

The background of the cover is a close-up photograph of a green leaf with numerous water droplets. A bright yellow highlight runs diagonally across the leaf from the top right towards the bottom center. The text is overlaid on a white rectangular area on the left side of the image.

Model **N**

2021 ESG Report

MODEL N'S
VALUES IN ACTION

Model **N**

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COMPANY VALUES

CEO Letter from Jason Blessing

Model N has built a strong and resilient platform of Revenue Management solutions to help our customers profitably distribute their life changing products to the world. We built our business by serving the needs of our customers, taking care of our people and operating with integrity, and we believe that this focus has played a significant role in our success as a business. During the challenging times that we all are now facing, we believe our commitment in this regard is more important than ever. We are proud to share our progress with respect to this commitment in our 2021 ESG Report, which identifies for our stakeholders which environmental, social and governance (“ESG”) factors are relevant to Model N’s business and provides transparency with respect to how we manage such factors in the operation of our business.

Because our success is so closely tied to how responsibly we run the business, our Board of Directors oversees how ESG factors may impact the company’s long-term performance and ensures that Model N’s business strategy aligns with our values, our culture, our ethical responsibilities and our sustainability goals. The many dimensions of our corporate responsibility efforts are described in this ESG Report.

Our core values define who we are and how we do business. Our company culture challenges us to D.A.R.E.

Dream: We empower our employees to challenge the status quo and enable them to bring forth new ideas and enact change.

At Model N, we have created talent training programs that include a mix of instructor-led training and online learning to support continual education and career development for our valuable employees.

Align: We are passionate about our commitment to our customers, which binds every employee at Model N. We became industry leaders in Revenue Management solutions by being focused on understanding our customers. We ensure our alignment between our customers and our employees through various programs, including Model N University, which has monthly updated custom training courses to ensure that our sales and services teams stay up to date on our service offerings for our customers.



01

Model N

Our
company
values:

Dream.
Align.
Respect.
Excel.

Respect: We are an inclusive and diverse company founded upon our respect for every individual and their personal choices. We enthusiastically welcome the diversity of backgrounds and perspectives offered by every Model N employee and employ targeted strategies to increase representation from underrepresented groups in our talent pools. We are especially proud to have conducted our second gender pay equity analysis in 2021 and expanding it to include other factors relevant to our underrepresented groups. We are committed to taking deliberate, proactive steps to ensure 100% pay parity in our global employee population.

Excel: We create an open, honest and collaborative environment that supports the success of our employees. We promote the work-life balance of our employees, we invest in our employees through high-quality benefits and various health and wellness initiatives and we have created a healthy work environment in our offices.

Environmental Sustainability

At Model N, most of our revenue-generating activities leverage cloud computing. We have developed a multi-cloud platform strategy and moved all of our SaaS cloud computing activities to Amazon Web Services (“AWS”)

and Microsoft Azure (“Azure”). According to AWS, customers benefit from a reduction in carbon emissions of 88% and the power mix from cloud computing activities are 28% less carbon-intense than the global average. Microsoft estimates that Azure customers can reduce their carbon emissions by 72-98% and be 22-93% more energy efficient than traditional enterprise datacenters. Both AWS and Azure have a stated goal of powering their data centers with 100% renewable energy by 2025. Model N’s largest U.S. office is in an Energy Star certified building and we have moved our employees in India to a LEED Gold certified building.

Our Response to COVID-19

The ongoing COVID-19 global pandemic has presented every company with an unprecedented challenge. As our employees were coping with the pandemic, Model N managed through this crisis in real-time alongside our employees. I am proud to share that Model N acted proactively and quickly to assist our employees by communicating regularly and by providing health and wellness-related resources to assist them in managing a variety of circumstances. We have provided extra support and resources, including

extended holiday weekends, a company-wide week off in July, “Focus Wednesdays” (a reduced-meeting day each week to bolster productivity), financial counseling and enhanced expense reimbursements.

As the world continues to deal with the pandemic, we at Model N continue to use this time of hardship to forge even deeper, more committed relationships with our customers and employees. If anything, the pandemic highlights the benefits of the approach to sustainability taken by Model N – by protecting and enhancing value for our stakeholders, we also create value for our stockholders.

I am excited to share our progress and achievements in our 2021 ESG Report. Looking forward, our ESG initiatives will continue to evolve as we position Model N for long-term success.

Sincerely,



Jason Blessing
Chief Executive Officer



Jason Blessing
Chief Executive Officer

777 Mariners Island Blvd.,
Suite 300
San Mateo, CA 94404

LETTER FROM THE BOARD OF DIRECTORS

Governance of Sustainability

We believe that sustainable business practices are essential to the creation of long-term value and that running our business in a responsible manner is intrinsically tied to achieving operational excellence; accordingly, we exercise oversight over the company's performance with respect to ESG factors as a part of our duty to directly oversee Model N's corporate strategy. Our efforts are just one part of effective governance with respect to sustainability and corporate responsibility – individual employees also play a role by upholding our corporate values as articulated in the D.A.R.E. principles and by implementing environmentally and socially responsible corporate practices as an integral part of Model N's corporate strategy.

