

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36373



TRINET GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

One Park Place, Suite 600

Dublin, CA

(Address of principal executive offices)

95-3359658

(I.R.S. Employer  
Identification No.)

94568

(Zip Code)

Registrant's telephone number, including area code: (510) 352-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock par value \$0.000025 per share	TNET	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The New York Stock Exchange on June 30, 2021, was \$2.9 billion.

The number of shares of Registrant's Common Stock outstanding as of February 7, 2022 was 65,700,174.

Portions of the Registrant's Definitive Proxy Statement to be issued in connection with its Annual Meeting of Stockholders, scheduled to be held on May 24, 2022, are incorporated by reference into Part III of this Form 10-K.

**TRINET GROUP, INC.**  
**Form 10-K - Annual Report**  
**For the Year Ended December 31, 2021**

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## Glossary of Acronyms and Abbreviations

Acronyms and abbreviations are used throughout this report, particularly in Part I, Item 1. Business; Part I, Item 1A. Risk Factors; Part II, Item 7. MD&A; Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk and Part II, Item 8. Financial Statements and Supplementary Data.

<b>2018 Term Loan</b>	Our \$425 million term loan A executed in June 2018 and repaid in 2021
<b>2021 Credit Program</b>	Our 2021 program to provide eligible clients with credits, subject to predefined conditions and based on certain pandemic related excess health care cost savings achieved.
<b>2021 Credit Agreement</b>	Our credit agreement dated February 26, 2021, including our \$500 million revolving line of credit.
<b>2029 Notes</b>	Our \$500 million senior unsecured notes maturing in March 2029
<b>AB5</b>	Assembly Bill 5
<b>ACA</b>	The Patient Protection and Affordable Care Act
<b>ACH</b>	Automated Clearinghouse Transaction
<b>AFS</b>	Available-for-sale
<b>ARPA</b>	American Rescue Plan Act
<b>ASC</b>	Accounting standards codification
<b>ASO</b>	Administrative Services Organization
<b>ASU</b>	Accounting standards update
<b>CARES Act</b>	Coronavirus Aid Relief and Economic Security Act
<b>CCPA</b>	California Consumer Privacy Act
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COBRA</b>	Consolidated Omnibus Budget Reconciliation Act
<b>COPS</b>	Cost of providing services
<b>COVID-19</b>	Novel coronavirus
<b>CPRA</b>	California Privacy Rights Act
<b>D&amp;A</b>	Depreciation and amortization expenses
<b>DOL</b>	U.S. Department of Labor
<b>EBITDA</b>	Earnings before interest expense, taxes, depreciation and amortization of intangible assets
<b>EPLI</b>	Employment Practices Liability Insurance
<b>EPS</b>	Earnings Per Share
<b>ERISA</b>	Employee Retirement Income Security Act
<b>ESPP</b>	Employee stock purchase plan
<b>ETR</b>	Effective tax rate
<b>FASB</b>	Financial Accounting Standards Board
<b>FFCRA</b>	Families First Coronavirus Response Act
<b>FLSA</b>	Fair Labor Standards Act
<b>G&amp;A</b>	General and administrative
<b>GAAP</b>	Generally Accepted Accounting Principles in the United States
<b>HIPAA</b>	Health Insurance Portability and Accountability Act
<b>HITECH Act</b>	Health Information Technology for Economic and Clinical Health Act
<b>HR</b>	Human Resources
<b>IBNP</b>	Incurred but not yet paid
<b>IBNR</b>	Incurred but not yet reported
<b>ICR</b>	Insurance cost ratio
<b>IGP</b>	Indemnity Guarantee Payment
<b>IOM</b>	Integrated Open Market
<b>IRS</b>	Internal Revenue Service

<b>ISR</b>	Insurance service revenues
<b>LDF</b>	Loss development factor
<b>LIBOR</b>	London Inter-bank Offered Rate
<b>MCT</b>	Medical cost trend
<b>MD&amp;A</b>	Management's Discussion and Analysis of Financial Condition and Results of Operations
<b>OE</b>	Operating expenses
<b>PCAOB</b>	Public Company Accounting Oversight Board
<b>PEO</b>	Professional Employer Organization
<b>PFC</b>	Payroll funds collected
<b>PHI</b>	Protected Health Information
<b>PPP</b>	Paycheck Protection Program, a loan program administered by the U.S. Small Business Administration
<b>PPPFA</b>	Paycheck Protection Program Flexibility Act
<b>PSR</b>	Professional service revenues
<b>Recovery Credit</b>	2020 Program to provide eligible clients with one-time reductions against fees for future services
<b>Reg FD</b>	Regulation Fair Disclosure
<b>ROU</b>	Right-of-use
<b>RSA</b>	Restricted Stock Award
<b>RSU</b>	Restricted Stock Unit
<b>SBA</b>	U.S. Small Business Administration
<b>SBC</b>	Stock Based Compensation
<b>S&amp;M</b>	Sales and marketing
<b>S&amp;P</b>	Standard & Poor's
<b>SD&amp;P</b>	Systems development and programming
<b>SEC</b>	U.S. Securities and Exchange Commission
<b>SMB</b>	Small and medium-size business
<b>TCJA</b>	Tax Cuts and Jobs Act
<b>U.S.</b>	United States
<b>WSE</b>	Worksite employee
<b>YTD</b>	Year to date

## Cautionary Note Regarding Forward-Looking Statements

For purposes of this Annual Report on Form 10-K (Form 10-K), the terms “TriNet,” “the Company,” “we,” “us” and “our” refer to TriNet Group, Inc., and its subsidiaries. This Form 10-K contains statements that are not historical in nature, are predictive in nature, or that depend upon or refer to future events or conditions or otherwise contain forward-looking statements within the meaning of Section 21 of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the use of words such as, but not limited to, “ability,” “anticipate,” “believe,” “can,” “continue,” “could,” “design,” “estimate,” “expect,” “forecast,” “hope,” “impact,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “strategy,” “target,” “value,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. Examples of forward-looking statements include, among others, TriNet’s expectations regarding: the execution of a definitive agreement to acquire Zenefits; our ability to support the economic recovery of our clients and SMBs; market acceptance of our new support, service and product offerings, including our Connect 360 service model and Financial Services Preferred and IOM products; the impact of our annual TriNet PeopleForce conference; our expectations regarding medical utilization rates by our WSEs; the impact of the COVID-19 pandemic on regulations and government programs; the impact of our 2020 Recovery Credit program and our 2021 Credit Program and their suitability for generating client loyalty and retention; our ability to modify or develop service offerings to assist clients affected by COVID-19; the impact of our vertical approach; our ability to leverage our scale and industry HR experience to deliver vertical service offerings; the impact of our plans to continue to grow our client base; planned improvements to our technology platform; our ability to drive operating efficiencies and improve the client experience; the impact of our client service initiatives; our continued ability to provide access to a broad range of benefit programs on a cost-effective basis; the volume and severity of insurance claims and the impact of COVID-19 on those claims; the effectiveness of our risk strategies for, and management of, workers’ compensation and health benefit insurance costs and deductibles; the metrics that may be indicators of future financial performance; the relative value of our benefit offerings versus those SMBs can independently obtain; the impact that our benefit offerings have for SMBs seeking to attract and retain employees; the effectiveness of our strategies for mitigation of EPLI risk; the principal competitive drivers in our market; our plans to retain clients and manage client attrition; our investment strategy and its impact on our ability to generate future interest income, net income, and Adjusted EBITDA; seasonal trends and their impact on our business, including due to COVID-19; fluctuations in the period-to-period timing of when we incur certain operating expenses; the estimates and assumptions we use to prepare our financial statements; and other expectations, outlooks and forecasts on our future business, operational and financial performance.

Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements are discussed above and throughout this Form 10-K, including under Part I, Item 1A. Risk Factors, and Part II, Item 7. MD&A, and in the other periodic filings we make with the SEC, and including risk factors associated with: the economic, health and business disruption caused by the COVID-19 pandemic; the impact of the COVID-19 pandemic on our clients and prospects, insurance costs and operations; the impact of the COVID-19 pandemic on the laws and regulations that impact our industry and clients; our ability to manage unexpected changes in workers’ compensation and health insurance claims and costs by worksite employees; our ability to mitigate the business risks we face as a co-employer; the effects of volatility in the financial and economic environment on the businesses that make up our client base; loss of clients for reasons beyond our control; the short-term contracts we typically use with our clients; the impact of regional or industry-specific economic and health factors on our operations; the impact of failures or limitations in the business systems we rely upon; the impact of our 2020 Recovery Credit program and 2021 Credit Program; adverse changes in our insurance coverage or our relationships with key insurance carriers; our ability to improve our services and technology to satisfy regulatory requirements and meet the expectations of our clients and manage client attrition; our ability to effectively integrate businesses we have acquired or may acquire in the future; our ability to effectively manage and improve our operational processes; our ability to attract and retain qualified personnel; the effects of increased competition and our ability to compete effectively; the impact on our business of cyber-attacks and security breaches; our ability to secure our information technology infrastructure and our confidential, sensitive and personal information; our ability to comply with constantly evolving data privacy and security laws; our ability to manage changes in, uncertainty regarding, or adverse application of the complex laws and regulations that govern our business; changing laws and regulations governing health insurance and employee benefits; our ability to be recognized as an employer of worksite employees under federal and state regulations; changes in the laws and regulations that govern what it means to be an employer, employee or independent contractor; our ability to comply with the laws and regulations that govern PEOs and other similar industries; the outcome of existing and future legal and tax proceedings; fluctuation in our results of operation and stock price due to factors outside of our control, such

as the volume and severity of our workers' compensation and health insurance claims and the amount and timing of our insurance costs, operating expenses and capital expenditure requirements; our ability to comply with the restrictions of our credit facility and meet our debt obligations; and the impact of concentrated ownership in our stock. Any of these factors could cause our actual results to differ materially from our anticipated results.

Forward-looking statements are not guarantees of future performance, but are based on management's expectations as of the date of this Form 10-K and assumptions that are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from our current expectations and any past results, performance or achievements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The information provided in this Form 10-K is based upon the facts and circumstances known as of the date of this Form 10-K, and any forward-looking statements made by us in this Form 10-K speak only as of the date of this Form 10-K. We undertake no obligation to revise or update any of the information provided in this Form 10-K, except as required by law.

The MD&A of this Form 10-K includes references to our performance measures presented in conformity with GAAP and other non-GAAP financial measures that we use to manage our business, to make planning decisions, to allocate resources and to use as performance measures in our executive compensation plans. Refer to the [Non-GAAP Financial Measures](#) within our MD&A for definitions and reconciliations from GAAP measures.

### Website Disclosures

We use our website ([www.trinet.com](http://www.trinet.com)) to announce material non-public information to the public and to comply with our disclosure obligations under Regulation Fair Disclosure (Reg FD). We also use our website to communicate with the public about our Company, our services, and other matters. Our SEC filings, press releases and recent public conference calls and webcasts can also be found on our website. The information we post on our website could be deemed to be material information under Reg FD. We encourage investors and others interested in our Company to review the information we post on our website. Information contained in or accessible through our website is not a part of this report.

PART I

**Item 1. Business**

TriNet is a leading provider of HR expertise, payroll services, employee benefits and employment risk mitigation services for SMBs. Since our founding in 1988, TriNet has served, and continues to serve, thousands of SMBs. In 2021, we processed \$55 billion in payroll and payroll taxes for our clients and ended the year with approximately 16,300 clients and 364,900 WSEs, primarily in the U.S.

**Our Services**

We deliver a comprehensive suite of services that help our clients administer and manage various HR-related needs and functions, such as compensation and benefits, payroll processing, employee data, health insurance and workers' compensation programs, and transactional HR needs using our technology platform and HR, benefits and compliance expertise. We empower SMBs to focus on what matters most - growing their business.

We leverage our scale and industry HR experience to deliver our service offerings tailored for SMBs in specific industry verticals. We believe our vertical approach is a key differentiator for us and creates additional value for our clients by addressing their industry-specific HR needs. We offer six industry-tailored vertical services: TriNet Financial Services, TriNet Life Sciences, TriNet Main Street, TriNet Nonprofit, TriNet Professional Services, and TriNet Technology.

Our comprehensive HR solutions include the following capabilities:

				
<b>HR CONSULTING EXPERTISE</b>	<b>BENEFIT OPTIONS</b>	<b>PAYROLL SERVICES</b>	<b>RISK MITIGATION</b>	<b>TECHNOLOGY PLATFORM</b>

 **HR Consulting Expertise**

We use the collective knowledge and experience of our teams of HR, benefits, risk management and compliance professionals to help clients manage many of the administrative, regulatory and practical requirements associated with being employers. We do this by incorporating our knowledge and experience into our services and our technology platform and by making our professionals available to consult with clients on a variety of HR needs, including talent management, retention and terminations, benefits enrollment, immigration and visas, payroll tax credits, employment law and regulatory developments and many other industry-specific and general HR topics. Depending on their needs, our clients and WSEs have access to varying levels of service and support from our professionals, ranging from call center support for basic questions to pooled HR resources. Our professionals also provide additional specialized HR consulting and services upon request.

 **Benefit Options**

We utilize our scale to provide our WSEs access to a broad range of TriNet-sponsored employee benefit and insurance programs at costs that we believe most of our clients would be unable to obtain on their own. We believe that our TriNet-sponsored programs help clients compete for talent against larger businesses. Our benefit and insurance programs are designed to comply with federal, state and local regulations, and our benefit and insurance service offerings include plan selection and administration, enrollment management, leave management, plan document distribution and WSE and client communications.

Under our benefit and insurance programs, we pay third-party insurance carriers for WSE insurance benefits and reimburse insurance carriers or third-party administrators for claims payments within our insurance deductible layer, where applicable.

We sponsor and administer several employee benefit plans for our WSEs through a broad range of carriers, including group health, dental, vision, short- and long-term disability, and life insurance as an employer plan sponsor under Section 3(5) of ERISA. We also provide for other benefit programs to be made available to WSEs, including flexible spending accounts, health savings accounts, retirement benefits, COBRA benefits, supplemental insurance, commuter benefits, home insurance, critical illness insurance, accident insurance, hospital indemnity, pet insurance, and auto insurance. For further discussion of our insurance programs, including policies where we reimburse our carriers for certain amounts relating to claims, refer to [Note 1](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.



### Payroll Services

We help clients manage their employee compensation by providing multi-state payroll processing, tax administration services and other payroll-related services, such as time and attendance management, time off and overtime tracking, and expense management solutions. Our clients and WSEs can access payroll and tax information using our online and mobile tools. Our tax administration services include calculating, withholding, remitting and reporting certain federal, state and local payroll and unemployment taxes on behalf of clients and WSEs.



### Risk Mitigation

We monitor employment-related legal and regulatory developments at the federal, state, and local levels to help our clients comply with employment laws and mitigate many of the risks associated with being an employer. We provide HR guidance on employment laws and regulations, including those relating to minimum wage, unemployment insurance, family and medical leave and anti-discrimination. We also ensure that our TriNet-sponsored benefit plans comply with applicable laws and regulations, like the ACA, reducing this compliance burden to our clients.

We provide fully-insured workers' compensation insurance coverage for our clients and WSEs through insurance policies that we negotiate with our third-party insurance carriers. We manage the deductible risk that we assume in connection with these policies by being selective in the types of businesses that we take on as new clients, and by monitoring claims data and the performance of our carriers and third-party claims management service providers. In addition, we advise clients on workers' compensation best practices, including by performing workplace assessment consultations and assisting with client efforts to identify conditions or practices that might lead to employee injuries.

We also provide EPLI coverage for our clients through an insurance policy that we obtain from a third-party EPLI carrier. This policy provides coverage for certain claims that arise in the course of the employment relationship, such as discrimination, harassment, and certain other employee claims, with a per-claim retention amount. The retention amount under this policy, which functions like a deductible, is allocated on a pre-determined basis between the client and TriNet. Our professionals assist our clients in implementing HR best practices to help avoid and reduce the cost of employment-related liabilities. Our preferred outside employment law firms defend covered EPLI claims.



### Technology Platform

Our technology platform includes online and mobile tools that allow our clients and WSEs to store, view, and manage HR information and administer a variety of HR transactions, such as payroll processing, tax administration, employee onboarding and termination, compensation reporting, expense management, and benefits enrollment and administration. Our online tools also incorporate workforce analytics, allowing clients to generate HR data, payroll, total compensation and other custom reports. We invest time and resources in an effort to improve and expand our technology platform and the products and services that we offer. For example, in 2020, we adopted a new client service engagement support model, called Connect 360, that we believe will benefit our clients and WSEs by providing them with improved support services. Similarly, in 2021, we launched Financial Services Preferred, and a new product, called IOM, that offers clients the option to receive PEO services from TriNet while also obtaining client-sponsored health benefits from a third-party broker that partners with TriNet.



## Our Co-Employment Model

We operate using a co-employment model, under which employment-related responsibilities are allocated by contract between us and our clients. This model allows WSEs to receive the full benefit of our services, including access to TriNet-sponsored employee benefit plan offerings. Each of our clients enters into a client service agreement with us that defines the suite of services and benefits to be provided by us, the fees payable to us, and the division of responsibilities between us and our clients as co-employers. WSEs also separately acknowledge the co-employment relationship and the allocation of employment-related responsibilities between TriNet and our clients. The division of responsibilities under our client service agreements is typically as follows:

### *TriNet Responsibilities*

We generally assume responsibility for, and manage certain risks associated with:

- payments of salaries, wages and certain other compensation to WSEs from our own bank accounts (based on client reports and payments), including the processing of garnishment and wage deduction orders,
- reporting of wages, withholding and deposit of associated payroll taxes as the employer of record,
- provision and maintenance of workers' compensation insurance and workers' compensation claims processing,
- access to, and administration of, group health, welfare, and retirement benefits to WSEs under TriNet-sponsored benefit plans,
- compliance with applicable law for certain TriNet-sponsored employee benefits offered to WSEs,
- administration of unemployment claims, and
- provision of various HR policies and agreements, including employee handbooks and worksite employee agreements describing the co-employment relationship.

### *Client Responsibilities*

Our clients are responsible for employment-related responsibilities that we do not specifically assume, generally including:

- day-to-day management of their worksites and WSEs,
- compliance with laws associated with the classification of employees as exempt or non-exempt, such as overtime pay and minimum wage law compliance,
- accurate and timely reporting to TriNet of compensation and deduction information, including information relating to hours worked, rates of pay, salaries, wages and other compensation, and work locations,
- accurate and timely reporting to TriNet of information relating to workplace injuries, employee hires and termination, and certain other information relevant to TriNet's services,
- provision and administration of any employee benefits not provided by TriNet such as equity incentive plans,
- compliance with all laws and regulations applicable to the clients' workplace and business, including work eligibility laws, laws relating to workplace safety or the environment, laws relating to family and medical leave, laws pertaining to employee organizing efforts and collective bargaining and employee termination notice requirements,
- payment of TriNet invoices, which include salary, wages and other relevant compensation to WSEs and applicable employment taxes and service fees, and
- all other matters for which TriNet does not assume responsibility under the client service agreement, such as intellectual property ownership and protection and liability for products produced and services provided by the client company to its own clients.

As a result of our co-employment relationships, we are liable for payment of salary, wages and certain other compensation to the WSEs as reported and paid to us by the client, and are responsible for providing specified employee benefits to such persons to the extent provided in each client service agreement and under federal and state law. In most instances, clients are required to remit payment prior to the applicable payroll date by wire transfer or ACH.

We also assume responsibility for payment and liability for the withholding and remittance of federal and state income and employment taxes with respect to salaries, wages and certain other compensation paid to WSEs, although we reserve the right to seek recourse against our clients for any liabilities arising out of their conduct. We perform these functions as the statutory employer for federal employment tax purposes, since our clients transfer legal control over these payroll functions to us. The laws that govern the payment of salaries, wages and related payroll taxes for our WSEs are complex and the various federal, state and local laws that govern such payments can vary significantly. Based on applicable law in any jurisdiction, we or our client may be held ultimately liable for those obligations if we fail to remit taxes.

## Market Trends and Developments Affecting Our Business in 2021

Despite the continuation of the COVID-19 pandemic, the U.S. economy saw substantial recovery in 2021 due to the easing of COVID-19 restrictions, consumer demand and continued federal and state legislative efforts to help businesses and employees. We observed the following PEO industry trends in 2021:

- **SMB Economic Recovery.** The U.S. economy saw substantial recovery from the pandemic driven economic downturn in 2020, however the extent of the recovery for SMBs differed based on their industry and geographic region. For example, SMBs in the financial services, technology and professional services industries generally experienced shallower headcount declines in 2020 and have recovered headcount more quickly in 2020 and 2021 as their workforces were better able to transition to remote work. Meanwhile, SMBs in the retail, leisure and hospitality industries generally experienced significant headcount freezes, furloughs and terminations in 2020, and these headcount declines have been slow to recover in 2020 and 2021. Similarly, SMBs in geographic regions that saw significant increases in COVID-19 cases in 2021 from the Delta and Omicron variants have generally experienced more significant economic headwinds.
- **Continued Insurance Cost Variability and Volatility.** The volume of medical claims, including COVID-19 testing, treatment and vaccination costs, increased in 2021, however medical claim volume remained below pre-pandemic levels. Access to medical services and systems remained constrained in 2021, particularly in regions that saw increases in COVID-19 hospitalizations that reduced preventative and elective procedures.
- **Laws and Regulations.** Numerous laws and regulations were created or modified in 2021 that had an impact on our business and the businesses of our clients and SMBs across the country. For example, the PPPFA and ARPA, were passed in 2021 to augment and extend 2020 programs intended to assist SMB's and their employees to recover from the impacts of COVID-19. The paid leave and corresponding employer tax credit under the FFCRA was modified and extended through the third quarter of 2021, and the employee retention credit program under the CARES Act was also extended and modified before being retroactively terminated effective at end of the third quarter of 2021. Additional provisions of the CCPA became effective in 2021, and the DOL issued regulatory guidance regarding cybersecurity measures applicable to retirement plans. Federal and state views on employees and independent contractors remained in flux during 2021 as we saw a California state court find that Proposition 22, which was a modification of an earlier law that reclassified certain independent contractors as employees, was unconstitutional and unenforceable. The National Labor Relations Board (NLRB) also announced plans to create a new rule for determining whether two business are joint employers or co-employers and is expected to announce this new rule in 2022. We do not believe we are a joint employer, but changes in regulations determining joint employer status could lead to increased legal claims against us or our clients, increase our compliance costs, or require changes to how we operate our business and the services we provide to our clients and WSEs.

For more information regarding the developments above, including the impact of COVID-19 on our business and operations, refer to [Part II, Item 7, MD&A](#) in this Form 10-K, and [Part I, Item 1A, Risk Factors](#) under the subheading "*Risks Related to the COVID-19 Pandemic*".

## Our Service Development Efforts

We continued to make significant investments in our technology platform with projects intended to provide our users with improved functionality, HR management options, and security. We intend to continue to invest in our technology platform to improve its functionality, ease of use, security and the overall user experience for our clients and WSEs. We believe the continued investment in improving our technology platform will drive operating efficiencies over the long term and improve our client experience.

In 2021, we distributed \$86 million to customers under our 2020 Recovery Credit program under which eligible clients received one-time reductions against fees for services. Our Recovery Credit program is designed to promote

client loyalty, incentivize client retention, and to differentiate TriNet from its peers in the PEO industry and in other competing HR services industries. Similarly, in March 2021, we created our 2021 Credit program, which was designed to return \$25 million to eligible customers based on the performance of our health insurance costs for the year.

Throughout 2021 we continued to modify the programs we created in 2020 to support several important funding and payroll tax incentive programs for SMBs created under the FFCRA, CARES Act and PPFA, including PPP, mandatory employee leave requirements, payroll tax deferral and tax credit programs and other employment- and employment tax-related incentives. Changes to these programs in 2021, including guidance from the state and federal agencies managing these programs, required us to create new services, or redesign our existing services, to support these programs for our SMB clients and we expect to continue to make changes to these programs as laws and regulatory guidance change over time.

To engage with our clients and SMBs, we hosted the 2nd annual TriNet PeopleForce conference in the third quarter of 2021, our showcase customer and prospect conference focused on business transformation, agility and innovation for SMBs.

In December 2021, we entered into a definitive agreement to acquire Zenefits, a leading cloud HR platform which provides innovative and intuitive HR, benefits, payroll and employee engagement software purpose-built for SMBs. We believe the acquisition of Zenefits, once completed, will allow us to diversify our product offering to include an Administrative Services Organization (ASO), enabling us to dynamically service SMBs throughout their lifecycle and expand the customers we serve.

## Our Clients and Geographies

Our clients are distributed across a variety of industries, including technology, professional services, financial services, life sciences, not-for-profit, property management, retail, manufacturing, and hospitality. We generally support these different clients using our industry-tailored vertical approach. Our clients generally execute annual service contracts with us that automatically renew. In most cases, our clients may cancel these contracts with 30 days' notice to us and we may cancel these contracts with 30 days' notice.

Nearly all of our revenues are generated within the United States and its territories and substantially all our long-lived assets are located in the United States.

## Our Competitors

We face competition from:

- PEOs that compete directly with us,
- HR and information systems departments and personnel of companies that administer employee benefits, payroll and HR for their companies in-house,
- providers of certain endpoint HR services, including payroll, employee benefits, business process outsourcers with high-volume transaction and administrative capabilities, and other third-party administrators, and
- insurance brokers who allow third-party HR systems to integrate with their technology platform.

Our competitors include large PEOs such as the TotalSource unit of Automatic Data Processing, Inc., the PEO operations of Paychex, Inc. and Insperty, Inc., as well as numerous specialized and smaller PEOs and similar HR service providers with PEO operations.

We believe that our services are attractive to many SMBs in part because of our ability to provide access to a broad range of TriNet-sponsored workers compensation, health insurance and other benefits programs on a cost-effective basis. We compete with insurance brokers and other providers of insurance and benefits coverage, and our offerings must be priced competitively with those provided by these competitors in order for us to attract and retain our clients.

We believe that we also compete based upon the breadth and depth of our benefit plans, vertical market expertise, total cost of service, brand awareness and reputation, ability to innovate and respond to client needs rapidly, access to online and mobile solutions, and subject matter expertise. We believe that we are competitive across these factors. For additional information about our competition, please refer to [Part I, Item 1A, Risk Factors](#), of this Form

10-K, under the heading – *"We must continue to work to improve our services to meet the expectations of our clients and regulators, or we may lose our clients and materially harm our business"*.

## Our Sales and Marketing Organizations

We sell our solutions primarily through our direct sales organization. We have aligned our sales organization by industry vertical with the goal of growing profitable market share in our targeted industries. This vertical approach deepens our network of relationships and gives us an understanding of the unique HR needs facing SMBs in those industries. Our sales representatives are supported by marketing, lead generation efforts, and referral sources and networks. While the COVID-19 pandemic made it difficult to engage with prospects face-to-face, the use of technology and communication tools created new opportunities for us to engage with customers and prospects virtually.

We typically sponsor and participate in associations and events around the country and utilize these forums to target specific vertical and geographic markets. We responded to the unique challenges posed by the COVID-19 pandemic by shifting between virtual and in-person events. Events include our 2<sup>nd</sup> Annual TriNet PeopleForce conference, and informational webinars periodically throughout the year on a wide variety of COVID-19 and business topics relevant to our SMB prospects and clients. We also generate sales opportunities within key industry verticals, through marketing alliances and other indirect channels, such as accounting firms, venture capital firms, incubators, insurance brokers, and vertical market industry associations. Additionally, we utilize digital marketing programs, including digital advertising, search and email marketing, to create awareness and interest in our services.

Our marketing and corporate communications organization is charged with driving overall brand awareness, managing lead generation, creating and managing our website and other online properties, creating content for all marketing and communication channels including our outbound and inbound marketing efforts, media relations, and managing our sponsorships, major marketing events, and internal and external communications. Prospects changed the way they engaged with us during COVID-19 by using more digital tools like tele-presence and web engagements. In 2021, we launched numerous digital channels for engagement, including conversational marketing enhancements on our website in response to customers' changing preferences. In 2021, our marketing team also focused on strategic marketing, communications social media, branding initiatives, and crisis communication plans, in part by augmenting our comprehensive company brand campaign, Incredible Starts Here, with our marketing campaign, People Matter, that included omni channel initiatives using social media, digital, television, radio and out-of-home media.

## The Laws and Regulations that Affect Our Business

Our business operates in a complex legal and regulatory environment due to a myriad of federal, state and local laws and regulations that impact our business. Below is a summary of what we believe are the most important legal and regulatory issues for our business. For additional information on the impact of these and other laws and regulations on our business and results of operations, refer to [Part I, Item 1A. Risk Factors](#), of this Form 10-K, under the heading - *"Legal and Compliance Risks"*.

### Employer Status

We sponsor our employee benefit plan offerings as the employer of our WSEs under the Internal Revenue Code of 1986, as amended (the Code), ERISA and applicable state law. The term "employer" has different definitions for different purposes under the Code and ERISA, and for most purposes are interpreted under complex multi-factor tests under common law. We believe that we are an "employer" of our WSEs in the U.S. under the Code and the employer of our WSEs in the U.S. for the purposes of ERISA, as well as qualifying as an employer under various state laws, but this status could be subject to challenge by various regulators. For additional information on our employer status and its impact on our business and results of operations, refer to [Part I, Item 1A. Risk Factors](#), of this Form 10-K, under the heading - *"If we are not recognized as an employer of worksite employees under federal and state regulations, we and our clients could be adversely impacted"*.

### [Health Insurance and Health Care Reform](#)

Our sponsored employee health and welfare offerings are an important component of the services that we provide. The future of health care reform continues to evolve in the U.S. For example, the passage of the ACA in 2010 implemented sweeping health care reforms with staggered effective dates from 2010 through 2022, and many provisions in the ACA are still subject to the issuance of additional guidance from the DOL, the IRS, the U.S. Department of Health and Human Services and various U.S. states. Passage of the TCJA in 2017 eliminated the individual mandate tax penalty under the ACA beginning in 2019, while retaining employer ACA mandate obligations. States have developed, and will continue to develop, varying approaches to state-based health exchanges and mandates. Further significant changes to health care statutes, regulations and policy at the federal, state and local levels could occur in 2022 and beyond, including the potential further modification or amendment of the ACA, and we may need to adapt the manner in which we conduct our business as a result of any such changes. For additional information on the ACA and its impact on our business and results of operations, refer to [Part I, Item 1A, Risk Factors](#), of this Form 10-K, under the heading - "*Changing laws and regulations governing health insurance and other traditional employee benefits at the federal, state and local level could negatively affect our business*".

### [Data Privacy and Security Regulations](#)

We collect, store, use, retain, disclose, transfer and otherwise process a significant amount of confidential, sensitive and personal information from and about our actual and potential clients, WSEs and corporate employees, and we are subject to a variety of federal, state and foreign laws, rules, and regulations in connection with such activities. As a sponsor of employee benefit plans, we also have access to certain protected health information (PHI) of our WSEs and corporate employees. Management of PHI is subject to several regulations at the federal level, including HIPAA and the HITECH Act. HIPAA contains restrictions and health data privacy, security and breach notification requirements with respect to the use and disclosure of PHI. Further, there are penalties and fines for HIPAA violations. Because TriNet sponsored health plans are covered entities under HIPAA, we are required to comply with HIPAA's portability, privacy, and security requirements. We are also subject, among other applicable federal laws, rules and regulations, to the rules and regulations promulgated under the authority of the Federal Trade Commission. The U.S. Congress has considered, but not yet passed, several comprehensive federal data privacy bills over the past few years. Additionally, several federal agencies have issued rules, regulations or other forms of guidance that may impact the privacy and security obligations that apply to our operations. We expect that the federal government's approach to data privacy and security will continue to evolve in the coming years.

At the state and local level, there is increased focus on regulating the collection, storage, use, retention, security, disclosure, transfer and other processing of confidential, sensitive and personal information. In recent years, we have seen significant changes to data privacy regulations across the U.S., including the enactment of the California Consumer Privacy Act of 2018 (CCPA), which went into effect in January 2020. The CCPA increases privacy rights for California residents and imposes obligations on companies that process their personal information, including an obligation to provide certain new disclosures to such residents. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. The CCPA was amended in September 2018 and October 2019, and further amendments may be enacted. In November 2020, California approved the California Privacy Rights Act (CPRA), which creates a new privacy oversight agency and further amends the CCPA to provide additional rights to consumers to access, edit and control the sale and sharing of personal information. The provisions of the CPRA go into effect in January 2023.

In 2021, two additional states—Virginia and Colorado—enacted comprehensive data privacy laws that will go into effect in 2023, while legislatures in several additional states considered data privacy laws. These laws impose, or have the potential to impose, additional obligations on companies that collect, store, use, retain, disclose, transfer and otherwise process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. Although there are similarities between the data privacy laws enacted in California, Virginia and Colorado (along with the laws that have been proposed in other states), there are also substantive aspects of the laws that differ markedly. This lack of uniformity, which we expect to continue as other states enact data privacy laws, creates significant legal complexities for companies (such as TriNet) that operate nationwide and are required to comply with a patchwork of privacy laws. Moreover, all 50 U.S. states, the District of Columbia, Guam, Puerto Rico, the Virgin Islands and Canada have enacted data breach notification laws that may require us to notify WSEs, clients, employees, third parties or regulators in the event of unauthorized access to or disclosure of personal or confidential information. Complying with existing and new data privacy and security regulations could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Any failure to comply with existing and new data privacy and security regulations could result in significant penalties, damage our reputation and otherwise have a material adverse effect on our business. For additional information on the privacy and security of the confidential, sensitive and personal information and PHI we possess and the potential impact to our business if we fail to protect such information, refer to each of the risk factors included in [Part I, Item 1A. Risk Factors](#), of this Form 10-K, under the heading - "*Data Privacy and Security Risks*".

#### *PEO Licensing Laws*

Nearly all states have adopted laws and regulations for licensing, registration, certification or recognition of PEOs and the IRS has implemented a voluntary federal certification program for PEOs. We expect states without such laws and regulations to adopt them in the future. While these laws and regulations can vary widely, most regulators monitor the financial health and other relevant business information of PEOs on an annual or quarterly basis. In some cases, these laws and regulations codify and clarify the co-employment relationship for certain payroll, unemployment, workers' compensation and other employment-related purposes or require specific client contractual terms and/or WSE disclosures. We believe we comply in all material respects with the applicable PEO laws and regulations in each state and jurisdiction in which we operate.



### [Payroll Taxes, Unemployment Taxes and Payroll Tax Credits](#)

We must also comply with the federal and state payroll tax and unemployment tax requirements that apply where our clients are located. Tax reform efforts, and other payroll tax changes, at the federal, state and local level can impact our payroll tax reporting obligations for our clients and the services we can provide. State unemployment tax rates vary by state based, in part, on prior years' compensation and unemployment claims experience and may also vary based on the overall claims experience of a PEO. As a result, depending on where clients are located, the fees we charge for unemployment taxes can be higher or lower than a client could obtain alone. In some cases, taxing authorities can retroactively increase the unemployment taxes we pay to cover deficiencies in the unemployment tax funds. We also rely on our clients to accurately report their WSEs' work locations and inaccurate reporting, due to work from home policies during the COVID-19 pandemic or otherwise, can impact our payroll tax obligations and the obligations of our clients and WSEs.

