare Advantage plan rating for each of the following plan types: (1) HMO, (2) local PPO, (3) regional PPO, (4) PFFS, and (5) SNP	Alignment has retained greater than 90% of Alignment Health Plan members in contracts rated 4-Stars or better in each of the last 5 years. This excludes plans that are too new to be measured.
	Enrollee retention rate by plan type, including: (1) HMO, (2) local PPO, (3) regional PPO, (4) PFFS, and (5) SNP	Based on the latest 2021 CMS data, 40% better voluntary disenrollment than the national average.
Climate Change Impacts on Human Health	Discussion of the strategy to address the effects of climate change on business operations and how specific risks presented by changes in the geographic incidence, morbidity and mortality of illnesses and diseases are incorporated into risk models	At Alignment, we take a holistic perspective to health care delivery. We create member-tailored health care to mitigate issues that stem from SDOH, such as food insecurity and environmental factors. Refer to Our Members and Health Care Providers (pages 12-19) and Serving the Environment (pages 23-24).
Improved Outcomes	Percentage of enrollees in wellness programs by type: (1) diet and nutrition, (2) exercise, (3) stress management, (4) mental health, (5) smoking or alcohol cessation or (6) other	At Alignment, we recognize the interconnectedness of mental health and well-being with physical well-being. As part of a holistic approach, we ensure our members have access to the wellness support they need. Refer to Our Members and Health Care Providers (pages 12-19).
	(1) Total coverage for Preventive health services with no cost sharing for the enrollees	85% with zero premiums.
	(2) Total coverage for preventive health services requiring cost-sharing by the enrollee	100% of Alignment plans have \$0 copays for preventive services.
	(3) Percentage of enrollees receiving Initial Preventive Physical Examinations (IPEE) or Annual Wellness Visits (AWV)	84% of high-risk members enrolled in clinical programs completed a comprehensive annual exam. Refer to Proactive Support and Comprehensive Services (pages 13-14).
	Number of customers receiving care from Accountable Care Organizations or enrolled in Patient-Centered Medical Home programs	We served roughly 5,000 ACO beneficiaries in 2022, separate from Alignment’s MA plan business.

APPENDIX B: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

TOPIC	ACCOUNTING METRIC	2022 ALIGNMENT RESPONSE
	Delivering responsible products and services and managing quality care	<p>Promoting universal health coverage for members and driving positive health outcomes.</p> <p>Providing a low-cost, preventive and full-coverage care model of MA through holistic services that meet members' needs.</p> <p>Reinvesting in additional health care services, products and benefits as well as training and hiring new health care professionals, with a particular focus on underserved communities.</p> <p>Utilizing AVA®, our proprietary technology, including an AI model, for real-time, multi-discipline management (e.g., preventive care, coordinated approach between PCP and care specialists), to spot medical needs and services based on data and trends (e.g., COVID-19, obesity, diabetes).</p> <p>Partnering with health care physicians and provider organizations to raise awareness and increase access to health care options for members.</p>
	Empowering women and protecting human rights	<p>Promoting gender parity and equal pay.</p> <p>Elevating women throughout the pipeline of our organization from general employment opportunities to leadership roles.</p> <p>Achieving the Board's female representation recommendation of at least 30% as recommended by the 30% Club, a global initiative to raise executive and board-level gender diversity.</p> <p>Incorporating SDoH within our AVA® platform to identify and provide female-specific health services for the best care.</p>
	Investing in our communities	<p>Reducing SDoH barriers across health care access and services.</p> <p>Promoting and improving greater equity in society for members.</p> <p>Advancing our DEI initiatives.</p> <p>Eliminating bias within the delivery of health care through our AVA® platform.</p> <p>Helping to address future Medicare funding and solvency challenges by delivering high quality at a lower cost today, all for the benefit of future generations.</p>