As fiduciary to our stockholders, we are focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility; this focus also ensures that Model N's corporate strategy aligns with our values and culture. We value direct stockholder feedback on these topics and solicit such feedback through our stockholder engagement program.

At our initiative and informed by stockholder feedback, Model N created a sustainability working group, consisting of representatives from various Model N departments as well as external advisors, to address ESG factors that are material to our business. Our sustainability working group continues to evaluate potential ESG risks and opportunities relevant to our company by leveraging leading ESG frameworks and by collecting feedback from our stockholders. We utilize aspects of the Sustainability Accounting Standards Board ("SASB") and the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, as our stockholders have communicated to us that they rely on these frameworks to assess the performance of their portfolio companies with respect to ESG matters. In addition, we decided to structurally align Model N's ESG goals with the Sustainable Development Goals (the "SDGs") adopted by the United Nations (the "UN") so that the company can play a role in advancing the UN's sustainable development agenda.

Thank you for reading our 2021 ESG Report, which highlights our commitment to our employees, the environment, the communities in which we operate and serve, and the positive impact this commitment has on our business.



Board of Directors

Model N

Pictured Top Left to Bottom Right:

Baljit Dail
Chairman of the Board

Tim Adams
CFO, Rapid7

Jason Blessing
CEO

Kimberly DeCarlis
CMO, PerimeterX

Melissa Fisher
CFO, Outreach

Manisha Gulati
Chief Growth Officer, Commure

Alan Henricks
Independent Consultant

Scott Reese
CEO, GE Digital

Dave Yarnold
Independent Consultant



ABOUT THIS REPORT

Model N's ESG Framework

At Model N, we believe that effectively managing ESG matters benefits our stakeholders and drives long-term value. Model N's sustainability working group continues to identify, define and assess ESG factors that are relevant to our business and disclose how we manage the risks and opportunities related to those ESG factors. Created in 2020,

the working group consists of representatives from various Model N departments as well as external advisors.

Step 1: ESG Diagnostic

We performed a robust ESG Diagnostic that involved reviewing leading ESG frameworks and collecting feedback regarding the views held by our stockholders regarding ESG.

We utilized aspects of the SASB, the TCFD recommendations and the SDGs to evaluate our practices. Based on this assessment, we identified the ESG topics that are most relevant to Model N's business and that have greatest impact on our stakeholders.



02

Model N

3 steps

ESG Diagnostic

Model N ESG Framework Assessment

ESG Materiality Matrix

MATERIALITY GRID

Step 2: Model N ESG Framework Assessment

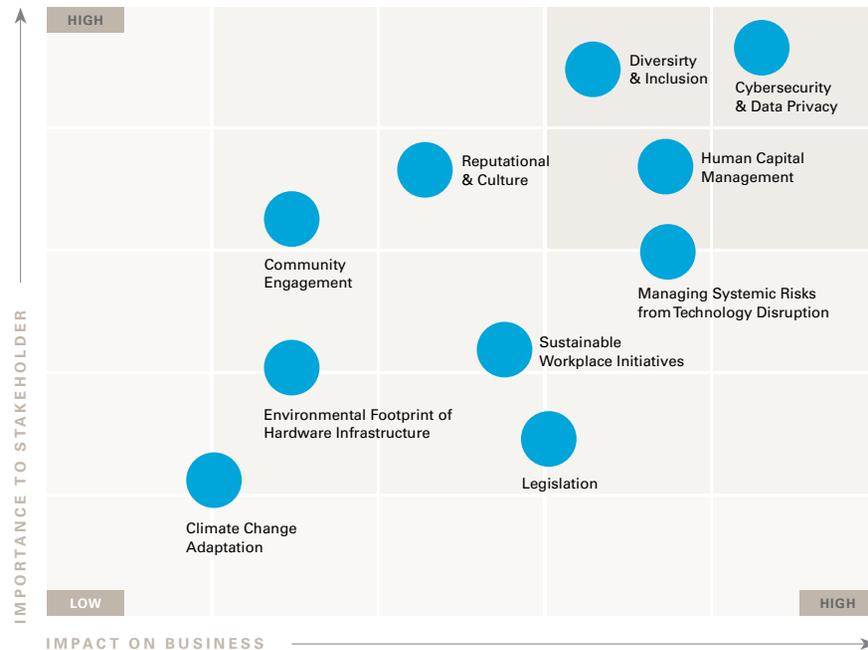
We analyzed which ESG topics are most important to our business, our stockholders and our other key stakeholders:

- **ESG Framework Analysis** – Identified, analyzed and summarized the key factors identified by the ESG frameworks most utilized by our stockholders, including the SASB standards, the TCFD recommendations and the SDGs.
- **Investor Analysis** – Analyzed the current Model N stockholder base to identify key ESG issues prioritized by our investors in their efforts to integrate ESG considerations into their investment decisions.
- **Best Disclosure Practices** – Researched best practices being used by peer companies in order to determine how Model N can best disclose, share and communicate our ESG policies, principles and practices.
- **Internal Feedback** – Considered feedback from employees to help determine which topics have the greatest impact on our business.

Step 3: ESG Materiality Matrix

To illustrate our findings, we plotted below the ESG issues identified by relative impact on our operations and relative importance to our stakeholders.