We have seen a growing trend, particularly at the federal level, of using payroll tax credits, deferrals and other related payroll tax programs as a mechanism for incentivizing SMB development and/or economic recovery. These programs are popular because they allow SMBs, which often have income tax losses, to realize benefits via payroll tax reductions, rather than income tax reductions. As a result, many of our SMB clients demand that we support these programs. Examples of these programs include the 2015 PATH Act, which allows SMBs to use research and development tax credits submitted on the SMB's income tax return to reduce payroll taxes, and the CARES Act and FFCRA Act payroll tax credit and payroll tax deferral programs enacted in 2020 and 2021, which allow SMBs to defer certain payroll tax obligations to a later date or to receive payroll tax reductions and refunds based on SMB employment practices that are beyond a PEO's control. These programs have generally not been designed with the PEO industry in mind and these programs are subject to broad agency interpretations given their complexity. For additional information tax credit programs, and the risks they post to our operations, refer to [Part I, Item 1A. Risk Factors](#), of this Form 10-K, under the heading - "*Our business is subject to numerous complex laws, and changes in, uncertainty regarding, or adverse application of these laws could negatively affect our business.*"

### [Other Employment Regulations](#)

We must also comply with labor and employment laws, which can change frequently at the federal, state and local level. In particular, regulatory focus on the classification of employers, employees and independent contractors has the potential to significantly change how we and other PEOs operate and the services that we and other PEOs can provide to our clients and WSEs. For example, in September 2019, California passed AB5, a law that could potentially reclassify client independent contractors as employees by establishing the ABC test to determine if a worker is an employee or independent contractor for most occupations. On September 30, 2021, and effective January 1, 2022, California expanded the number of occupations exempt from the ABC test. In November 2020, California voters passed Proposition 22, which supersedes AB5 for certain types of contractors. On August 20, 2021, a California state court found that portions of Proposition 22 were unconstitutional and further held that the entirety of Proposition 22 was unenforceable. Effective July 1, 2021, Alabama adopted the IRS's 20-factor test to determine whether a worker is an employee or an independent contractor, while on August 1, 2021, Louisiana started using an 11-factor test under its unemployment law to determine worker classification.

The legal landscape is also in flux at the federal level. In 2020, the DOL issued a rule changing the definition of joint employer used under the Fair Labor Standards Act (FLSA) which was later rescinded in 2021. The National Labor Relations Board (NLRB) announced plans to create a new rule in 2022 for determining whether two businesses are joint employers under the National Labor Relations Act (NLRA), while the DOL plans to start on a new rule to raise the salary required for the executive, administrative and professional exemptions under the FLSA. We do not believe that we are, or will be, a joint employer under the FLSA rules, but the impact of new regulations like these could lead to increased legal claims against us or our clients, increase our compliance costs, or require changes to how we operate our business and the services we provide to our clients and WSEs. For additional information, refer to [Part I, Item 1A. Risk Factors](#), of this Form 10-K, under the heading - "*The definition of employers, employees and independent contractors is evolving. Changes to the laws and regulations that govern what it means to be an employer or an employee may require us to make significant changes in our operations and may negatively affect our business.*"

## Our Human Capital Resources

As of December 31, 2021, we had approximately 364,900 WSEs and 2,800 corporate employees, or colleagues.

### *Oversight and Management*

At TriNet, we rally around a shared vision of improving humanity through business growth and innovation. We recognize the incredible opportunity that can only be realized by working together, with a shared view of how we support our clients and WSEs. This is illustrated in our core values:

- **Lead with the customer** - We are accessible, responsive and empowered to serve our customers. We are successful when our customers are successful.
- **Stand together** - We bring together diverse backgrounds, experiences and ideas to create better outcomes. We collaborate across boundaries, communicate openly and respect each other.
- **Act with integrity** - We are honest, transparent, ethical and fair. We take pride in always doing what's right for our customers and colleagues.
- **Make an impact** - We act with purpose, are deliberate in our planning and quick in execution. We are accountable to each other and empowered to make decisions.
- **Be incredible** - We invest in the development of our colleagues. We push the boundaries of what's possible, lead the way and innovate to accomplish the extraordinary.

We regularly conduct surveys to seek feedback from our colleagues on a variety of topics, including confidence in company leadership, competitiveness of our compensation and benefits package, career growth opportunities and opportunities to improve the attractiveness of our company with existing and potential colleagues. The results are shared with our colleagues and reviewed by senior leadership, who analyze areas of progress or deterioration and prioritize actions and activities in response to this feedback to drive meaningful improvements in colleague engagement. None of our corporate colleagues are covered by a collective bargaining agreement.

### *Attracting and Retaining Our Colleagues*

We must attract, develop and retain highly motivated and qualified colleagues to continue to provide the services that our clients need, to achieve our strategic objectives, and to grow our business. We do this by:

- offering competitive compensation and benefits packages, including comprehensive health benefits and our 401(k) retirement savings plan, with an immediately vested employer match of up to 4% of cash compensation,
- supporting a pay for performance culture through the use of cash and equity incentives tied to the performance of our company and individual performance,
- offering an employee stock purchase plan that allows our colleagues to purchase our shares at a discount to market value, which fosters a stronger sense of ownership and aligns the interests of our colleagues with our stockholders,
- investing in the professional growth of our colleagues with tuition and continuing education reimbursement, wellbeing programs, and comprehensive training and development activities and opportunities both inside and outside of our company,
- creating and maintaining a diverse and inclusive colleague base by, for example, the use of colleague-led resource groups and by launching a new diversity and inclusion training curriculum for our colleagues in 2020, and
- supporting our colleagues during the COVID-19 pandemic by adopting work-from-home policies, halting non-critical travel, and providing additional paid time off, employee assistance plans, and access to telemedicine services.

We refer to our employees that are co-employed with our clients as our worksite employees (WSE). For more information about how we help our clients manage their own human capital resources and satisfy their own HR-related needs, see the section above titled "*Our Services*".



## Our Approach to Acquisitions

Historically, we have pursued acquisitions to both expand our service capabilities and supplement our growth across geographies and certain industry verticals. Our acquisition targets have included PEOs and other HR solution providers as well as technology companies or technology product offerings to supplement or enhance our existing HR solutions. In December 2021, we entered into a definitive agreement to acquire Zenefits, a leading cloud HR platform which provides innovative and intuitive HR, benefits, payroll and employee engagement software purpose-built for SMBs. We intend to continue to pursue acquisitions, where appropriate, that will enable us to add new clients and WSEs, expand our presence in certain geographies or industry verticals and offer our clients and WSEs more attractive services.

## The Impact of Seasonality on Our Business

Our business is affected by seasonality in client business activity and WSE benefit selection, health claims costs and payroll taxes:

- Clients generally change their payroll service providers at the beginning of the payroll tax year; as a result, we have historically experienced our highest volumes of new clients and terminating clients in the month of January.
- WSEs select our benefit plans during their respective open enrollment periods, which occur throughout the year. We have historically experienced the largest proportion of WSE benefit changes in the first quarter and fourth quarter.
- Health claims costs tend to increase throughout the year as the utilization of medical services above each WSE's deductible causes our insurance costs to increase. In addition, the overall use of medical services by WSEs, including elective procedures, tends to increase later in the calendar year. During the COVID-19 pandemic, we observed significant fluctuations in the typical seasonal use of medical services by our WSEs. The COVID-19 pandemic and emerging variants may continue to cause variability in our WSE's medical services utilization that may result in changes in this seasonal trend in our business.
- Certain payroll tax related billings are based on the WSE's annual taxable wage base up to a set cap. WSEs frequently meet these wage base caps in the first two quarters of the year, depending on the WSE's compensation level, resulting in lower related billing contributions to PSR in the latter half of the year.

## Our Owned and Licensed Intellectual Property

We own or license from third parties various computer software, as well as other intellectual property rights, used in our business. Generally, we protect our intellectual property rights through the use of confidentiality and non-disclosure agreements and policies with our employees and third-party partners and vendors. We also own registered trademarks in the United States, Australia, Canada, the United Kingdom, and the European Union covering our name and other trademarks and logos that we believe are materially important to our operations. We generally protect our trademarks through federal registration or through the commercial use of our trademarks. Trademark registrations must generally be renewed every five to ten years and we renew the registration of trademarks that we deem to have continuing value to our business.

## Corporate and Other Available Information

We were incorporated in 1988 as TriNet Employer Group, Inc., a California corporation. We reincorporated as TriNet Merger Corporation, a Delaware corporation, in 2000 and during that year changed our name to TriNet Group, Inc. Our principal executive office is located at One Park Place, Suite 600, Dublin, CA 94568 and our telephone number is (510) 352-5000. Our website address is [www.trinet.com](http://www.trinet.com). Information contained in or accessible through our website is not a part of this report.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports are available free of charge at [investor.trinet.com](http://investor.trinet.com) as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. Alternatively, the public may access these reports at the SEC's website at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this report and are not part of this report.

## Item 1A. Risk Factors

Below is a discussion of the risks that we believe are significant to our business. These risks are not the only ones we face. We may face additional risks that we do not currently consider to be significant or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results. You should carefully consider these risks along with the other information provided in this Form 10-K, including the information in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our accompanying consolidated financial statements, as well as the information under the heading "*Cautionary Note Regarding Forward-Looking Statements*" before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

### Risks Related to the COVID-19 Pandemic

*The economic, health and business disruption caused by the COVID-19 pandemic continues to impact our business and could result in a material adverse effect on our business, results of operation and financial condition.*

The COVID-19 pandemic has resulted in an economic slowdown and, while there have been signs of economic recovery in 2021, the pandemic continues to disrupt our business and the businesses of our SMB clients. We cannot predict or control all of these disruptions, and any such disruptions may have a material adverse effect on our financial condition and results of operations.

Any of the COVID-19 related risks below could have a material adverse effect on our business, results of operations or financial condition. We cannot predict the duration and scope of the pandemic (including the emergence of new variants), the impact of the pandemic on the national and global economy, the duration of the economic downturn, government response to the pandemic and our ability to support laws and programs intended to help SMBs, and whether our clients' businesses will contract or fail due to the pandemic. Any of these factors could exacerbate the risks and uncertainties identified below.

#### *Actual and potential impact on clients and prospects*

The change in the economic environment due to the COVID-19 pandemic has had, and may continue to have, an adverse economic impact on our clients and potential clients. We have seen, and expect to continue to see, affected businesses freeze headcount, furlough and terminate employees, and partially or completely shut down business operations. Impacted businesses have faced and we expect many will continue to face liquidity issues, reduced budgets, or an inability to pay for our services or the same level of our services. For example, in the second quarter of 2020, our new sales growth declined and we experienced higher WSE attrition than prior periods. See the risk factor titled "*Our clients are particularly affected by volatility in the financial and economic environment, which could harm our business*" below for more details.

#### *Actual and potential impact on insurance costs*

The COVID-19 pandemic has changed how and when our WSEs incur health expenses. We have experienced and expect to continue to experience higher than normal volatility and variability in the amounts that we pay for group health insurance expenses incurred by WSEs within our deductible layer under our risk-based health insurance policies.

For example, during the third quarter of 2021, we saw increased constraints on access to medical services and systems, particularly in regions that saw increases in COVID-19 hospitalizations. These constraints reduced preventative and elective procedures, resulting in a decrease in our MCT, defined as changes in participant use of services, including the introduction of new treatment options, changes in treatment guidelines and mandates, and changes in the mix, unit cost and timing of services provided to plan participants. This decrease resulted in a lower than normal Insurance Cost Ratio during that period.

It is difficult to predict the rate at which the use of medical services will change as new variants emerge and individual, provider network and government reactions to those variants change. COVID-19 testing, treatment and vaccination costs also make it more difficult to predict future health claims costs, and actual claims patterns and cost trends may differ significantly from our historical experience. Because we assume the risk of variability in future health claims costs for our enrollees under our risk-based health insurance policies, this unpredictability could result in higher-than-expected insurance costs, which could have a material adverse effect on our business, results of operations and financial condition.

As we set our benefit services fees for health and welfare benefits in advance for a fixed benefit period, if actual MCT exceeds our projections, this would result in a higher Insurance Cost Ratio, which could have a material adverse effect on our business, results of operations and financial condition. For details on how the volume and

severity of insurance claims and MCT impact our insurance costs, refer to [Critical Accounting Judgments and Estimates](#) in Part II, Item 7. MD&A and the risk factor titled “*Unexpected changes in workers’ compensation and health insurance costs and claims by worksite employees could harm our business*” below.

In response to COVID-19, many states have adopted standards intended to extend workers’ compensation coverage to claims based on a diagnosis of COVID-19. Most states have focused on providing coverage for first responders, frontline healthcare workers and other essential workers. We are responsible for the deductible layer under our workers’ compensation policies, and our insurance costs are affected by our WSEs’ workers’ compensation insurance claims experience. Any law or legal standard that increases the number of covered workers’ compensation claims under our insurance policies could have a material adverse effect on our insurance costs and financial condition. See the risk factor titled “*Unexpected changes in workers’ compensation and health insurance costs and claims by worksite employees could harm our business*” below for more details.

#### *Actual and potential impact of the laws affecting our industry and clients*

New laws and programs have been enacted, and may continue to be enacted, at every level of government to help the economy, employers and employees. For example, the 2020 FFCRA and CARES Act and the 2021 PPPFA and ARPA, and subsequent agency guidance related to those acts, created the paycheck protection program (PPP), mandatory employee leave requirements, payroll tax deferral and tax credit programs, COBRA premium assistance facilitated via employer payroll tax credits, and other employment- and employment tax-related incentives. SMBs must rely on PEOs to help take advantage of these programs, and new and amended laws adding programs or changing existing programs may be passed at the federal, state, and local level at any time.

Most of these laws and programs have not been, and we do not anticipate will be, enacted with the PEO industry in mind. As a result, we cannot guarantee we will be able to support any of these laws and programs in a timely and cost effective manner or at all, which could reduce or eliminate the attractiveness of our services and/or affect the ability of our clients and WSEs to fully realize the benefits of these laws and programs, which would have a material adverse effect on our business, financial condition and results of operations. See the risk factor titled “*Our business is subject to numerous complex laws, and changes in, uncertainty regarding, or adverse application of these laws could negatively affect our business*” below for more details.

## Operational Risks

### *Unexpected changes in workers’ compensation and health insurance costs and claims by worksite employees could harm our business.*

Our insurance costs, which comprise a significant portion of our overall costs, are significantly affected by our WSEs’ health and workers’ compensation insurance claims experience. Our insurance plans are provided by third-party insurance carriers under risk-based or under guaranteed-cost insurance policies. Refer to [Note 1](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K for further discussion of these policies.

Under our risk-based health insurance policies, we assume the risk of variability in future health claims costs for our enrollees. We have experienced variability, and may experience variability in the future, in the amounts that we are required to pay for group health insurance expenses incurred by WSEs within our deductible layer under these risk-based policies, based on changing trends in the volume and severity of medical and pharmaceutical claims. This variability arises from changes to the components of MCT. These trends change, and other seasonal trends and variability may develop, which makes it difficult for us to predict this aspect of our business and our failure to accurately predict these trends could have a material adverse effect on our business, financial condition and results of operations.

Under our fully-insured workers’ compensation insurance policies, we assume the risk for losses up to \$1 million per claim occurrence (deductible layer). Refer to [Note 1](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K for further discussion of these policies. The ultimate cost of the workers’ compensation services provided will not be known until all the claims are settled. If we do not accurately predict the risks that we assume, we may not charge adequate fees to cover our costs, which could reduce our net income and result in a material adverse effect on our business. Our ability to predict these costs is limited by unexpected increases in frequency or severity of claims, which can vary due to changes in the cost of treatments or claim settlements.

We accrue for the estimated future costs of reimbursing our workers’ compensation and health insurance carriers under our insurance policies, using external actuaries and our own experience to develop the estimates, but the volume and severity of claims activity is inherently unpredictable. Estimating these accrued costs requires us to consider a number of factors and requires significant judgment and if our estimates are wrong, that could result in a material adverse effect on our business, financial condition and results of operations.

If we subsequently receive updated information indicating that the volume and severity of insurance claims were higher or lower than previously estimated and reported, our insurance costs could be higher or lower, respectively, in that period or subsequent periods as we adjust our accrued costs accordingly, which could have a material adverse effect on our business, financial condition and results of operations. We have experienced both favorable and unfavorable insurance cost variability due to claims activity in the past and could have similar or worse experiences in the future. Refer to [Critical Accounting Judgments and Estimates](#) in Part II, Item 7. MD&A, of this Form 10-K for further discussion of these estimates.

*Our co-employment relationship with our worksite employees exposes us to unique business risks.*

We are the co-employer of our WSEs. As the co-employer of our WSEs, we assume some of the risks and obligations of an employer. For instance, we may need to provide access to health benefits to our WSEs even if the cost of providing benefits exceeds the service fees received from our clients. The extent of our responsibility for other aspects of our co-employer relationship with our WSEs remains subject to regulatory uncertainty at the federal, state and local levels. For example, under certain circumstances, we may be responsible for paying salaries, wages and related payroll taxes of our WSEs, even if our clients have not timely remitted payments to us.

Our WSEs work in our clients' workplaces. Our ability to control the workplace environment of our clients is limited. Yet, we may be subject to liability for violations of labor and employment laws, workers' compensation laws, industry-specific laws that apply to the businesses our clients operate, and other laws that apply to our clients or to employers generally. We may also be liable for acts, omissions or violations by our clients or WSEs, even if we do not participate in such acts, omissions or violations.

We seek to mitigate these risks through agreements and insurance coverage and by requiring certain clients to pre-fund certain obligations. Our agreements with our clients divide responsibilities between us and our clients and provide that our clients will indemnify us for any liability attributable to their own or our WSEs' conduct. However, we may not be able to effectively enforce or collect on these obligations. In addition, we maintain insurance coverage, including workers' compensation and EPLI coverage, to limit our and our clients' exposure to various WSE-related claims. Subject to split by contract, we are still responsible for any deductible layer under such insurance and such insurance generally excludes coverage for claims relating to the classification of employees as exempt or non-exempt, other wage and hour issues, and employment contract disputes. We cannot assure you that our insurance will be sufficient in amount or scope to cover all claims that may be asserted against us and for which we are unable to obtain indemnification from our clients.

Negative publicity relating to events or activities attributed to us or our corporate employees as a result of the actions of our clients and WSEs, or others associated with them, whether or not justified, may tarnish our reputation and reduce the value of our brand. In addition, if our brand is negatively impacted, it may have a material adverse effect on our business, including creating challenges in retaining clients or attracting new clients and hiring and retaining employees.

In addition, federal and state positions regarding co-employment relationships can change, and have frequently changed in the past, with varying degrees of impact on our operations. We cannot predict when changes will occur or forecast whether any particular future changes will be favorable or unfavorable to our operations. Any such changes could increase our potential liability for the risks outlined above, or otherwise reduce or eliminate the attractiveness of using a PEO, or significantly increase our compliance costs and the cost to provide our services, which could result in a material adverse effect on our financial condition and results of operations.

*Our SMB clients are particularly affected by volatility in the economic environment.*

Our clients are small and medium-size businesses that we believe are particularly susceptible to changes in the level of overall economic activity in the markets in which they operate. These businesses are often exposed to credit and cash liquidity risks that larger businesses may be able to avoid, and during periods of weak economic conditions, small business failures tend to increase and employment levels tend to decrease. During these periods, our clients have in the past and may in the future reduce employee headcount, compensation and/or benefits levels, which could negatively affect our revenues and margins if we are unable to reduce our operating expenses sufficiently or quickly enough. During these periods, we have also seen in the past and expect to see during such periods in the future, clients terminating our services and/or fewer new clients. When our clients leave us or reduce their headcount, we see increases in unemployment and related COBRA claims costs that we may be unable to recover based on the fees established in our client service agreements.

*We lose clients for many reasons that we cannot control or easily predict and, generally, our clients sign service agreements that they can cancel on short notice.*

Our standard client service agreement can generally be canceled by our clients (or us) with 30 days' prior written notice. We regularly experience client attrition and decreases in new client sales due to a variety of factors that are difficult for us to control or predict, including the overall national economic conditions, client mergers and acquisitions, increases in our administrative and benefit services fees, client business failure and liquidity issues, the effects of competition, and client decisions to administer HR in-house or via a non-PEO solution. If we were to experience WSE or client attrition for any of the above reasons in excess of historic or expected rates, or if we incorrectly estimate the impact of the above factors on WSE or client attrition rates, it could have a material adverse effect on our business, financial condition and results of operations.

*Geographic and industry market concentration makes our results of operations vulnerable to regional and industry-specific economic and health factors.*

Our top five markets, California, New York, Florida, Texas and Georgia, accounted for approximately 60% in aggregate of our paid WSEs for the year ended December 31, 2021. If any of those geographic regions suffers a downturn, even if the economy at the national level remains strong, or experience higher than expected medical services utilization, due to regional health issues, including as a result of the COVID-19 pandemic, the portion of our business attributable to clients in that region could be adversely affected, which could have a material adverse effect on our financial condition or results of operations.

In addition, most of our clients operate in a relatively small number of industries, including the technology, professional services, financial services, life sciences and not-for-profit industries. As a result, if any of those specific industries suffers a downturn, even if the economy at the national level remains strong, the portion of our business attributable to clients in that industry could be adversely affected, which could have a material adverse effect on our business, financial condition or results of operations.

*Any failure in our business systems, or in any third-party business systems or service provider that we rely upon, could reduce the quality of our business services, harm our reputation and expose us to liability.*

Our business is highly dependent on in-house and third-party data processing centers and systems that rely on the complex integration of numerous hardware and software subsystems to manage a large volume of daily client and WSE transactions, including the processing of employee, payroll and benefits data. We also rely on third-party systems to provide services for our clients and WSEs, including insurance carrier networks and databases that manage the benefits provided to, and claims made by, our clients and WSEs and electronic banking systems and payroll tax systems that transmit payments and data to clients, WSEs and taxing agencies. These centers and systems have been, and could be disrupted by equipment failures, computer server or systems failures, network outages, malicious acts, software errors or defects, vendor performance problems, power failures, natural disasters, terrorist actions or similar events. We have also experienced office closures on the East Coast on multiple occasions over the past few years due to hurricane threats, and in California due to increased wildfire threats in the state. Our offices and data processing centers in these and other locations will continue to face the risk of closure or damage in the future due to climate change.

Any delay or failure in our business continuity response to these events, or in the response of our third-party service providers, even if only for a short period of time, can have a significant impact on our clients and WSEs. This could cause clients to leave us, result in reduced revenues, increase our liability to our clients and WSEs, any of which could result in a materially adverse effect on our reputation and business. We also rely on enterprise software applications licensed from third parties that are updated from time to time. Any failure of these systems for any reason could delay or prevent us from providing services to our clients, which would have a material adverse effect on our business and results of operations.

*Our client recovery programs have significant costs. These costs will not be recovered if these programs fail to achieve the business goals for which they are designed, which could result in a material adverse effect on our business, results of operation and/or financial condition.*

In response to the COVID-19 pandemic, we created several programs to assist in the economic recovery of our existing SMB clients and enhance our ability to retain these clients. These programs are designed to promote client loyalty, incentivize client retention, and to differentiate TriNet from its peers in the PEO industry and in other competing HR services industries. However, these programs are also associated with significant costs, and we cannot guarantee that we will recover these costs, or achieve our intended client loyalty, retention and product differentiation goals from these programs.

In April 2020, we created our Recovery Credit program. Eligible clients received one-time reductions against fees for future services, accounted for as a discount, to be received over the following 12 months. As a result of the Recovery Credit, we reduced our total revenues by \$128 million in 2020 and \$17 million in 2021.



If any of these programs, or any of our future client recovery programs, fails to generate the business impact for which they are designed, for any reason, our financial performance will be negatively affected, which could result in a material adverse effect on our business, financial condition and results of operations. For more details on our Recovery Credit program and 2021 Credit Program, refer to [Note 1](#) in Part II, Item 8. Financial Statements and Supplemental Data, in this Form 10-K.

*Adverse changes in our insurance coverage, or in our relationships with key insurance carriers, could harm our business.*

Our success depends in part on our ability to maintain competitive health and workers' compensation coverage options and insurance rates through well-known insurance carriers. If we are unable to maintain competitive insurance rates or obtain popular and desirable coverage plans through well-known insurance carriers, it could affect our ability to attract and retain clients, which could have a material adverse effect on our business. Where we sponsor insurance coverage and we are not responsible for any deductibles, our carriers set the fixed cost of the plan, which may lead to uncompetitive fees. Even where we sponsor insurance under which we are responsible for deductibles, we may not be able to control our costs in a way that would make our fees competitive.

In addition, broad adoption of our services in certain geographic regions or industries may make it more difficult for us to obtain competitive health and/or workers' compensation insurance rates due to concentration of clients within a particular region or industry. For example, we have significant concentrations of clients in California, New York, Florida, Texas and Georgia, which account for approximately 60% in aggregate of our paid WSEs for the year ended December 31, 2021. The loss of any one or more of our key insurance vendors in these areas, or our inability to partner with certain vendors that are better-known or more desirable to our clients or potential clients, could have a material adverse effect on our financial condition and results of operations.

*We must continue to work to improve our services to meet the expectations of our clients and regulators, or we may lose our clients and materially harm our business.*

In order to attract and retain clients, we believe that we must compete in our industry effectively on the basis of the value proposition that we deliver to our clients, including client experience and satisfaction, relevance and cost-effectiveness of our benefit plans, vertical market expertise, total price of service, brand awareness and reputation, ability to innovate and respond to client needs rapidly, access to online and mobile solutions, and human resources subject matter expertise. The expectations of our clients and prospective clients in these areas change over time as a result of many factors outside of our control, such as competition, regulatory and technical changes, and changing trends in the demands employees place on SMB employers. Regulatory changes may also mandate that we make changes to our services or benefit offerings.

To satisfy client expectations and regulatory requirements, we must timely and effectively identify, develop, or license appropriate technologies, and incorporate them into the solutions that we provide. New services or upgrades may not be released according to schedule, or may contain defects when released. Difficulties with the performance of our new technologies, or our ability to satisfy changes in regulatory requirements, could result in adverse publicity, loss of sales, delay in market acceptance of our services, or client claims against us, any of which could materially harm our business. Even if we are capable of satisfying client expectations in these areas, we may not be able to do so on a cost-effective basis, which could have a material adverse effect on our financial condition and our results of operations. We could lose market share if our competitors develop superior products and services or satisfy client or regulatory demands before we are able to do so. If we are unable to satisfy the evolving product and service expectations and regulatory requirements, then we would experience lower client satisfaction, fewer new clients and higher client attrition, which could have a material adverse effect on our business.

*We have acquired, and may in the future acquire, other businesses and technologies, which can divert management's attention and create integration risks and other risks for our business.*

We have completed numerous acquisitions of other businesses and technologies, and we expect that we will continue to pursue future acquisitions. On December 23, 2021, we entered into a definitive agreement to acquire YourPeople, Inc. dba Zenefits. Acquisitions, including the potential acquisition of Zenefits, involve numerous other risks, some of which we have experienced in the past and which we may experience in the future, including:

- over-valuing and over-paying for businesses and technologies,
- increased operating costs and unanticipated costs to successfully integrate the clients, WSEs, operations, systems, technologies, services and personnel of the acquired business,
- establishing or maintaining required internal controls, procedures and policies for the acquired business,
- diversion of management's attention from other business concerns,

- litigation resulting from the activities of the acquired business,
- insufficient revenues, insurance or seller indemnification to offset increased expenses associated with the acquisitions and unanticipated liabilities of the acquired businesses,
- entering markets in which we have no prior experience and may not succeed, and
- potential loss of key employees or key clients of the acquired business as a result of the acquisition or integration of the acquired business.

We have experienced increased operating costs to resolve the challenges of prior acquisitions. If we fail to appropriately integrate any acquired business, we may fail to achieve our growth, service enhancement or operational efficiency objectives, and our business, results of operations and financial condition could be harmed.

*Our business and operations have undergone and will continue to undergo significant change as we seek to improve our operational effectiveness and the support, services and products that we provide to our clients. If our clients and prospects do not accept these changes, or if we are unable to effectively manage this change, our business and results of operations may suffer.*

We have changed our operations and client service processes in recent periods in order to improve our operational effectiveness, and to provide improved client support, services and product options, and we will continue to do so in the future. For example, in 2020, we adopted a new client service engagement support model, called Connect 360, that we believe will benefit our clients and WSEs by providing them with improved support.. Similarly, in 2021, we launched Financial Services Preferred, and a new product, called IOM, that offers clients the option to receive PEO services from TriNet while also obtaining client-sponsored health benefits from a third-party broker that partners with TriNet. We have adopted robust remote work policies and practices during the COVID-19 pandemic. These policies and practices may make it more difficult to manage and implement certain program, service and product initiatives for our clients and their WSEs. If our clients and prospects do not accept or value these support programs, services and products, and other similar changes we make in the future, we may lose clients, experience reduced onboarding rates, and see increased operational costs, any one of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, managing these operational and process changes typically requires changes our internal operational, financial and management controls and reporting systems and procedures while we simultaneously seek to effectively recruit, integrate, train and motivate new corporate employees, retain our existing corporate employees, maintain our corporate culture, effectively execute our business plan, satisfy our existing clients, acquire new clients, and enhance the quality and scope of our services. These activities also require significant operating and capital expenditures and allocation of valuable management and employee resources. If we fail to manage these operational and process changes effectively, our costs and expenses may increase more than we expect and our business, financial condition and results of operations may be harmed.

*If we are unable to attract, maintain and manage qualified personnel, including our sales force, our business may be harmed.*

To succeed, we must be able to attract and retain highly motivated and qualified personnel. Competition for skilled employees is intense and, if we are unable to attract and retain the personnel we need, our business may suffer. For example, like many businesses we have experienced higher than normal rates of employee turn-over during the COVID-19 pandemic and related "great resignation".

We have also experienced elevated sales force attrition in the past and may experience it in the future, for a variety of reasons, including due to changes in industry or client focus, compensation structure, third-party competition for sales talent and other factors. Newly hired sales personnel are typically not productive for some period of time following their hiring, which results in increased near-term costs to us relative to their actual sales contributions during this period. If we are unable to effectively train and maintain an adequately seasoned sales force, our revenues likely will not increase at the rate that we anticipate, which could have a material adverse effect on our business, financial condition and results of operations.

*Our industry is competitive, which may limit our ability to maintain or increase our market share or improve our results of operations.*

We face significant competition on a national and regional level from other PEOs, as well as other existing, and potential, companies and industries that service, or may in the future service, client HR needs. Refer to the heading "*Competition*" under [Part I, Item 1. Business](#), above for more details. Our competitors, regardless of industry, may have greater marketing and financial resources than we have, and may be better positioned than we are in certain markets. Increased competition in our industry could result in price reductions or loss of market share, any of which could harm our business. We expect that we will continue to experience competitive pricing pressure.

Moreover, we may not be successful in convincing potential clients that the use of our services is a superior, cost-effective means of satisfying their HR obligations relative to the way in which they currently satisfy these obligations either by themselves or by using the services of our competitors. If we cannot compete effectively against other PEOs or against the alternative means by which companies meet their HR obligations, or if we are unable to convince clients or potential clients of the advantages of our offerings, our market share and business may suffer, resulting in a material, adverse effect on our financial condition and results of operations.

## Data Privacy and Security Risks

*Cyber-attacks or other security-related incidents could result in reduced revenue, increased costs, liability claims, regulatory penalties, and damage to our reputation.*

We and our third-party service providers and subcontractors collect, store, use, retain, disclose, transfer and otherwise process a significant amount of confidential, sensitive and personal information from and about our actual and potential clients, WSEs and corporate employees, including bank account and social security numbers, tax information, certain PHI, certain health claim information, retirement account information, and payroll data. Maintaining the security and confidentiality of this information is critically important to our clients, WSEs and corporate employees.

Due to the size and complexity of our technology platform and services, the amount of confidential, sensitive and personal information that we store and the number of clients, WSEs, corporate employees and service providers with access to this information, we and our service providers are potentially vulnerable to a variety of intentional and inadvertent cyber-attacks and other security-related incidents and threats.

Cybersecurity threats can take a variety of forms. Hackers may develop and deploy viruses, worms and other malicious software programs that attack our networks and data centers or those of our service providers. Other malicious actors may direct social engineering, phishing, credential stuffing, ransomware, denial or degradation of service attacks and similar types of attacks against any or all of us, our clients and our service providers. Other threats include inadvertent security breaches or theft, misuse or unauthorized access or other improper actions by our employees, clients, WSEs, service providers and other business partners. Cyber-attacks and other security-related incidents are increasing in frequency and evolving in nature.

Any actual or attempted cyber-attack or other security-related incident could have a material adverse effect on our business, reputation, financial condition or results of operation. Any actual or attempted breach or disclosure of the confidential, sensitive and personal information that we possess about our clients and WSE could have a material adverse effect on our business, reputation, financial condition or results of operations. Public perception of, or even inaccurate or unfounded rumors of, any such attacks, incidents, breaches or disclosures, could have a material adverse effect on our business, reputation, financial condition or results of operation.



Any such attacks, incidents, breaches or disclosures could result in material financial liability by

- resulting in material fines, penalties, orders, sanctions and proceedings or actions against us or our service providers by regulatory authorities, clients and other third parties,
- requiring us to indemnify clients and other third parties,
- damaging our reputation,
- forcing us to incur significant expenses to defend our actions and practices,
- delaying product and service development plans,
- resulting in unrelated compliance breaches as a result of system failures or management distraction, and
- increasing our costs of doing business.

TriNet does not need to be the target of such attacks, incidents, breaches and disclosures for them to have a material adverse effect on our operations. For example, a cybersecurity attack on a key third-party software service provider could disrupt our services or compromise client data entrusted to that service provider. In December 2021, a third party reported a security vulnerability in a commonly used Java-based application that TriNet also uses called “Log4j”. After review, our security team determine that no security compromise had occurred within TriNet’s systems, but this is no guarantee that a vulnerability identified in any other third-party software would not result in a security compromise. Similarly, a security incident involving a client could result in access to TriNet’s systems. Any of these incidents, even if not initially directed at TriNet, could also have a material adverse effect on our business operations, result in liability, fines and penalties or other regulatory sanctions, a loss of confidence in our ability to provide our services, and/or harm our reputation and relationships with current or potential clients.

We, our clients and our service providers have been the victims of these types of threats, attacks and security breaches in the past, and we, our clients and our service providers expect to be victims again in the future. Cyber-attacks have disrupted, or resulted in unauthorized access to, our networks, applications, bank accounts, and confidential, sensitive and personal information, or those of our clients or WSEs or service providers, in the past and successful attacks may occur again in the future. We, our service providers and our clients have experienced other security incidents in the past that led to disclosure of the confidential, sensitive or personal information we possess and we and they could experience such incidents in the future. As a result of these incidents, we have in the past reported, and expect to report in the future, data breaches to regulators, affected individuals, clients and other third parties. While we do not believe that any such past events resulted in material expenditures or a material loss of confidential, sensitive or personal information, we cannot guarantee that any future events will not have a material impact on our operations.

