



2019 ESG Report

Edtech with a human touch.

2U, INC. IS A DIVERSE COLLECTION OF NEARLY 4,000 INDIVIDUALS WHO SHARE A COMMON BELIEF IN THE POWER OF HIGHER EDUCATION TO TRANSFORM LIVES FOR THE BETTER. Every 2Ute — regardless of office, department, or tenure — is passionate about helping our university partners deliver life-changing outcomes for their students.

In these unprecedented times, 2U is proud of how we are supporting our employees, university partners, and students during the COVID-19 pandemic. For more information on how 2U is responding, please review our recent [blog post](#).

OUR PURPOSE-DRIVEN MISSION AND STUDENT-FOCUSED CULTURE DRIVE OUR BUSINESS PROCESSES AND ACTIONS.

2U's Guiding Principles.

- Cherish each opportunity
- Give a damn
- Strive for excellence
- Be bold and fearless
- Be candid, honest, and open
- Have fun
- Make service your mission
- Don't let the skeptic win
- Relationships matter

To meet society's critical needs, we help our partners deliver higher education that is:

- **High quality.** This isn't new for 2U— it's been a constant since our founding in 2008 and proven in our outcomes.
- **Blended and connected.** It's not just about moving online anymore. It's about connections across a lifetime, digital and physical, that are deeply personal.
- **Relevant.** Whether it's training the next generation of health care workers or reskilling and upskilling workers to fill the tech-driven jobs of today and tomorrow, higher education is more necessary than ever and 2U offers the product suite to meet these needs.

- **Affordable and accessible.** For too long, the cost of higher education has continued to climb. 2U will not only play a constructive part in bending back that cost curve, but also ensure that high-quality education is broadly available.
- **Sustainable.** Higher education must be sustainable for all stakeholders. It's not optional, it's critical. 2U's revenue-share partnerships are a proven model for shared success and sustainability.

WE'RE MAKING A DIFFERENCE IN LIVES BECAUSE HIGHER EDUCATION IS A POWERFUL DRIVER OF UPWARD SOCIAL MOBILITY, PARTICULARLY IN THE HEALTHCARE SPACE.

In 2015, the United Nations published a list of 17 Sustainable Development Goals (SDGs) built on the principle of "leaving no one behind" and emphasizing a holistic approach to achieving sustainable development for all. 2U's business model naturally lends itself to furthering two of these SDGs.

United Nations' Sustainable Development Goal #4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

2U WAS FOUNDED ON THE BELIEF THAT DIGITAL EDUCATION COULD BE AS GOOD AS – IF NOT BETTER THAN – ON-CAMPUS EDUCATION. THIS HELPS TO INCREASE ACCESS TO LIFELONG LEARNING OPPORTUNITIES.

2U has positively transformed the lives of **more than 215,000 students and lifelong learners.**

- **More than 57,000 students** have enrolled in 2U-powered graduate programs.
- **More than 150,000 students** have enrolled in a short course or boot camp offered by our university partners.

Real-time interaction with professors and other students is critical to learning. Digital education is driven by collaborative learning, the same as any on-campus program.

- 2U programs have held over **669,000 live classes**, with an average class size of under 15 students.
- Clinical placements are a necessary part of graduate programs in a number of verticals, including nursing, social work, physical therapy, and others.
 - 2U currently employs a team of more than 130 placement specialists who have helped facilitate students getting hands-on experience, with more than **55,000 placements.**
 - In the Georgetown midwifery program alone, students at clinical placement sites have helped deliver over **10,000 babies.**
- 2U employs a team of more than 240 employees focused on student and faculty success, analyzing data and providing resources to help our partners' programs run smoothly.

2U-powered graduate programs have a diverse student population relative to the national average for graduate students, an indication of how digital education is increasing access.

Student Demographic Breakdown in 2U-Powered Graduate Programs (vs. national average for graduate students¹):

64% Female (vs. 59%)	11% Asian (vs. 8%)
53% White (vs. 63%)	3% Multiracial (vs. 3%)
17% Black or African American (vs. 14%)	1% American Indian or Alaskan Native (vs. 1%)
15% Hispanic or Latino (vs. 11%)	

United Nations’ Sustainable Development Goal #3

Ensure healthy lives and promote well-being for all at all ages.