- **Diversity & Inclusion**
- **Cybersecurity & Data Privacy**
- **Reputational & Culture**
- **Human Capital Management**
- **Community Engagement**
- **Sustainable Workplace Initiatives**
- **Legislation**
- **Climate Change Adaptation**
- **Managing Systemic Risks from Technology Disruption**
- **Environmental Footprint of Hardware Infrastructure**





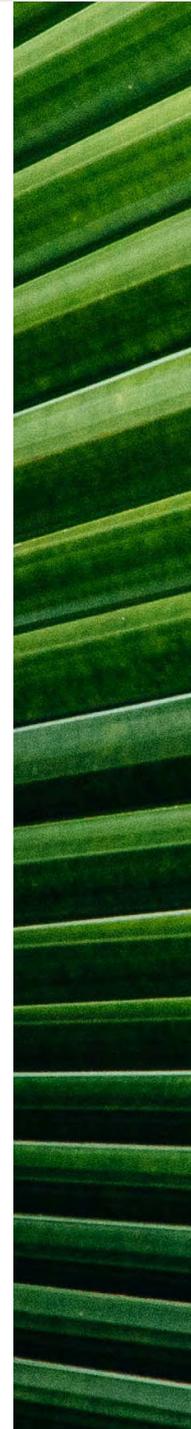
Model N's Alignment with the United Nations Sustainable Development Goals

Why Model N's sustainability framework is designed to support the UN SDGs

As we evaluated how best to initiate the sustainability program at Model N, our Board and management decided that aligning our internal sustainability goals with the United Nations Sustainable Development Goals would not only have the greatest impact on solving sustainable development challenges in our society, but also serve as an effective strategy in achieving our own sustainability goals, including helping our customers achieve their business objectives responsibly and protecting and enhancing the lives of our employees and the communities in which they live.

In September 2015, all United Nations Member States adopted a total of 17 SDGs to drive solutions to overcome global challenges such as climate change, lack of diversity and equality, suboptimal working conditions and job opportunities, as well as others. As an industry leader in revenue management solutions, we want to continue to pursue business excellence and believe that making contributions aligned with the UN's sustainability agenda supports this objective.

We describe on the next page how our internal sustainability goals align with certain SDGs.



03

Model N

All UN Member States adopted a total of 17 SDGs to drive solutions to overcome global challenges.

SUSTAINABILITY

Environment

Although Model N leases or subleases all of our offices, we make efforts to reduce the environmental footprint of our operations and computing infrastructure. Through a strategic pivot to cloud computing and to suppliers that have aggressive sustainability and renewable energy goals, we are playing our part in combating climate change and its impacts.

SDG 13: Climate Action — Take Urgent Action to Combat Climate Change and Its Impacts

- By utilizing AWS and Azure as our primary outsourced data center suppliers and moving our activities to the cloud, we reduce carbon emissions by 88% and 72-98% according to AWS and Azure, respectively.
- According to Azure, it is 22-93% more energy efficient than traditional data centers.
- Model N has developed a multi-cloud platform and moved all of our SaaS cloud computing activities to AWS and Azure. Both AWS and Azure have a stated goal of powering their data centers with 100% renewable energy by 2025.
- Model N's corporate headquarters, which is our largest U.S. office, is in an Energy Star certified building equipped with water-conserving plumbing to meet CA SB 207 requirements.
- Model N has moved our employees in India to a LEED Gold certified building.

Society & Stakeholders

We have created and continue to enhance our formal employee development programs that support diversity, inclusion, fairness and equality and promote creativity and innovation through various leadership and talent management programs. Model N is fully aligned with the UN's goal to achieve equal pay for work of equal value by 2030 and we have begun to focus on reducing inequalities within our company. In 2021, we conducted our second annual pay equity analysis looking at gender and beyond.

SDG 3: Good Health & Well-Being — Ensure Healthy Lives and Promote Well-Being for All

- We offer a holistic total rewards package with high-quality benefits, dental and vision care for employees and family members.
- Model N took swift action to protect our employees' health in response to the COVID-19 pandemic, including closing our offices in early March 2020. We have reopened our global offices in accordance with a phased reopening plan based on state and local health and safety standards as well as employee feedback. All employees returning to our offices have access to high-quality personal protective equipment ("PPE"), including KN95 masks.
- We have continued to provide our employees with a stipend to cover expenses incurred as a result of working from home and have implemented a robust wellness strategy that prioritizes the emotional, mental and physical health of our employees.
- We provide wellness webinars focused on our employees' mental, physical and financial wellness – topics include anxiety management, parenting during stressful situations, yoga and meditation, dance fitness and financial counseling.

13 CLIMATE ACTION



3 GOOD HEALTH AND WELL-BEING



AWS and Azure have a goal of 100% renewable energy by 2025.