We expend significant capital and other resources to protect against, respond to, and recover from any potential, attempted, or existing cyber-attacks or other security-related incidents and their consequences. The costs of identifying and remediating any threat, attack, breach, or disclosure, and the costs associated with responding to litigation or regulatory investigations, could also have a material adverse effect on our business and reduce our operating margins. Although we maintain insurance coverage, the amount of our insurance may not cover the costs associated with any security incident, and we cannot be certain that cyber insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. Moreover, there could be public announcements regarding any security-related incidents and any steps we take to respond to or remediate such incidents, if securities analysts or investors perceive these announcements to be negative, could have a material adverse effect on the price of our common stock.

*Our efforts to protect against and to remediate cyber-attacks, other security-related incidents, and data breaches may not succeed and any such event, whether intentional or inadvertent and whether attributable to us or our service providers, could have a material adverse effect on our business, reputation and the price of our common stock.*

We have implemented policy, procedural, technical, physical, and administrative controls with the aim of protecting our networks, applications, bank accounts, and the confidential, sensitive and personal information entrusted to us, including bank account and social security numbers, tax information, certain medical information, certain health claim information, retirement account information, payroll data and other PHI, from cyber-attacks and other security-related incidents. While we, and our service providers, have security measures and programs in place to prevent, detect, and respond to cyber-attacks, security-related incidents, data breaches and other similar threats, these security measures and programs and our collective efforts may not always succeed. Despite our efforts and those of our service providers, we cannot fully eliminate the possibility of such cyber-attacks, security-related incidents and other threats, whether intentional or inadvertent and whether internal or external and we, our clients or our service providers may not discover a security incident for a significant period of time after the incident occurs.

In some cases, we perform risk assessments of our service providers or require them to undertake security measures through contract provisions. However, we do not control our service providers and our ability to monitor their data security is limited, so we cannot ensure the security measures they take will be sufficient to protect our confidential, sensitive and personal information. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cyber-attack or other security-related incident attributed to our service providers regarding the information we share with them and any contractual protections we may have from our service providers may not be sufficient to adequately protect us from any such liabilities and losses.

We have invested, and plan to continue investing, in resources to protect our information security ecosystem against cyber-attacks, other security-related incidents, and data breaches and to investigate and remediate any information security vulnerabilities. However, the security protections and strategies that we implement, and the investigation and remediation efforts we undertake, may not be successful. Any security breach, whether intentional or inadvertent, could result in the access, public disclosure, loss or theft of our clients', WSEs' and corporate employees' confidential, sensitive and personal information, which could negatively affect our ability to attract new clients, cause existing clients to terminate their agreements with us, result in significant reputational damage and subject us to significant lawsuits, regulatory fines, or other actions or liabilities, any of which could materially and adversely affect our business and operating results.

*We must comply with constantly evolving, data privacy and security laws and regulations, which may require substantial costs or changes to our business, and any actual or perceived compliance failure could result in reduced revenue, increased costs, liability claims, regulatory penalties, and damage to our reputation.*

We are subject to various federal, state and local laws, rules, and regulations, as well as contractual obligations, relating to the collection, storage, use, retention, security, disclosure, transfer and other processing of confidential, sensitive and personal information. Existing laws and regulations are constantly evolving, and new laws and regulations that apply to our business are being introduced at every level of government inside and outside of the United States. For example, all 50 U.S. states, the District of Columbia, Guam, Puerto Rico, the Virgin Islands and Canada have enacted data breach notification laws that may require us to notify WSEs, clients, corporate employees, or other third parties and regulators in the event of unauthorized access to or disclosure of confidential, sensitive or personal information experienced by us or our service providers.

In addition to breach notification laws, we have seen increased focus at every level of government inside and outside of the United States on regulating the collection, storage, use, retention, security, disclosure, transfer and other processing of confidential, sensitive and personal information. For example, in recent years, many states have proposed or enacted new laws or amended existing laws. Certain state laws, including the CCPA and CPRA, may be more stringent or broader in scope, or offer greater individual rights, with respect to confidential, sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts, requiring attention to changing regulatory requirements. We believe that we currently comply with the requirements of the CCPA, but additional provisions of the CCPA became effective in 2021 and will become effective in 2023. In 2021 the CCPA went into effect and imposed certain obligations on businesses, such as a requirement to respond to consumer data access requests. We evaluated our obligations under CCPA and ensured necessary compliance. The CPRA, which goes into effect in 2023, may impose additional obligations on us. While we are working to comply with these provisions, we cannot guarantee that we will not incur significant costs or that our efforts will be successful. As a sponsor of employee benefit plans with access to certain PHI, we are subject to regulation at the federal level, including under the HIPAA and the HITECH Act. HIPAA contains restrictions and health data privacy, security and breach notification requirements with respect to the use and disclosure of PHI and there are penalties and fines for HIPAA violations. Additionally, in 2021 the U.S. Department of Labor issued cybersecurity best-practices guidance for sponsors, administrators, service providers and participants of defined contribution retirement plans, which guidance is relevant to the retirement plans we maintain for our corporate employees and worksite employees.

For details regarding these data privacy and security laws and regulations discussed above and that apply to our operations, refer to [Part I, Item 1, Business](#), of this Form 10-K, under the heading "*The Laws and Regulations that affect Our Business: Data Privacy and Security Regulations*". Complying with these and any other data privacy and security laws, rules and regulations, and with any new laws or regulations or changes to existing laws, could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business, divert resources from other initiatives and projects, and restrict the way products and services involving data are offered, all of which may have a material adverse effect on our business. For example, we have incurred and expect to continue to incur additional costs to comply with the CCPA and other similar regulations. Despite our efforts, in the future we may be unable to make required changes and modifications to our business practices in a commercially reasonable manner, or at all. Given the rapid development of cybersecurity and data privacy laws, we expect to encounter inconsistent interpretation and enforcement of these laws and regulations, as well as frequent changes to these laws and regulations. As a result, we may be required to incur significant, unexpected compliance costs and we may be exposed to significant penalties or liability for non-compliance, the possibility of fines, lawsuits (including class action privacy litigation), regulatory investigations, criminal or civil sanctions, audits, adverse media coverage, public censure, other claims, significant costs for remediation and damage to our reputation, all of which could have a material adverse effect on our business and operations. Any inability, or the perception of any inability, to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in additional cost and liability to us, damage our relationships with clients and have a material adverse effect on our business.

## Legal and Compliance Risks

*Our business is subject to numerous complex laws, and changes in, uncertainty regarding, or adverse application of these laws could negatively affect our business.*

The services we provide to our clients are subject to numerous complex federal, state and local laws and regulations, including those described in Part I, Item 1. Business, of this Form 10-K. These laws and regulations cover a diverse range of topics, including employer status, employee and independent contractor classifications, employee benefits, health and retirement plans, workers' compensation, employment and payroll tax, worksite safety, insurance and banking, wage and hour, anti-discrimination, and many topics specific to the industries of our clients. Many of these laws do not specifically address PEOs or co-employment relationships, and regulators are often unfamiliar with the PEO industry and co-employment relationships, which can lead to unpredictable application, interpretation and enforcement of these laws and regulations at the federal, state and local levels in relation to our business.

Any new laws, changes in existing laws, or any adverse application, interpretation or enforcement of new or existing laws, including those described in Part I, Item 1. Business, of this Form 10-K, whether they apply to employers generally or specifically to PEOs or to our co-employment relationships could:

- reduce or eliminate the value and benefits that clients realize by using our services,
- change or eliminate the types of services we provide,
- require us to make significant changes to how we do business and provide services,

- require us to modify our current business practices or operations,
- affect the extent and type of employee benefits that employers and co-employers can or must provide employees,
- alter the amount, timing and type of taxes employers, co-employers, clients and WSEs are required to pay and that we must manage for and collect from our clients,
- increase the cost and complexity of the licensing requirements for our business operations,
- create or increase our liability and responsibilities to our clients and WSEs, and/or
- mandate new compliance requirements, disclosures or services.

Any of the above changes could have a material adverse effect on our business, financial condition and results of operations.

For example, we have seen a growing trend, particularly at the federal level, of using payroll tax credits, deferrals and other related payroll tax programs as a mechanism for incentivizing SMB development and/or economic recovery. These programs are popular because they allow SMBs, which often have income tax losses, to realize benefits via payroll tax reductions, rather than income tax reductions. However, these programs have generally not been designed with the PEO industry in mind and rely on calculations contained in client income tax returns (which PEOs do not process in their role as the co-employer) and/or other client data that cannot be verified by a PEO, even though the resulting tax benefits are processed through the PEO's payroll tax returns. Because minimal guidance exists in the statutes that create these programs, they are subject to broad agency interpretation and confusion. In addition, the processes used to evaluate payroll tax filings are designed with individual taxpayers in mind, not PEOs that aggregate the filings of many clients, which can further increase agency confusion and make it difficult to predict agency interpretations.

Examples of these programs include the 2015 PATH Act, which allows SMBs to use research and development tax credits submitted on the SMB's income tax return to reduce the SMB's payroll taxes, and the CARES Act and FFCRA Act payroll tax credit and payroll tax deferral programs enacted in 2020 and 2021, which allow SMBs to defer certain payroll tax obligations to a later date or to receive payroll tax credits based on SMB employment practices that are beyond our control. The IRS has taken positions that we and other PEOs, rather than clients, are responsible for client errors and repaying rejected tax credit claims under these and similar programs. While our clients are contractually responsible for repaying us for any rejected credits under these programs, a contract does not guarantee our ability to recover rejected tax credits and any failure to recover rejected tax credits from our clients would increase our operating expenses, which could result in a material adverse effect on our financial condition and results of operations. Similarly, and the IRS has taken positions that the tax benefits under these programs should be calculated on an aggregate PEO, rather than individual client, basis, which may limit our ability to obtain full tax benefits for our clients under these and similar programs and/or increase our exposure to credit risk if we are not able to recover excess tax credits paid to our clients. We cannot predict how these positions will ultimately be resolved and if they are resolved unfavorably, we may be forced to discontinue supporting some or all of these programs and/or incur tax expenses that we cannot recover from our clients, which could have a material adverse effect our ability to attract and retain SMB clients.

These developments, and any other new laws, changes in laws or adverse application or interpretation of laws, including payroll tax incentive programs, could reduce or eliminate the attractiveness of our services and our ability to support programs that clients want, provide clients with new and attractive alternatives to our services, significantly increase our compliance costs and the cost to provide our services, require us to make substantial changes to the way in which we operate, or require us to pay client liabilities with no guarantee of subsequent recovery from our clients, and any one of these outcomes could result in a material adverse effect on our financial condition and results of operations.

*Changing laws and regulations governing health insurance and other traditional employee benefits at the federal, state and local level could negatively affect our business.*

Changes to and continued uncertainty regarding the implementation and future of health care reform in the United States, at the federal, state and local level, has the potential to substantially change the health insurance market for SMBs and how such employers provide health insurance to their employees, which could have a materially adverse effect on how we provide our sponsored health benefits to our WSEs, and our ability to attract and retain our clients. In addition, changes at the federal, state and local level to the laws and regulations regarding other traditional employee benefits, such as retirement and workers' compensation benefits, also have the potential to substantially change the types of benefit programs that are available to SMBs and that we and other PEOs may be

required to offer. Our ability to comply with, and adapt our service offerings to take advantage of, any such changes could require significant additional costs, divert management attention, or be prohibitive based on cost, technology or other factors, which could result in a material adverse effect on our business, financial condition and results of operations.

*If we are not recognized as an employer of worksite employees under federal and state regulations, we and our clients could be adversely impacted.*

In order to sponsor certain employee benefit plan offerings for WSEs, we must qualify as an employer of WSEs for certain purposes under the Code and ERISA. In addition, our status as the employer for the purposes of ERISA is important for purposes of ERISA's preemption of certain state laws. The definition of employer under various laws is not uniform, and under both the Code and ERISA the term is defined in part by different facts and circumstances tests.

Generally, these tests are designed to evaluate whether an individual is an independent contractor or employee and they provide substantial weight to whether a purported employer has the right to direct and control the details of an individual's work. Some factors that may be considered important under these tests have included the employer's degree of behavioral control (for example the extent of instructions, training and evaluation of the work), financial control and the economic aspects of the work relationship, the type of relationship, as evidenced by the specific contract, if any, whether employee benefits are provided, whether the work is indefinite in duration or project-based, and whether it is a regular part of the employer's business. However, a definitive judicial interpretation of "employer" in the context of PEOs has not been established.

We believe that we qualify as the employer of WSEs for the purposes of Sections 3(5) and 3(40) of ERISA and that our health plans are single-employer plans that, as such, are entitled to ERISA's preemption of the application of state law. The DOL, however, has determined on a facts and circumstances basis that certain entities in the HR outsourcing industry do not qualify as common law employers. In addition, the DOL routinely audits employee benefit plan offerings of employers, and these audits can take years to complete. In one routine audit of one of TriNet's health plans, the DOL has indicated that while it agrees that we are an employer for ERISA purposes, it believes that wherever there is more than one employer of a WSE, no employer may qualify as a single employer for ERISA purposes. This DOL interpretation is contrary to our interpretation of the applicable ERISA facts and circumstances test, and we understand it also is contrary to the position of other national PEOs. We will continue to vigorously defend our position that we are the sole employer of our WSEs for the purposes of Sections 3(5) and 3(40) of ERISA, and therefore that our health plans are single-employer plans entitled to ERISA's preemption of applicable state laws. While we have no current DOL audit on-going regarding this issue, the DOL's position remains uncertain, and this issue may arise in future audits of TriNet plans or the plans of other PEOs in our industry. If it were ultimately determined that all health plans sponsored by PEOs are multiple-employer plans and subject to potential regulation at the state level, we would likely adjust our business model and the manner in which we provide employee health benefits to WSEs. Any such adjustment would require significant investment in time, cost and management attention and would have a material impact on our clients and WSEs, which could have a material adverse effect on our business and results of operations.

Similarly, to qualify for favorable tax treatment under the Code, certain employee benefit plans, such as 401(k) retirement plans and cafeteria plans must be established and maintained by an employer for the exclusive benefit of its employees. All of our 401(k) retirement plans are operated pursuant to guidance provided by the IRS and have received favorable determination letters from the IRS confirming the qualified status of these plans. However, the IRS uses its own complex, multi-factor test to ascertain whether an employment relationship exists between a worker and a purported employer. Although we believe that we qualify as an employer of WSEs under the Code, we cannot assure you that the IRS will not challenge our position or continue to provide favorable determination letters. Moreover, the IRS' 401(k) guidance and qualification requirements are not applicable to the operation of our cafeteria plans.

Further, if we are not recognized as an employer under the Code, we may be required to change the method by which we report and remit payroll taxes to tax authorities. Such changes could have a material adverse effect on our business and results of operations.

*The definition of employers, employees and independent contractors is evolving. Changes to the laws and regulations that govern what it means to be an employer or an employee may require us to make significant changes in our operations and may negatively affect our business.*

National views on employers, employees and independent contractors are changing at a rapid rate, as evidenced by recent federal and state rule changes. In September 2019, California passed AB5, a law that could potentially reclassify client independent contractors as employees. In November 2020, California voter passed Proposition 22, which supersedes AB5 for certain types of contractors. On August 20, 2021, a California state court found that portions of Proposition 22 were unconstitutional and further held that the entirety of Proposition 22 was unenforceable. Changes like these to the rules in any jurisdiction that define when a worker is an employee or independent contractor can increase or decrease the pool of WSEs that we can co-employ and include in our TriNet sponsored benefit plans, which may negatively impact client demand for the services we provide, require us to modify or change how we operate our business and have a material adverse effect on our business and results of operations.

In January 2020, the DOL issued a new rule broadening the definition of joint employer that has been used under the Fair Labor Standards Act (FLSA) for more than sixty years. In 2022, the National Labor Relations Board (NLRB) plans to create a new rule for determining whether two businesses are joint employers under the National Labor Relations Act (NLRA). Joint employment is not the same as co-employment, and we do not believe that we are a joint employer under the DOL rule or any future NLRB rule, or that these rule changes impact our status as a co-employer. While the DOL rule has been partially vacated by a district court decision, these changes could still potentially result in increased FLSA joint employment claims, which could divert management attention and cause us to incur additional and potentially material costs to defend.

The examples above highlight the impact to our business when regulations regarding the definitions or classification of employers, employees, independent contractors and other groups of workers change. Any such regulatory changes could affect the way in which we provide TriNet-sponsored benefits to our WSEs, the way in which we report and remit payroll taxes to tax authorities, and our legal liability for the actions and inactions of our clients. Any of such regulatory changes could also require us to change the manner in which we operate our business, or provide our services, and could have an adverse effect on our business and results of operations.

*If we do not comply with our regulatory license requirements, or if we are deemed to be operating in various non-PEO licensed industries without the required licenses, we and our clients could be adversely impacted.*

Most states require PEOs to hold a license and we are licensed as a PEO in all states that require such licenses. If we are not able to satisfy existing or future PEO licensing requirements or other applicable regulations in any state, we may be prohibited from doing business in that state, including having any clients within that state.

In the fourth quarter of 2021, we launched a new product, called IOM, that offers clients the option to receive PEO services from TriNet while obtaining client-sponsored health benefits from a third-party broker that partners with TriNet. TriNet does not broker insurance, but we do maintain producer licenses in all 50 states and select U.S. territories. If we are not able to satisfy existing or future producer licensing requirements, or other applicable regulations in any state, we may not be able to operate this program in the same manner, or we may lose the ability to collect certain administrative fees, within that state.

In addition, state regulatory authorities generally impose licensing requirements on companies acting as insurance agents or third-party administrators, such as those that handle health or retirement plan funding and claim processing. Other state regulatory authorities impose licensing requirements on companies involved in the transmission of cash, such as banks, and other money transmitters. We do not believe that our current activities require any such licenses, but we and others in our industry have received inquiries from regulatory authorities in the past and could receive them in the future. If regulatory authorities in any state determine that we are acting as an insurance agent, third-party administrator, money transmitter, or as any other regulated industry other than a PEO, we may need to hire additional personnel to manage regulatory compliance and pay annual regulatory fees, which could have a material adverse effect on our financial condition and results of operations.

*We are subject to legal and tax proceedings that may result in adverse outcomes.*

We are subject to claims, lawsuits, government investigations, and other legal and regulatory proceedings arising from the ordinary course of our business. Refer to [Note 10](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K for additional information about the legal proceedings we are currently involved in and future proceedings that we may face. Current and future legal proceedings may result in substantial costs and may divert management's attention and resources, which may seriously harm our business, results of operations, financial condition and liquidity.



In addition, the tax authorities in the U.S. regularly examine our tax returns. Refer to [Note 13](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K for additional details regarding our on-going tax examinations and disputes. The ultimate outcome of tax examinations and disputes cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of these or other examinations, we may be required to record charges to operations that could have a material impact on our results of operations, financial position or cash flows.

### Financial and Stock Ownership Risks

*Our results of operations and stock price may fluctuate as a result of numerous factors, many of which are outside of our control.*

Our future operating results and stock price are subject to fluctuations and quarterly variations based upon a variety of factors, many of which are not within our control, including, without limitation:

- the volume and severity of health and workers' compensation insurance claims made by our WSEs, recorded as part of our insurance costs, and the timing of related claims information provided by our insurance carriers,
- the amount and timing of our insurance premiums and other insurance costs, operating expenses and capital expenditures,
- the number of our new clients and the number of WSEs employed by each new client,
- the retention or loss of existing clients, for any reason, including third-party acquisition,
- a reduction in the number of WSEs employed by existing clients,
- the timing of client payments and payment defaults by clients,
- the costs associated with our acquisitions of companies, assets and technologies,
- any payments or draw downs on our credit facility,
- any unanticipated expenses, such as litigation or other dispute-related settlement payments and compliance expenses arising from changes in regulations or regulatory enforcement,
- any expenses we incur for geographic and service expansion and service enhancements,
- any changes in laws or adverse interpretation or enforcement of laws, which may require us to change the manner in which we operate and/or increase our regulatory compliance costs,
- any changes in our effective tax rate,
- the issuance of common stock or debt to pay for future acquisitions, which could dilute our stockholders or subject us to significant debt service obligations,
- amortization expense, or the impairment of intangible assets and goodwill, associated with past or future acquisitions, and
- the impact of new accounting pronouncements.

In addition, the trading price of our common stock is subject to fluctuation in response to a variety of factors, including the factors above and below, many of which are not within our control, including, without limitation:

- the overall performance of the equity markets,
- any trading activity, or a market expectation regarding such activity, by our directors, executive officers and significant stockholders,
- the economy as a whole, and its impact on SMBs and our clients,
- the performance and market perception of companies that investors believe are similar to us,
- any significant changes in the liquidity of our common stock, and
- market acceptance of our performance across non-financial factors, including evolving environmental, social, and governance factors favored by investors and required by regulators.

Many of the above factors are discussed in more detail elsewhere in this Risk Factors section and in Part II, Item 7. MD&A, of this Form 10-K. Many of these factors are outside our control, and the variability and unpredictability of these factors have in the past and could in the future cause us to fail to meet our expectations and the expectations of investors and any industry analysts who cover our shares, which could result in a decline in our share price and reduced liquidity in our shares. In addition, the occurrence of one or more of these factors might cause our results of operations to vary widely, which could lead to negative impacts on our margins, short-term liquidity, and our ability to retain or attract key personnel, and could cause other unanticipated issues, including a downgrade of our securities by or change in opinion of industry analysts and a related decline in our share price.

*The terms of our credit facility may restrict our current and future operations, which would impair our ability to respond to changes in our business and to manage our business.*

Our credit facility contains, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us subject to customary exceptions, including restricting our ability to:

- incur, assume or prepay debt or incur or assume liens,
- pay dividends or distributions or redeem or repurchase capital stock,
- make loans, investments or acquisitions,
- enter into sale-leaseback transactions,
- enter into new lines of business,
- complete a significant corporate transaction, such as a merger or sale of our company or its assets, and
- enter into agreements that prohibit the incurrence of liens or the payment by our subsidiaries of dividends and distributions.

Our failure to comply with these restrictions and the other terms and conditions under our credit facility could result in a default, which in turn could result in the termination of the lenders' commitments to extend further credit to us under our credit facility and acceleration of a substantial portion of our indebtedness then outstanding under our credit facility. If that were to happen, we may not be able to repay all of the amounts that would become due under our indebtedness or refinance our debt, which could materially harm our business and force us to seek bankruptcy protection.

*Atairos, our largest stockholder, may have significant influence over our Company, and the ownership of capital stock, and thus the voting control, of our Company remains concentrated in our executive officers, directors and their affiliates, which limits your ability to influence corporate matters.*

On February 1, 2017, an entity affiliated with Atairos Group, Inc. (together with its affiliates, "Atairos") became our largest stockholder when it acquired the shares of TriNet common stock previously held by General Atlantic. In connection with this transaction, we appointed Michael J. Angelakis, the Chairman and CEO of Atairos, to our board of directors and agreed to nominate Mr. Angelakis or another designee of Atairos reasonably acceptable to our Nominating and Corporate Governance Committee for election at future annual meetings until Atairos' beneficial ownership falls below 15% of our common stock. As of January 31, 2022, Atairos beneficially owned approximately 33% of our outstanding common stock, and all of our directors, executive officers and their affiliates, including Atairos, beneficially own, in the aggregate, approximately 38% of our outstanding common stock. As a result Atairos, particularly when acting with our executive officers, directors and their affiliates, is able to exert substantial influence on all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership could limit the ability of other stockholders to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over us.



## Item 1B. Unresolved Staff Comments

None.

## Item 2. Properties

We lease space for our offices in various U.S. states, including the following:

### Corporate Headquarters:

- Dublin, California

### Significant Client Service Centers:

- Bradenton, Florida
- Reno, Nevada
- Indian Land, South Carolina
- Austin, Texas

For more information regarding our leases, refer to [Note 8](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.

## Item 3. Legal Proceedings

For the information required in this section, refer to [Note 10](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.

## Item 4. Mine Safety Disclosures

Not applicable.

## PART II

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***Market Information and Holders of Record*

Our common stock is traded on the New York Stock Exchange under the symbol “TNET”.

As of February 7, 2022, we had 31 holders of record of our common stock per Computershare Trust Company N.A., our transfer agent. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in a trust by other entities.

For information regarding our equity-based incentive plans, please refer to [Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters](#), of this Form 10-K.

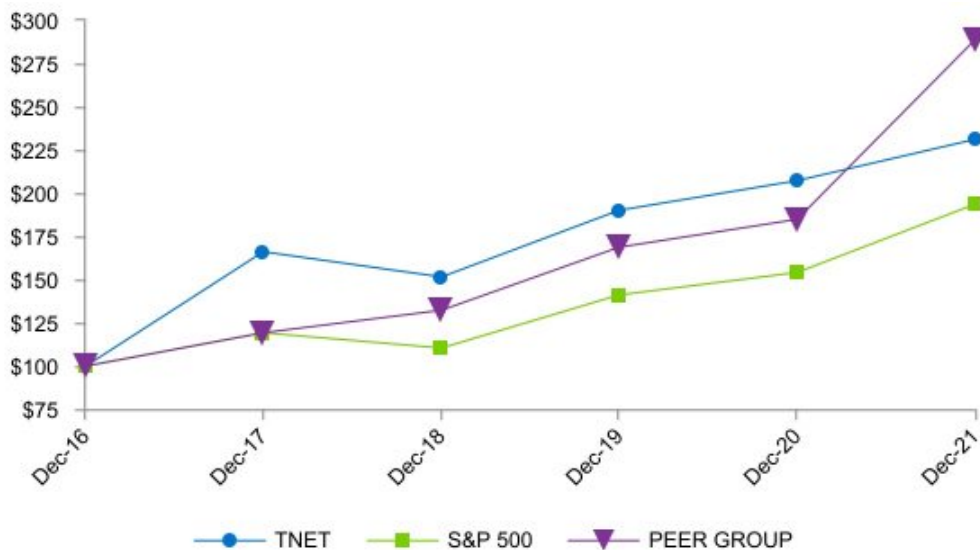
*Dividend Policy*

We did not declare or pay cash dividends in 2021 or 2020. Payment of cash dividends in the future, if ever, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions under our credit facility (refer to [Note 9](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K), capital requirements, business prospects and other factors our board of directors may deem relevant.

*Performance Graph*

The graph on the following page compares the cumulative return on our common stock since December 31, 2016 with the cumulative return on the S&P 500 Index and a Peer Group Index. The cumulative return is based on the assumption that \$100 had been invested in TriNet Group, Inc. common stock, the Standard & Poor's 500 Stock Index (S&P 500) and common stock of members of a Peer Group Index, all on December 31, 2016 and that all quarterly dividends were reinvested. The cumulative dollar returns shown on the graph represent the value that such investments would have had at each year end.

**COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN**  
Among TriNet Group, Inc., the S&P 500 Index, and a Peer Group<sup>(1)</sup>



<sup>(1)</sup> The Peer Group Index used in the chart above consists of the following companies:

Automatic Data Processing, Inc.	Insperity, Inc.	Paychex, Inc.
Barrett Business Services, Inc.	Intuit, Inc.	

#### Issuer Purchases of Equity Securities

The following table provides information about our purchases of TriNet common stock during the fourth quarter of 2021:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans (in millions) <sup>(3)</sup>
October 1 - October 31, 2021	5,116	\$ 98.36	—	\$ 264
November 1 - November 30, 2021	45,279	\$ 108.44	—	\$ 264
December 1 - December 31, 2021	75,814	\$ 95.15	6,202	\$ 263
<b>Total</b>	<b>126,209</b>		<b>6,202</b>	

<sup>(1)</sup> In May 2014, our board of directors approved a stock repurchase program pursuant to which we are authorized to repurchase our common stock in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934. From time to time, our board of directors authorizes increases to our stock repurchase program and approved an aggregate total of \$951 million as of December 31, 2021. The total remaining authorization for future stock repurchases under our stock repurchase program was \$263 million as of December 31, 2021. Our board of directors subsequently approved an aggregate total of \$300 million under this program in February 2022. As a result, the total remaining authorization for future stock repurchases under our stock repurchase program was \$563 million, as of February 14, 2022. The program does not have an expiration date.

<sup>(2)</sup> Includes shares surrendered by employees to us to satisfy tax withholding obligations that arose upon vesting of restricted stock units granted pursuant to approved plans.

<sup>(3)</sup> We repurchased a total of approximately \$1 million of our outstanding stock during the three months ended December 31, 2021.

We use our stock repurchase program to return value to our stockholders and to offset dilution from the issuance of stock under our equity-based incentive plans and employee purchase plan. As part of our stock repurchase program, we repurchased approximately \$94 million of our common stock in 2021 using existing cash and cash equivalents through our Rule 10b5-1 plan. We plan to use current cash and cash generated from ongoing operating activities to fund our stock repurchase program.

Our stock repurchases are subject to certain restrictions under the terms of our credit facility. For more information about our stock repurchases and the restrictions imposed by our credit facility, refer to [Note 9](#) and [Note 12](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.

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## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Operational Highlights

Our consolidated results for 2021 reflect our continuing efforts to serve our existing clients throughout the COVID-19 pandemic and to support the economic recovery of SMBs. We will continue to monitor and evaluate developments relating to the COVID-19 pandemic and will work to respond appropriately to the impact of COVID-19 on our business and our clients' businesses.

During 2021 we:

- continued to grow total revenues as we achieved the highest Total WSEs in our history,
- entered into a definitive agreement to acquire Zenefits,
- established our 2021 Credit Program to benefit our eligible clients,
- hosted the 2<sup>nd</sup> annual TriNet PeopleForce conference, our showcase customer and prospect conference focused on business transformation, agility and innovation for small and medium-size businesses,
- introduced TriNet Financial Services Preferred, a new top-tier version of our HR solution that addresses the critical HR needs of businesses in the financial services industry,
- launched 'Connect 360', an innovative service model intended to better meet client needs, and
- completed a \$500 million senior notes offering, repaid and terminated our outstanding term loan, and replaced our existing revolving credit facility with a new \$500 million revolving credit facility.

### Performance Highlights

Our results for 2021 when compared to 2020 are noted below:

**\$4.5B**

**Total revenues**

13 % increase

**\$455M**

**Operating income**

24 % increase

**86%**

**Insurance cost ratio**

1 % increase

**\$338M**

**Net income**

24 % increase

**\$5.07**

**Diluted EPS**

27 % increase

**\$376M**

**Adjusted Net income \***

24 % increase

**340,067**

**Average WSE**

5 % increase

**364,940**

**Total WSE**

10 % increase

\* Non-GAAP measure. See definitions below under the heading "[Non-GAAP Financial Measures](#)".

We continued to achieve year-over-year revenue growth, reflecting our higher Average WSEs, rate increases and the \$111 million decrease in the Recovery Credit recognized in 2021 compared to 2020.

During 2021, our Average WSEs increased 5% and total WSEs increased 10% compared to 2020, primarily as a result of continued hiring by clients in our installed base.

Increased medical services utilization in 2021, combined with increased volume due to WSE growth, resulted in higher insurance costs compared to 2020.

The growth in total revenues, partially offset by increases in insurance costs and operating expenses, resulted in increases in our net income and Adjusted Net Income of 24%.

## Results of Operations

The following table summarizes our results of operations for the three years ended December 31, 2021, 2020 and 2019. For details of the critical accounting judgments and estimates that could affect the Results of Operations, see the [Critical Accounting Judgments and Estimates](#) section within MD&A.

(in millions, except operating metrics data)	Year Ended December 31,			% Change	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
<b>Income Statement Data:</b>					
Professional service revenues	\$ 639	\$ 544	\$ 530	17 %	3 %
Insurance service revenues	3,901	3,490	3,326	12	5
<b>Total revenues</b>	<b>4,540</b>	<b>4,034</b>	<b>3,856</b>	<b>13</b>	<b>5</b>
Insurance costs	3,339	2,979	2,927	12	2
Operating expenses	746	687	661	9	4
<b>Total costs and operating expenses</b>	<b>4,085</b>	<b>3,666</b>	<b>3,588</b>	<b>11</b>	<b>2</b>
<b>Operating income</b>	<b>455</b>	<b>368</b>	<b>268</b>	<b>24</b>	<b>37</b>
Other income (expense):					
Interest expense, bank fees and other	(20)	(21)	(21)	(5)	—
Interest income	6	10	23	(40)	(57)
<b>Income before provision for income taxes</b>	<b>441</b>	<b>357</b>	<b>270</b>	<b>24</b>	<b>32</b>
Income taxes	103	85	58	21	47
<b>Net income</b>	<b>\$ 338</b>	<b>\$ 272</b>	<b>\$ 212</b>	<b>24 %</b>	<b>28 %</b>
<b>Cash Flow Data:</b>					
Net cash provided by operating activities	218	546	471	(60)%	16 %
Net cash used in investing activities	(135)	(151)	(188)	(11)	(20)
Net cash provided by (used in) financing activities	12	(208)	(176)	(106)	18
<b>Non-GAAP measures <sup>(1)</sup>:</b>					
Adjusted EBITDA	565	468	378	21	24 %
Adjusted Net income	376	303	236	24	28
Corporate Operating Cash Flow	415	338	233	23	45
<b>Operating Metrics:</b>					
Insurance Cost Ratio	86 %	85 %	88 %	1	(3)%
Average WSEs	340,067	323,672	324,927	5	—
Total WSEs	364,940	331,908	340,017	10	(2)

(1) Refer to Non-GAAP measures definitions and reconciliations from GAAP measures under the heading "Non-GAAP Financial Measures".

The following table summarizes our balance sheet data as of December 31, 2021, 2020 and 2019.

(in millions)	Year Ended December 31,			% Change	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 612	\$ 301	\$ 213	103 %	41 %
Working capital	700	290	228	141 %	27 %
Total assets	3,309	3,043	2,748	9 %	11 %
Debt	495	369	391	34 %	(6)%
Total stockholders' equity	881	607	475	45 %	28 %

A discussion regarding our financial condition and results of operations for 2020 compared to 2019 can be found under Part II, Item 7. Management's Discussion and Analysis in our [Annual Report on Form 10-K](#) for the year ended December 31, 2020, filed with the SEC on February 16, 2021.

## Non-GAAP Financial Measures

In addition to financial measures presented in accordance with GAAP, we monitor other non-GAAP financial measures that we use to manage our business, to make planning decisions, to allocate resources and to use as performance measures in our executive compensation plan. These key financial measures provide an additional view of our operational performance over the long-term and provide information that we use to maintain and grow our business.