WE ATTRACT PEOPLE WHO WANT TO SPEND THEIR TIME AND ENERGY ON THINGS THAT MATTER. THEY WANT TO CREATE TRANSFORMATIONAL EXPERIENCES FOR STUDENTS.

2U powers graduate degree offerings in the following verticals:

Vertical.	No. of Programs
Healthcare Administration.	1
Mental Health Counseling.	2
Nursing.	7
Occupational Therapy.	1
Physician Assistant.	2
Psychology.	4
Public Health.	7
School Counseling.	4
Social Work.	4
Speech Pathology.	3

(1) [Enrollment and Employees in Postsecondary Institutions](#) - NCES, January 2019

Human Capital Development and Employee Benefits

We aim to build a culture that supports employees in their efforts.

NAMED A TOP WORKPLACE BY THE WASHINGTON POST FOR FIVE CONSECUTIVE YEARS.

NAMED A TOP WORKPLACE BY THE DENVER POST FOR THREE CONSECUTIVE YEARS.

CERTIFIED A GREAT PLACE TO WORK® FOR TWO CONSECUTIVE YEARS.

77% GLASSDOOR CEO APPROVAL RATING AS OF DECEMBER 2019.

- **85% of U.S. employees** reported feeling that 2U is a great place to work in a 2019 third-party survey, resulting in a Great Place to Work certification.
- All eligible employees can receive a **one-time full reimbursement for the cost of taking a 2U-powered graduate program** offered by our university clients and we reimburse eligible employees for the cost of **one short course per rolling twelve month period**. In addition, we provide partial reimbursement of the tuition for eligible family members to complete one of our university clients' graduate programs.
- 2U offers **unlimited PTO** to full-time employees, encouraging them to take time when they need it. In addition, 2U employees are eligible for 24 hours (three days) of volunteer time off to give back to their local and global communities without losing pay.

Additional employee benefits:

- Medical plan
- Dental plan
- Vision plan
- Employee assistance program
- Retirement savings options
- Flexible spending accounts
- Disability benefits
- Life and AD&D insurance
- Parental benefits
- Wellness program
- Employee recognition program
- Employee stock purchase plan
- Pet, home and auto insurance

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2U BELIEVES IN CREATING MEANINGFUL RELATIONSHIPS AND LEAVING A LASTING IMPACT IN BOTH OUR LOCAL COMMUNITIES AND INDIVIDUAL LIVES AROUND THE WORLD.

- In 2019, 2U supported **nine regional non-profits** whose work aligns with our mission of providing access to education. Through these community partnerships, 2U employees are able to give back to their local communities through volunteering, fundraising, in-kind donations, and pro-bono services.
- **2U hosts Days of Service**, a bi-annual, 2U sponsored event that allows 2U employees to give back to their communities through volunteering and donations.
- In 2019, 2Utes contributed **2,700 volunteer hours** through Days of Service and donated over **\$13,000 of in-kind in school supplies and education materials**.
- In July 2019, 2U entered an agreement with the **International Rescue Committee (IRC)** that helps IRC employees pursue higher education through a 2U-sponsored scholarship program. The program includes partial scholarships to select graduate degree programs and full scholarships to a suite of short courses. **Fifty full short course scholarships were awarded to IRC employees in 2019**. The program continues through 2020.

DIVERSITY LEADS TO BETTER OUTCOMES. We remain committed to creating and sustaining a culture that embodies diverse walks of life, experiences, ideas, genders, ages, races, cultures, sexual orientations, abilities and other unique qualities.

- Our Board of Directors includes four women and four people of color. (2020)
- For two consecutive years, 2U was named a **2020 Women on Boards winning “W” company** for our commitment to board diversity.
- Total workforce (based on internal data):
 - 60% female, 40% male (all countries full-time, as of 12/31/19)
 - 6% Asian, 16% Black or African American, 7% Hispanic or Latino, 4% Two or More Races, 60% White, 6% Other / not Identified (U.S. full-time only, as of 12/31/19)
- Enterprise Leadership Team (based on internal data):
 - 46% female, 54% male (all countries full-time, as of 12/31/19)
 - 7% Asian, 7% Black or African American, 3% Hispanic or Latino, 1% Two or More Races, 80% White, 1% Other / not identified (U.S. full-time only, as of 12/31/19)
- We take **pay equity** seriously and conduct regular internal assessments on pay disparities and make adjustments as necessary.
- 2U was one of 325 companies included on the **Bloomberg 2020 Gender-Equality Index** for our commitment to advancing women in the workplace through measurement and transparency (based on 2018 data).