SDG 8: Decent Work & Economic Growth – Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for All

- We run quarterly surveys to assess our employees’ engagement, focusing on four core pillars: Connection, Meaning, Impact and Appreciation.
- Model N’s talent training programs ensure that there is continuous and ongoing development of talent and identification of career opportunities.
- Model N’s online learning library and Model N University provide custom training courses to ensure that our sales and services teams stay up to date on our service offerings.
- We provide hands-on support for managers so that they utilize our systematic Performance/Potential Matrix to assess talent, identify development opportunities and proactively discuss succession planning.
- We introduced a twice-quarterly leadership development program, the People Leader Lab, to develop our management teams’ skills and to ensure our leaders are building strong cross-functional relationships.
- We have recently begun leveraging the Everything DiSC personal assessment tool for team development; our in-house DiSC certified facilitators lead intact teams through the assessment and understanding of their results to promote teamwork through improved communication and conflict management.

SDG 10: Reduced Inequalities – Reduce Inequality Within and Among Countries

- Model N is diverse by gender, race and ethnicity, among other diversity criteria, across management, technical staff and other employees.
- We track diversity as a key metric and the Board and management receive updates and quarterly trends across operational levels.
- We prioritize inclusivity in our recruitment practices to generate a more diverse pool of candidates and use targeted engagement strategies to increase representation from underrepresented groups in our talent pools.
- We have updated our annual required training courses to include *Diversity: Inclusion in the Modern Workplace*, an interactive, video-based training course that explores the role of important concepts like identity, power, privilege and communication in reducing unconscious bias and creating a community of belonging.
- Model N continues to support our Employee Affinity Groups by providing each group with an annual budget for educational events and community-building activities.
- Model N conducted its second gender pay equity analysis in 2021 and expanded it to include other factors relevant to our underrepresented groups and is committed to conducting an annual analysis to ensure 100% pay parity in our global workforce population.
- We are partnering with Girls in Tech – a global organization dedicated to helping women enter into and excel in technology careers – to ensure our job openings reach prospective candidates from historically underrepresented groups.

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



Model N is committed to ensure 100% pay parity in our global workforce population.



Environmental Initiatives

Energy Management & Environmental Footprint of Operations

Model N has developed an industry-leading end-to-end platform to empower companies to maximize revenue as they transform Sales, Marketing, Channels, Finance and Legal processes, which allows our customers to transform typically siloed, bureaucratic activities into strategic end-to-end revenue processes. We enable this through automation and intelligence with our Revenue Cloud products that unify these disparate processes into a system of record for all revenue execution. We plan to continue moving our computing activities to the cloud, which will both reduce Model N's environmental footprint and reduce costs, benefiting both Model N and our planet.

In recognition of the environmental benefits of partnering with organizations committed to environmental sustainability, Model N has developed a multi-cloud platform strategy for its product hosting and processing. Model N utilizes AWS and Azure as our primary outsourced data center suppliers. When selecting AWS and Azure, Model N considered the following sustainability factors (in each case, based on information from AWS and Azure):

Amazon Web Services

Moving to cloud computing reduces carbon emissions by 88%.

AWS uses a power mix that is 28% less carbon intense than the global average.

AWS exceeded its 50% renewable energy commitment for 2018 and has established a goal of reaching 100% renewable energy by 2025.

We lease or sublease all of our offices. Our two largest offices account for over 60% of our leased office space and used 3,750 gigajoules of energy in 2021. Our corporate headquarters, which is our largest U.S. office, is in an Energy Star certified building. Though we do not control the sources that supply water to Model N's leased facilities, our corporate headquarters in California is equipped with water-conserving plumbing to meet CA SB 407 requirements. Our largest global office is a LEED Gold certified building located in India.

Climate Resiliency & TCFD

Given that Model N does not own physical offices and our business is less exposed to direct impacts from extreme weather scenarios, Model N did not conduct a scenario-based climate impact analysis for this ESG Report. However, our Board and management evaluate and monitor all ESG risks using the pillars that the TCFD recommends – Governance, Strategy and Risk Management. We continue to focus on the ESG issues that are directly relevant to our business. Going forward, we will carefully consider TCFD's recommendation for scenario-based disclosure if we determine the information is material to our business.

Microsoft Azure

Moving to cloud computing reduces carbon emissions by 72-98%.

Azure is 22-93% more energy efficient than traditional enterprise data centers.

Azure has been carbon neutral since 2012 and is committed to 100% renewable energy usage by 2025 and becoming carbon-negative by 2030.



Moving to cloud computing reduces carbon emissions by 88% (AWS) and 72-98% (Azure).



Social Initiatives

Cybersecurity: Protecting Our Customers' Vital Information

Model N operates on a proprietary technical platform to provide revenue management solutions to our customers, which means that cybersecurity is one of our top priority areas.

Model N values the trust that our customers place in us by letting us act as custodians of their data. Customer trust is at the center of what we do and why security is a top priority. Our goal is to be transparent with our security program so you can feel informed and customers feel safe using our products and services. Security is an ongoing journey. Model N continually strives to improve our product development and internal operational processes with the aim of increasing the security of our software and services. The secure way should be the effortless way and that's why security is built into the fabric of our products and infrastructure.

We work proactively to protect our customers from having their information compromised or suffering any other data integrity breach. Our primary data security risk relates to protecting the security and privacy of the data our customers upload or enter into our solutions. We use this data solely for the purposes of providing our services. If a customer chooses to terminate Model N's

solutions, we will promptly make available for download or via secure media a file of customer data in an industry standard format (e.g., CSV or SQL). Model N works actively with all customers to transfer or customize retention of customer data prior to the date of termination.