The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation from, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Non-GAAP Measure	Definition	How We Use The Measure
<i>Adjusted EBITDA</i>	<ul style="list-style-type: none"> <li>• Net income, excluding the effects of:               <ul style="list-style-type: none"> <li>- income tax provision,</li> <li>- interest expense, bank fees and other,</li> <li>- depreciation,</li> <li>- amortization of intangible assets, and</li> <li>- stock based compensation expense.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Provides period-to-period comparisons on a consistent basis and an understanding as to how our management evaluates the effectiveness of our business strategies by excluding certain non-cash charges such as depreciation and amortization, and stock-based compensation recognized based on the estimated fair values. We believe these charges are either not directly resulting from our core operations or not indicative of our ongoing operations.</li> <li>• Enhances comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects.</li> <li>• Provides a measure, among others, used in the determination of incentive compensation for management.</li> <li>• We also sometimes refer to Adjusted EBITDA margin, which is the ratio of Adjusted EBITDA to total revenues.</li> </ul>
<i>Adjusted Net Income</i>	<ul style="list-style-type: none"> <li>• Net income, excluding the effects of:               <ul style="list-style-type: none"> <li>- effective income tax rate <sup>(1)</sup>,</li> <li>- stock based compensation,</li> <li>- amortization of other intangible assets, net,</li> <li>- non-cash interest expense <sup>(2)</sup>, and</li> <li>- the income tax effect (at our effective tax rate <sup>(1)</sup> of these pre-tax adjustments.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Provides information to our stockholders and board of directors to understand how our management evaluates our business, to monitor and evaluate our operating results, and analyze profitability of our ongoing operations and trends on a consistent basis by excluding certain non-cash charges.</li> </ul>
<i>Corporate Operating Cash Flows</i>	<ul style="list-style-type: none"> <li>• Net cash provided by (used in) operating activities, excluding the effects of:               <ul style="list-style-type: none"> <li>- Assets associated with WSEs (accounts receivable, unbilled revenue, prepaid expenses and other current assets) and</li> <li>- Liabilities associated with WSEs (client deposits and other client liabilities, accrued wages, payroll tax liabilities and other payroll withholdings, accrued health and benefit costs, accrued workers' compensation costs, insurance premiums and other payables, and other current liabilities).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Provides information that our stockholders and management can use to evaluate our cash flows from operations independent of the current assets and liabilities associated with our WSEs.</li> <li>• Enhances comparisons to prior periods and, accordingly, used as a liquidity measure to manage other client liabilities, accrued wages, payroll tax liquidity between corporate and WSE related activities, and to help determine and plan our cash flow and capital strategies.</li> </ul>

(1) Non-GAAP effective tax rate is 25.5% for 2021, 2020 and 2019, which excludes the income tax impact from stock based compensation, changes in uncertain tax positions and nonrecurring benefits or expenses from federal legislative changes.

(2) Non-cash interest expense represents amortization and write-off of our debt issuance costs and loss on a terminated derivative.



### Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of Net income to Adjusted EBITDA:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 338	\$ 272	\$ 212
Provision for income taxes	103	85	58
Stock based compensation	50	43	41
Interest expense, bank fees and other	20	21	21
Depreciation and amortization of intangible assets <sup>1</sup>	54	47	46
<b>Adjusted EBITDA</b>	<b>\$ 565</b>	<b>\$ 468</b>	<b>\$ 378</b>
<b>Adjusted EBITDA Margin</b>	<b>12.5 %</b>	<b>11.6 %</b>	<b>9.8 %</b>

<sup>(1)</sup> Amount includes impairment of customer relationship intangibles and amortization of cloud computing arrangements included in operating expenses.

The table below presents a reconciliation of Net income to Adjusted Net Income:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 338	\$ 272	\$ 212
Effective income tax rate adjustment	(10)	(6)	(11)
Stock based compensation	50	43	41
Amortization of other intangible assets, net <sup>1</sup>	12	5	5
Non-cash interest expense	3	1	1
Income tax impact of pre-tax adjustments	(17)	(12)	(12)
<b>Adjusted Net Income</b>	<b>\$ 376</b>	<b>\$ 303</b>	<b>\$ 236</b>

<sup>(1)</sup> Amount includes impairment of customer relationship intangibles.

The table below presents a reconciliation of net cash provided by operating activities to Corporate Operating Cash Flows:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Net cash provided by operating activities	\$ 218	\$ 546	\$ 471
Less: Change in WSE related other current assets	(51)	10	15
Less: Change in WSE related liabilities	(146)	198	223
<b>Net cash (used in) provided by operating activities - WSE</b>	<b>\$ (197)</b>	<b>\$ 208</b>	<b>\$ 238</b>
<b>Net cash provided by operating activities - Corporate</b>	<b>\$ 415</b>	<b>\$ 338</b>	<b>\$ 233</b>

## Operating Metrics

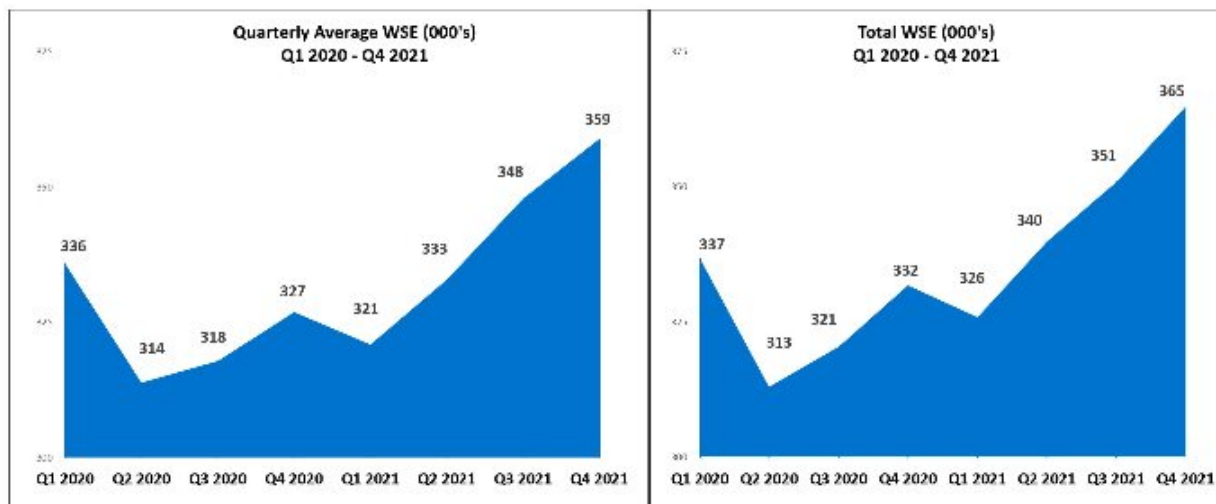
### Worksite Employees (WSE)

Average WSE growth is a volume measure we use to monitor the performance of our business. Average WSEs increased 5% when comparing 2021 to 2020, primarily due to increased hiring by clients in our installed base across most verticals in 2021, led by our Technology vertical. Most of the hiring in our installed based in 2021 was from clients that benefited from our Recovery Credit program that we launched in April 2020. Our Recovery Credit program was designed to assist in the economic recovery of SMBs and to promote client loyalty and incentivize client retention.

Total WSEs can be used to estimate our beginning WSEs for the next period and, as a result, can be used as an indicator of our potential future success in growing our business and retaining clients.

Anticipated revenues for future periods can diverge from the revenue expectation derived from Average WSEs or Total WSEs due to pricing differences across our HR solutions and services and the degree to which clients and WSEs elect to participate in our solutions during future periods. In addition to focusing on growing our Average WSE and Total WSE counts, we also focus on pricing strategies, benefit participation and service differentiation to expand our revenue opportunities. We report the impact of client and WSE participation differences as a change in mix.

In addition to focusing on retaining and growing our WSE base, we continue to review acquisition opportunities that would add appropriately to our scale. We continue to invest in efforts intended to enhance client experience and manage attrition, through operational and process improvements.



### Insurance Cost Ratio (ICR)

ICR is a performance measure calculated as the ratio of insurance costs to insurance service revenues. We believe that ICR promotes an understanding of our insurance cost trends and our ability to align our relative pricing to risk performance.

We purchase workers' compensation and health benefits coverage for our colleagues and WSEs. Under the insurance policies for this coverage, we bear claims costs up to a defined deductible amount. Our insurance costs, which comprise a significant portion of our overall costs, are significantly affected by our WSEs' health and workers' compensation insurance claims experience. We set our insurance service fees for workers' compensation and health benefits in advance for fixed benefit periods. As a result, increases in these insurance costs above our projections, reflected as a higher ICR, result in lower net income. Conversely, decreases in these insurance costs below our projections, reflected as a lower ICR, result in higher net income.

Under our fully-insured workers' compensation insurance policies, we assume the risk for losses up to \$1 million per claim occurrence (deductible layer). The ultimate cost of the workers' compensation services provided cannot be known until all the claims are settled. Our ability to predict these costs is limited by unexpected increases in frequency or severity of claims, which can vary due to changes in the cost of treatments or claim settlements.

Under our risk-based health insurance policies, we assume the risk of variability in future health claims costs for our enrollees. This variability typically results from changing trends in the volume, severity and ultimate cost of medical and pharmaceutical claims, due to changes to the components of medical cost trend. These trends change, and other seasonal trends and variability may develop. As a result, it is difficult for us to predict our insurance costs with accuracy and a significant increase in these costs could have a material adverse effect on our business.

(in millions)	2021	2020	2019
Insurance costs	\$ 3,339	\$ 2,979	\$ 2,927
Insurance service revenues	3,901	3,490	3,326
<b>Insurance Cost Ratio</b>	<b>86 %</b>	<b>85 %</b>	<b>88 %</b>

ICR increased due to the increase in medical services utilization in 2021, combined with COVID-19 testing, treatment and vaccination costs, which together resulted in higher insurance costs. This was partially offset by the increase in insurance service revenues. While medical services utilization has increased in 2021, the ICR remains below pre-pandemic levels, as access to medical systems was constrained in regions where increases in hospitalizations arising from the COVID-19 Delta and Omicron variants reduced preventative and elective procedures.

**Total Revenues**

Our revenues consist of professional service revenues (PSR) and insurance service revenues (ISR). PSR represents fees charged to clients for processing payroll-related transactions on behalf of our clients, access to our HR expertise, employment and benefit law compliance services, and other HR-related services. ISR consists of insurance-related billings and administrative fees collected from clients and withheld from WSEs for workers' compensation insurance and health benefit insurance plans provided by third-party insurance carriers.

In April 2020, we created our Recovery Credit program to assist in the economic recovery of our existing SMB clients and enhance our ability to retain eligible clients. Eligible clients received one-time reductions against fees for future services, accounted for as a discount, to be received over the following 12 months.

The reduction in total revenue under the Recovery Credit program was estimated each period based on the timing of when eligible clients received the Recovery Credit and the ultimate amount of the total Recovery Credit. As of June 30, 2021, we had fully recognized the maximum amount of \$145 million for the Recovery Credit and no further reduction to revenue will be recognized.

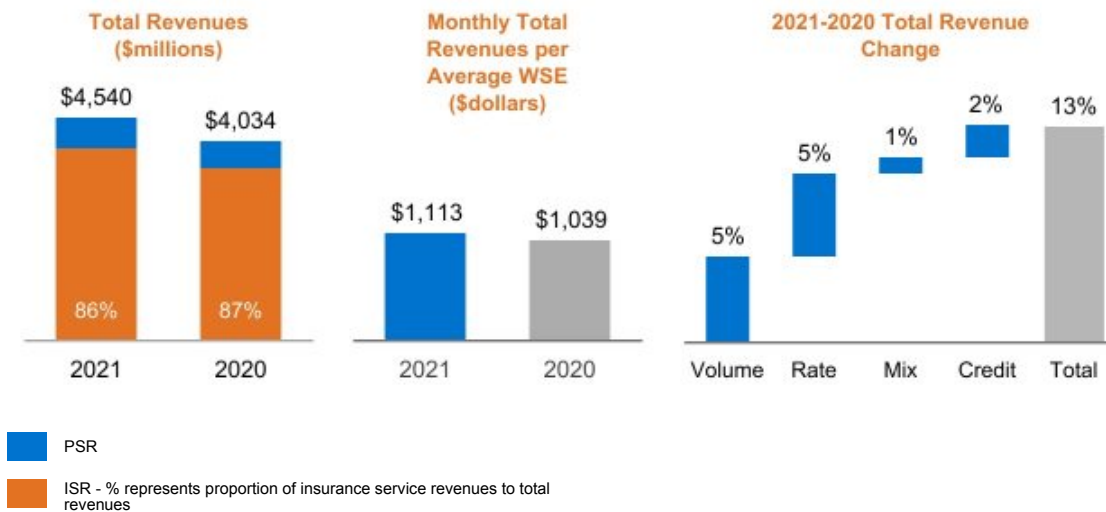
In March 2021, we created our 2021 Credit program, which was designed to return up to \$25 million to eligible customers based on the performance of our health insurance costs in 2021. We recognized a \$25 million reduction to revenue for credits that will be paid to eligible clients under this program. These credits are recorded as a reduction to ISR and are payable within 12 months to eligible clients as of March 31, 2021.

In 2021, we recognized a reduction in revenue of \$17 million for the Recovery Credit and \$25 million for the 2021 Credit Program, compared to \$128 million recognized in 2020 for the Recovery Credit.

Monthly total revenues per Average WSE is a measure we use to monitor the success of our pricing strategies. This measure increased 7% in 2021 compared to 2020.

We also use the following measures to further analyze changes in total revenue:

- Volume - the percentage change in period over period Average WSEs,
- Rate - the combined weighted average percentage changes in service fees for each vertical service and changes in service fees associated with each insurance service offering,
- Mix - the change in composition of Average WSEs within our verticals combined with the composition of our enrolled WSEs within our insurance service offerings, and
- Credit - the weighted average amounts recognized for the Recovery Credit and 2021 Credit programs.



The growth in total revenues was primarily driven by higher Average WSEs and growth in rate, combined with the \$111 million decrease in the Recovery Credit recognized in 2021. This was partially offset by the \$25 million reduction in revenue recognized for the 2021 Credit Program.

## Operating Income

Our operating income consists of total revenues less insurance costs and OE. Our insurance costs include insurance premiums for coverage provided by insurance carriers, reimbursement of claims payments made by insurance carriers or third-party administrators, and changes in accrued costs related to contractual obligations with our workers' compensation and health benefit carriers. Our OE consists primarily of our corporate employees' compensation related expenses, which includes payroll, payroll taxes, SBC, bonuses, commissions and other payroll-and benefits-related costs.

The table below provides a view of the changes in components of operating income on a year-over-year basis.

(in millions)

	2020 Operating Income
<b>\$368</b>	
+506	Higher total revenues primarily driven by higher Average WSEs, rate increases and a \$111 million decrease in the Recovery Credit recognized. This was partially offset by the \$25 million reduction in revenue recognized for the 2021 Credit Program in 2021.
-360	Higher insurance costs primarily as a result of higher medical services utilization in 2021 compared to 2020 when we saw a significantly lower than typical medical services utilization due to stay-at-home orders and social distancing practices due to the COVID-19 pandemic.
-59	Higher OE primarily as a result of increased sales and marketing expense, higher payroll tax and assessments and D&A, together with higher compensation and consulting expenses to support initiatives to improve client experience, enhance service offerings, and improve processes.
<b>\$455</b>	<b>2021 Operating Income</b>

## Professional Service Revenues

Our clients are primarily billed on a fee per WSE per month per transaction. Our vertical approach provides us the flexibility to offer our clients in different industries with varied services at different prices, which we believe potentially reduces the value of solely using Average WSE and Total WSE counts as indicators of future potential revenue performance.

We also analyze changes in PSR with the following measures:

- Volume - the percentage change in period over period Average WSEs,
- Rate - the weighted average percentage change in fees for each vertical,
- Mix - the change in composition of Average WSEs across our verticals, and
- Recovery Credit - the weighted average amounts recognized for the Recovery Credit program.



The growth in PSR was driven by higher Average WSEs, a growth in rate and a \$12 million decrease in the Recovery Credit recognized. The growth in rate was weighted to our smaller clients, and included an increase in fees for other services, including COBRA administration. We continued to experience a favorable change in our vertical mix of WSEs, as SMBs in our Technology, Financial Services and Professional Services verticals returned to hiring at a faster rate than our Main Street vertical.

### Insurance Service Revenues

ISR consists of insurance services-related billings and administrative fees collected from clients and withheld from WSE payroll for health benefits and workers' compensation insurance provided by third-party insurance carriers.

We use the following measures to analyze changes in ISR:

- Volume - the percentage change in period over period Average WSEs,
- Rate - the weighted average percentage change in fees associated with each of our insurance service offerings,
- Mix - all other changes including the composition of our enrolled WSEs within our insurance service offerings (health plan enrollment), and
- Credit - the weighted average amounts recognized for the Recovery Credit and 2021 Credit programs.



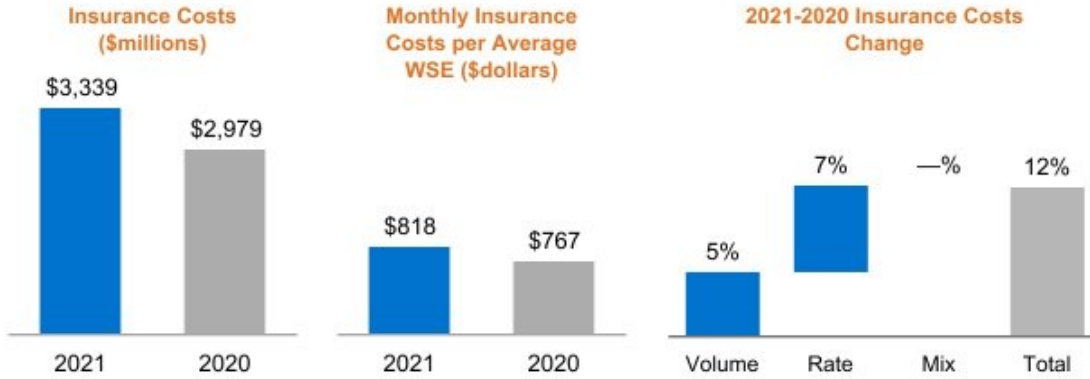
The growth in ISR was primarily driven by higher Average WSEs, rate increases and the \$99 million decrease in the Recovery Credit recognized, partially offset by the \$25 million reduction in revenue recognized for the 2021 Credit Program.

### Insurance Costs

Insurance costs include insurance premiums for coverage provided by insurance carriers, payments for claims costs and other risk management services, reimbursement of claims payments made by insurance carriers or third-party administrators below a predefined deductible limit, and changes in accrued costs related to contractual obligations with our workers' compensation and health benefit carriers.

We use the following measures to analyze changes in insurance costs:

- Volume - the percentage change in period over period Average WSEs,
- Rate - the weighted average percentage change in cost trend associated with each of our insurance service offerings, and
- Mix - all other changes including the composition of our enrolled WSEs within our insurance service offerings (health plan enrollment).



During 2020, stay-at-home orders and social distancing practices due to the COVID-19 pandemic decreased medical services utilization, particularly in the second quarter, as enrollees deferred or cancelled elective procedures and reduced outpatient medical, dental and vision services. Medical services utilization increased in 2021 as enrollees returned to outpatient medical, dental and vision care and elective procedures. The higher utilization was partially offset by reductions in some regions for part of the year due to the surges of the COVID-19 Delta and Omicron variants. As a result, our medical services utilization in 2021 remained below pre-pandemic levels.

The increase in medical services utilization in 2021, combined with increased COVID-19 testing, treatment and vaccination costs, caused the increase in rate. This was partially offset by larger positive claims development as our accrued health costs and accrued workers' compensation costs as of December 31, 2020 were paid in 2021. The increase in volume was primarily driven by higher Average WSEs.



## Operating Expenses

OE includes cost of providing services (COPS), sales and marketing (S&M), general and administrative (G&A), systems development and programming (SD&P), and depreciation and amortization expenses (D&A).

We had approximately 2,800 corporate employees as of December 31, 2021 in 11 offices across the U.S. In 2021, we continued to exit expiring leases due to our evolving remote work practices and policies. Our corporate employees' compensation-related expenses represent a majority of our operating expenses. Compensation costs for our corporate employees include payroll, payroll taxes, SBC, bonuses, commissions and other payroll- and benefits-related costs. Compensation-related expense represented 62% and 63% of our OE in 2021 and 2020, respectively.

In 2021, we experienced OE growth of 9% compared to 2020. The ratio of OE to total revenues was 16% and 17% in 2021 and 2020, respectively.



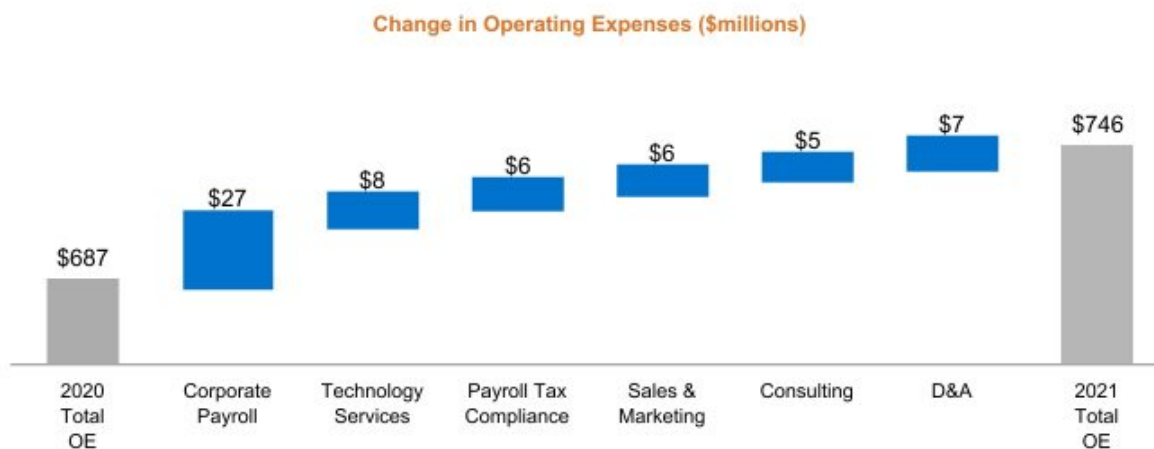
We analyze and present our OE based upon the business functions COPS, S&M, G&A and SD&P and D&A. The charts below provide a view of the expenses of the business functions. Dollars are presented in millions and percentages represent year-over-year change.



(in millions)

2020 Operating Expense	Change	2021 Operating Expenses
\$687		\$746
+2	COPS was consistent with the prior year.	
+16	S&M increased, driven primarily by increased compensation and costs related to our 2nd annual TriNet PeopleForce conference.	
+24	G&A increased, driven primarily by increased payroll tax and related payroll tax assessments, compensation and technology services expenses to improve our systems and processes, and to enhance our efficiency.	
+10	SD&P increased, driven primarily by increased consulting and technology services expenses as we continue to work to improve our client experience and our systems and processes.	
+7	D&A increased, driven primarily by the impairment of customer relationship intangibles.	

The primary drivers to the changes in our OE are presented below:



## Other Income (Expense)

Other income (expense) consists primarily of interest and dividend income from investments, interest expense under our previous credit facility and interest on our 3.50% Senior Notes due 2029 (our 2029 Notes) issued in February 2021.



Interest income decreased primarily due to lower average market interest rates. Interest expense, bank fees and other was consistent with the prior period.

## Provision for Income Taxes

Our effective tax rate (ETR) was 23% and 24% for 2021 and 2020, respectively. The change in ETR was primarily attributable to benefits associated with a favorable adjustment of our previously disputed receivable from the IRS.

## Liquidity and Capital Resources

### Liquidity

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations. Our principal source of liquidity for operations is derived from cash provided by operating activities. We rely on cash provided by operating activities to meet our short-term liquidity requirements, which primarily relate to the payment of corporate payroll and other operating costs, and capital expenditures. Our cash flow related to WSE payroll and benefits is generally matched by advance collection from our clients. To minimize the credit risk associated with remitting the payroll and associated taxes and benefits costs, we require clients to prefund the payroll and related payroll taxes and benefits costs.

We believe that we can meet our present and reasonably foreseeable operating cash needs and future commitments through existing liquid assets and continuing cash flows from corporate operating activities.

Included in our balance sheets are assets and liabilities resulting from transactions directly or indirectly associated with WSEs, including payroll and related taxes and withholdings, our sponsored workers' compensation and health insurance programs, and other benefit programs. Although we are not subject to regulatory restrictions that require us to do so, we distinguish and manage our corporate assets and liabilities separately from those current assets and liabilities held by us to satisfy our employer obligations associated with our WSEs as follows:

(in millions)	December 31,					
	2021			2020		
	Corporate	WSE	Total	Corporate	WSE	Total
Current assets:						
Cash and cash equivalents	\$ 612	\$ —	\$ 612	\$ 301	\$ —	\$ 301
Investments	135	—	135	57	—	57
Restricted cash, cash equivalents and investments	19	1,176	1,195	15	1,373	1,388
Other current assets	91	406	497	59	355	414
<b>Total current assets</b>	<b>\$ 857</b>	<b>\$ 1,582</b>	<b>\$ 2,439</b>	<b>\$ 432</b>	<b>\$ 1,728</b>	<b>\$ 2,160</b>
<b>Total current liabilities</b>	<b>157</b>	<b>1,582</b>	<b>1,739</b>	<b>142</b>	<b>1,728</b>	<b>1,870</b>
<b>Working capital</b>	<b>\$ 700</b>	<b>\$ —</b>	<b>\$ 700</b>	<b>\$ 290</b>	<b>\$ —</b>	<b>\$ 290</b>

As of December 31, 2021, we did not have any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

#### Working capital for WSEs related activities

We designate funds to ensure that we have adequate current assets to satisfy our current obligations associated with WSEs, the Recovery Credit liability and 2021 Credit Program liability. We expect the Recovery Credit and 2021 Credit Program aggregate liability of \$48 million as of December 31, 2021 to be settled over the following 12 months. We manage our WSE payroll and benefits obligations through collections of payments from our clients which generally occur two to three days in advance of client payroll dates. We regularly review our short-term obligations associated with our WSEs (such as payroll and related taxes, insurance premium and claim payments) and designate funds required to fulfill these short-term obligations, which we refer to as PFC. PFC is included in current assets as restricted cash, cash equivalents and investments.

We manage our sponsored benefit and workers' compensation insurance obligations by maintaining collateral funds in restricted cash, cash equivalents and investments. These collateral amounts are generally determined at the beginning of each plan year and we may be required by our insurance carriers to adjust our collateral balances when facts and circumstances change. We regularly review our collateral balances with our insurance carriers and anticipate funding further collateral in the future based upon our capital requirements. We classify our restricted cash, cash equivalents and investments as current and noncurrent assets to match against the anticipated timing of payments to carriers.

The following table summarizes our workers' compensation obligations, gross of collateral, as of December 31, 2021,

(in millions)	Payments Due by Period				
	Total	Less than 1 year			More than 5 years
		1-3 years	3-5 years		
Workers' compensation obligations <sup>(1)</sup>	\$ 198	\$ 57	\$ 62	\$ 26	\$ 53

(1) Represents estimated payments that are expected to be made to carriers for various workers' compensation programs under the contractual obligations. These obligations include the costs of reimbursing the carriers for paying claims within the deductible layer in accordance with the workers' compensation insurance policy.

#### Working capital for corporate purposes

Corporate working capital as of December 31, 2021 increased \$410 million from December 31, 2020, primarily driven by a \$311 million increase in corporate unrestricted cash and cash equivalents and a \$78 million increase in corporate investments.

We use our available cash and cash equivalents to satisfy our operational and regulatory requirements and to fund capital expenditures. We believe that we can meet our present and reasonably foreseeable operating cash needs and future commitments through existing liquid assets, continuing cash flows from corporate operating activities and the potential issuance of debt or equity securities. We believe our existing corporate cash and cash equivalents and positive working capital will be sufficient to meet our working capital expenditure needs for at least the next twelve months.

The following table summarizes our purchase obligations as of December 31, 2021,

(in millions)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase obligations <sup>(1)</sup>	\$ 150	\$ 87	\$ 56	\$ 7	\$ —

(1) Our purchase obligations primarily consist of software licenses, consulting and maintenance agreements, and sales and marketing events pertaining to various agreements.

## Cash Flows

The following table presents our cash flow activities for the stated periods:

(in millions)	Year Ended December 31,					
	2021			2020		
	Corporate	WSE	Total	Corporate	WSE	Total
Net cash provided by (used in):						
Operating activities	\$ 415	\$ (197)	\$ 218	\$ 338	\$ 208	\$ 546
Investing activities	(119)	(16)	(135)	(69)	(82)	(151)
Financing activities	12	—	12	(208)	—	(208)
<b>Net increase (decrease) in cash and cash equivalents, unrestricted and restricted</b>	<b>\$ 308</b>	<b>\$ (213)</b>	<b>\$ 95</b>	<b>\$ 61</b>	<b>\$ 126</b>	<b>\$ 187</b>
Cash and cash equivalents, unrestricted and restricted:						
<b>Beginning of period</b>	<b>\$ 352</b>	<b>\$ 1,291</b>	<b>\$ 1,643</b>	<b>\$ 291</b>	<b>\$ 1,165</b>	<b>\$ 1,456</b>
<b>End of period</b>	<b>\$ 660</b>	<b>\$ 1,078</b>	<b>\$ 1,738</b>	<b>\$ 352</b>	<b>\$ 1,291</b>	<b>\$ 1,643</b>
Net increase (decrease) in cash and cash equivalents:						
Unrestricted	\$ 311	\$ —	\$ 311	\$ 88	\$ —	\$ 88
Restricted	(3)	(213)	(216)	(27)	126	99

### Operating Activities

Components of net cash provided by operating activities are as follows:

(in millions)	Year Ended December 31,	
	2021	2020
<b>Net cash provided by operating activities</b>	<b>\$ 218</b>	<b>\$ 546</b>
<b>Net cash provided by operating activities - Corporate</b>	<b>\$ 415</b>	<b>\$ 338</b>
<b>Net cash provided by (used in) operating activities - WSE</b>	<b>\$ (197)</b>	<b>\$ 208</b>

The year-over-year change in net cash used in operating activities for WSE purposes was primarily driven by timing of client payments, payments of payroll and payroll taxes, settlement of the Recovery Credit, and insurance claim activities. We expect the changes in restricted cash and cash equivalents to correspond to WSE cash provided by (or used in) operations as we manage our obligations associated with WSEs through restricted cash.

Our corporate operating cash flows in 2021 increased when compared to 2020 due to the increase in our net income and the timing of our payments of corporate obligations.

*Investing Activities*

Cash used in investing activities for the periods presented below primarily consisted of purchases of investments and capital expenditures, partially offset by proceeds from the sale and maturity of investments.

(in millions)	Year Ended December 31,	
	2021	2020
<b>Investments:</b>		
Purchases of investments	\$ (444)	\$ (327)
Proceeds from sale and maturity of investments	349	224
Other	—	(12)
<b>Cash used in investments</b>	<b>\$ (95)</b>	<b>\$ (115)</b>
<b>Capital expenditures:</b>		
Software and hardware	\$ (33)	\$ (33)
Office furniture, equipment and leasehold improvements	(7)	(3)
<b>Cash used in capital expenditures</b>	<b>\$ (40)</b>	<b>\$ (36)</b>
<b>Cash used in investing activities</b>	<b>\$ (135)</b>	<b>\$ (151)</b>

*Investments*

We invest a portion of available cash in investment-grade securities with effective maturities less than five years that are classified on our balance sheets as investments.

We also invest funds held as collateral to satisfy our long-term obligation towards workers' compensation liabilities. These investments are classified on our balance sheets as restricted cash, cash equivalents and investments. We review the amount and the anticipated holding period of these investments regularly in conjunction with our estimated long-term workers' compensation liabilities and anticipated claims payment trend. At December 31, 2021, our investments had a weighted average duration of less than two years and an average S&P credit rating of AA.

As of December 31, 2021, we held approximately \$2.3 billion in restricted and unrestricted cash, cash equivalents and investments, of which \$612 million was unrestricted cash and cash equivalents and \$303 million was unrestricted investments. Refer to [Note 2](#) in Part II, Item 8. Financial Statements and Supplemental Data, in this Form 10-K for a summary of these funds.

In December 2021, we entered into a definitive agreement to acquire Zenefits. The total purchase price of \$220 million, subject to customary closing adjustments, will be settled by the issuance of up to \$20 million of TriNet stock to eligible selling shareholders, with the remainder paid in cash from corporate working capital. The acquisition is subject to customary closing conditions and regulatory approval and is expected to close in the first quarter of 2022.

*Capital Expenditures*

During 2021, we continued to make investments in software and hardware and we enhanced our existing service offerings and technology platform. We expect capital investments in our software and hardware to continue in the future.

### Financing Activities

Net cash provided by (used in) financing activities in the years ended December 31, 2021 and 2020 consisted of our debt and equity-related activities.

(in millions)	Year Ended December 31,	
	2021	2020
<b>Financing activities</b>		
Repurchase of common stock, net of issuance	\$ (109)	\$ (186)
Proceeds from issuance of 2029 Notes	500	—
Repayment of borrowings	(370)	(22)
Payment of debt issuance costs	(7)	—
Payment of long-term financing fees	(2)	—
Draw down from revolving credit facility	—	234
Repayment of borrowings under revolving credit facility	—	(234)
<b>Cash provided by (used in) financing activities</b>	<b>\$ 12</b>	<b>\$ (208)</b>

During the year ended December 31, 2021, we repurchased 1,161,909 shares of our common stock for approximately \$94 million through our stock repurchase program. As of December 31, 2021, approximately \$263 million remained available for repurchase under all authorizations by our board of directors. We plan to use current cash and cash generated from ongoing operating activities to fund this stock repurchase program.

In February 2022, our board of directors authorized a \$300 million incremental increase to our ongoing stock repurchase program initiated in May 2014. We use this program to return value to our stockholders and to offset dilution from the issuance of stock under our equity-based incentive plan and employee purchase plan.

In February 2021, we issued \$500 million aggregate principal amount of our 2029 Notes. \$370 million of the proceeds was used to repay and terminate the 2018 Term Loan A. The remaining funds were used for general corporate purposes. Refer to [Note 6](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K for further information.

In February 2021, concurrently with the closing of our 2029 Notes offering, we entered into a new \$500 million revolving credit facility under a new credit agreement (our 2021 Credit Agreement). The 2021 Credit Agreement includes a \$100 million letter of credit sub-facility and a \$40 million swingline sub-facility. We also have the option to incur incremental credit facilities of up to the greater of \$450 million and 100% of EBITDA for the most recent period of four fiscal quarters for which financial statements have been delivered. Such incremental facilities are subject to obtaining additional commitments from lenders. At December 31, 2021, we had \$500 million available under our 2021 Credit Agreement.

### Capital Resources

As of December 31, 2021, \$500 million aggregate principal of our 2029 Notes was outstanding. The Indenture governing the 2029 Notes includes restrictive covenants limiting our ability to: (i) create liens on certain assets to secure debt; (ii) grant subsidiary guarantees of certain debt without also providing a guarantee of the 2029 Notes; and (iii) consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of our assets to, another person, subject, in each case, to certain customary exceptions.

Our 2021 Credit Agreement includes a \$500 million revolving credit facility. The 2021 Credit Agreement includes negative covenants that limit our ability to incur indebtedness and liens, sell assets and make restricted payments, including dividends and investments, subject to certain exceptions. In addition, the 2021 Credit Agreement also contains other customary affirmative and negative covenants and customary events of default. The 2021 Credit Agreement also contains a financial covenant that requires the Company to maintain certain maximum total net leverage ratios.

We were in compliance with all financial covenants under our 2021 Credit Agreement at December 31, 2021.



## Critical Accounting Judgments and Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which require us to make estimates, judgments, and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities. These estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Some of the assumptions are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial statements could be materially affected. For additional information about our accounting policies, refer to [Note 1](#) in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.