Human Capital Development and Employee Benefits

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WE APPRECIATE A WORKFORCE THAT IS DIVERSE IN THOUGHT AND BACKGROUND AND ARE BUILDING AN INCLUSIVE COMMUNITY WITH OUR EMPLOYEES.

In 2018, 2U implemented an internal organization, called **Mosaic**, to advance the understanding and inclusion of employees with diverse backgrounds and interests, and help leaders keep a pulse on employee culture.

Aligning with Mosaic, 2U had three operational **Business Resource Networks (BRNs)** in 2019:

2Q hosted 40 events in 2019 for their membership of more than 500 LGBTQ+ and allies. During its inaugural year, 2Q members marched in two pride celebrations in Denver and Baltimore (and celebrated widely across two Cape Town offices), a first for 2U. In a year, they hosted a dozen queer coffee chats and educational opportunities in a quarterly book club on topics such as Don't Ask Don't Tell, trans narratives, and urban fantasy. They also created volunteer opportunities through Whitman-Walker (to end HIV) and Urban Peak (services for homeless youth). In collaboration with 2Q, 2U introduced the broad use of pronouns in email signatures and business greetings in 2019.

The **Black Engagement Network (BNet)** has 620 members in the U.S. with plans to expand globally in 2020. BNet hosted dozens of events including: "Networking 101" to prepare members to make the most out of developing connections. BNet also held the dynamic Mentorship and Sponsorship Panel: Keys to Career Advancement, that covered a variety of topics, including the role mentors and sponsors play in career development.

The **Women's Alliance Network (W.A.N.)** has 833 members to date. In 2019, with the help of Cape Town, W.A.N. launched Lean In Circles to provide much needed mentorship and a safe space to discuss professional and personal development. W.A.N.'s allyship training sessions have also received praise and members who participated welcomed the opportunity to learn about inclusion and intersectionality.

Environmental Impact

2U's powers environmentally-friendly education. Our digital offerings reduce the need for regular travel to a university campus, and increase student capacity without the construction of additional buildings. 2U is also focused on managing our own environmental footprint as we continue to scale and grow.

Facilities

Our Denver office is LEED certified, and all of our major offices (Lanham, Denver, Brooklyn and Cape Town), are designed to reduce greenhouse emissions by energy conservation and energy efficiency efforts, including:

- Daylight harvesting on perimeter lighting with controls - lights are set at 75% and have a sensor shut off set to 10 minutes
- Utilizing Energy Star rated appliances as well as Water Sense based fixtures when we replace plumbing in any of our locations to reduce consumption of electricity and water
- Minimized waste in construction via Green Code guidelines for multiple trades such as drywall, electrical, and HVAC

Global Operations

We consider environmental impact when making procurement decisions, and have IT initiatives in place to minimize waste, including:

- Maintaining minimum quantity of IT equipment running on-premises and leveraging cloud providers for majority of services, reducing electrical and cooling needs
- Liquidating computers at end of life, where they are either repurposed at other organizations or e-cycled
- Implementing a print management system whereby excess paper and printing use is reduced

Educational Offerings

A number of the educational offerings powered by 2U include elements of sustainability and social responsibility. For some, environmental impact is a primary focus, including:

- *Business Sustainability Management, High Impact Leadership, Supply Chain Management, and Communicating for Influence and Impact* short courses, all offered through University of Cambridge Institute for Sustainability Leadership
- *Energy Efficiency and Sustainability* short course offered through University of Cape Town
- *Global Business and Politics* short course offered through Yale School of Management Executive Education
- *Master of Architecture* degree offered through Rochester Institute of Technology Golisano Institute for Sustainability

Corporate Governance

Maintaining a sound corporate governance structure is central to fulfilling 2U’s mission of being a trusted brand steward and the partner of choice to the world’s top universities.

Governance

Our Board of Directors believes that sound corporate governance practices provide an important framework to assist the Board and our executives in fulfilling their responsibilities to stockholders and other stakeholders. Our **Corporate Governance Guidelines** are intended to reflect best practices in areas such as: role of the Board, Board membership criteria and selection, limits on outside Board service, Board structure, Board access to management and outside advisors, Director stock ownership requirements and other topics.