Model N follows the SOX compliance framework to design and manage our data retention capabilities and to provide our customers with objective evidence that Model N is maintaining our security controls. Model N engages an independent third-party audit firm annually to audit our controls and produce SOC1 Type II and SOC2 Type II audit reports.

Our cyber risks are reviewed at least annually by the Audit Committee with Model N's internal auditors and external auditors in conjunction with Model N's audit of internal controls. Model N has appointed an internal Cyber Risk Security committee comprised of executive leadership to provide oversight and guidance as we mature and enhance our cyber security and risk management capabilities. We have developed a comprehensive information security and privacy program based on industry standard guidelines and regulations, such as the Center for Internet Security ("CIS") TOP 20,



05

Model N

Management of Systemic Risks from Technology Disruptions

Building lasting relationships with our customers is a key component of our commitment to customer success. In relentless pursuit of serving our customers, our operations and support teams serve our customers from multiple geographical locations, including India, Europe and North America. So that business continuity issues do not impact users of our cloud or on-premise products, we employ a "follow-the-sun" strategy in functions such as G&A and R&D. To optimally manage systemic risks from technology disruptions, we do the following:

- Our technology teams work remotely and are available full-time.
- Our active monitoring and customer support are always in place.
- Our cloud production systems' uptime is well above the contractual threshold established in our Service Level Agreements.
- Our Network Operating Center operates 24 hours per day, seven days per week, providing coverage that "follows the sun."

In accordance with state and local safety and health regulations, we have safely reopened our global offices. We have adopted a flexibility-first approach to support our employees in choosing where they want to work, whether that's returning to an open office location, working remotely or a hybrid approach.

International Organization for Standardization (“ISO”), National Institute of Standards and Technology (“NIST”), General Data Protection Regulation (“GDPR”) and California Consumer Privacy Act (“CCPA”) and have implemented appropriate technical, administrative and organizational measures designed to protect customer data against unauthorized access. To further strengthen our data security regime, Model N also adheres to AICPA-SOC and EU-US Privacy Shield standards.

The Model N security team works hard to educate our employees and contractors to create a security savvy culture. Our message is simple: security is everyone’s business and we all need to do our part to keep information resources protected. To that end, all new employees and contractors are required to sign a confidentiality agreement prior to working with us. All Model N employees and contractors are required to complete security awareness and privacy training upon hire and at least once annually. We conduct simulated phishing and social engineering tests on an ongoing basis. Identified weaknesses are addressed through the provision of department- or user-specific trainings.

The Model N security team has developed an industry standard third-party security program which facilitates security assessments on third parties who process and transact Model N data on behalf of Model N. This aids the Model N security team in its efforts to ensure that suppliers and vendors are protecting Model N data, helping to reduce the risk of information security incidents and providing risk assurance with consistent industry standard security risk management.

A third-party security team conducts technical penetration testing annually against our internal and external networks, as well as our web application and products. Any security risk identified with penetration tests is documented through our internal tracking systems and remediated based on the severity and the associated business impact of the issue.

Model N’s Commitment to Employees and Diversity, Equity, Inclusion & Belonging (DEIB)

DEIB at Model N

At Model N, we know that diverse perspectives drive collective success and we are committed to building an inclusive team of talented people who help our customers deliver life-changing products to the world.

Our strategic roadmap toward greater diversity, equity, inclusion and belonging, which we refer to collectively as DEIB, includes three critical elements:

- Attracting, celebrating, and championing diverse identities, perspectives and ideas.
- Establishing norms and policies that ensure equitable access to the same opportunities.
- Creating a culture that is welcoming, transparent and respectful, where each employee feels they genuinely belong and have opportunities to grow their careers.

Our fourth quarter of fiscal year 2021 employee experience survey results showed that the majority (73%) of our global employee population feels their backgrounds and identities are valued at Model N.

Employee Involvement in Diversity Efforts

Fiscal year 2021 was a focused year of education, laying our DEIB foundation and building awareness and engagement across the company. We introduced four new Employee Affinity Groups (“EAGs”) to build community for and around a given identity: Women iN Model N EAG, Black Employees at Model N (“BEAM”), SPECTRUM (Sexuality, Pride, Education, Compassion, Truth, Respect and Unity at Model N) and Parents and Caregivers EAG.

Our EAGs are employee-led with guidance and support from our Learning and People Experience team. EAGs host meetings where members can discuss timely topics and share best practices, sponsor events and occasionally host guest speakers. When Model N’s U.S. offices observed Juneteenth as a company holiday for the first time in 2021, we brought in a guest speaker, sponsored by our BEAM EAG, to help our employees better understand the significance and historical legacy of Juneteenth.

Further, we established a Global Diversity Council (“GDC”) composed of a cross-functional, multi-national group of Model N employee volunteers who are passionate about our DEIB efforts. Our GDC volunteers meet regularly to assist with the ongoing evolution of our diversity and inclusion strategy, identify new opportunities that positively impact recruitment, retention and professional development, champion and evangelize our DEIB efforts across

the organization and provide an important feedback loop to understand employee needs and experience.