The following items require significant estimation or judgment:

### Insurance Costs

We purchase workers' compensation and health benefits coverage for our employees and WSEs. As part of these insurance policies, we bear claims costs up to a defined deductible amount and as a result, we establish accrued insurance costs including both known claims filed and estimates for incurred but not reported claims.

We use external actuaries to evaluate, review and recommend estimates of our accrued workers' compensation and health insurance costs. The accrued costs studies performed by these qualified external actuaries analyze historical claims data to develop a range of our potential ultimate costs using loss development, expected loss ratio and frequency/severity methods in accordance with Actuarial Standards of Practice. These methods are applied to classes of the claims data organized by policy year and risk class.

Key judgments and evaluations in arriving at loss estimates by class and the accrued costs selection overall include:

- the selection of method used and the relative weights given to selecting the method used for each policy year,
- the underlying assumptions of LDF used in these models,
- the effect of any changes to the insurers' claims handling and payment processes,
- evaluation of medical and indemnity cost trends, costs from changes in the risk exposure being evaluated and any applicable changes in legal, regulatory or judicial environment.

We review and evaluate these judgments and the associated recommendations in concluding the adequacy of accrued costs. Our quarterly reserving process involves the collaboration of our qualified external actuaries and our actuarial and finance departments to approve a single point best estimate. In selecting this best estimate, management considers the actuarial estimates and applies informed judgment regarding qualitative factors that may not be fully captured in these actuarial estimates. Such factors include, but are not limited to: the timing of the emergence of claims, volume and complexity of claims, social and judicial trends, and the extent of our historical loss data versus industry information. Where adjustments are necessary these are recorded in the period in which the adjustments are identified.

These accrued costs may vary in subsequent quarters from the amount estimated. Certain assumptions used in estimating these accrued costs are highly judgmental. Our accrued costs, results of operations and financial condition can be materially impacted if actual experience differs from the assumptions used in establishing these accrued costs.

### Accrued Workers' Compensation Costs

Under our policies, we are responsible for reimbursing the insurance carriers for workers' compensation losses up to \$1 million per claim occurrence (Deductible Layer). As workers' compensation costs for a particular period are not known for many years after the losses have occurred, these costs represent our best estimate of unpaid claim losses and loss adjustment expenses within the deductible layer in accordance with our insurance policies. We use external actuaries to evaluate, review and recommend accrued workers' compensation costs on a quarterly basis. The data is segmented by class and state and analyzed by policy year, and states where we have small exposure are aggregated into a single grouping.

We use a combination of loss development, expected loss ratio and frequency/severity methods which include the following inputs, assumptions and analytical techniques:

- Historical volume and severity of workers' compensation cost experience, exposure data and industry loss experience related to TriNet's insurance policies,
- inputs of WSEs' job responsibilities and location,
- estimates of future cost trends,
- expected loss ratios for the latest accident year or prior accident years, adjusted for the loss trend, the effect of rate changes and other quantifiable factors, and
- LDFs to project the reported losses for each accident year to an ultimate basis.

Final cost settlements may vary materially from the present estimates, particularly when payments do not occur until well into the future. In our experience, plan years related to workers' compensation programs may take 10 years or more to be fully settled.

We believe that our estimate of accrued workers' compensation costs is most sensitive to LDFs given the long reporting and paid development patterns for our workers' compensation loss costs. Our methods of estimating accrued workers' compensation costs rely on these LDFs and an estimate of future cost trend.

The following table illustrates the sensitivity of changes in the LDFs on our year end estimate of insurance costs (in millions of dollars):

Change in loss development factor	Change in insurance costs
-5.0%	(\$33)
-2.5%	(\$19)
+2.5%	\$20
+5.0%	\$40

#### *Accrued Health Insurance Costs*

We sponsor and administer a number of employee benefit plans, including group health, dental, vision and life insurance as an employer plan sponsor under section 3(5) of the ERISA. Approximately 84% of our group health insurance costs relate to risk-based plans in which we agree to reimburse our carriers for any claims paid within an agreed-upon per-person deductible layer up to a maximum aggregate exposure limit per policy. These deductible dollar limits and maximum limits vary by carrier and year.

Costs covered by these insurance plans generally develop on average within three to six months so insurance costs and accrued health insurance costs include estimates of reported losses and claims incurred but not yet paid (IBNP). Data is grouped and analyzed by insurance carrier.

To estimate accrued health benefits costs we use a number of inputs, assumptions and analytical techniques:

- historical loss claims payment patterns and medical cost trend rates related to TriNet's insurance policies,
- current period claims costs and claims reporting patterns (completion factors), and
- plan enrollment.

Medical cost trend rates are a significant factor we use in developing our accrued health insurance costs. Medical cost trends are developed through an analysis of claims incurred in prior months, provider pricing and indicators of health care utilization, including pharmacy utilization trends, and outpatient and inpatient utilization. Many factors may cause medical cost trend to vary from our estimates.

The following table illustrates the sensitivity of changes in the medical cost trend on our year end estimate of insurance costs (in millions of dollars):

Change in medical cost trend	Change in insurance costs
+3.0%	\$21
+2.0%	\$14
+1.0%	\$7
-1.0%	\$(7)
-2.0%	\$(14)
-3.0%	\$(21)

Completion factors are an actuarial estimate based on historical experience and analysis of current trends, of paid costs to carriers as a percentage of the expected ultimate costs to carriers. Many factors may cause actual claims submissions rates from our carriers to vary from our estimated completion factors, including carrier claims processing patterns, the mix of providers and the mix of electronic versus manual claims submitted to our carriers.

The following table illustrates the sensitivity of changes in completion factors on our year end estimate of insurance costs (in millions of dollars):

Change in completion factors	Change in insurance costs
-0.75%	\$16
-0.50%	\$11
-0.25%	\$5
+0.25%	\$(5)
+0.50%	\$(11)
+0.75%	\$(16)

### Recent Accounting Pronouncements

Refer to [Note 1](#) in Part II, Item 8, Financial Statements and Supplementary Data, of this Form 10-K for additional information related to recent accounting pronouncements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Our exposure to changes in interest rates relates primarily to our investment portfolio. Changes in U.S. interest rates affect the interest earned on the Company's cash, cash equivalents and the fair value of our investments.

Our cash equivalents consist primarily of money market mutual funds, which are not significantly exposed to interest rate risk. Our investments are subject to interest rate risk because these securities generally include a fixed interest rate. As a result, the market values of these securities are affected by changes in prevailing interest rates. We attempt to limit our exposure to interest rate risk and credit risk by investing in instruments that meet the minimum credit quality, liquidity, diversification and other requirements of our investment policy. Our investments consist of liquid, investment-grade securities. The risk of rate changes on investment balances was not material at December 31, 2021 and 2020.

## Item 8. Financial Statements and Supplementary Data

### TRINET GROUP, INC.

#### Consolidated Financial Statements

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of TriNet Group, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of TriNet Group, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Accrued Workers' Compensation and Health Insurance Costs - Refer to Note 1 and Note 7 to the financial statements****Critical Audit Matter Description**

The Company offers its clients and worksite employees (WSEs) workers' compensation insurance and health insurance coverage through insurance policies provided by third-party insurance carriers. The Company is obligated to reimburse the insurance carriers for losses up to defined deductible limits, in accordance with the insurance policies. Accrued workers' compensation and health insurance costs are established to provide for the estimated unpaid costs of reimbursing the carriers.

The accrued workers' compensation costs include estimates of unpaid claim losses and loss adjustment expenses. The estimates are based on the Company's historical and industry loss experience, exposure data, an estimate of future cost trends, expected loss ratios, and loss development factors. Accrued workers' compensation costs, as of December 31, 2021, were \$190 million.

The accrued health insurance costs include estimates for reported losses and estimates for claims incurred but not paid. The estimates are based on the Company's historical claim payment patterns and medical cost trends, current period claim costs and claim reporting patterns, and plan enrollment. Accrued health insurance costs as of December 31, 2021, were \$174 million.

Both the accrued workers' compensation and health insurance costs are established using actuarial methods followed in the insurance industry and the Company uses third-party actuaries to develop these estimates.

Given the subjectivity of estimating the value of the accrued workers' compensation and health insurance costs, performing audit procedures to evaluate whether accrued workers' compensation and health insurance costs recorded for the year ended December 31, 2021 required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists.

***How the Critical Audit Matter Was Addressed in the Audit***

Our audit procedures related to the accrued workers' compensation and health insurance costs included the following, among others:

- We tested the effectiveness of controls related to accrued workers' compensation and health insurance costs.
- We tested the underlying data that served as inputs into the actuarial analyses, including testing historical claims and enrollment data and recreating the claim loss triangles.
- With the assistance of our actuarial specialists, we evaluated the methods and key assumptions used by management to estimate the accrued workers' compensation and health insurance costs:
  - Compared management's prior-year assumptions of expected development and ultimate loss to actuals incurred during the current year to identify and evaluate potential bias in the determination of the accrued workers' compensation and health insurance costs.
  - Developed an independent range of estimates of the accrued costs, utilizing loss development factors and future cost trends for accrued workers' compensation costs and claim payment patterns and medical trend rates for accrued health insurance costs. We compared our estimated ranges to management's estimates.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California

February 14, 2022

We have served as the Company's auditor since 2016.



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of TriNet Group, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of TriNet Group, Inc. and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 14, 2022, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California

February 14, 2022

TRINET GROUP, INC.  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in millions except per share data)	Year Ended December 31,		
	2021	2020	2019
Professional service revenues	\$ 639	\$ 544	\$ 530
Insurance service revenues	3,901	3,490	3,326
<b>Total revenues</b>	<b>4,540</b>	<b>4,034</b>	<b>3,856</b>
Insurance costs	3,339	2,979	2,927
Cost of providing services	264	262	245
Sales and marketing	202	186	190
General and administrative	176	152	137
Systems development and programming	50	40	43
Depreciation and amortization of intangible assets	54	47	46
<b>Total costs and operating expenses</b>	<b>4,085</b>	<b>3,666</b>	<b>3,588</b>
<b>Operating income</b>	<b>455</b>	<b>368</b>	<b>268</b>
Other income (expense):			
Interest expense, bank fees and other	(20)	(21)	(21)
Interest income	6	10	23
<b>Income before provision for income taxes</b>	<b>441</b>	<b>357</b>	<b>270</b>
Income taxes	103	85	58
<b>Net income</b>	<b>\$ 338</b>	<b>\$ 272</b>	<b>\$ 212</b>
Other comprehensive (loss) income, net of income taxes	(5)	4	—
<b>Comprehensive income</b>	<b>\$ 333</b>	<b>\$ 276</b>	<b>\$ 212</b>
<b>Net income per share:</b>			
Basic	\$ 5.13	\$ 4.03	\$ 3.04
Diluted	\$ 5.07	\$ 3.99	\$ 2.99
<b>Weighted average shares:</b>			
Basic	66	67	70
Diluted	67	68	71

See accompanying notes.

**TRINET GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(in millions, except share and per share data)	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 612	\$ 301
Investments	135	57
Restricted cash, cash equivalents and investments	1,195	1,388
Accounts receivable, net	15	18
Unbilled revenue, net	324	246
Prepaid expenses, net	67	63
Other current assets	91	87
<b>Total current assets</b>	<b>2,439</b>	<b>2,160</b>
Restricted cash, cash equivalents and investments, noncurrent	166	210
Investments, noncurrent	168	138
Property, equipment and software, net	79	79
Operating lease right-of-use asset	42	51
Goodwill	294	294
Other intangible assets, net	6	18
Other assets	115	93
<b>Total assets</b>	<b>\$ 3,309</b>	<b>\$ 3,043</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 86	\$ 50
Long-term debt	—	22
Client deposits and other client liabilities	97	134
Accrued wages	369	309
Accrued health insurance costs, net	174	172
Accrued workers' compensation costs, net	55	59
Payroll tax liabilities and other payroll withholdings	929	1,095
Operating lease liabilities	11	11
Insurance premiums and other payables	18	18
<b>Total current liabilities</b>	<b>1,739</b>	<b>1,870</b>
Long-term debt, noncurrent	495	348
Accrued workers' compensation costs, noncurrent, net	135	138
Deferred taxes	11	22
Operating lease liabilities, noncurrent	41	49
Other non-current liabilities	7	9
<b>Total liabilities</b>	<b>2,428</b>	<b>2,436</b>
Commitments and contingencies (see <a href="#">Note 10</a> )		
Stockholders' equity:		
Preferred stock	—	—
(\$0.000025 par value per share; 20,000,000 shares authorized; no shares issued or outstanding at December 31, 2021 and 2020)		
Common stock and additional paid-in capital	808	747
(\$0.000025 par value per share; 750,000,000 shares authorized; 65,968,224 and 66,456,663 shares issued and outstanding at December 31, 2021 and 2020, respectively)		
Retained earnings (Accumulated deficit)	74	(144)
Accumulated other comprehensive (loss) income	(1)	4
<b>Total stockholders' equity</b>	<b>881</b>	<b>607</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 3,309</b>	<b>\$ 3,043</b>

See accompanying notes.

**TRINET GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Total Stockholders' Equity, beginning balance</b>	\$ 607	\$ 475	\$ 375
Common Stock and Additional Paid-In Capital:			
Beginning balance	747	694	641
Issuance of common stock from exercise of stock options	1	—	2
Issuance of common stock for employee stock purchase plan	10	9	9
Stock based compensation expense	50	44	42
Ending balance	808	747	694
Retained Earnings (Accumulated Deficit):			
Beginning balance	(144)	(219)	(266)
Net income	338	272	212
Cumulative effect of accounting change	—	(1)	—
Repurchase of common stock	(94)	(178)	(140)
Awards effectively repurchased for required employee withholding taxes	(26)	(18)	(25)
Ending balance	74	(144)	(219)
Accumulated Other Comprehensive (Loss) Income:			
Beginning balance	4	—	—
Other comprehensive (loss) income	(5)	4	—
Ending balance	(1)	4	—
<b>Total Stockholders' Equity, ending balance</b>	\$ 881	\$ 607	\$ 475

See accompanying notes.

TRINET GROUP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Operating activities</b>			
Net income	\$ 338	\$ 272	212
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation and amortization	82	67	57
Stock based compensation	50	43	41
Amortization of ROU asset, lease modification and impairment	12	15	16
Accretion of discount rate on lease liabilities	2	2	—
Amortization of (premium) discount on investments	3	1	(1)
Deferred income taxes	(9)	(42)	(7)
Changes in operating assets and liabilities:			
Accounts receivable, net	3	(7)	5
Unbilled revenue, net	(78)	39	19
Prepaid expenses, net	(5)	(12)	(5)
Accounts payable and other current liabilities	33	19	(15)
Client deposits and other client liabilities	(37)	87	(12)
Accrued wages	60	(82)	40
Accrued health insurance costs, net	2	5	32
Accrued workers' compensation costs, net	(7)	(9)	(20)
Payroll taxes payable and other payroll withholdings	(166)	194	172
Operating lease liabilities	(13)	(19)	(17)
Other assets	(50)	(38)	(34)
Other liabilities	(2)	11	(12)
<b>Net cash provided by operating activities</b>	<b>218</b>	<b>546</b>	<b>471</b>
<b>Investing activities</b>			
Purchases of marketable securities	(444)	(327)	(302)
Proceeds from sale and maturity of marketable securities	349	224	159
Acquisitions of property and equipment	(40)	(36)	(45)
Other	—	(12)	—
<b>Net cash used in investing activities</b>	<b>(135)</b>	<b>(151)</b>	<b>(188)</b>
<b>Financing activities</b>			
Repurchase of common stock	(94)	(178)	(140)
Proceeds from issuance of common stock	11	10	11
Awards effectively repurchased for required employee withholding taxes	(26)	(18)	(25)
Proceeds from issuance of 2029 Notes	500	—	—
Repayment of borrowings	(370)	(22)	(22)
Payment of debt issuance costs	(7)	—	—
Payment of long-term financing costs	(2)	—	—
Draw down from revolving credit facility	—	234	—
Repayment of borrowings under revolving credit facility	—	(234)	—
<b>Net cash provided by (used in) financing activities</b>	<b>12</b>	<b>(208)</b>	<b>(176)</b>
<b>Net increase in cash and cash equivalents, unrestricted and restricted</b>	<b>95</b>	<b>187</b>	<b>107</b>
<b>Cash and cash equivalents, unrestricted and restricted:</b>			
<b>Beginning of period</b>	<b>1,643</b>	<b>1,456</b>	<b>1,349</b>
<b>End of period</b>	<b>\$ 1,738</b>	<b>\$ 1,643</b>	<b>\$ 1,456</b>
<b>Supplemental disclosures of cash flow information</b>			
Interest paid	\$ 12	\$ 16	19
Income taxes paid, net	129	123	62

See accompanying notes.

## TRINET GROUP, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

##### Description of Business

TriNet Group, Inc. (TriNet, or the Company, we, our and us), a professional employer organization, provides comprehensive human resources solutions for small and medium-size businesses under a co-employment model. These HR solutions include multi-state payroll processing and tax administration, employee benefits programs, including health insurance and retirement plans, workers' compensation insurance and claims management, employment and benefit law compliance, and other HR-related services. Through the co-employment relationship, we are the employer of record for certain employment-related administrative and regulatory purposes for the worksite employees (WSEs), including:

- compensation through wages and salaries,
- certain employer payroll-related tax payments,
- employee payroll-related tax withholdings and payments,
- employee benefit programs, including health and life insurance, and others, and
- workers' compensation coverage.

Our clients are responsible for the day-to-day job responsibilities of the WSEs.

We operate in one reportable segment. All of our service revenues are generated from external clients. Less than 1% of our revenue is generated outside of the U.S.

##### Basis of Presentation

Our consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (GAAP). All intercompany accounts and transactions have been eliminated in consolidation.

##### Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect certain reported amounts and related disclosures.

These estimates are based on historical experience and on various other assumptions that we believe to be reasonable from the facts available to us. Some of the assumptions are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial statements could be materially affected.

##### Revenue Recognition

Revenues are recognized when the promised services are transferred to our clients, in an amount that reflects the consideration that we expect to receive in exchange for services. We generate all of our revenue from contracts with clients. We disaggregate revenues into professional services revenues and insurance services revenues as reported on the consolidated statements of income and comprehensive income. In the majority of our contracts, both the client and the Company may terminate the contract without penalty by providing a 30-day notice.

##### *Performance Obligations*

At contract inception, we assess the services promised in our contracts with clients and identify a performance obligation for each distinct promise to transfer to the client a service or bundle of services. We determined that the following distinct services represent separate performance obligations:

- Payroll and payroll tax processing,
- Health benefits services,

- Workers' compensation services, and
- A right to receive future services at a discount through our Recovery Credit program.

Payroll and payroll tax processing performance obligations include services to process payroll and payroll tax-related transactions on behalf of our clients. Revenues associated with this performance obligation are reported as professional service revenues and recognized using an output method in which the promised services are transferred when a client's payroll is processed by us and WSEs are paid. Professional service revenues are stated net of the gross payroll and payroll tax amounts funded by our clients. Although we assume the responsibilities to process and remit the payroll and payroll related obligations, we do not assume employment-related responsibilities such as determining the amount of the payroll and related payroll obligations. As a result, we are the agent in this arrangement for revenue recognition purposes.

Health benefits and workers' compensation services include performance obligations to provide TriNet-sponsored health benefits and workers' compensation insurance coverage through insurance policies provided by third-party insurance carriers and settle high deductible amounts on those policies. Revenues associated with these performance obligations are reported as insurance services revenues and are recognized using the output method over the period of time that the client and WSEs are covered under TriNet-sponsored insurance policies.

We control the selection of health benefits and workers' compensation coverage made available. As a result, we are the principal in this arrangement for revenue recognition purposes and insurance services revenues are reported gross.

In April 2020, we created our Recovery Credit program to assist in the economic recovery of our existing SMB clients and enhance our ability to retain these clients. Under this one-time program eligible clients will receive reductions against fees for future services, accounted for as a discount, over the following 12 months. This option to renew future services at a discount represents a material right and is accounted for as a performance obligation (Recovery Credit). This performance obligation will be satisfied when the clients have successfully renewed the services contracts and the future services are transferred.

The consideration we receive that is allocated to this performance obligation is deferred as an unsatisfied performance obligation and is included in client deposits and other client liabilities on the balance sheet. The amount of consideration we defer each period is dependent on the timing of when eligible clients will receive the Recovery Credit, which is subject to a limit on the total amount of \$145 million.

The change in the balance of the Recovery Credit unsatisfied performance obligation was as follows:

<i>(in millions)</i>	<b>2021</b>	<b>2020</b>
Balance at beginning of period	\$ 92	\$ —
(+) Accruals	17	128
(-) Distributions to clients	(86)	(36)
<b>Balance at end of period</b>	<b>\$ 23</b>	<b>\$ 92</b>

We generally charge new clients a nominal upfront non-refundable fee to recover our costs to set them up on our TriNet platform for payroll processing and other administrative services, such as benefit enrollments. These fees are accounted for as part of our transaction price and are allocated among the performance obligations based on their relative standalone selling prices.

#### *Client Deposits and Other Client Liabilities*

Client deposits and other client liabilities represents our contractual commitments and payables to clients, including indemnity guarantee payments received from clients, amounts prefunded by clients for their payroll and related taxes and other withholding liabilities before payroll is processed or due for payment, as well as service fee consideration received for unsatisfied performance obligations of \$23 million.



### *Variable Consideration and Pricing Allocation*

Our contracts with clients generally do not include any variable consideration. However, from time to time, we may offer credits to our clients considered to be variable consideration. Incentive credits related to contract renewals are recorded as a reduction to revenue as part of the transaction price at contract inception and are allocated among the performance obligations based on their relative standalone selling prices. Credits based on the performance of our insurance costs are recorded as a reduction to insurance services revenues and included in client deposits and other client liabilities on the balance sheet. In 2021, we accrued \$25 million under our 2021 Credit Program, payable within 12 months to eligible clients as of March 31, 2021, related to the expected performance of our health insurance costs for the year.

We allocate the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation. The transaction price for the payroll and payroll tax processing performance obligations is determined upon establishment of the contract that contains the final terms of the arrangement, including the description and price of each service purchased. The estimated service fee is determined based on observable inputs and include the following key assumptions: target profit margin, pricing strategies including the mix of services purchased and competitive factors, and client and industry specifics.

The transaction price for health benefits insurance and workers' compensation insurance performance obligations is determined during the new client on-boarding and enrollment processes based on the types of benefits coverage the clients and WSEs have elected and the applicable risk profile of the client. We estimate our service fees based on actuarial forecasts of our expected insurance premiums and loss sensitive premium costs, and amounts to cover our costs to administer these programs.

We require our clients to prefund payroll and related taxes and other withholding liabilities before payroll is processed or due for payment. Under the provision of our contracts with clients, we generally will process the payment of a client's payroll only when the client successfully funds the amount required. As a result, there is no financing arrangement for the contracts. However, certain contracts to provide payroll and payroll tax processing services permit the client to pay certain payroll tax components ratably over periods of up to 12 months rather than as payroll tax is otherwise determined and due, which may be considered a significant financing arrangement under ASC Topic 606. However, as the period between our performing the service under the contract and when the client pays for the service is less than one year, we have elected, as a practical expedient, not to adjust the transaction price.

### *Unbilled Revenue*

We recognize WSE payroll and payroll tax liabilities in the period in which the WSEs perform work. When clients' pay periods cross reporting periods, we accrue the portion of the unpaid WSE payroll where we assume, under state regulations, the obligation for the payment of wages and the corresponding payroll tax liabilities associated with the work performed prior to period-end. These estimated payroll and payroll tax liabilities are recorded in accrued wages. The associated receivables, including estimated revenues, offset by advance collections from clients and an allowance for credit losses, are recorded as unbilled revenue. As of December 31, 2021 and 2020, advance collections included in unbilled revenue were \$8 million and \$24 million, respectively.

### Contract Costs

We recognize as deferred commission expense the incremental cost to obtain a contract with a client for certain components under our commission plans for sales representatives and channel partners that are directly related to new clients onboarded as we expect to recover these costs through future service fees. Such assets are amortized over the estimated average client tenure. These commissions are earned on the basis of the revenue generated from payroll and payroll tax processing performance obligations. When the commission on a renewal contract is not commensurate with the commission on the initial contract, any incremental commission will be capitalized and amortized over the estimated average client tenure. If the commission for both the initial contract and renewal contracts are commensurate, such commissions are expensed in the contract period. The below table summarizes the amounts capitalized and amortized during the years ended December 31, 2021, 2020 and 2019:

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Deferred commission expense:</b>			
Capitalized	\$ 28	\$ 29	\$ 45
Amortized	25	19	10

Certain commission plans pay a commission on estimated professional service revenues over the first 12 months of the contract with clients. The portion of commission paid in excess of the actual commission earned in that period is recorded as prepaid commission. When the prepaid commission is considered earned, it is classified as a deferred commission expense and subject to amortization. We do not have material contract liabilities as of December 31, 2021 and 2020.

### Insurance Costs

Our insurance plans are provided by third-party insurance carriers under risk-based or guaranteed-cost insurance policies. Under risk-based policies, we agree to reimburse our carriers for any claims paid within an agreed-upon per-person deductible layer up to a maximum aggregate exposure limit per policy. These deductible dollar limits and maximum limits vary by carrier and year. Under guaranteed-cost policies, our carriers establish the premiums and we are not responsible for any deductible.

Insurance costs include insurance premiums for coverage provided by insurance carriers, payments for claim costs and other risk management services, reimbursement of claims payments made by insurance carriers or third-party administrators below a predefined deductible limit, and changes in accrued costs related to contractual obligations with our workers' compensation and health benefit carriers.

At policy inception, annual workers' compensation premiums are estimated by the insurance carriers based on projected wages over the duration of the policy period and the risk categories of the WSEs. We initially pay premiums based on these estimates. As actual wages are realized, premium expense recorded may differ from estimated premium expense, creating an asset or liability throughout the policy year. Such asset or liability is reported on our consolidated balance sheets as prepaid expenses or insurance premiums and other payables, respectively.

### Accrued Workers' Compensation Costs

We have secured workers' compensation insurance policies with insurance carriers to administer and pay claims for our clients and WSEs. We are responsible for reimbursing the insurance carriers for losses up to \$1 million per claim occurrence (deductible layer). Insurance carriers are responsible for administering and paying claims. We are responsible for reimbursing each carrier up to a deductible limit per occurrence. Accrued workers' compensation costs represent our liability to reimburse insurance carriers for our share of their losses and loss adjustment expenses. These accrued costs are established to provide for the estimated ultimate costs of paying claims within the deductible layer in accordance with workers' compensation insurance policies. These accrued costs include estimates for reported and incurred but not reported (IBNR) losses, accrued costs on reported claims, and expenses associated with processing and settling the claims. In establishing these accrued costs, we use an external actuary to provide an estimate of undiscounted future cash payments that would be made to settle the claims based upon:

- historical loss experience, exposure data, and industry loss experience related to TriNet's insurance policies,
- inputs including WSE job responsibilities and location,
- historical volume and severity of workers' compensation claims,
- an estimate of future cost trends,
- expected loss ratios for the latest accident year or prior accident years, adjusted for the loss trend, the effect of rate changes and other quantifiable factors, and
- loss development factors to project the reported losses for each accident year to an ultimate basis.

We assess the accrued workers' compensation costs on a quarterly basis. For each reporting period, changes in the actuarial methods and assumptions resulting from changes in actual claims experience and other trends are incorporated into the accrued workers' compensation costs. Adjustments to previously established accrued costs estimates are reflected in the results of operations for the period in which the adjustment is identified. Such adjustments could be significant, reflecting any variety of new adverse or favorable trends. Accordingly, final claim settlements may vary materially from the present estimates, particularly when those payments may not occur until well into the future. In our experience, plan years related to workers' compensation programs may take ten years or more to be settled.

We do not discount accrued workers' compensation costs. Costs expected to be paid within one year are recorded as accrued workers' compensation costs. Costs expected to be paid beyond one year are included in accrued workers' compensation costs, less current portion.

We have collateral agreements with various insurance carriers where either we retain custody of funds in trust accounts which we record as restricted cash and cash equivalents, or remit funds to carriers. Collateral whether held by us, or the carriers, is used to settle our insurance and claim deductible obligations to them. Collateral requirements are established at the policy year and are re-assessed by each carrier annually. Based on the results of each assessment, additional collateral may be required for or paid to the carrier or collateral funds may be released or returned to the Company. In instances where we pay collateral to carriers and the agreement permits net settlement of obligations against collateral held, we record our accrued costs net of that collateral (Carrier Collateral Offset). We offset Carrier Collateral Offset against our obligation due within the next 12 months before applying against long-term obligations. Collateral balances in excess of accrued costs are recorded in other assets.

#### Accrued Health Insurance Costs

We sponsor and administer a number of employee benefit plans, including group health, dental, and vision as an employer plan sponsor under section 3(5) of the ERISA. In 2021, the majority of our group health insurance costs related to risk-based plans. Our remaining group health insurance costs were for guaranteed-cost policies.

Accrued health insurance costs are established to provide for the estimated unpaid costs of reimbursing the carriers for paying claims within the deductible layer in accordance with risk-based health insurance policies. These accrued costs include estimates for reported losses, plus estimates for claims incurred but not paid. We assess accrued health insurance costs regularly based upon external actuarial studies that include other relevant factors such as current and historical claims payment patterns, plan enrollment and medical trend rates.

In certain carrier contracts we are required to prepay the expected claims activity for subsequent periods. These prepaid balances by agreement permit net settlement of obligations and offset the accrued health insurance costs. As of December 31, 2021 and 2020, prepayments and miscellaneous receivables offsetting accrued health insurance costs were \$54 million and \$49 million, respectively. When the prepaid amount is in excess of our recorded liability the net asset position is included in prepaid expenses. As of December 31, 2021 and 2020, accrued health insurance costs offsetting prepaid expenses were \$79 million and \$58 million, respectively.

## Leases

We determine if a new contractual arrangement is a lease at contract inception. If a contract contains a lease, we evaluate whether it should be classified as an operating or a finance lease. If applicable as a lease, we record our lease liabilities and right-of-use (ROU) assets based on the future minimum lease payments over the lease term and only include options to renew a lease in the future minimum lease payments if it is reasonably certain that we will exercise that option. For certain leases with original terms of twelve months or less we recognize the lease expense as incurred and we do not recognize lease liabilities and ROU assets.

We measure our lease liabilities based on the future minimum lease payments discounted over the lease term. We determine our discount rate at lease inception using our incremental borrowing rate, which is based on our outstanding term debts that are collateralized by certain corporate assets. As of December 31, 2021 and 2020, the weighted-average rate used in discounting the lease liability was 3.9% and 4.0%, respectively.

We measure our ROU assets based on the associated lease liabilities adjusted for any lease incentives such as tenant improvement allowances and classify operating ROU assets in other assets in our consolidated balance sheets. For operating leases, we recognize expense for lease payments on a straight-line basis over the lease term.

## Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and short-term, highly liquid investments. Investments with original maturity dates of three months or less are considered cash equivalents.

## Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments presented on our consolidated balance sheets include:

- cash and cash equivalents in trust accounts functioning as security deposits for our insurance carriers,
- payroll funds collected representing cash collected in advance from clients which we designate as restricted for the purpose of funding WSE payroll and payroll taxes and other payroll related liabilities, and
- amounts held in trust for current and future premium and claim obligations with our insurance carriers, which amounts are held in trust according to the terms of the relevant insurance policies and by the local insurance regulations of the jurisdictions in which the policies are in force.

## Investments

Our investments are primarily classified as available-for-sale and are carried at estimated fair value.

Unrealized gains and losses are reported as a component of accumulated other comprehensive income, net of deferred income taxes. The amortized cost of debt investments is adjusted for amortization of premiums and accretion of discounts from the date of purchase to the earliest call date for premiums or the maturity date for discounts. Such amortization is included in interest income as an addition to or deduction from the coupon interest earned on the investments. We use the specific identification method to determine realized gains and losses on the sale of available-for-sale securities. Realized gains and losses are included in interest income in the accompanying consolidated statements of income and comprehensive income.

We assess our investments for credit impairment. We review several factors to determine whether an unrealized loss is credit related, such as financial condition and future prospects of the issuer. To the extent that a security's amortized cost basis exceeds the present value of the cash flows expected to be collected from the security, an allowance for credit losses will be recognized. If management intends to sell or will more likely than not be required to sell the security before any anticipated recovery, a write down will be recognized in earnings measured as the entire difference between the amortized cost and the then-current fair value.

We have investments within our unrestricted and our restricted accounts. Unrestricted investments are recorded on the balance sheet as current or noncurrent based upon the remaining time to maturity, and investments subject to restrictions are classified as current or noncurrent based on the expected payout of the related liability.

## Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive (loss) income includes those gains and losses included in comprehensive income, but excluded from net income, in accordance with GAAP. Other comprehensive (loss) income is comprised of immaterial net unrealized gains or losses arising on available-for-sale investments, net of deferred taxes.

## Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

Our financial assets recorded at fair value on a recurring basis are comprised of cash equivalents, available-for-sale marketable securities and certificates of deposits. We measure certain financial assets at fair value for disclosure purposes, as well as on a nonrecurring basis when they are deemed to be other-than-temporarily impaired. Our other current financial assets and liabilities have fair values that approximate their carrying value due to their short-term nature.

Assets and liabilities recorded at fair value are measured and classified in accordance with a three-tier fair value hierarchy based on the observability of the inputs available in the market to measure fair value, summarized as follows:

- Level 1—observable inputs for identical assets or liabilities, such as quoted prices in active markets,
- Level 2—inputs other than the quoted prices in active markets that are observable either directly or indirectly,
- Level 3—unobservable inputs in which there is little or no market data, which requires that we develop our own assumptions.

The fair value hierarchy requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We classify our cash equivalents, investments and long-term debt in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety.

## Accounts Receivable

Our accounts receivable represents outstanding gross billings to clients, net of an allowance for estimated credit losses. We require our clients to prefund payroll and related liabilities before payroll is processed or due for payment. If a client fails to fund payroll or misses the funding cut-off, at our sole discretion, we may pay the payroll and the resulting amounts due to us are recognized as accounts receivable. When client payment is received in advance of our performance under the contract, such amount is recorded as client deposits. We establish an allowance for credit losses based on the credit quality of clients, current economic conditions, the age of the accounts receivable balances, historical experience, and other factors that may affect clients' ability to pay, and charge-off amounts against the allowance when they are deemed uncollectible. The allowance was immaterial at December 31, 2021 and 2020.

## Property, Equipment and Software

We record property and equipment at historical cost and compute depreciation using the straight-line method over the estimated useful lives of the assets or the lease terms, generally three years to five years for software and office equipment, five years to seven years for furniture and fixtures, and the shorter of the asset life or the remaining lease term for leasehold improvements. We expense the cost of maintenance and repairs as incurred and capitalize leasehold improvements.

We capitalize internal and external costs incurred to develop internal-use computer software during the application development stage. Application development stage costs include software configuration, coding, and installation. Capitalized costs are amortized on a straight-line basis over the estimated useful life, typically ranging from three years to five years, commencing when the software is placed into service. We expense costs incurred during the preliminary project stage, as well as general and administrative, overhead, maintenance and training costs, and costs that do not add functionality to existing systems.