APPENDIX C: ABBREVIATIONS AND ACRONYMS

ACO	Accountable Care Organization	ESG	Environmental, Social and Governance	OTC	Over-the-counter
AHIP	America's Health Insurance Plan	EV	Electric Vehicle	Part C	Medicare Advantage Health Plan
AI	Artificial Intelligence	FFS	Fee for Service	Part D	Medicare Advantage Prescription Plan
ANOC	Annual Notice of Change	GHG	Greenhouse Gases	PBM	Pharmacy Benefits Manager
AWV	Annual Wellness Visit	HbA1c	Hemoglobin A1c	PCI-DSS	Payment Card Industry Data Security Standard
CAHPS	Consumer Assessment of Healthcare Providers and Systems	HC	Human Capital	PCP	Primary Care Provider
CCO	Chief Compliance Officer	HEDIS	Healthcare Effectiveness Data and Information Set	PHI	Protected Health Information
CDC	Centers for Disease Control and Prevention	HHS	Department of Health and Human Services	PII	Personally Identifiable Information
CMS	Centers for Medicare & Medicaid Services	HIPAA	Health Insurance Portability and Accountability Act	QIC	Quality Improvement Committee
CO₂	Carbon Dioxide	H-ISAC	Health Information Sharing Analysis Center	QM	Quality Management
Code	Code of Conduct	HITRUST	The Health Information Trust Alliance	REACH	Realizing Equity, Access and Community Health
COSO	Committee of Sponsoring Organizations of the Treadway Commission	HMO	Health Maintenance Organization	SAFE	Safety Assessment Fall Education
CRM	Customer Relationship Management	IFRS	International Financial Reporting Standards	SASB	Sustainability Accounting Standards Board
CSAT	Customer Satisfaction	ISO	International Organization for Standardization	SDoH	Social Determinants of Health
CSF	Common Security Framework	JSA	Jump Start Assessment	SOX	Sarbanes-Oxley Act
C-SNP	Chronic Condition Special Needs Plan	LEED	Leadership in Energy and Environmental Design	VBID	Value-Based Insurance Design
CTM	Call Tracking and Management	LIS	Low-Income Subsidy		
DEI	Diversity, Equity and Inclusion	MA	Medicare Advantage		
DEXA	Dual X-ray Absorptiometry	MAPD	Medicare Advantage Prescription Drug		
D-SNP	Dual-Eligible Special Needs Plan	NIST	National Institute of Standards and Technology		
Dual eligible	Medicaid and Medicare enrollees	NLP	Natural Language Processing		
ER	Emergency Room	NPS	Net Promoter Score		
ERM	Enterprise Risk Management				

APPENDIX D: ENDNOTES

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6. At the time of the report publication, CMS statistics were only available for 2019-2021 period.
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9. Centers for Medicare & Medicaid Services. (2022). *2022 Part C and D Star Ratings* [Fact Sheet]. <https://www.cms.gov/files/document/2022-star-ratings-fact-sheet1082021.pdf>
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14. Same as endnote 12.
15. Statistics are only applicable for California HMO.
16. Same as endnote 15.
17. Same as endnote 15.
18. Effective January 1, 2023, CMS’ ACO Reach program replaced the Direct Contracting Entity program. Centers for Medicare & Medicaid Services. (2022, February 24). *CMS Redesigns Accountable Care Organization Model to Provide Better Care for People with Traditional Medicare*. <https://www.cms.gov/newsroom/press-releases/cms-redesigns-accountable-care-organization-model-provide-better-care-people-traditional-medicare>
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20. Center for Disease Control and Prevention. (2023, April 12). *Older Adult Fall Prevention*. <https://www.cdc.gov/falls/index.html>
21. Same as endnote 12.
22. Alignment Health Plan and SafeRide Health. (2023). *Transforming Member Experience with On-Demand Healthcare Transportation*. SafeRide Health. <https://info.saferidehealth.com/alignment-health-plan-case-study>
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24. Same as endnote 3.
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