Diversity Goals

In fiscal year 2022, we are now strengthening our diversity commitment with targeted goals and holding ourselves accountable for positive action and change **over the next five years.**

By the end of 2026, we strive to achieve the following goals:

- Increasing our Black representation in the U.S. to 6%
- Increasing our Hispanic/Latinx representation in the U.S. to 6.5%
- Increasing our Indigenous Peoples representation in the U.S. to 1%
- Increasing the representation of women at all levels globally to 50%

Our goals are based on the belief that Model N’s workforce demographics should reflect the countries in which we operate. Gender goals are based on workforce population averages in the US and India and race and ethnicity goals are based on the U.S. population.

The decision to benchmark ourselves against population demographics versus the tech industry is a growing best practice for companies when setting robust DEIB goals. A five-year time horizon for our goals reinforces that meaningful change will take time and will require a multi-faceted action plan.

These five-year goals will guide all talent initiatives for attracting and retaining diverse talent into Model N and ensure we foster a culture where employees feel connected and have a sense of belonging. We believe this commitment will have a positive impact on our entire global workforce as we build a diverse and welcoming environment where people of all backgrounds can thrive and do their best work.

Inclusion from the Start

To ensure that the Model N team demonstrates superior performance while addressing underrepresentation, our Board and management continually seek to ensure that we maintain a diverse talent base. This process of building an inclusive Model N starts from the hiring process, which includes:

- Creating inclusive job descriptions to foster inclusivity for job prospects and generate a diverse pool of candidates.
- Adding new recruiting technology designed to find highly qualified candidates from underrepresented identity groups.
- Implementing a diverse talent slate process for every open position which will include female and underrepresented candidates.
- Standardizing interview processes across Model N to minimize bias (e.g., behavioral-based competency interviews).
- Ensuring diverse interview panels.
- Expanding relationships with universities that attract female and underrepresented early talent to achieve our goal to have 50% of our early talent hires to be female or underrepresented. Expanding our global partnership with diversity-focused organizations like Girls in Tech, including participation in last year’s Virtual Career Fair.

Our efforts to achieve equality and parity continue throughout the career development process at Model N. We track diversity as a key metric, and report updates and quarterly trends across company levels to our executive leadership team and the Board of Directors. Our HR dashboards include data on diversity and are reviewed with our leaders to keep them informed.

In 2021, we conducted our second annual pay equity analysis and resolved any needed pay equity adjustments in the November 2021 compensation review cycle. We also expanded this audit beyond gender and looked at other factors relevant to our underrepresented groups to ensure we had pay parity across the company. Model N is committed to conducting a pay equity analysis annually with a goal of achieving 100% pay parity in our global workforce population.

The Board and the Nominating and Corporate Governance Committee have also committed to actively seek qualified women and individuals from minority groups to best represent the diversity of Model N and our stockholders and three out of eight independent directors at Model N are women. Our Board and management believe that the best performing companies and Boards are diverse in composition and will continue to prioritize diversity as a key director candidate criterion.

Diversity by Gender

US

GLOBAL

	Female	Male	Female	Male
All Employees	224 (41%)	322 (59%)	353 (36%)	629 (64%)
Management	64 (41%)	94 (59%)	78 (34%)	152 (66%)
Individual Contributors	160 (41%)	228 (59%)	275 (37%)	477 (63%)

Diversity by Race & Ethnic Backgrounds:

	Asian	Black	Indigenous Peoples	Hispanic or Latinx	White	Other
All Employees	192 (35%)	16 (3%)	1 (0.2%)	17 (3%)	310 (57%)	10 (2%)
Management	48 (30%)	2 (1%)	1 (0.6%)	4 (3%)	101 (64%)	2 (1%)
Individual Contributors	144 (37%)	14 (4%)	0	13 (3%)	209 (54%)	8 (2%)

**As of September 2021*

Employee Engagement & Retention

We recognize that attracting and retaining talent at all levels is vital to continuing our success. The Board receives annual updates and periodic feedback about employee engagement. We continue to promote the work-life balance of our employees, invest in our employees through high-quality benefits and various health and wellness initiatives and have created a healthy work environment in our offices. Especially during the COVID-19 pandemic, we have accommodated flexible work arrangements to preserve the health and well-being of our employees and have still been able to meet the needs of our business.

Retaining high-quality employees is critical to sustaining a skilled and motivated workforce. Model N recognizes the strategic link between what existing and prospective employees value and what we offer in exchange for their valuable work. By improving employee retention and engagement, we improve our company's ability to serve our customers and stakeholders, which in turn supports our business success. Model N takes a proactive approach to our employees' evolving roles to address the current and future needs of our business. Model N runs quarterly surveys to gauge our employees' level of engagement, with an average participation rate of 81%.

Our employee engagement score, which is measured as eNPS, held steady at an average of +34 throughout our fiscal year 2021, above our industry benchmark of +26.