We periodically assess the likelihood of unsuccessful completion of projects in progress, as well as monitor events or changes in circumstances, which might suggest that impairment has occurred and recoverability should be evaluated. An impairment loss is recognized if the carrying amount of the asset is not recoverable and exceeds the future net cash flows expected to be generated by the asset.

We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired if the carrying amount exceeds the undiscounted future net cash flows the asset is expected to generate. An impairment charge is recognized for the amount by which the carrying amount of the assets exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less selling costs.

### Goodwill and Other Intangible Assets

Our goodwill and identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis or when an event occurs or circumstances change in a way to indicate that there has been a potential decline in the fair value of the reporting unit. Goodwill impairment is determined by comparing the estimated fair value of the reporting unit to its carrying amount, including goodwill. All goodwill is associated with one reporting unit within our one reportable segment.

Annually, we perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit has declined below its carrying value. This assessment considers various financial, macroeconomic, industry, and reporting unit specific qualitative factors. We perform our annual impairment testing in the fourth quarter. Based on the results of our reviews, no impairment loss was recognized in the results of operations for the years ended December 31, 2021, 2020 and 2019.

Intangible assets with finite useful lives are amortized over their respective estimated useful lives ranging from one year to ten years using either the straight-line method or an accelerated method. Intangible assets are reviewed for indicators of impairment at least annually and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based on the results of our reviews, we recognized a \$7 million impairment charge for customer contract lists for the year ended December 31, 2021. There were no impairment charges recognized for the years ended December 31, 2020 and 2019.

### Advertising Costs

We expense the costs of producing advertisements at the time production occurs, and expense the cost of running advertisements in the period in which the advertising space or airtime is used as sales and marketing expense. Advertising costs were \$21 million, \$19 million, and \$18 million for the years ended December 31, 2021, 2020 and 2019, respectively.

### Stock Based Compensation

Our stock based awards to employees include time based and performance based restricted stock units and restricted stock awards, stock options and an employee stock purchase plan. Compensation expense associated with restricted stock units and restricted stock awards is based on the fair value of common stock on the date of grant. Compensation expense associated with stock options and employee stock purchase plan are based on the estimated grant date fair value method using the Black-Scholes option pricing model. Expense is recognized using a straight-line amortization method over the respective vesting period for awards that are ultimately expected to vest, with adjustments to expense recognized in the period in which forfeitures occur.

### Income Taxes

We account for our provision for income taxes using the asset and liability method, under which we recognize income taxes payable or refundable for current year and deferred tax assets and liabilities for the future tax effect of events that have been recognized in either our financial statements or tax returns. We measure our current and deferred tax assets and liabilities based on provision of enacted tax laws of those jurisdictions in which we operate. The effect of changes in tax laws and regulations, or interpretations, is recognized in our consolidated financial statements in the period that includes the enactment date.

We recognize deferred tax assets and liabilities based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes, as well as the expected benefits of using net operating loss and other carryforwards. We are required to establish a valuation allowance when it is determined more likely than not that the deferred tax assets will not be realized. Provision for income taxes may change when estimates used in determining valuation allowances change or when receipt of new information indicates the need for adjustment in valuation allowances. Changes in valuation allowances are reflected as a component of the provision for income taxes in the period the change is enacted.

We recognize a reserve for uncertain tax positions taken or expected to be taken in a tax return when it is concluded that tax positions are not more likely than not to be sustained upon examination by taxing authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the positions. Assumptions, judgment and the use of estimates are required in determining if the more likely than not standard has been met when developing the provision for income taxes and in determining the expected benefit. The tax benefits of the position recognized in the financial statements are then measured based on the largest amount of benefit that is greater than 50% likely to be realized upon settlement with a taxing authority. Unrecognized tax benefits due to tax uncertainties that do not meet the minimum probability threshold are included as other liabilities and are charged to earnings in the period that such determination is made. We recognize interest and penalties related to uncertain tax positions as a component of income tax expense. Accrued interest and penalties are included in other non-current liabilities on the consolidated balance sheet.

### Concentrations of Credit Risk

Financial instruments subject to concentrations of credit risk include cash, cash equivalents and investments (unrestricted and restricted), accounts receivable, and amounts due from insurance carriers. We maintain these financial assets principally in domestic financial institutions. We perform periodic evaluations of the relative credit standing of these institutions. Our exposure to credit risk in the event of default by the financial institutions holding these funds is limited to amounts currently held by the institution in excess of insured amounts.

Under the terms of professional services agreements, clients agree to maintain sufficient funds or other satisfactory credit at all times to cover the cost of their current payroll, all accrued paid time off, vacation or sick leave balances, and other vested wage and benefit obligations for all their work site employees. We generally require payment from our clients on or before the applicable payroll date.

For certain clients, we require an indemnity guarantee payment (IGP) supported by a letter of credit, bond, or a certificate of deposit from certain financial institutions. The IGP typically equals the total payroll and service fee for one average payroll period.

No client accounted for more than 10% of total revenues in the years ended December 31, 2021, 2020 and 2019. Bad debt expense, net of recoveries was immaterial for the years ended December 31, 2021, 2020 and 2019.

### Recent Accounting Pronouncements

#### Recently adopted accounting guidance

**Credit Losses** - We adopted ASU 2016-13 - Financial Instruments - Credit Losses (ASC Topic 326) effective January 1, 2020 using a modified retrospective approach, under which we recognized the cumulative effects of initially applying this guidance as an adjustment to the opening balance of retained earnings on January 1, 2020 with unchanged comparative periods. We are required to use forward-looking information when evaluating an allowance for our accounts receivable, unbilled revenue and other financial assets measured at amortized cost. ASC Topic 326 also modified the impairment guidance for available-for-sale debt securities to require an allowance for credit losses. The adoption of ASC Topic 326 did not have a material effect on our financial statements.

**Recognizing and Measuring Contract Assets and Contract Liabilities From Contracts With Customers Acquired in a Business Combination** – We will early adopt ASU 2021-08 – Business Combinations (Topic 805) effective January 1, 2022. ASU 2021-08 amends ASC 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and requires that we recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606. The adoption of ASU 2021-08 will not have a material effect on our financial statements.



## NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS - UNRESTRICTED AND RESTRICTED

Under the terms of the agreements with certain of our workers' compensation and health benefit insurance carriers, we are required to maintain collateral in trust accounts for the benefit of specified insurance carriers and to reimburse the carriers' claim payments within our deductible layer. We invest a portion of the collateral amounts in marketable securities. We report the current and noncurrent portions of these trust accounts as restricted cash, cash equivalents and investments on the consolidated balance sheets.

We require our clients to prefund their payroll and related taxes and other withholding liabilities before payroll is processed or due for payment. This prefund is included in restricted cash, cash equivalents and investments as payroll funds collected, which is designated to pay pending payrolls, payroll tax liabilities and other payroll withholdings.

We also invest available corporate funds, primarily in fixed income securities which meet the requirements of our corporate investment policy and are classified as available for sale (AFS).

Our total cash, cash equivalents and investments are summarized below:

(in millions)	December 31, 2021			December 31, 2020		
	Cash and cash equivalents	Available-for-sale marketable securities	Total	Cash and cash equivalents	Available-for-sale marketable securities	Total
Cash and cash equivalents	\$ 612	\$ —	\$ 612	\$ 301	\$ —	\$ 301
Investments	—	135	135	—	57	57
Restricted cash, cash equivalents and investments						
Payroll funds collected	1,012	—	1,012	1,228	—	1,228
Collateral for health benefits claims	25	98	123	16	82	98
Collateral for workers' compensation claims	58	—	58	60	—	60
Other security deposits	2	—	2	2	—	2
Total restricted cash, cash equivalents and investments	1,097	98	1,195	1,306	82	1,388
Investments, noncurrent	—	168	168	—	138	138
Restricted cash, cash equivalents and investments, noncurrent						
Collateral for workers' compensation claims	29	137	166	36	174	210
<b>Total</b>	<b>\$ 1,738</b>	<b>\$ 538</b>	<b>\$ 2,276</b>	<b>\$ 1,643</b>	<b>\$ 451</b>	<b>\$ 2,094</b>

## NOTE 3. INVESTMENTS

The amortized cost, gross unrealized gains, gross unrealized losses, and fair value of our AFS investments as of December 31, 2021 and 2020 are presented below:

(in millions)	December 31, 2021				December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	\$ 49	\$ —	\$ —	\$ 49	\$ 24	\$ —	\$ —	\$ 24
Corporate bonds	167	1	(1)	167	126	2	—	128
U.S. government agencies and government-sponsored agencies	17	—	—	17	27	1	—	28
U.S. treasuries	285	1	(1)	285	261	4	—	265
Certificate of deposit	11	—	—	11	—	—	—	—
Other debt securities	9	—	—	9	6	—	—	6
<b>Total</b>	<b>\$ 538</b>	<b>\$ 2</b>	<b>\$ (2)</b>	<b>\$ 538</b>	<b>\$ 444</b>	<b>\$ 7</b>	<b>\$ —</b>	<b>\$ 451</b>

Gross unrealized losses were immaterial as of December 31, 2021 and 2020.

Unrealized losses on fixed income securities are principally caused by changes in interest rates and the financial condition of the issuer. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by credit rating agencies have occurred, and industry analysts' reports. As we have the ability to hold these investments until maturity, or for the foreseeable future, no



impairment charges were deemed necessary. Actual maturities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

The fair value of debt investments by contractual maturity are shown below:

(in millions)	December 31, 2021	
One year or less	\$	193
Over one year through five years		310
Over five years through ten years		10
Over ten years		25
<b>Total fair value</b>	<b>\$</b>	<b>538</b>

The gross proceeds from sales and maturities of AFS securities for the years ended December 31, 2021, 2020, and 2019 are presented below. We had immaterial gross realized gains and losses from sales of investments for the years ended December 31, 2021, 2020, and 2019.

(in millions)	Year Ended December 31,		
	2021	2020	2019
Gross proceeds from sales	\$ 162	\$ 93	\$ 76
Gross proceeds from maturities	187	131	83
<b>Total</b>	<b>\$ 349</b>	<b>\$ 224</b>	<b>\$ 159</b>

## NOTE 4. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

### Fair Value of Financial Instruments

We use an independent pricing source to determine the fair value of our securities. The independent pricing source utilizes various pricing models for each asset class; including the market approach. The inputs and assumptions for the pricing models are market observable inputs including trades of comparable securities, dealer quotes, credit spreads, yield curves and other market-related data.

We have not adjusted the prices obtained from the independent pricing service and we believe the prices received from the independent pricing service are representative of the prices that would be received to sell the assets at the measurement date (exit price).

The carrying value of the Company's cash equivalents and restricted cash equivalents approximate their fair values due to their short-term maturities.

We did not have any Level 3 financial instruments recognized in our consolidated balance sheets as of December 31, 2021 and 2020. There were no transfers between levels as of December 31, 2021 and 2020.

## Fair Value Measurements on a Recurring Basis

The following tables summarize our financial instruments by significant categories and fair value measurement on a recurring basis as of December 31, 2021 and 2020:

(in millions)	Level 1	Level 2	Total
<b>December 31, 2021</b>			
Cash equivalents:			
Money market mutual funds	\$ 4	\$ —	\$ 4
U.S. treasuries	—	21	21
<b>Total cash equivalents</b>	<b>4</b>	<b>21</b>	<b>25</b>
Investments:			
Asset-backed securities	—	49	49
Corporate bonds	—	137	137
U.S. government agencies and government-sponsored agencies	—	2	2
U.S. treasuries	—	106	106
Other debt securities	—	9	9
<b>Total investments</b>	<b>—</b>	<b>303</b>	<b>303</b>
Restricted cash equivalents:			
Money market mutual funds	93	—	93
Certificate of deposit	—	1	1
<b>Total restricted cash equivalents</b>	<b>93</b>	<b>1</b>	<b>94</b>
Restricted investments:			
Corporate bonds	—	30	30
U.S. government agencies and government-sponsored agencies	—	15	15
U.S. treasuries	—	179	179
Certificate of deposit	—	11	11
<b>Total restricted investments</b>	<b>—</b>	<b>235</b>	<b>235</b>
<b>Total investments and restricted cash equivalents and investments</b>	<b>\$ 97</b>	<b>\$ 560</b>	<b>\$ 657</b>

(in millions)	Level 1	Level 2	Total
<b>December 31, 2020</b>			
Cash equivalents:			
Money market mutual funds	\$ 2	\$ —	\$ 2
U.S. treasuries	—	11	11
<b>Total cash equivalents</b>	<b>2</b>	<b>11</b>	<b>13</b>
Investments:			
Asset-backed securities	—	24	24
Corporate bonds	—	93	93
U.S. government agencies and government-sponsored agencies	—	5	5
U.S. treasuries	—	67	67
Other debt securities	—	6	6
<b>Total investments</b>	<b>—</b>	<b>195</b>	<b>195</b>
Restricted cash equivalents:			
Money market mutual funds	99	—	99
<b>Total restricted cash equivalents</b>	<b>99</b>	<b>—</b>	<b>99</b>
Restricted investments:			
Corporate bonds	—	35	35
U.S. government agencies and government-sponsored agencies	—	23	23
U.S. treasuries	—	198	198
<b>Total restricted investments</b>	<b>—</b>	<b>256</b>	<b>256</b>
<b>Total investments and restricted cash equivalents and investments</b>	<b>\$ 101</b>	<b>\$ 462</b>	<b>\$ 563</b>

## Fair Value of Financial Instruments Disclosure

### Long-Term Debt

The fair value of our 2029 Notes was obtained from a third-party pricing service and is based on observable market inputs. As such, the fair value of the senior notes is considered Level 2 in the hierarchy for fair value measurement. As of December 31, 2021, our 2029 Notes were carried at their cost, net of issuance costs, and had a fair value of \$500 million.

Our 2018 Term Loan was floating rate debt prior to being repaid and terminated in 2021. The fair value of our 2018 Term Loan approximated its carrying value (exclusive of issuance costs) at December 31, 2020. The fair value of our 2018 Term Loan was estimated based on a discounted cash flow, which incorporates credit spreads and market interest rates to estimate the fair value and is considered Level 3 in the hierarchy for fair value measurement.

## NOTE 5. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software, net, consists of the following:

(in millions)	December 31, 2021	December 31, 2020
Software	\$ 236	\$ 204
Office equipment, including data processing equipment	31	28
Leasehold improvements	25	24
Furniture, fixtures, and equipment	17	16
Projects in progress	1	1
<b>Total</b>	<b>310</b>	<b>273</b>
Less: Accumulated depreciation	(231)	(194)
<b>Property and equipment, net</b>	<b>\$ 79</b>	<b>\$ 79</b>

Projects in progress consist primarily of development costs for internally developed software, which we capitalize and amortize on a straight-line basis over the estimated useful life.

The following table summarizes our depreciation expense and capitalized internally developed software costs and related depreciation expense.

(in millions)	Year Ended December 31,		
	2021	2020	2019
Depreciation expense	\$ 42	\$ 42	\$ 41
Capitalized internally developed software costs	33	36	31
Depreciation expense for capitalized internally developed software costs	33	31	29

## NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in goodwill for the years ended December 31, 2021 and 2020 are as follows:

(in millions)	Amount
<b>Balance at December 31, 2019</b>	\$ 289
Additions	5
<b>Balance at December 31, 2020</b>	\$ 294
Additions	—
<b>Balance at December 31, 2021</b>	\$ 294

Other intangibles consists of customer contact lists with a weighted average amortization period of 10 years:

(in millions)	December 31, 2021	December 31, 2020
Gross carrying amount	\$ 98	\$ 98
Accumulated amortization	(92)	(80)
<b>Net carrying amount</b>	\$ 6	\$ 18

Amortization of intangible assets during the years ended December 31, 2021, 2020 and 2019 was \$5 million for each period. We evaluate the remaining useful life of intangible assets quarterly to determine whether events and circumstances warrant a revision to the estimated remaining useful life. During the year ended December 31, 2021, we recognized a \$7 million impairment of a customer relationship intangible due to higher than expected attrition.

Expense related to intangibles amortization in future periods as of December 31, 2021 is expected to be as follows:

Year ending December 31:	Amount (in millions)
2022	\$ 4
2023	2
2024 and thereafter	—
<b>Total</b>	\$ 6

**NOTE 7. ACCRUED WORKERS' COMPENSATION COSTS**

The following table summarizes the accrued workers' compensation cost activity for the years ended December 31, 2021, 2020 and 2019:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Total accrued costs, beginning of year	\$ 205	\$ 214	\$ 238
Incurring			
Current year	66	64	72
Prior years	(23)	(20)	(31)
Total incurred	43	44	41
Paid			
Current year	(10)	(8)	(14)
Prior years	(40)	(45)	(51)
Total paid	(50)	(53)	(65)
<b>Total accrued costs, end of year</b>	<b>\$ 198</b>	<b>\$ 205</b>	<b>\$ 214</b>

The following tables summarize workers' compensation liabilities on the consolidated balance sheets:

(in millions)	December 31, 2021	December 31, 2020
<b>Total accrued costs, end of year</b>	<b>\$ 198</b>	<b>\$ 205</b>
Collateral paid to carriers and offset against accrued costs	(8)	(8)
<b>Total accrued costs, net of carrier collateral offset</b>	<b>\$ 190</b>	<b>\$ 197</b>
Payable in less than 1 year (net of collateral paid to carriers of \$2 and \$3 as of December 31, 2021 and 2020, respectively)	\$ 55	59
Payable in more than 1 year (net of collateral paid to carriers of \$6 and \$5 as of December 31, 2021 and 2020, respectively)	135	138
<b>Total accrued costs, net of carrier collateral offset</b>	<b>\$ 190</b>	<b>\$ 197</b>

Incurring claims related to prior years represent changes in estimates for ultimate losses on workers' compensation claims. For the years ended December 31, 2021, 2020 and 2019, the favorable development is due to lower than expected reported claim frequency and severity for the more recent years.

As of December 31, 2021 and 2020, we had \$43 million and \$45 million, respectively, of collateral held by insurance carriers of which \$8 million for both periods was offset against accrued workers' compensation costs as the agreements permit and are net settled of insurance obligations against collateral held.

**NOTE 8. LEASES**

Our leasing activities predominantly consist of leasing office space that we occupy, which we have classified as operating leases. Our leases are comprised of fixed payments with remaining lease terms of 1 to 7 years, one of which includes an option to extend for up to 5 years. As of December 31, 2021, we have not included any options to extend or cancel in the calculation of our lease liability or ROU asset. We do not have any significant residual value guarantees or restrictive covenants in our leases.

We recognized operating lease expense of \$13 million, \$17 million and \$19 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, the weighted average remaining lease term on our operating leases was 5.2 years and 5.8 years, respectively. Future minimum lease payments as of December 31, 2021 were as follows:

(in millions)	December 31, 2021	
2022	\$	13
2023		12
2024		9
2025		8
2026		7
2026 and thereafter		9
<b>Total future minimum lease payments</b>	<b>\$</b>	<b>58</b>
Less: imputed interest		(6)
<b>Total operating lease liabilities</b>	<b>\$</b>	<b>52</b>
Current portion		11
Non-current portion		41

## NOTE 9. LONG-TERM DEBT AND REVOLVING CREDIT AGREEMENT BORROWINGS

As of December 31, 2021 and 2020, long-term debt consisted of the following:

(in millions)	December 31, 2021		December 31, 2020	
2018 Term Loan A	\$	—	\$	370
2029 Notes		500		—
<b>Principal amount</b>		<b>500</b>		<b>370</b>
Deferred issuance costs		(5)		—
Less: current portion		—		(22)
<b>Long-term debt, noncurrent</b>	<b>\$</b>	<b>495</b>	<b>\$</b>	<b>348</b>
Annual contractual interest rate		3.50 %		1.77 %
Effective interest rate		3.67 %		1.87 %

In February 2021, we issued \$500 million aggregate principal of 3.50% senior unsecured notes maturing in March 2029 (our 2029 Notes). The 2029 Notes are a senior unsecured obligation of TriNet Group, Inc. and rank equally with all of its existing and future senior unsecured indebtedness. Interest payments on the 2029 Notes are due semi-annually in arrears on March 1 and September 1, beginning on September 1, 2021. The net proceeds were used to repay and terminate our 2018 Term Loan and for general corporate purposes.

We may voluntarily redeem the 2029 Notes, in whole or in part, (1) at any time prior to March 1, 2024 at (a) 100% of their principal amount, plus a “make whole” premium or (b) with the net cash proceeds received from an equity offering at a redemption price equal to 103.50% of the principal amount, provided the aggregate principal amount of all such redemptions does not exceed 40% of the original aggregate principal amount of the 2029 Notes; (2) at any time on or after March 1, 2024 at a prepayment price equal to 101.75% of the principal amount; (3) at any time on or after March 1, 2025 at a prepayment price equal to 100.875% of the principal amount; and (4) at any time on or after March 1, 2026 at a prepayment price equal to 100% of the principal amount; in each case, plus accrued and unpaid interest, if any, to but excluding, the date of redemption.

In February 2021, concurrently with the closing of the 2029 Notes offering, we entered into a new \$500 million revolving facility (our 2021 Revolver) under a new credit agreement (our 2021 Credit Agreement) and our 2018 Credit Agreement was terminated. Letters of credit issued pursuant to the revolving facility reduce the amount available for borrowing under the 2021 Revolver. As of December 31, 2021, we had remaining capacity of \$491 million under our 2021 Revolver.

The annual interest rate for borrowings under our 2021 Revolver is calculated based on an applicable London Interbank Offered Rate (LIBOR) tenor of our choosing, plus a margin of 1.25% to 2.00%, or, at our option, the alternative base rate (ABR), plus a margin of 0.25% to 1.00%. The applicable LIBOR or ABR margin is based on our Total Leverage Ratio, as defined in the 2021 Credit Agreement. The ABR is the highest of (a) the applicable Federal

Reserve Bank of New York rate, as defined in our 2021 Credit Agreement plus 0.50% (b) the prime rate, and (c) one month LIBOR adjusted daily plus 1.00%.

In the event TriNet Group, Inc. receives a Corporate Issuer Credit Rating that is one level below investment grade rating or higher from at least two Nationally Recognized Statistical Rating Organizations, then rating based pricing applies and, for so long as rating-based pricing applies, irrespective of the Total Leverage Ratio, the LIBOR margin will be 1.125% and the ABR margin will be 0.125%.

The indenture governing our 2029 Notes includes restrictive covenants limiting our ability to: (i) create liens on certain assets to secure debt; (ii) grant a subsidiary guarantee of certain debt without also providing a guarantee of the 2029 Notes; and (iii) consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of our assets to, another person, subject, in each case, to certain customary exceptions.

The 2021 Credit Agreement includes negative covenants that limit our ability to incur indebtedness and liens, sell assets and make restricted payments, including dividends and investments, subject to certain exceptions. In addition, the 2021 Credit Agreement also contains other customary affirmative and negative covenants and customary events of default. The 2021 Credit Agreement also contains a financial covenant that requires the Company to maintain certain maximum total net leverage ratios. We were in compliance with all financial covenants under the 2021 Credit Agreement at December 31, 2021.

## NOTE 10. COMMITMENTS AND CONTINGENCIES

### Contingencies

On September 29, 2020, a class action was filed in the United States District Court for the Middle District of Florida against the directors of certain TriNet subsidiaries and other TriNet employees on behalf of participants in two retirement plans available to TriNet's eligible worksite employees, the TriNet 401(k) Plan and the TriNet Select 401(k) Plan. The complaint is similar to claims recently brought against a number of employers including PEOs and generally alleges that the defendants violated certain fiduciary obligations to Plan participants under the Employee Retirement Income Security Act of 1974 with respect to overseeing plan investment and recordkeeping fees. At this time, we are unable to reasonably estimate any possible loss, or range of loss, with respect to this matter. We believe the claims are without merit.

We are and, from time to time, have been and may in the future become involved in various litigation matters, legal proceedings, and claims arising in the ordinary course of our business, including disputes with our clients or various class action, collective action, representative action, and other proceedings arising from the nature of our co-employment relationship with our clients and WSEs in which we are named as a defendant. In addition, due to the nature of our co-employment relationship with our clients and WSEs, we could be subject to liability for federal and state law violations, even if we do not participate in such violations. While our agreements with our clients contain indemnification provisions related to the conduct of our clients, we may not be able to avail ourselves of such provisions in every instance. We have accrued our current best estimates of probable losses with respect to these matters, which are individually and in aggregate immaterial to our consolidated financial statements.

While the outcome of the matters described above cannot be predicted with certainty, management currently does not believe that any such claims or proceedings will have a materially adverse effect on our consolidated financial position, results of operations, or cash flows. However, the unfavorable resolution of any particular matter or our reassessment of our exposure for any of the above matters based on additional information obtained in the future could have a material impact on our consolidated financial position, results of operations, or cash flows.

## NOTE 11. STOCK BASED COMPENSATION

### Equity Based Incentive Plans

Our 2019 Equity Incentive Plan (the 2019 Plan), approved in May 2019, provides for the grant of stock awards, including stock options, RSUs, RSAs, and other stock awards. There were approximately 2 million shares available for grant under the 2019 Plan as of December 31, 2021.

The 2009 Equity Incentive Plan (the 2009 Plan), was replaced by the 2019 Plan, except that any outstanding awards granted under the 2009 Plan remain in effect pursuant to their terms.

## Stock Options

Stock options are granted to employees at exercise prices equal to the fair market value of our common stock on the dates of grant. Stock options generally have a maximum contractual term of 10 years. Stock options generally vest over 4 years, and are generally forfeited if the employee terminates service prior to vesting.

The following table summarizes stock option activity for the year ended December 31, 2021:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
<b>Balance at December 31, 2020</b>	379,985	\$ 15.10	3.2	\$ 25
Exercised	(73,118)	10.20		
<b>Balance at December 31, 2021 <sup>(1)</sup></b>	<b>306,867</b>	<b>\$ 16.20</b>	<b>2.2</b>	<b>\$ 24</b>

(1) All options are vested and exercisable.

Additional Disclosures for Stock Options (in millions)	Year Ended December 31,		
	2021	2020	2019
Total fair value of options vested	\$ —	\$ —	\$ 1
Total intrinsic value of options exercised	6	4	9
Cash received from options exercised	1	1	2

## Restricted Stock Units (RSUs) and Restricted Stock Awards (RSAs)

Time-based RSUs and RSAs generally vest over a four-year term. Performance-based RSUs and RSAs are subject to vesting requirements and are earned, in part, based on certain financial performance metrics as defined in the grant notice. Actual number of shares earned may range from 0% to 200% of the target award. Performance-based awards granted in 2021 and 2020 are earned based on a single-year performance period subject to subsequent multi-year time-based vesting with 50% of the shares earned vesting in one year after the performance period and the remaining shares in the year after. The performance-based awards granted in 2019 were previously cancelled. RSUs and RSAs are generally forfeited if the participant terminates service prior to vesting.

The following tables summarize RSU and RSA activity for the year ended December 31, 2021:

### Time-based RSUs and RSAs

	Total Number of RSUs	Total Number of RSAs	Total Number of Shares	Weighted-Average Grant Date Fair Value
<b>Nonvested at December 31, 2020</b>	1,230,071	30,026	1,260,097	\$ 54.04
Granted	562,881	—	562,881	83.71
Vested	(603,674)	(24,282)	(627,956)	54.91
Forfeited	(180,351)	—	(180,351)	60.96
<b>Nonvested at December 31, 2021</b>	<b>1,008,927</b>	<b>5,744</b>	<b>1,014,671</b>	<b>\$ 68.74</b>

Additional Disclosures for equity-based plans	Year Ended December 31,		
	2021	2020	2019
Total grant date fair value of shares granted (in millions)	\$ 47	\$ 50	\$ 38
Total grant date fair value of shares vested (in millions)	\$ 34	\$ 31	\$ 30
Shares withheld to settle payroll tax liabilities related to vesting of shares held by employees	207,603	230,569	315,762



## Performance-based RSUs and RSAs

	Total Number of RSUs	Total Number of RSAs	Total Number Shares	Weighted-Average Grant Date Fair Value
<b>Nonvested at December 31, 2020</b>	167,127	16,052	183,179 \$	52.89
Granted	246,349	—	246,349	67.70
Vested	(145,207)	(16,052)	(161,259)	52.24
Forfeited	(13,045)	—	(13,045)	61.33
<b>Nonvested at December 31, 2021</b>	255,224	—	255,224 \$	67.16

Additional Disclosures for equity-based plans	Year Ended December 31,		
	2021	2020	2019
Total grant date fair value of shares granted (in millions) <sup>(1)</sup>	\$ 16	\$ 10	\$ 4
Total grant date fair value of shares vested (in millions)	\$ 8	\$ 5	\$ 11
Shares withheld to settle payroll tax liabilities related to vesting of shares held by employees	77,787	48,787	135,877

(1) Amount includes fair value of finalized additional grant related to the most recently ended performance period.

## Employee Stock Purchase Plan

Our 2014 Employee Stock Purchase Plan (ESPP) offers eligible employees an option to purchase shares of our common stock through payroll deductions. The purchase price is equal to the lesser of 85% of the fair market value of our common stock on the offering date or 85% of the fair market value of our common stock on the applicable purchase date. Offering periods are approximately six months in duration and will end on or about May 15 and November 15 of each year. The plan is considered to be a compensatory plan. As of December 31, 2021, approximately 4 million shares were reserved for future issuances under the ESPP.

In applying the Black Scholes option valuation model for the ESPP options, we use the following assumptions:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Expected Term (in Years)	0.5	0.5	0.5
Expected Volatility	21-35%	40-83%	27-42%
Risk-Free Interest Rate	0.4-0.7%	0.2-1.6%	1.6-2.5%
Expected Dividend Yield	0 %	0 %	0 %
Shares Issued under ESPP	136,861	236,887	207,324

## Stock Based Compensation

Stock based compensation expense is measured based on the fair value of the stock award on the grant date and recognized over the requisite service period for each separately vesting portion of the stock award. Stock based compensation expense and other disclosures for stock based awards made to our employees pursuant to the equity plans were as follows:

(in millions)	Year Ended December 31,		
	2021	2020	2019
Cost of providing services	\$ 12	\$ 9	\$ 8
Sales and marketing	6	6	3
General and administrative	29	26	28
Systems development and programming costs	3	2	2
<b>Total stock based compensation expense</b>	<b>\$ 50</b>	<b>\$ 43</b>	<b>\$ 41</b>
<b>Total stock based compensation capitalized</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>
<b>Income tax benefit related to stock based compensation expense</b>	<b>\$ 10</b>	<b>\$ 9</b>	<b>\$ 11</b>
<b>Tax benefit realized from stock options exercised and similar awards</b>	<b>\$ 16</b>	<b>\$ 14</b>	<b>\$ 18</b>

The table below summarizes unrecognized compensation expense for the year ended December 31, 2021 associated with the following:

	Amount (in millions)	Weighted-Average Period (in Years)
Nonvested time based RSUs and RSAs	\$ 64	2.38
Nonvested performance based RSUs and RSAs	15	1.44

## NOTE 12. STOCKHOLDERS' EQUITY

### Common Stock

The following table shows the beginning and ending balances of our issued and outstanding common stock for the year ended December 31, 2021, 2020, and 2019:

	Year Ended December 31,		
	2021	2020	2019
Shares issued and outstanding, beginning balance	66,456,663	69,065,491	70,596,559
Issuance of common stock from vested restricted stock units	748,881	659,689	1,036,119
Issuance of common stock from exercise of stock options	73,118	81,026	187,504
Issuance of common stock for employee stock purchase plan	136,861	236,887	207,324
Repurchase of common stock	(1,161,909)	(3,307,074)	(2,510,376)
Awards effectively repurchased for required employee withholding taxes	(285,390)	(279,356)	(451,639)
<b>Shares issued and outstanding, ending balance</b>	<b>65,968,224</b>	<b>66,456,663</b>	<b>69,065,491</b>

### Stock Repurchases

In February 2020, our board of directors authorized a \$300 million incremental increase to our ongoing stock repurchase program. In February 2022, our board of directors authorized a further \$300 million incremental increase to this stock repurchase program. This repurchase authorization has no expiration. We retire shares in the period they are acquired and account for the payment as a reduction to stockholders' equity.

The following table summarizes the share repurchases under this program for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
Total cost (in millions)	\$ 94	\$ 178	\$ 140
Total shares	1,161,909	3,307,074	2,510,376
Average price per share	\$ 81.13	\$ 53.85	\$ 55.64

As of December 31, 2021, \$263 million remains available for repurchase under all authorizations approved by the board of directors.

## NOTE 13. INCOME TAXES

## Provision for Income Taxes

We are subject to tax in U.S. federal and various state and local jurisdictions, as well as Canada. We are open to federal and significant state income tax examinations for tax year 2016 and subsequent years. The provision for income taxes consists of the following:

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Current:</b>			
Federal	\$ 86	\$ 96	\$ 53
State	28	30	12
Foreign	1	1	—
<b>Total Current</b>	<b>115</b>	<b>127</b>	<b>65</b>
<b>Deferred:</b>			
Federal	(7)	(33)	(2)
State	(3)	(9)	(5)
Foreign	(2)	—	—
<b>Total Deferred</b>	<b>(12)</b>	<b>(42)</b>	<b>(7)</b>
<b>Total</b>	<b>\$ 103</b>	<b>\$ 85</b>	<b>\$ 58</b>

The U.S. federal statutory income tax rate reconciled to our effective tax rate is as follows:

(in millions, except percent)	Year Ended December 31,								
	2021		Percent of Pre-Tax Income (Loss)	2020		Percent of Pre-Tax Income (Loss)	2019		Percent of Pre-Tax Income (Loss)
	Pre-Tax Income	Tax Expense/(Benefit)		Pre-Tax Income	Tax Expense/(Benefit)		Pre-Tax Income	Tax Expense/(Benefit)	
	\$ 441			\$ 357			\$ 270		
U.S. federal statutory tax rate		\$ 93	21 %		\$ 75	21 %		\$ 57	21 %
State income taxes, net of federal benefit		32	7		25	7		20	7
Tax rate change		(1)	—		—	—		—	—
Nondeductible meals, entertainment and penalties		2	—		—	—		1	—
Stock based compensation		(2)	—		(2)	—		(1)	—
Uncertain tax positions		(1)	—		1	—		—	—
Tax credits		(7)	(2)		(6)	(2)		(7)	(3)
State and tax return to provision adjustments		(10)	(2)		(7)	(2)		(8)	(3)
Other		(3)	(1)		(1)	—		(4)	(1)
<b>Total</b>	<b>\$ 441</b>	<b>\$ 103</b>	<b>23 %</b>	<b>\$ 357</b>	<b>\$ 85</b>	<b>24 %</b>	<b>\$ 270</b>	<b>\$ 58</b>	<b>21 %</b>

Our effective income tax rate decreased by 1% to 23% in 2021 from 24% in 2020. The decrease was primarily attributable to benefits associated with a favorable adjustment of our previously disputed receivable from the IRS.