In addition, our **Code of Business Conduct and Ethics** reflects the business practices and principles of behavior that support our commitment to maintaining the highest standards of business conduct and ethics. Our Code of Business Conduct and Ethics addresses the following issues, among others:

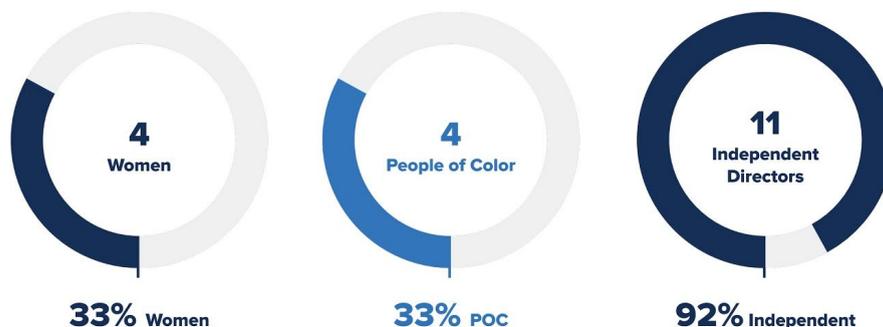
- Honest and ethical conduct
- Legal compliance
- Fair dealing
- Conflicts of interest
- Compliance standards and procedures

Our Board and Committees

Our Board of Directors is comprised of 12 Directors and, other than our CEO, all of our Directors are considered “independent” under relevant Nasdaq and SEC standards. We have separate Chair and Chief Executive Officer roles. Our Board of Directors has established a number of committees to assist in discharging its duties. These include an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The charter for each Committee can be viewed on our [website](#).

We believe it is essential to have directors representing diversity in many areas, including but not limited to race, ethnicity, gender, background, and professional experience.

OUR BOARD IS INDEPENDENT AND DIVERSE



Compliance and Internal Controls

The higher education industry is heavily regulated. Our university partners are subject to regulation primarily from three entities: the US Department of Education, accrediting agencies and state licensing authorities, each of which promulgates a variety of regulations. We are also required to comply with certain regulations that apply to corporations generally or as a result of our role as a service provider to institutions of higher education. We seek to develop best practice compliance programs to assist our university clients with compliance in certain areas and to monitor our compliance with laws and regulations. Some examples of our compliance efforts and programs include:

- **Compliance with State Authorization Requirements:** We work with many of our university partners to identify and comply with a complex array of state authorization requirements to ensure that students can enroll in programs no matter where they live.
- **Compliance with Licensure Requirements:** In the Graduate Program Segment, we design our program curriculum and placements to meet the requirements to achieve licensure in all states where we perform marketing activities.
- **Annual Internal Audit Program:** Our Internal Audit department, composed of operational, financial and technology auditors, performs an annual Internal Audit Risk Assessment, which drives the creation of the annual Internal Audit program. In addition, the Internal Audit department performs a variety of audits focused on operational and compliance risks.
- **Marketing Oversight:** We strive to maintain ethical marketing and advertising practices, grounded in the principles of accuracy, transparency and respect for the customer. 2U's Marketing Compliance team provides oversight regarding marketing materials including reviewing new marketing content to promote alignment with compliance standards.
- **Third Party Audits:** We engage independent third parties to monitor compliance in certain areas. For example, we engage an independent audit firm to produce an annual SOC 2 Type 1 Report describing the control structure of 2U's platform for the Security, Availability and Confidentiality principles and we hire a third party to conduct quarterly assessments to ensure 2U's compliance with Payment Card Industry Data Security Standard.

Data Privacy and Security

2U understands that the confidentiality of our university partners' and student information is vital. Some of the world's most prominent universities, with reputations built over centuries, trust 2U and we take our responsibility as a brand steward seriously. We are committed to protecting the privacy and security of information we collect in the course of providing our products and services. For data privacy and security to be effective, we believe it must be a team effort involving the participation and support of every employee. Privacy and cybersecurity training and awareness are part of our new-employee orientation program and annual corporate training, and we regularly conduct fake "phishing" campaigns and other awareness activities to confirm that employees maintain a high level of vigilance. There is no finish line when it comes to security and protecting university partner and student data.