Our quarterly surveys focus on four key themes that drive employee engagement – Connection, Meaning, Impact and Appreciation. The goal of our survey process is to assess the health of key drivers of employee satisfaction, including:

- Healthy and actionable feedback loop between managers and employees; throughout 2021, more than 85% of our employees reported that they have regular one-on-one conversations with their managers where they receive actionable performance feedback.
- Alignment between Model N's core set of values with our employees' values; in the first quarter of 2021, 92% of Model N employees told us they find our DARE Core Values personally meaningful.
- Connection between Model N's strategic corporate objectives, function and team goals and individual goals, ensuring employees understand how their work drives Model N's success; 92% of our employees say they understand how their work impacts Model N's strategic corporate objectives and 81% say that team and functional goals are aligned cross-functionally to drive overall success.
- Effective recognition and rewards programs express our appreciation for our employees' contribution to Model N's success; over 75% of our employees report that Model N does a good job recognizing team accomplishments on a company-wide level and over 80% say their manager shows appreciation for their good work in a way that is meaningful and motivating.

Engagement survey data is consistently communicated to our Board, executive leadership team and functional leadership teams in partnership with our HR Business Partners ("HRBPs"). HRBPs partner with each function to translate feedback into specific action plans. The employee feedback we received through these surveys has led to several new people-focused initiatives such as the implementation of a global peer recognition platform, which went live in the second quarter of fiscal year 2022 and the extension of our wellness and productivity strategies including "Focus Wednesdays", a company-wide week off in July, extended holiday wellness weekends throughout the year and education for all employees to build skills related to effective time management and running effective meetings.

Throughout the process, we are focused on aligning our talent strategy with our business strategy and identifying the necessary skills to meet the future needs of our business.

Model N's compensation philosophy aims to (i) attract, retain and reward our people by offering competitive compensation packages in the regional markets in which we operate and (ii) ensure fairness in internal compensation practices. Along with base salary, our compensation package includes bonus pay (or variable pay for applicable roles) and long-term equity grants in the form of time-based restricted stock units ("RSUs"). For our executive leadership team, the long-term equity includes both time-based RSUs and performance-based RSUs. As a principle, we aim to recognize and reward high performance and retain key talent to drive excellence and a pay-for-performance culture.

Model N's holistic total rewards package includes benefits such as:

- Health (PPO and HSA options available)
- Enhanced mental health and wellness offerings
- Dental and vision care for employees and families
- FSA disability benefits
- 401(k) program with employer match
- Basic and voluntary life insurance and life assistance program
- Flexible paid time off (PTO)
- Commuter/transit benefits
- Volunteer time off

Due to our efforts, Model N has significantly reduced its global employee attrition rate, from 19.1 % as of September 2019 to 13.0% as of September 2021.

Recognition is an important part of our employee engagement; we place a high priority on ensuring our employees feel acknowledged and appreciated for their contributions. In the third quarter of fiscal year 2021, over 70% of our employees felt that managers regularly acknowledge and appreciate accomplishments in meaningful and motivating ways, as well as recognizing team accomplishments on a company-wide level.

Our annual DARE Awards, awarded to ten employees globally who consistently exemplify our Core Values of Dream, Align, Respect and Excel, are a time-honored Model N tradition and our most prestigious employee recognition program. Nominees are recommended and selected by peers and award winners are kept confidential until they are announced at our annual all-company Ignite meetings. Winners receive a trophy and are also awarded company equity.

19.1% 2019

13.0% 2021

Global employee attrition rate

70%

of employees felt managers regularly acknowledge and appreciate accomplishments in meaningful and motivating ways

Talent Development at Model N

To further engage and incentivize our workforce, Model N offers a wide range of programs and avenues for support, motivation and professional recognition.

Our talent training programs include a mix of instructor-led training and online learning. Our instructor-led courses include New Employee Onboarding as well as courses on performance and development topics such as quarterly performance check-ins, time and calendar management to support wellness and productivity and compensation planning for managers.

Our employees make learning a priority and take advantage of the self-directed asynchronous learning we offer. Model N’s online learning library is extensive and includes over 10,000 courses on business, creative and technology topics through LinkedIn Learning. Model N employees viewed over 51,000 training videos and completed nearly 1,500 LinkedIn Learning courses in fiscal year 2021.

In addition, Model N University is updated monthly with custom training courses to ensure that our sales and services teams stay up to date on our products and service offerings.

At Model N, we believe the role of people manager is a crucial one. Our people managers drive company success through their employees’ engagement and performance. We know managers are juggling competing priorities as they work to build high-performing teams through coaching, feedback and development. Research shows that

people managers need support, training and connection with other people managers to thrive in their roles. To develop and support our people leaders, we have introduced a new management development program, the People Leader Lab. These twice-quarterly People Leader Lab events include:

- Manager previews of upcoming people-related initiatives, with a deep dive on the impact to managers and their teams.
- Short, interactive trainings on topics to help managers grow, including coaching, feedback, goal-setting and great one-on-ones.
- Structured opportunities to meet and network with other Model N people managers to support cross-functional relationship-building.