## Deferred Income Taxes

Significant components of our deferred tax assets and liabilities are as follows:

(in millions)	Year Ended December 31,	
	2021	2020
<b>Deferred tax assets:</b>		
Net operating losses (federal and state)	\$ 3	\$ 3
Accrued expenses	20	14
Accrued workers' compensation costs	9	9
Recovery credit	13	26
Operating lease liabilities	13	15
Stock based compensation	3	3
Tax benefits relating to uncertain positions	1	1
Tax credits (federal and state)	6	8
<b>Total</b>	<b>68</b>	<b>79</b>
Valuation allowance	(5)	(5)
<b>Total deferred tax assets</b>	<b>63</b>	<b>74</b>
<b>Deferred tax liabilities:</b>		
Depreciation and amortization	(37)	(37)
Deferred service revenues	—	(20)
Prepaid commission expenses	(24)	(22)
Operating lease right-of-use assets	(10)	(13)
Other	(1)	(2)
<b>Total deferred tax liabilities</b>	<b>(72)</b>	<b>(94)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (9)</b>	<b>\$ (20)</b>

As of December 31, 2021, we have an acquired federal net operating loss of \$2 million which can be carried forward indefinitely. As of December 31, 2021 and 2020, we have various state net operating loss carryforwards of \$45 million and \$39 million, respectively, most of which, if unused, will expire in years 2022 through 2040. As of December 31, 2021 and 2020, we have state tax credit carryforwards (net of federal benefit) of \$6 million that will begin expiring in 2026.

The provision for income taxes for the year ended December 31, 2021 included \$7 million of excess tax benefits resulting from equity incentive plan activities.

We previously paid Notices of Proposed Assessments disallowing employment tax credits totaling \$11 million, plus interest of \$4 million in connection with the IRS examination of Gevity HR, Inc. and its subsidiaries, which was acquired by TriNet in June 2009. TriNet filed suit in June 2016 to recover the disallowed credits, and the issue is being resolved through the litigation process. TriNet and the U.S. filed cross motions for summary judgment in federal district court. On September 17, 2018, the district court granted our motion for summary judgment and denied the U.S.'s motion. On January 18, 2019, the district court entered judgment in favor of TriNet in the amount of \$15 million, plus interest. The U.S. filed a notice of appeal of the federal district court's decision on March 18, 2019. The U.S. filed its opening brief in the court of appeals on June 10, 2019 and we filed our answering brief on July 24, 2019 to which the government filed its reply brief on September 6, 2019. Oral arguments occurred on March 11, 2020. On November 5, 2020, the court of appeals affirmed the district court's judgement in favor of TriNet. The April 5, 2021 deadline for the IRS to petition the Supreme Court for review passed without a petition. TriNet received payment of the full amount of the judgment in February 2022.

## Valuation Allowance

We have recorded a valuation allowance to reflect the estimated amount of deferred tax assets that may not be realized, related to state tax credits and state net operating loss carryforwards. A reconciliation of the beginning and ending amount of the valuation allowance is presented in the table below:

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Valuation allowance at January 1</b>	\$ 5	\$ 5	7
(Credited) Charged to net income	—	—	(2)
<b>Valuation allowance at December 31</b>	<b>5</b>	<b>5</b>	<b>5</b>

## Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) related to uncertain income tax provisions, which would affect the effective tax rate if recognized, is presented in the table below:

(in millions)	Year Ended December 31,		
	2021	2020	2019
<b>Unrecognized tax benefits at January 1</b>	\$ 8	\$ 7	6
Additions for tax positions of prior periods	—	1	1
Additions for tax positions of current period	1	1	1
Reductions for tax positions of prior period:			
Settlements with taxing authorities	—	(1)	—
Lapse of applicable statute of limitations	(1)	—	(1)
Adjustments to tax positions	(1)	—	—
<b>Unrecognized tax benefits at December 31</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>7</b>

As of December 31, 2021 and 2020, the total amount of gross interest and penalties accrued were immaterial. The unrecognized tax benefit, including accrued interest and penalties, is included in other non-current liabilities on the consolidated balance sheets.

It is reasonably possible the amount of the unrecognized benefit could increase or decrease within the next twelve months, which would have an impact on net income.

**NOTE 14. EARNINGS PER SHARE**

Basic EPS is computed based on the weighted average shares of common stock outstanding during the period. Diluted EPS is computed based on those shares used in the basic EPS computation, plus potentially dilutive shares issuable under our equity-based compensation plans using the treasury stock method. Shares that are potentially anti-dilutive are excluded.

The following table presents the computation of our basic and diluted EPS attributable to our common stock:

(in millions, except per share data)	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 338	\$ 272	\$ 212
Weighted average shares of common stock outstanding	66	67	70
<b>Basic EPS</b>	<b>\$ 5.13</b>	<b>\$ 4.03</b>	<b>\$ 3.04</b>
Net income	\$ 338	\$ 272	\$ 212
Weighted average shares of common stock outstanding	66	67	70
Dilutive effect of stock options and restricted stock units	1	1	1
Weighted average shares of common stock outstanding	67	68	71
<b>Diluted EPS</b>	<b>\$ 5.07</b>	<b>\$ 3.99</b>	<b>\$ 2.99</b>
<b>Common stock equivalents excluded from income per diluted share because of their anti-dilutive effect</b>	<b>1</b>	<b>1</b>	<b>1</b>

**NOTE 15. 401(k) PLAN**

The Company maintains a defined contribution 401(k) plan for the benefit of corporate employees. Under our 401(k) plan, eligible employees may elect to contribute based on their eligible compensation. The Company matches a portion of employee contributions, which amounted to \$15 million, \$12 million, and \$14 million for the years ended December 31, 2021, 2020, and 2019, respectively.

We also maintain multiple employer defined contribution plans, which cover WSEs for client companies electing to participate in the plan and for their internal staff employees. We contribute, on behalf of each participating client, varying amounts based on the clients' policies and serviced employee elections.

**NOTE 16. RELATED PARTY TRANSACTIONS**

We have service agreements with certain stockholders that we process their employees' payrolls and payroll taxes. From time to time, we also enter into sales and purchases agreements with various companies that have a relationship with our executive officers or members of our board of directors. The relationships are typically equity investment firm clients on which a board member serves in an executive role, an equity investment by those firms in a client/vendor company, or other clients/vendors on which our executive officer or board member serves as a member of the client/vendor company's board of directors. We have received \$14 million, \$22 million, and \$25 million in total revenues from such related parties during the years ended December 31, 2021, 2020 and 2019, respectively.

We have also entered into various software license agreements with software service providers who have board members in common with us. We paid the software service providers \$2 million, \$1 million, and \$10 million during the years ended December 31, 2021, 2020 and 2019, for services we received, respectively.

## NOTE 17. SUBSEQUENT EVENT

In December 2021, we entered into a definitive agreement to acquire Zenefits, a leading cloud HR platform which provides innovative and intuitive HR, benefits, payroll and employee engagement software purpose-built for small and medium-size businesses. We believe the acquisition of Zenefits will allow us to diversify our product offering to include an Administrative Services Organization (ASO), enabling us to dynamically service SMBs throughout their lifecycle and expand the customers we serve.

The total purchase price of \$220 million, subject to customary closing adjustments, will be settled by the issuance of up to \$20 million of TriNet stock to eligible selling shareholders, with the remainder paid in cash. The acquisition is subject to customary closing conditions and regulatory approval and is expected to close in the first quarter of 2022.



## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

## Item 9A. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

We have, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act).

Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2021 in ensuring that

- i. information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and
- ii. such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

### Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP.

Due to inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

We have performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021 based upon criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, we determined that our internal control over financial reporting was effective as of December 31, 2021.

Deloitte & Touche LLP, our independent registered public accounting firm, has issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2021. This audit report appears in Part II, Item 8. Financial Statements and Supplementary Data, of this Form 10-K.

### Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Item 9B. Other Information.

Not applicable.

## Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

## PART III

**Item 10. Directors, Executive Officers and Corporate Governance.**

Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2021.

**Item 11. Executive Compensation.**

Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2021.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2021.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2021.

**Item 14. Principal Accountant Fees and Services.**

Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2021.

**PART IV****Item 15. Exhibits, Financial Statement Schedules.**

(a) The following documents are filed as a part of the report:

(1) The financial statements filed as part of this report are listed in the "Index to Financial Statements" under Part II, Item 8. Financial Statements and Supplementary Data.

(2) Financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes included in this Form 10-K.

**Item 16. Form 10-K Summary.**

None.

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2021 FORM 10-K

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## EXHIBIT INDEX

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of TriNet Group, Inc.</a>	8-K	001-36373	3.1	4/1/2014	
3.2	<a href="#">Certificate of Correction of Amended and Restated Certificate of Incorporation of TriNet Group, Inc.</a>	10-Q	001-36373	3.1	11/2/2017	
3.3	<a href="#">Amended and Restated Bylaws of TriNet Group, Inc.</a>	S-1/A	333-192465	3.4	3/4/2014	
4.1	<a href="#">Registration Rights Agreement, by and between TriNet Group, Inc. and AGI-T, L.P., dated as of February 1, 2017.</a>	8-K	001-36373	4.1	2/2/2017	
4.2	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.</a>	10-K	001-36373	4.2	2/13/2020	
4.3	<a href="#">Indenture, dated February 26, 2021, among the Company, the guarantors listed therein and U.S. Bank National Association, as trustee.</a>	8-K	001-36373	4.1	2/26/2021	
4.4	<a href="#">Form of 3.500% Senior Notes due 2029 (included in exhibit 4.1).</a>	8-K	001-36373	4.2	2/26/2021	
4.5	<a href="#">Credit Agreement dated as of February 26, 2021, among TriNet USA, Inc. as Holdings, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.</a>	8-K	001-36373	10.1	2/26/2021	
10.1*	<a href="#">Amended and Restated 2009 Equity Incentive Plan.</a>	S-1/A	333-192465	10.3	3/14/2014	
10.2*	<a href="#">Form of Option Agreement and Option Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.</a>	S-1/A	333-192465	10.4	3/4/2014	
10.3*	<a href="#">Form of Restricted Stock Unit Agreement and Restricted Stock Unit Award Notice under the Amended and Restated 2009 Equity Incentive Plan.</a>	S-1/A	333-192465	10.6	3/4/2014	
10.4*	<a href="#">Form of Restricted Stock Unit Award Agreement and Restricted Stock Unit Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.</a>	10-Q	001-36373	10.1	4/30/2018	
10.5*	<a href="#">Form of Restricted Stock Award Agreement and Restricted Stock Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.</a>	10-Q	001-36373	10.3	4/30/2018	
10.6*	<a href="#">Form of Performance-Based Restricted Stock Award Agreement and Performance-Based Restricted Stock Grant Notice under the 2009 Equity Incentive Plan, as amended through February 20, 2014.</a>	10-Q	001-36373	10.4	4/30/2018	
10.7*	<a href="#">Form of Restricted Stock Unit Award Agreement and Restricted Stock Unit Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.</a>	10-Q	001-36373	10.2	4/29/2019	

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing	
10.8*	<a href="#">TriNet Group, Inc. 2019 Equity Incentive Plan.</a>	10-Q	001-36373	10.1	7/25/2019	
10.9*	<a href="#">Form of Non-Employee Director Restricted Stock Unit Grant Notice and Non-Employee Director Restricted Stock Unit Award Agreement under the TriNet Group, Inc. 2019 Equity Incentive Plan effective as of January 15, 2020.</a>	10-Q	001-36373	10.4	4/28/2020	
10.10*	<a href="#">Form of Restricted Stock Unit Grant Notice under the TriNet Group, Inc. 2019 Equity Incentive Plan effective as of March 4, 2021.</a>	10-Q	001-36373	10.4	4/26/2021	
10.11*	<a href="#">Form of Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Award Agreement under the TriNet Group, Inc. 2019 Equity Incentive Plan effective as of March 4, 2020.</a>	10-Q	001-36373	10.5	4/26/2021	
10.12*	<a href="#">2014 Employee Stock Purchase Plan.</a>	S-1/A	333-192465	10.7	3/14/2014	
10.13*	<a href="#">2015 Executive Bonus Plan.</a>	8-K	001-36373	N/A	3/11/2015	
10.14*	<a href="#">Amended and Restated Non-Employee Director Compensation Policy.</a>	10-K	001-36373	10.17		X
10.15*	<a href="#">TriNet Group, Inc. Severance Benefit Plan.</a>	10-K	001-36373	10.10	4/1/2016	
10.16*	<a href="#">TriNet Group Inc. Amended and Restated Executive Severance Benefit Plan</a>	10-Q	001-36373	10.5	4/30/2018	
10.17	<a href="#">Form of Indemnification Agreement made by and between TriNet Group, Inc. and each of its directors and executive officers.</a>	S-1/A	333-192465	10.8	3/4/2014	
10.18*	<a href="#">Employment Agreement, dated November 9, 2009, between Burton M. Goldfield and TriNet Group, Inc.</a>	S-1/A	333-192465	10.9	2/13/2014	
10.19*	<a href="#">Second Amended and Restated Employment Agreement, dated December 31, 2016, between Edward Griese and TriNet Group, Inc.</a>	10-Q	001-36373	10.2	8/1/2017	
10.20	<a href="#">Separation Agreement between Edward Griese and TriNet Group, Inc. dated December 31, 2021.</a>					X
10.21*	<a href="#">Employment Agreement, dated November 19, 2018, between Samantha Wellington and TriNet Group, Inc.</a>	10-K	001-36373	10.22	2/14/2019	
10.22*	<a href="#">Second Amended and Restated Employment Agreement, dated July 25, 2020, between TriNet USA, Inc. and Olivier Kohler.</a>	8-K	001-36373	10.2	11/19/2020	
10.23*	<a href="#">Employment Agreement dated August 13, 2020, between TriNet Group, Inc. and Kelly Lee Tuminelli.</a>	10-Q	001-36373	10.1	10/26/2020	
10.24*	<a href="#">Stockholder Agreement, by and between TriNet Group, Inc. and AGI-T, L.P., dated as of December 21, 2016</a>	8-K	001-36373	10.1	12/22/2016	
21.1	<a href="#">List of Subsidiaries.</a>					X

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing	
23.1	<a href="#">Consent of Deloitte &amp; Touche LLP, independent registered public accounting firm.</a>					X
24.1	<a href="#">Power of Attorney (included on the signature page of this report).</a>					
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1**	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.SCHCAL	Inline XBRL Taxonomy Extension Schema Calculation Linkbase Document.					X
101.CALDEF	Inline XBRL Taxonomy Extension Calculation Definition Linkbase Document.					X
101.DEFLAB	Inline XBRL Taxonomy Extension Definition Label Linkbase Document.					X
101.LABPRE	Inline XBRL Taxonomy Extension Label Presentation Linkbase Document.					X
101.PRE104	XBRL Taxonomy Extension Presentation Linkbase Document. Cover Page Interactive Data File (embedded with the Inline XBRL document).					X
*	Constitutes a management contract or compensatory plan or arrangement.					
**	Document has been furnished, is deemed not filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.					

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dublin, State of California, on the day of 14<sup>th</sup> February, 2022.

**TRINET GROUP, INC.**

Date: February 14, 2022

By: /s/ Burton M. Goldfield

Burton M. Goldfield  
Chief Executive Officer

Date: February 14, 2022

By: /s/ Kelly Tuminelli

Kelly Tuminelli  
Chief Financial Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Burton M. Goldfield, Kelly Tuminelli and Samantha Wellington, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that any of said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Burton M. Goldfield</u> Burton M. Goldfield	Chief Executive Officer ( <i>principal executive officer</i> )	February 14, 2022
<u>/s/ Kelly Tuminelli</u> Kelly Tuminelli	Chief Financial Officer ( <i>principal financial officer and principal accounting officer</i> )	February 14, 2022
<u>/s/ Michael J. Angelakis</u> Michael J. Angelakis	Director	February 14, 2022
<u>/s/ Katherine August-deWilde</u> Katherine August-deWilde	Director	February 14, 2022
<u>/s/ Martin Babinec</u> Martin Babinec	Director	February 14, 2022
<u>/s/ H. Raymond Bingham</u> H. Raymond Bingham	Director	February 14, 2022
<u>/s/ Paul Chamberlain</u> Paul Chamberlain	Director	February 14, 2022
<u>/s/ Ralph Clark</u> Ralph Clark	Director	February 14, 2022
<u>/s/ Maria Contreras-Sweet</u> Maria Contreras-Sweet	Director	February 14, 2022
<u>/s/ David C. Hodgson</u> David C. Hodgson	Director	February 14, 2022
<u>/s/ Dr. Jacqueline Kosecoff</u> Dr. Jacqueline Kosecoff	Director	February 14, 2022
<u>/s/ Wayne B. Lowell</u> Wayne B. Lowell	Director	February 14, 2022
<u>/s/ Myrna Soto</u> Myrna Soto	Director	February 14, 2022



**TRINET GROUP, INC.**  
**AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

Adopted on March 10, 2015  
Effective Date: January 01, 2015  
Revised: July 17, 2017, June 4, 2020, March 23, 2021  
Reviewed and Revised: May 27, 2021

This Amended and Restated Non-Employee Director Compensation Policy (the “**Policy**”) documents the terms and conditions of the cash and equity compensation that non-employee members of the Board of Directors (the “**Board**”) of TriNet Group, Inc. (“**TriNet**”) may earn for their service on the Board from and after January 1, 2015. This Policy amends, restates and supersedes in its entirety any prior policies adopted by the Board or the Compensation Committee of the Board (the “**Compensation Committee**”) prior to the date this Policy is adopted

### **Philosophy**

This Policy is designed to attract and retain experienced, talented individuals to serve on the Board. The Board anticipates that the Compensation Committee will generally review Director compensation on an annual basis; provided, that the Board may, in its sole discretion, review and approve changes to director compensation from time to time as the Board determines is appropriate. The Policy, as amended from time to time, may take into account the time commitment expected of Directors, best practices and market rates in director compensation, the economic position of TriNet, broader economic conditions, historical compensation structure, the advice of the compensation consultant(s) that the Compensation Committee or the Board may retain from time to time, and the potential dilutive effect of equity awards on TriNet’s stockholders.

Under this Policy, Directors receive cash compensation in the form of retainers to recognize their day to day contributions, the level of responsibility as well as the necessary time commitment involved in serving in a leadership role and/or on committees. Directors also receive equity compensation because TriNet believes that stock ownership, in coordination with TriNet’s stock ownership guidelines, provides an incentive to act in ways that maximize long-term stockholder value. Further, TriNet believes that stock-based awards are essential to attracting and retaining talented Board members.

### **Eligible Directors**

Only members of the Board who are not concurrently employees of TriNet are eligible for compensation under this Policy (each such member, a “**Director**”). Any director may also decline compensation per policy of their affiliated entity or for any other reason prior to the start of the period of service to which the compensation relates.

### **Annual Cash Compensation**

All Directors will be entitled to annual cash compensation set forth below for 2015 and thereafter. The annual cash compensation set forth below is payable in equal quarterly installments, in arrears following the end of each quarter in which the service occurred, pro-rated for any partial quarters of service. All annual cash fees are vested upon payment.

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	Annual Retainer (Chair)	Annual Retainer (non-Chair)	Fee per1 Meeting
Board	\$85,000*	\$60,000*	\$1,500
Audit Committee	\$30,000	\$15,000	\$1,000
Compensation Committee	\$30,000	\$15,000	\$1,000
Nominating and Corporate Governance Committee	\$15,000	\$7,500	\$500
Risk Committee	\$15,000	\$7,500	\$500

\* Effective May 27, 2021, the Annual Retainer Fees for Board Members was increased by \$10,000.

## Equity Compensation

Equity awards will be granted under the TriNet Group, Inc. 2019 Equity Incentive Plan or any successor thereto (the “**Plan**”) and shall be subject to the terms of the Plan and any applicable award agreement in effect on the date of the grant. All equity awards granted under this Policy will be documented on the applicable form of equity award agreement most recently approved for use by the Board (or a duly authorized committee thereof) for Directors. As set forth in the Plan, the terms of the equity awards described in this Policy will be automatically adjusted upon any Capitalization Adjustment (as defined and provided for under the Plan). To the extent there is any conflict between this Policy and the Plan, the Plan will control.

1. Initial Grant: On the date of a Director’s initial election or appointment to the Board, the Director will be automatically, and without further action by the Board, granted restricted stock units (“**RSUs**”) with an aggregate value of \$200,000 (or, \$300,000, in the case of a new Director who is to serve as Chairman of the Board upon his or her initial appointment) of TriNet’s Common Stock multiplied by a fraction, the numerator of which is the number of days that will elapse between the Director’s date of initial appointment or election and the first anniversary of the date of grant of the Company’s most recent Annual Grants (as defined below) and the denominator of which is 365. Such RSUs will vest on the first anniversary of the Company’s most recent Annual Grants, subject to the Director’s Continuous Service through such date. Such RSUs are referred to in this Policy as the “**Initial Grant**.” A Director whose initial election or appointment falls on the same date as the date of the Annual Grant (i.e., the first regular quarterly board meeting of the calendar year) will not be eligible for an Initial Grant. A Director who served as an employee of TriNet or one of its subsidiaries during the one year period immediately prior to his or her initial election or appointment to serve on the Board as a Director will not be eligible for an Initial Grant.

<sup>1</sup> If the Board meeting and the Committee meeting are on the same day, only the Board meeting fee is paid.

2. Annual Grant: Subject to Section 1, on the date of the Company’s first regular quarterly board meeting of each calendar year, each person who is then serving as a Director will be automatically, and without further action by the Board, granted RSUs with an aggregate value of \$200,000 (or \$300,000, in the case of the Chairman of the Board) of TriNet’s Common Stock. Such RSUs will vest as to 100% of the shares on the date of Company’s Annual Meeting of Stockholders for the year immediately following the date of grant, in each case provided that the Director remains a Non-Employee Director (as defined in the 2019 Plan) of the Company as of the date of the Company’s Annual Meeting of Stockholders. Such RSUs are referred to in this Policy as the “**Annual Grants**”.

3. Vesting; Acceleration: Vesting of awards granted under this Policy will cease if the Director resigns from the Board or otherwise ceases to serve as a Director, unless the Compensation Committee or the Board determines that the circumstances warrant acceleration of vesting. All equity awards granted under this Policy will vest in full immediately prior to a Change in Control (as defined in the Plan), subject to the Director remaining a Non-Employee Director of the Company as of the day prior to the closing of the Change in Control.

4. Number of Shares subject to RSUs. The number of shares subject to any RSUs granted pursuant to this Policy will be determined based on the approved dollar amount of the RSUs divided by the closing price of one share of TriNet's Common Stock, as quoted by the New York Stock Exchange, on the date of grant or, if the date of grant is not a trading day, the immediately preceding trading day, determined in accordance with the Plan, rounded up to the nearest whole share.

#### **Annual Maximum Remuneration**

The maximum annual amount of compensation (including cash and equity compensation) is \$750,000 for each Director for each calendar year beginning on or after January 1, 2019, through the calendar year beginning on January 1, 2024, or, if earlier, through the last calendar year not covered by a subsequent stockholder approval of a different maximum annual amount of compensation for Directors. The proposed maximum amount covers all forms of cash, stock and other compensation (other than reimbursements for reasonable out-of-pocket expenses incurred in attending Board and committee meetings).

#### **Expenses**

The Company will reimburse Directors for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings.

## SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (the “**Agreement**”) is entered into as of December 31, 2021 (the “**Effective Date**”), by and among TriNet Group, Inc., a Delaware corporation (together with its successors and assigns, the “**Company**”), and Edward Griese (the “**Executive**”).

### RECITALS

WHEREAS, the Executive is currently serving as the Senior Vice President, Insurance Services of the Company pursuant to the Second Amended and Restated Employment Agreement entered into by the Company and the Executive on December 28, 2016 (the “**Employment Agreement**”);

WHEREAS, the Executive and the Company have mutually agreed to provide for an orderly transition of the Executive’s duties and responsibilities and the Executive desires to assist the Company in realizing such an orderly transition;

WHEREAS, the Executive and the Company mutually desire that the Executive continues in his current role, with the Executive’s current roles and responsibilities, until the Separation Date defined below;

WHEREAS, the Executive and the Company mutually desire that the Executive thereafter provide consulting services to the Company;

WHEREAS, in furtherance of the foregoing, the Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to the Executive’s continued employment with the Company and the conclusion of that employment.

NOW THEREFORE, in consideration of the covenants and mutual promises recited below, the parties agree as follows:

1. **Separation from Employment.** Executive shall continue to serve as Senior Vice President, Insurance Services in all respects until December 31, 2021 (the “**Separation Date**”), which will be the Executive’s last day of employment with the Company.

2. **Compensation.** As compensation for the Executive’s continuing employment and service hereunder, in recognition of the Executive’s contributions to the Company, and as consideration for the Release (as defined below), and the respective terms and conditions thereof, and the other promises of the Executive contained in this Agreement, which shall be deemed to include the Executive’s agreement to (A) remain in the employ of the Company as described above through the Separation Date, (B) cause ER Griese Consulting, LLC to enter a consulting agreement with the Company in the form attached as Appendix C, (C) timely and accurately respond to other matters involving the Company about which the Executive has or may have personal knowledge (other than the Executive’s separation or any other claim the Executive may bring against the Company that is not released under the Release), (D) comply with the Company’s Business Ethics and Code of Conduct Policy and other policies relating to conduct, as in effect from time to time and applicable to its senior management colleagues, and (E) subject to 7(a) below, comply with all covenants to which the Executive has agreed as part of his employment with the Company, including, but not limited to, the Restrictive Covenants in the Executive’s TriNet equity awards (an example of which is attached hereto as Appendix D) and the Proprietary Information and Invention Agreement with the Executive (the “**Proprietary Information Agreement**,” a copy of which is attached hereto as Appendix A), (the covenants described in the immediately preceding clauses (A) through (E) are collectively referred to herein as the “**Covenants**”); *provided*, that the Executive timely signs and returns this Agreement, complies with Sections 8, 10, and 14 below, among others, and does not revoke the Release, the Company will provide the Executive with the following compensation and benefits:

(a) **Base Salary and Benefit Plan Participation.** Until the Separation Date, the Executive will (i) receive his base salary as in effect on the Effective Date and (ii) participate in the Company’s retirement and welfare benefit

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plans, perquisite programs, expense reimbursement and vacation policies, as such plans, programs and policies may be in effect from time to time (collectively, the “**Plans**”). For any expense reimbursement requests the Executive does not submit via the TriNet Expense site before the Separation Date, within 10 calendar days of the Separation Date, the Executive shall submit them via email to Maureen.kleven@trinet.com, for review/approval by the CEO, with a spreadsheet documenting the final expense reimbursement request for expenses incurred through the Separation Date. For each expense, the Executive shall provide the merchant’s name, expense type, expense amount, client, attendee(s), and relevant notes, and the Executive shall include all relevant receipts with the email. The final expense request shall be reviewed for accuracy and policy compliance and processed in accordance with TriNet’s regular practice. The Executive shall receive any reimbursement owed by check sent to his last known mailing address.

(b) **Benefits Upon Separation Date.** Subject to the Executive (i) not unilaterally terminating his employment with the Company prior to the Separation Date without mutual consent of the Company and (ii) not being terminated by the Company for Cause (as defined in Section 2(c) below), the Executive shall, without duplicating any amounts provided under Section 2(a), be invited to participate in the TriNet Group, Inc. Amended and Restated Executive Severance Benefit Plan (the “**Severance Plan**”), subject to the terms and conditions of the Severance Plan; provided that, the Executive’s execution of a Participation Notice under the Severance Plan shall not entitle the Executive to participate in the Severance Plan until the additional conditions set forth in this Agreement are met. Nothing in the Severance Plan shall limit the obligations of the Executive toward the Company under this Agreement, including without limitation the Executive’s obligations with respect to return of Company property, confidential information and intellectual property.

(c) **Cause.** For purposes of this Agreement, “**Cause**” will mean (i) a willful act or omission involving gross misconduct or fraud that results in material injury to the Company, (ii) a willful refusal or failure to follow lawful and reasonable directions of the Board or an individual to whom the Executive reports (as appropriate), (iii) a willful and habitual neglect of duties, (iv) a material breach by the Executive of this Agreement, the PIIA or any other contract or agreement between the Executive and by the Company or (v) the commission of a felony or crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof. No act, omission or failure to act by the Executive shall be deemed “willful” unless committed without good faith and without reasonable belief that the act, omission or failure to act was in the Company’s best interests.

3. **Employment Location.** Except as set forth herein, until the Separation Date the Executive may continue to perform his duties as Senior Vice President, Insurance Services from any location in the United States.

4. **No Additional Entitlements.** The Executive understands and acknowledges that he will have no further entitlements, other than (a) those cash, stock and other amounts recited in Section 2(b) and otherwise under this Agreement and (b) accrued rights and entitlements that have vested as of the Separation Date under the Plans. The Executive hereby acknowledges that the Executive has no interest in or claim of right to reinstatement, reemployment or employment with the Company, and the Executive forever waives any interest in or claim of right to any future employment by the Company.

5. **Withholding.** All payments required to be made by the Company hereunder to the Executive shall be subject to withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

6. **Section 409A Compliance.** It is intended that any amounts payable under this Agreement and the Company’s and the Executive’s exercise of authority or discretion hereunder shall be exempt from or comply with the provisions of Internal Revenue Code Section 409A and the treasury regulations and guidance thereunder (“**Section 409A**”) whether pursuant to the short-term deferral exception under Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay play exception under Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise, so as not to subject the Executive to the payment of interest and tax penalty which may be imposed under Section 409A. Notwithstanding anything contained herein to the contrary, if, at the Executive’s separation from service, (a) the Executive is a specified employee as defined in Section 409A and (b) any of the payments or benefits provided hereunder constitute deferred compensation under Section 409A, then, and only to the extent required by such provisions, the date of payment of such payments or benefits otherwise provided shall be delayed for a period of six months following the separation from service, and any amounts so delayed shall be paid during

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the seventh month following separation from service. Any reimbursement amounts payable under this Agreement shall be paid promptly after receipt of a properly documented request for reimbursement from the Executive, provided no amount shall be paid later than December 31 of the year following the year during which the reimbursable amounts were incurred by the Executive.

7. **Executive Protections; Defend Trade Secrets Act.**

(a) Nothing in this Agreement or otherwise limits the Executive's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "SEC"), or any other federal, state or local governmental agency or commission or self-regulatory organization (each such agency, commission or organization, a "Government Agency") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against the Executive for any of these activities, and nothing in this Agreement requires the Executive to waive any monetary award or other relief that the Executive might become entitled to from the SEC or any other Government Agency.

(b) Pursuant to the Defend Trade Secrets Act of 2016, the Executive and the Company acknowledge and agree that the Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the trade secret to the Executive's attorney and may use the trade secret information in the court proceeding, if the Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

8. **Execution of Agreement; Release of Claims.** The payments and benefits to the Executive pursuant to this Agreement are contingent upon (a) the Executive executing and delivering to the Company this Agreement and a release of claims in the form attached to this Agreement as Appendix B (the "Release") within twenty-one (21) days of the date of this Agreement but not sooner than December 31, 2021, and (b) the Executive not revoking the Release. The parties agree that the Executive's execution and non-revocation of the Release under this Section 8 shall constitute execution and non-revocation of the Release referenced in Section 5(a) of the Severance Plan.

9. **Return of Property.** Subject to Section 7(a) hereof, on or prior to the Separation Date, the Executive will return all of the Company's property. Such property includes, but is not limited to, the original and any copies of any confidential information or trade secrets, keys, pass cards, building identity cards, mobile telephones, tablet devices, corporate credit cards, customer lists, files, brochures, documents or computer disks or printouts, equipment and any other item relating to the Company and its business, provided that it would not be a violation of this Section 9 for the Executive to retain copies of publicly-filed documents. Further, other than in the performance of the Executive's duties and subject to Section 7(a) hereof, the Executive will not take, procure, or copy any property of the Company before, on, after or in anticipation of the Separation Date. For purposes of this Section 9, "Company" shall include the Company, its subsidiaries and affiliates. Notwithstanding the foregoing, the Executive may keep a Company provided laptop computer and its contents following the Separation Date in order to facilitate transition of duties until the Company requests its return.

10. **Cooperation.** Subject to Section 7(a) hereof, in consideration for the promises and payments by the Company pursuant to this Agreement, at the request of the Company, the Executive agrees to timely and accurately respond to reasonable requests by the Company to the extent reasonably possible with respect to the transition of his duties following his Separation date and other matters involving the Company about which the Executive has or may have personal knowledge (other than the Executive's separation or any other claim the Executive may bring against the Company that is not released under the Releases), including any such matters which may arise after the Separation Date, including without limitation the *Shiqiong Huang et. al. vs. TriNet HR III, et al.* 401(k) litigation matter; *provided* that the Company shall reimburse the Executive for any out-of-pocket expenses reasonably related to such requests that are approved by the Company in advance; *provided, further*, that, if the incurrence of such expenses is necessary for the Executive to comply with the terms of this Section 10, the Executive shall not be

required to comply with this Section 10 until such approval is granted. For purposes of this Section 10, "Company" shall include the Company, its subsidiaries and affiliates.

11. **Resignations.** Effective as of the Separation Date, unless otherwise requested by the Company in writing, the Executive will, automatically and without further action on the part of the Executive or any other person or entity, resign from all offices, boards of directors (or similar governing bodies), committees of such boards of directors (or similar governing bodies) and committees of the Company, its subsidiaries and affiliates, other than the office of Vice President of the Company, from which office the Executive will automatically and without further action on the part of the Executive or any other person or entity, resign on the Separation Date. In addition, and without limiting the effectiveness of the resignations in the immediately preceding sentence, upon request of the Company, effective on the Separation Date, the Executive will execute and deliver to the Company a written resignation from his position as SVP, Insurance Services of the Company. The Executive agrees that he shall execute any such further documents and instruments as may be reasonably necessary or appropriate to carry out the intent of this Section 11.

12. **Non-Reliance.** The Executive represents to the Company and the Company represents to the Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement, or otherwise. The Executive (a) has reviewed with his own advisors the tax and legal consequences of entering into and the payments under this Agreement, (b) is relying solely on such advisors and not on any statements or representations of the Company, its agents or advisors, and (c) understands that he (and not the Company) shall be responsible for his own tax liability that may arise as a result of entering into and the payments under this Agreement, other than the Company's liability with respect to any required tax withholdings thereon.

13. **Assignability.** The rights and benefits under this Agreement are personal to the Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of the Executive upon death. The Company may assign this Agreement to any parent, affiliate or subsidiary and shall require any entity which at any time becomes a successor whether by merger, purchase, or otherwise acquires all or substantially all of the assets, stock or business of the Company, to expressly assume this Agreement.

14. **Confidentiality, Intellectual Property, Non-Solicitation and Non-Disparagement.** Subject to Section 7(a) hereof, the Company and the Executive acknowledge and agree that the provisions of the Proprietary Information Agreement, and all other Covenants shall continue to apply to the Executive prior to and after the Separation Date as if fully set forth in this Agreement. In addition, and in consideration of the compensation described in Section 2 hereof, and the Company's commitments hereunder, the Company and the Executive also agree, subject to Section 7(a) hereof, as follows:

(a) **Non-Solicitation.** The Executive acknowledges that the provisions of the Proprietary Information Agreement relating to non-solicitation of employees shall apply for a period of twelve months following the Separation Date.