For our talent pipeline development, we work closely with individual business functions to provide training and hands-on support for managers and leaders, who use our Performance/Potential Matrix to assess their talent, identify development opportunities and talk about succession planning. This talent assessment helps us identify and implement targeted development solutions including bespoke coaching engagements and exposure opportunities. A few high-potential Sr. Directors are invited each year to participate in our quarterly Senior Leadership Team meetings. Additionally, ten employees identified through our talent assessment processes have been participating in a six-month global pilot mentoring program, where they have been paired with a Model N senior leader for focused guidance to support their career aspirations.

Career progression is a top priority for many Model N employees. To support leaders in identifying promotion readiness, we introduced a promotion toolkit that outlines leveling criteria for people manager roles as well as a set of leadership competencies defined at each level. Standardizing our expectations at different leadership levels promotes equitable career development, provides employees with a framework for development planning and guides leaders as they provide structured performance feedback and coaching.

Our COVID-19 Response & How We Protect Our Employees

People come first at Model N. In response to the ongoing COVID-19 pandemic, we have taken multiple actions to help promote employee wellness and engagement. In accordance with state and local safety and health regulations, we have safely reopened our offices in both the U.S. and India to vaccinated employees while providing high-quality PPE. We have adopted a flexibility-first approach to support our employees in choosing where they want to work, whether that’s returning to an open office location, working remotely or a hybrid approach. We’ve continued to offer a stipend to employees to cover additional expenses incurred from working from home, provided a robust wellness strategy in 2022 and continue to offer wellness programs focused on mental, physical and financial wellness (topics include anxiety management, parenting during stressful situations, meditation, yoga, dance fitness, financial counseling and 401(k)/retirement savings education). We proactively communicate with our employees about on-site eligibility requirements and health and safety protocols as employees return to office locations and travel resumes and we listen to employee feedback about what they want in an office environment. We will continue to make resources available to employees on an internal intranet site, including wellness- and health-related resources, tips for working remotely and available leave resources for employees impacted by COVID-19.



Corporate Governance Highlights

We are committed to effective corporate governance that drives long-term performance and value creation and strengthens Board and management accountability.

Model N's Board is committed to regular review of our corporate governance policies and measures to confirm such policies and measures align with best practices and serve the interests of our stockholders and stakeholders.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines, which provide the framework for the governance of our company and represent the Board's current views with respect to selected corporate governance issues considered to be of significance to our stockholders. The Corporate Governance Guidelines direct our Board's actions with respect to, among other things, Board composition and director

qualifications, selection of the Chairman of the Board and the Lead Independent Director (if applicable), composition of the Board's standing committees, succession planning and the Board's annual performance evaluation.

Our Corporate Governance Guidelines underscore our focus on diversity, by explicitly stating that the nominees for director will be selected on the basis of diversity, among other criteria.

A current copy of the Corporate Governance Guidelines is posted in the Investor Relations—Governance section of our website at <https://investor.modeln.com/governance/governance-documents/>.



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Model N

Our Corporate Governance Guidelines underscore our focus on diversity.

Board Oversight of Enterprise Risk Management

At Model N, we proactively focus on enterprise risk management to drive the success of our business. Risk management, effective governance and business ethics underpin Model N's ability to build a more successful future and enable us to deliver on the promises we make to our customers, employees and stockholders. The Board directly oversees Model N's enterprise-wide risks and works closely with the management team to instill a culture where every employee takes responsibility for risk management. To this end, the company has established the following codes, policies and guidelines, which are reviewed annually by the Nominating and Corporate Governance Committee:

- Code of Business Conduct for Employees and Directors
- Whistleblower and Complaint Policy
- Policy Regarding Improper Influence of Foreign Officials
- Procedures and Guidelines Governing Securities Trades by Company Personnel
- Related Party Transaction Policy
- Corporate Communications Policy
- Acceptable Use Policy
- Social Media Policy

The Code of Business Conduct for Employees and the Code of Business Conduct for Directors can be found in the Investor Relations – Governance section of our website at <https://investor.modeln.com/governance/governance-documents/>.

Director Independence

Our Corporate Governance Guidelines require that a majority of our Board of Directors qualify as “independent directors” under applicable rules of The New York Stock Exchange. In considering the independence of each director, the Board of Directors reviews information provided by each director and considers whether any director has a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities as a director. Pursuant to both the listing rules of the NYSE and the Board's consideration of the current and prior relationships that each independent director has with Model N, our Board determined that each member of Model N's board other than our chief executive officer is independent.

Management Succession Planning

Pursuant to our Corporate Governance Guidelines and the charter of the Nominating and Corporate Governance Committee, the Nominating and Corporate Governance Committee is responsible for reviewing the company's succession plan for the Chief Executive Officer and senior management. In performing these functions, the Chief Executive Officer annually reports to the Nominating and Corporate Governance Committee regarding developments pertaining to senior management personnel and succession plans.

Annual Board Evaluations

Pursuant to our Corporate Governance Guidelines and the charter of the Nominating and Corporate Governance Committee, the Nominating and Corporate Governance Committee oversees an annual evaluation of the performance of the Board and each committee of the Board. The evaluation process is facilitated by legal counsel and is designed to assess the overall effectiveness of the Board and its committees and to identify opportunities for improving Board and Board committee operations and procedures. The annual evaluations are generally conducted in the last quarter of each fiscal year and the results of the annual evaluations are reviewed and discussed by the Board.