(b) **Non-Disparagement.** At all times on and after the Effective Date, the Executive will not disparage, place in a false or negative light or criticize, or make any false statements that may damage the reputation of, orally or in writing, the business, products, policies, decisions, directors, officers or employees of the Company to any person; *provided, however*, that (i) this provision shall not apply to any truthful statements as may be required by the Executive in the course of his duties; *provided, further*, that this provision shall not apply to any truthful statements made by the Executive to the Board (or a committee or subcommittee of the Board) if such statements are provided at the request of the Board (or a committee or subcommittee thereof) in the course of carrying out its duties and responsibilities and (ii) that the Executive may respond accurately and fully to any question, inquiry, or request for information when required by legal process or in response to a governmental inquiry.

(c) **Injunctive Relief.** It is recognized and acknowledged by the Executive that a breach of the covenants contained in this Section 14 will cause irreparable damage to the Company, its subsidiaries and affiliates and their respective goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies

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at law for any such breach will be inadequate. Accordingly, the Executive agrees that in the event of a breach of any of the covenants contained in this Section 14, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief. The Executive agrees not to raise as a defense or objection to the request or granting of such relief that any breach of this Agreement is or would be compensable by an award of money damages, and the Executive agrees to waive any requirements for the securing or posting of any bond in connection with such remedy. For purposes of this Section 14, "Company" shall include the Company, its subsidiaries and affiliates.

This Agreement does not, in any way, restrict or impede the Executive from exercising protected rights, including those under the California Fair Employment and Housing Act (FEHA), the National Labor Relations Act (NLRA), or the federal securities laws, including the Dodd-Frank Act, to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency; provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to the Company's Chief Legal Officer at [Samantha.Wellington@TriNet.com](mailto:Samantha.Wellington@TriNet.com).

15. **Entire Agreement.** The Executive acknowledges and agrees that this Agreement, together with the Appendices hereto and the other documents, Company plans and Company policies referred to herein, including, without limitation the Proprietary Information Agreement, any equity agreements and all agreements thereunder or related thereto to which the Executive is a party, constitute the entire agreement and understanding between the parties and supersedes any prior agreements, written or oral, with respect to the subject matter hereof, including the termination of the Executive's employment after the Effective Date and all amounts to which the Executive shall be entitled, other than as specifically provided in this Agreement. The Executive acknowledges and agrees that this Agreement supersedes the terms regarding the Executive's termination of employment set forth in the Employment Agreement, including without limitation the severance benefits set forth therein.

16. **Severability/Reasonable Alteration.** In the event that any part or provision of this Agreement shall be held to be invalid or unenforceable by a court of competent jurisdiction, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable part or provision had not been included therein. Further, in the event that any part or provision hereof shall be declared by a court of competent jurisdiction to exceed the maximum time period, scope or activity restriction that such court deems reasonable and enforceable, then the parties expressly authorize the court to modify such part or provision so that it may be enforced to the maximum extent permitted by law.

17. **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the Executive and the Company to express their mutual intent, and no rule of strict construction will be applied against the Executive or the Company.

18. **Insurance.** The Company presently maintains general liability insurance on an occurrence basis which covers the professional activities of professionals of the Company. The Company will continue to provide such coverage for the past activities of the Executive to the same extent as such coverage is provided with respect to the past activities of other former professionals of the Company.

19. **Applicable Law, Venue and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles, rules or statutes of any jurisdiction. The parties irrevocably agree that all actions to enforce an arbitrator's decision pursuant to Section 21 of this Agreement may be instituted and litigated in federal, state or local courts sitting in Santa Clara County, California and each of such parties hereby consents to the jurisdiction and venue of such court, waives any objection based on *forum non conveniens* and any right to a jury trial as set forth in Section 20 of this Agreement.

20. **Waiver of Jury Trial.** EACH OF THE EXECUTIVE AND THE COMPANY HEREBY WAIVES, RELEASES AND RELINQUISHES ANY AND ALL RIGHTS HE/IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTIONS ARISING DIRECTLY OR INDIRECTLY AS A RESULT OR IN CONSEQUENCE OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY CLAIM OR ACTION TO REMEDY ANY BREACH OR ALLEGED BREACH HEREOF, TO ENFORCE ANY TERM

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HEREOF, OR IN CONNECTION WITH ANY RIGHT, BENEFIT OR OBLIGATION ACCORDED OR IMPOSED BY THIS AGREEMENT.

21. **Arbitration.** To provide a mechanism for rapid and economical dispute resolution, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to this Agreement (including the Release) or its enforcement, performance, breach, or interpretation, or arising from or relating to the Executive's employment with the Company or the termination of the Executive's employment with the Company, will be resolved, to the fullest extent permitted by law, by final, binding, and confidential arbitration held in Santa Clara County, California and conducted by JAMS, Inc. ("**JAMS**"), under its then applicable JAMS Employment Arbitration Rules and Procedures. By agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or by administrative proceeding. The Executive will have the right to be represented by legal counsel at any arbitration proceeding at his expense. The arbitrator will: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The Company will bear all fees for the arbitration, except for any attorneys' fees or costs associated with the Executive's personal representation. The arbitrator, and not a court, will also be authorized to determine whether the provisions of this paragraph apply to a dispute, controversy or claim sought to be resolved in accordance with these arbitration procedures. Notwithstanding the provisions of this paragraph, the parties are not prohibited from seeking injunctive relief in a court of appropriate jurisdiction to prevent irreparable harm on any basis, pending the outcome of arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and the state courts of any competent jurisdiction.

The parties agree that the arbitration shall be kept confidential. The existence of the arbitration, any non-public information provided in the arbitration, and any submissions, orders or awards made in the arbitration (together, the "**Confidential Arbitration Information**") shall not be disclosed to any non-party except the tribunal, JAMS, the parties, their counsel, experts, witnesses, accountants and auditors, insurers and reinsurers, and any other person necessary to the conduct of the arbitration. Notwithstanding the foregoing, a party may disclose Confidential Arbitration Information to the extent that disclosure may be required to fulfill a legal duty, protect or pursue a legal right, or enforce or challenge an award in bona fide legal proceedings. This confidentiality provision survives termination of the contract and of any arbitration brought pursuant to the contract.

22. **Severance Plan Claims.** Notwithstanding the foregoing Sections 19, 20 and 21, any claim for benefits under the Severance Plan shall be administered under the terms of the Severance Plan.

23. **Counterparts and Facsimiles.** This Agreement may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument. Signed copies of this Agreement may be delivered by .pdf, .jpeg or fax and will be accepted as an original.

24. **Expenses.** Each of the Company and the Executive shall bear its/his own costs and expenses in connection with the negotiation and documentation of this Agreement.

25. **No Reliance Upon Other Statements.** This Agreement is entered into without reliance upon any statement or representation of any party hereto or parties hereby released other than the statements and representations contained in writing in this Agreement.

26. **Amendment/Waiver.** This Agreement may not be modified without the express written consent of the parties hereto. Any failure by any party to enforce any of its rights and privileges under this Agreement shall not be deemed to constitute waiver of any rights and privileges contained herein.

27. **Notice.** Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

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To the Executive at:

The most recent address provided by the Executive to the Company

To the Company at:

TriNet Group Inc. One Park Plaza 6<sup>th</sup> Floor  
Dublin, California 94568  
Attn: Samantha Wellington, SVP & Chief Legal Officer

1. **Company Subsidiaries, Affiliates and Divisions**. For purposes of this Agreement, references to “subsidiaries,” “affiliates” or “divisions” of the Company shall mean and include those entities or persons publicly identified by the Company as a subsidiary, affiliate or division of the Company and such other entities or persons actually known by the Executive to be a subsidiary, affiliate or division of the Company.

[Signature Page Follows]

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IN WITNESS WHEREOF, each of the parties hereto has duly executed this Separation Agreement as of the date and year first set forth above.

TRINET GROUP INC.

By: \_\_\_\_\_  
Its: President and Chief Executive Officer, Burton Goldfield

EXECUTIVE

By: \_\_\_\_\_  
Edward Griese

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## Appendix B

### RELEASE AGREEMENT

This Release Agreement (this "Agreement") is entered into by Edward Griese (the "Executive"), on the one hand, and TriNet Group, Inc. (the "Company"), on the other hand (the Executive and the Company are referred to collectively as the "Parties").

1. Release. In consideration of the compensation payable to the Executive under the terms and conditions of the Separation Agreement dated December 31, 2021, by and between the Executive and the Company (the "Separation Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the Executive, for himself and for his heirs, executors, administrators, trustees and legal representatives, and their respective successors and assigns (collectively, the "Releasers"), hereby releases, remises, and acquits the Company and its subsidiaries and affiliates and all of their respective past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of their respective assets, employee benefit plans or funds, or past, present or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, shareholders, investors, employees, legal representatives, agents or counsel, and their respective successors and assigns, whether acting on behalf of the Company or its subsidiaries or affiliates or, in their individual capacities (the "Released Party" or "Released Parties"), from any and all claims, known or unknown, which the Releasers have or may have against any Released Parties arising on or prior to the date that the Executive executes this Release, and any and all liability which any such Released Party may have to the Releasers, whether denominated claims, demands, causes of action, obligations, damages or liabilities arising from any and all bases, however denominated, including but not limited to (a) any claim under the Age Discrimination in Employment Act of 1967 (including the Older Workers Benefit Protection Act) (the "ADEA"), the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Civil Rights Act of 1964, the Civil Rights Act of 1991, Section 1981 of the Civil Rights Act of 1866, the Equal Pay Act, the Lilly Ledbetter Fair Pay Act, the Immigration Reform and Control Act of 1986, the Employee Retirement Income Security Act of 1974, (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Company, subject to the terms and conditions of such plan and applicable law), the Uniform Trade Secrets Act, the Sarbanes-Oxley Act of 2002, the Fair Labor Standards Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, the California Family Rights Act, and the California Labor, Government, and Business and Professions Codes, all as amended; (b) any and all claims arising from or relating to, as applicable, the Executive's service as an officer of the Company or any of its subsidiaries or affiliates and the termination or resignation of such officer positions, or the Executive's employment with the Company or the termination of such employment; (c) all claims related to the Executive's compensation or benefits from the Company or the Released Parties, including salary, bonuses, commissions, vacation pay, leave pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company or the Released Parties; (d) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (e) all tort claims, including claims for fraud, defamation, privacy rights, emotional distress, and discharge in violation of public policy and all other claims under common law; and (f) all federal, state and local statutory or constitutional claims, including claims for compensation, discrimination, harassment, whistleblower protection, retaliation, attorneys' fees, costs, disbursements, or other claims (referred to collectively as the "Released Claims").

The Executive expressly waives all rights afforded by Section 1542 of the Civil Code of the State of California, which states as follows: "**A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor or released party.**" The Executive understands the significance of the Executive's release of unknown claims and waiver of statutory protection against a release of unknown claims. The Executive expressly assumes the risk of such unknown and unanticipated claims and agrees that this Release applies to all Released Claims, whether known, unknown or unanticipated.

Notwithstanding the foregoing, this Release does not release claims that cannot be released as a matter of law, including any right to file a civil action or complaint with, or otherwise notify, a state agency, other public prosecutor, law enforcement agency, or any court or other governmental entity alleging claims or a violation of rights under the California Fair Employment and Housing Act ("FEHA"), as well as any right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission ("EEOC"), the Department of Labor, or any other local,

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state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company. However, by executing this Release, the Executive hereby waives the right to monetary recovery from the Company, no matter how denominated, including, but not limited to, wages, back pay, front pay, compensatory damages or punitive damages, in any proceeding the Executive may bring before the EEOC or any state human rights commission or in any proceeding brought by the EEOC or any state human rights commission on the Executive's behalf except to the extent that any right to such recovery arises under the FEHA.

In addition, this Release shall not apply to (a) the Executive's rights under any written agreement between the Executive and the Company that provides for indemnification, the Executive's rights, if any, to be covered under any applicable insurance policy with respect to any liability the Executive incurred or might incur as an employee, officer or director of the Company, or the Executive's rights, if any, to indemnification under the by-laws or articles of incorporation of the Company; (b) any right the Executive may have to obtain contribution as permitted by law in the event of entry of judgment against the Executive as a result of any act or failure to act for which the Executive, on the one hand, and Company or any other Released Party, on the other hand, are jointly liable; (c) the Executive's right to enforce the Transition Agreement or (d) the Executive's rights, if any, under any equity awards of the Company.

Notwithstanding the foregoing, the Executive understands the significance of the Executive's release of unknown claims and waiver of statutory protection against a release of unknown claims. The Executive expressly assumes the risk of such unknown and unanticipated claims and agrees that this Release applies to all Released Claims, whether known, unknown or unanticipated, except as otherwise expressly set forth herein.

2. ADEA Waiver. The Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights the Executive may have under the ADEA, as amended. The Executive also acknowledges that the consideration given for the waiver and release herein is in addition to anything of value to which the Executive was already entitled. The Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (a) the Executive's waiver and release do not apply to any rights or claims that may arise after the execution date of this Agreement; (b) the Executive has been advised hereby that he has the right to consult with an attorney prior to executing this Agreement; (c) the Executive has up to twenty-one (21) days from the date of this Agreement to execute it (although he may choose to voluntarily execute this Agreement earlier); (d) the Executive has seven (7) days following the execution of this Agreement by the parties to revoke the Agreement; and (e) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after this Agreement is executed by the Executive, provided that the Company has also executed this Agreement by that date ("Effective Date"); and (f) this Agreement does not affect the Executive's ability to test the knowing and voluntary nature of this Agreement.

3. No Actions or Claims. Subject to Section 7(a) of the Separation Agreement, the Executive represents that he has not filed any charges, complaints, grievances, arbitrations, lawsuits, or claims against the Company, with any local, state or federal agency, union or court from the beginning of time to the date of execution of this Agreement and that the Executive will not do so at any time hereafter, based upon events occurring prior to the date of execution of this Agreement. In the event any agency, union, or court ever assumes jurisdiction of any lawsuit, claim, charge, grievance, arbitration, or complaint, or purports to bring any legal proceeding on behalf of the Executive, the Executive will ask any such agency, union, or court to withdraw from and/or dismiss any such action, grievance, or arbitration, with prejudice.

4. Acknowledgments and Representations. The Executive acknowledges and represents that he has not suffered any discrimination or harassment by any of the Released Parties on account of the Executive's race, gender, national origin, religion, marital or registered domestic partner status, sexual orientation, age, disability, medical condition or any other characteristic protected by law. The Executive acknowledges and represents that he has not been denied any leave, benefits or rights to which the Executive may have been entitled under the FMLA or any other federal or state law, and that the Executive has not suffered any job-related wrongs or injuries for which the Executive might still be entitled to compensation or relief.

5. Reserved.

6. Miscellaneous.

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a. Assigns. The terms of this Agreement are binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns.

b. Governing Law. This Agreement is, and disputes arising under it are, governed by the laws of the State of California without regard to the principles of conflicts of law that would apply the laws of another jurisdiction.

c. Severability. Each provision in this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision is ineffective to the extent of such prohibition or invalidity, without prohibiting or invalidating the remainder of such provision or the remainder of this Agreement.

d. Entire Agreement; Each Party the Drafter. This Agreement constitutes the entire agreement and complete understanding of the Parties with regard to the matters set forth herein and, except as otherwise set forth in this Agreement, supersedes any and all prior or contemporaneous agreements, understandings, and discussions, whether written or oral, between the parties with regard to such matters. No other promises or agreements are binding unless in writing and signed by each of the parties after the date hereof. Should any provision of this Agreement require interpretation or construction, the entity interpreting or construing this Agreement should not apply a presumption against one party by reason of the rule of construction that a document is to be construed more strictly against the party who prepared the document.

e. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original. Any executed counterpart returned by facsimile or electronic transmission shall be deemed an original executed counterpart.

7. Notices; Payments. All notices or communications hereunder shall be in writing, and shall be addressed as follows (or to such other address as either Party may have furnished to the other in writing by like notice): (a) To the Company: TriNet Group, Inc., One Park Place, Dublin, CA 94577, Attn: Chief Legal Officer, (b) To the Executive at the Executive's home address in the Company's records. All such notices or communications shall be conclusively deemed to be delivered (i) if sent by hand delivery or by email (to the Company as set forth above), upon receipt, (ii) if sent by overnight courier, one business day after being sent by overnight courier, or (iii) if sent by registered or certified mail, postage prepaid, return receipt requested, on the fifth day after the day on which such notice or correspondence is mailed.

8. Dispute Resolution. To provide a mechanism for rapid and economical dispute resolution, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to this Agreement (including the Release) or its enforcement, performance, breach, or interpretation, or arising from or relating to the Executive's employment with the Company or the termination of the Executive's employment with the Company, will be resolved, to the fullest extent permitted by law, by final, binding, and confidential arbitration held in San Francisco County, California and conducted by JAMS, Inc. ("JAMS"), under its then applicable JAMS Employment Arbitration Rules and Procedures. By agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or by administrative proceeding. The Executive will have the right to be represented by legal counsel at any arbitration proceeding at his expense. The arbitrator will: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The Company will bear all fees for the arbitration, except for any attorneys' fees or costs associated with the Executive's personal representation. The arbitrator, and not a court, will also be authorized to determine whether the provisions of this paragraph apply to a dispute, controversy or claim sought to be resolved in accordance with these arbitration procedures. Notwithstanding the provisions of this paragraph, the parties are not prohibited from seeking injunctive relief in a court of appropriate jurisdiction to prevent irreparable harm on any basis, pending the outcome of arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and the state courts of any competent jurisdiction.

The parties agree that the arbitration shall be kept confidential. The existence of the arbitration, any non-public information provided in the arbitration, and any submissions, orders or awards made in the arbitration (together, the

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“Confidential Arbitration Information”) shall not be disclosed to any non-party except the tribunal, JAMS, the parties, their counsel, experts, witnesses, accountants and auditors, insurers and reinsurers, and any other person necessary to the conduct of the arbitration. Notwithstanding the foregoing, a party may disclose Confidential Arbitration Information to the extent that disclosure may be required to fulfill a legal duty, protect or pursue a legal right, or enforce or challenge an award in bona fide legal proceedings. This confidentiality provision survives termination of the contract and of any arbitration brought pursuant to the contract.

[Signature Page Follows]

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TRINET GROUP, INC.

\_\_\_\_\_  
By Its: President and Chief Executive Officer, Burton Goldfield

EXECUTIVE

\_\_\_\_\_  
Edward Griese

Date: 12/31/2021

EXECUTIVE

Date: 12/31/2021

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CONSULTING AGREEMENT

**Appendix D**

**RESTRICTIVE COVENANT AGREEMENT**

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## CONSULTING AGREEMENT

TriNet USA, Inc. (“Company”), on the one hand, and ER Griese Consulting, LLC, and Edward Griese (“Principal”) (hereinafter collectively referred to as “Consultant”) hereby enter into this Consulting Agreement (“Agreement”), under which Consultant shall render consulting services pursuant to the following terms and conditions:

1. Services.

- A. Consultant is in the business of providing business consulting services to Professional Employer Organizations (“PEOs”) and has significant experience and skill in this area. Therefore, Company desires to engage Consultant to provide the services described in the Statement of Work, attached hereto as Exhibit “B,” and incorporated by this reference (“Services”).
  - B. Notwithstanding any other provision of this Agreement, Consultant shall designate and assign its employee and Principal, Edward Griese, to personally provide the Services contemplated under this Agreement, and Principal Edward Griese shall execute Exhibit “A,” hereto, which is incorporated by this reference. No other person or entity shall be authorized to provide Services under this Agreement without the express written consent of Company. Except as provided above, Consultant, in Consultant’s sole discretion, shall determine the method, detail and means of performing the Services and Company shall not control the manner or determine the method of the accomplishment of Consultant’s Services.
  - C. If applicable, Consultant shall be solely responsible to have and maintain valid and current business and professional licenses, registrations and certifications as may be required to provide Services during the term of this Agreement. Additionally, Consultant shall be solely responsible to maintain professional memberships in industry organizations to the extent Consultant wishes to do so, and Company shall not be responsible to reimburse or pay for any such memberships for or on behalf of Consultant.
  - D. Consultant shall supply all tools and equipment necessary to provide Services and other duties and obligations under this Agreement.
  - E. Consultant hereby represents and warrants that Consultant shall provide coverage under the applicable Workers’ Compensation Act for the workers or employees hired by Consultant to provide Services under this Agreement, for any bodily injuries sustained by Consultant’s workers or employees during the course and scope of Consultant’s performing Services for Company as required by law. Consultant agrees in the event Consultant’s workers or employees sustain any such injury, their sole and exclusive remedy will be against Consultant and will be under applicable workers’ compensation laws.
  - F. Consultant agrees to fulfill Consultant’s duties and obligations under this Agreement in a lawful manner, and with care and diligence in the best interests of the Company. Consultant also agrees to devote sufficient time and effort toward accomplishment of the objectives specified and by the due dates established by Company.
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- G. During and after the term of this Agreement, Consultant shall not disparage Company, its officers, directors, employees, shareholders and agents, in any manner likely to be harmful to Company or to Company's business or business reputation; provided that Consultant may respond accurately and fully to any question, inquiry or request for information when required by legal process or in response to any governmental inquiry.
- H. From time to time, Consultant may provide Services at Company-provided facilities. However, Consultant is not authorized to provide Services at, or otherwise go to, any Company location, except as specifically authorized by the Company's Chief Legal Officer or their designee. To the extent Consultant does provide Services at a Company location, Consultant shall comply with Company security procedures and policies governing conduct at that location.
- I. Consultant shall ensure that Services provided to Company under this Agreement are provided on a part-time basis (anticipated to be approximately 15-20 hours per week), as required to accomplish the Services. Notwithstanding the foregoing, Consultant may provide services for other clients during the term of this Agreement at times other than the times committed to Company. Consultant may not incur any obligations or commitments, which would limit or prevent Consultant's rendering Services according to the terms of this Agreement, or which would result in a breach of this Agreement. Additionally, Consultant shall ensure and guarantee that any person assigned to provide Services under this Agreement is not an employee of any person or entity other than Consultant.

2. Duration of Agreement.

- This Agreement shall have an initial term of January 1, 2022 through March 31, 2022 ("Initial Term"). The Agreement shall renew automatically for a single additional term of April 1, 2022 through June 30, 2022 ("Renewal Term"), except not if the Company or the Executive gives the other party written notice of non-renewal at least 10 calendar days prior to expiration of the Initial Term. The Initial Term and the Renewal Term (together, the "Term") shall be subject to Section 5 herein.

3. Consulting Fee and Expenses.

Company will pay Consultant a fee of \$83,000 per month, which fee will be paid to ER Griese Consulting, LLC in arrears on or about the 15<sup>th</sup> of February, March and April 2022 with respect to services provided in the Initial Term and, if applicable, on or about the 15<sup>th</sup> of May, June and July 2022 with respect to services provided in the Renewal Term. Consultant shall invoice Company on a monthly basis for any reasonable expenses incurred by Consultant in the course of providing Services under this Agreement, provided that such expenses are approved by the Company's Chief Legal Officer, in writing, prior to being incurred. Any approved expense reimbursements will be paid within thirty (30) days after Company's receipt of the applicable invoice. Invoices shall be addressed to Samantha Wellington, Esq., Chief Legal Officer, TriNet Group, Inc., One Park Place, Suite 600, Dublin, CA 94568.

4. Payment of Taxes and Withholdings.

Consultant is solely responsible for all taxes and withholdings, including but not limited to, all payroll, federal income taxes, state income taxes, state disability insurance and unemployment

insurance compensation contributions and other similar statutory obligations with respect to Services performed under this Agreement. No part of Consultant's compensation will be subject to withholding by Company for payment of any social security, federal, state or any other employee payroll taxes. Consultant will provide an accurately completed form W-9, and Company will timely provide an Internal Revenue Service Form 1099 to Consultant and will file Form 1099 with the Internal Revenue Service as required by law.

Consultant expressly acknowledges that in the event the Agreement terminates prior to the end of the Term, as provided for in Paragraph 5, Consultant is not eligible to file for or receive unemployment compensation, or any other benefit that Consultant would receive if Consultant were an employee of Company, as Consultant is an independent contractor.

5. Early Termination.

Notwithstanding any other provision of this Agreement, this Agreement shall terminate prior to the end of the Term under any of the following circumstances, after which no further payments shall be made to Consultant:

- A. Death. In the event Consultant dies, this Agreement shall terminate immediately.
- B. Disability. If Consultant, due to physical or mental illness, becomes disabled so as to be unable to provide the Services called for under this Agreement, either Company or Consultant may by written notice terminate the consulting relationship as of the last day of the calendar month during which such notice is given.
- C. Termination for Cause by Company. Company may terminate this Agreement at any time for cause by providing written notice to Consultant and giving the Consultant seven (7) days to cure any alleged act or omission that is curable and that the Company contends would provide the basis for a "cause" termination, as defined below. FOR CLARITY, AND WITHOUT LIMITING THOSE ACTS THAT CONSTITUTE INCURABLE BREACH, a breach of paragraphs 6, 7, or 8 are not curable breaches, and the Company may terminate this Agreement effective immediately. The following acts or omissions by Consultant shall constitute "cause": (i) the Company's determination that Consultant conducted itself in an unlawful or dishonest manner in its performance of services under this Agreement, as reasonably documented and proven by the Company; ii) conduct of Consultant involving moral turpitude, which could impair the reputation of Consultant or Company; (iii) unreasonable refusal by Consultant to perform the agreed-upon duties and responsibilities assigned to Consultant pursuant to this Agreement; or (iv) breach by Consultant of any of the material provisions of this Agreement.

6. Non-Competition.

Consultant acknowledges and agrees that during the Term of this Agreement, Company has the first right to Consultant's time and efforts. Consultant shall not engage in any employment, consulting or business activity, other than for Company, which would conflict with its obligations to Company under this Agreement. Consultant may provide consulting services to other businesses during the Term, to the extent such consulting services do not make the use of or rely on confidential information of the Company or work product produced for the Company under this Agreement, or information discovered in the course of providing Services under this Agreement,

or any combination thereof, and to the extent such services do not prohibit Consultant from providing the Services required by this Agreement.

7. Confidential Information or Materials.

- A. Nondisclosure. Under this Agreement, the term “Confidential Information or Materials” consists of all business information (1) that is not generally known to, and cannot be readily ascertained by others, (2) that has actual or potential economic value to Company and (3) that is treated as confidential by Company. Such information includes, but is not limited to, all customer information, inventions, discoveries, processes, records, computer systems and data, agreements, business and financial systems, plans and policies, prospects and opportunities discussed or considered by Company or its clients or regarding administrative, management, contracting, financial marketing or other activities of Company, which Company treats as confidential. Consultant acknowledges that during this consulting engagement, Consultant may gain knowledge of proprietary Confidential Information or Materials. Consultant recognizes that Company has a compelling need to maintain the confidentiality of not only its own Confidential Information and Materials but also that of Company’s customers or clients. Accordingly, Consultant, on behalf of itself and its officers, directors, employees, agents and all persons associated with or acting on behalf of or at the direction of Consultant, agree that:

Consultant will not, during the term of this Agreement or thereafter, directly or indirectly disclose to any other person or entity, or use for Consultant’s own benefit or for the benefit of others besides Company, any Confidential Information or Materials without first obtaining the written consent of Company. Consultant shall at all times keep confidential all Confidential Information or Materials of Company and of any customers or clients of Company. This provision shall supplement and not replace any prior agreement on this subject that consultant has signed.

- B. Return of Confidential Information. Upon termination of this Agreement, Consultant agrees to promptly return all Company property in Consultant’s possession, including without limitation a Company-provided laptop computer, and all confidential and proprietary information of Company, its clients or its customers, and any other information pertaining to Company’s business, and not to keep any photocopies and/or electronic copies of this information.
- C. Declaration by Consultant’s Employees and Agents. Consultant agrees to have all persons with access to any Confidential Information or Materials of Company or any confidential materials of Company’s clients read and sign a declaration that they understand the trade secret and/or copyrighted nature of such information and materials and that they understand the criminal and civil penalties to which they will be subject if they violate or compromise said copyrights and trade secrets.
- D. Agreement to Notify About a Request for Information. Consultant further agrees that if any person or entity requests, subpoenas or otherwise attempts to obtain Confidential Information or Materials within Consultant’s custody or control, or within the custody or control of anyone operating on Consultant’s behalf, Consultant will notify Company immediately and will cooperate fully in any legal action by Company seeking protection against disclosure.

- E. Unauthorized Use. Consultant agrees to notify Company immediately if Consultant obtains information as to any unauthorized possession, use or disclosure of any Confidential Information or Materials of Company or any confidential materials of Company's clients by any person or entity, and further agrees to cooperate fully with Company in protecting Company's proprietary rights.

8. Non-Solicitation.

- A. No Solicitation During Term of Agreement. Consultant agrees that during the term of this Agreement, Consultant will not directly, either for itself or any other person or entity, induce or influence any person who is engaged as an employee, agent, independent Consultant or otherwise by Company to terminate his or her employment or engagement with Company. Consultant further agrees that while employed by Company Consultant will not approach or solicit in any manner, either for Consultant, or any other person or entity, any customer of Company to cease doing business with Company or to do business with Consultant or with any other person or entity.
- B. No Solicitation After Termination of Agreement. Consultant agrees that for a period of one year following the termination of this Agreement, regardless of reason, Consultant will not directly or indirectly solicit any person employed or otherwise engaged by Company to terminate his or her employment or engagement with Company. Consultant further agrees that for a reasonable period of time after termination of the Agreement with Company, which Consultant agrees is a period of one year, Consultant will not directly or indirectly solicit any customer of Company to the extent the identity of the customer is proprietary or confidential information as described in section 7(a) of this Agreement.

9. Remedies.

Consultant understands and acknowledges that Company's remedies at law for any material breach of Sections 6, 7 or 8 of this Agreement by Consultant or anyone operating on Consultant's behalf are inadequate and that any such breach will cause irreparable harm to Company. Consultant therefore agrees that, in addition to any other rights and remedies as may exist in Company's favor, Company may apply to any court having jurisdiction to enforce the specific performance of the provisions thereof, and shall be entitled to injunctive relief against any act which would violate those provisions. Consultant further agrees that he shall not, in any equity proceeding involving him, relating to the enforcement of Sections 6, 7 or 8 above, raise the defense that Company has an adequate remedy at law. It is further agreed that, in the event of a breach of Sections 6, 7 or 8 of this Agreement by Consultant or anyone acting on its behalf or at its direction, Company shall be entitled to any and all consequential damages arising from said breach, including, but not limited to, lost profits. It is further agreed that, notwithstanding the consequential damages suffered by Company, Company shall be entitled to the return of any monies paid to Consultant hereunder, as liquidated damages, for each instance of a breach or violation of Sections 6, 7 or 8 of this Agreement. It is also expressly agreed that, in the event of such a breach, Company shall also be entitled to recover all of its costs and expenses (including attorneys' fees) incurred by Company in enforcing its rights hereunder.

10. Independent Contractor Status.

- A. For all purposes, Consultant shall be deemed to be an independent contractor, and not an employee, agent or partner of, or joint venturer with, Company. Any associate, assistant or other person Consultant retains in connection with the provision of the Services covered by this Agreement shall be at Consultant's own cost and expense and will not, in any event, be or be deemed to be an agent or employee of Company. Accordingly, neither Consultant, nor any employee or other worker of Consultant, shall be entitled to any rights or benefits to which any employee of Company or any of its affiliates may be entitled. Company shall not withhold any amounts on account of any withholding or employment taxes from any payments to Consultant under this Agreement, and he shall be the sole responsibility of Consultant to report and pay all applicable income taxes on all such payments. Consultant will obtain its own liability and Workers Compensation coverages, consistent with generally accepted business practices and as required under applicable law.
- B. The method and means employed by Consultant for performance of the terms and conditions of this Agreement shall be and are solely at the discretion and expense of Consultant and under Consultant's exclusive control. Consultant shall be the sole judge as to the method and manner in which Consultant provides Services under this Agreement. Consultant shall be responsible for all risks incurred in connection with Consultant's provision of Services under this Agreement. Any persons employed by or contracting with Consultant to provide any part of Consultant's obligations hereunder shall be under the sole control and direction of Consultant, and Consultant shall be solely responsible for all liabilities and expenses thereof. Company shall have no right or authority with respect to the selection, control, direction, compensation or length of employment of such person(s).

11. No Authority to Bind Company.

Consultant shall not have any authority to commit or bind Company to any contractual or financial obligations without Company's prior written consent.

12. No Authority to Represent Company.

Consultant shall not have any authority to represent Company in any meeting, professional organization, or other industry-related event without the Company's prior written consent.

13. Representations and Warranties.

Consultant represents and warrants as follows:

- A. The execution of this Agreement represents Consultant's free and voluntary act;
- B. All works prepared and submitted by Consultant under this Agreement will be original and will not infringe any copyright or infringe or violate any other proprietary or other rights of any other person or entity;



- C. Consultant has not previously assigned, transferred or otherwise encumbered any rights granted to Company under this Agreement;
- D. Consultant has in place its own liability and workers' compensation insurance coverage;
- E. Consultant has a separate Business License and Tax Identification Number. Consultant further agrees to provide the Company with a copy of Consultant's separate Business License within ten (10) business days of executing this Agreement.
- F. Consultant will not disclose to Company, or induce Company to use or disclose any confidential information or material belonging to others, except with the written permission of the owner of such information or material; and
- G. Neither Consultant nor any of its employees, agents or representatives are subject to any Agreement, including but not limited to a non-competition or non-disclosure Agreement, which would affect its ability to enter into and/or perform its obligations under this Agreement.

Company may rely conclusively on the truth of the warranties and representations set forth above in dealing with any third parties in connection with the disposition or licensing of any rights granted under this Agreement. Each of the foregoing warranties and representations shall survive the termination of this Agreement.

14. Indemnification.

- A. Consultant agrees to indemnify, defend and hold Company, and any parent, subsidiary or affiliate thereof, and all directors, officers, attorneys and employees of Company ("Indemnified Parties") harmless for any claims, demands, actions or causes of action, assessments, losses, judgments, arbitration awards, liabilities or damages, costs and expenses, including but not limited to, interest, penalties and attorneys' fees, caused by Consultant's gross negligence or willful misconduct under this Agreement, or any personal injuries or damages suffered by any employee, worker or sub-Consultant of Consultant, or any third party related to Consultant's actions under this Agreement.
- B. Consultant shall indemnify and hold harmless Indemnified Parties from any claim, suit, damage, loss or expense (including attorneys' fees) arising out of any breach or any allegation which, if true, would constitute a breach of any of the foregoing warranties and representations.
- C. Company agrees to indemnify, defend and hold Consultant, and all directors, officers, attorneys and employees of Consultant ("Consultant Indemnified Parties") harmless for any claims, demands, actions or causes of action, assessments, losses, judgments, arbitration awards, liabilities or damages, costs and expenses, including but not limited to, interest, penalties and attorneys' fees,

caused by Company's gross negligence and willful misconduct under this Agreement.

15. Assignment.

Consultant may not assign this Agreement, or any interest herein, without the prior written consent of Company.

16. Successors and Assigns.

This Agreement shall be binding upon Consultant's heirs, successors, assigns and personal representatives, and each of their respective officers, directors, employees, agents and other associated with or acting on behalf of said persons. Any references to Consultant shall include its heirs, successors, assigns, personal representatives and each of their respective officers, directors, employees, agents and others associated with or acting on behalf of said persons.

17. Governing Law.

All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of this state or any other jurisdiction) that would cause the application of the laws of any other jurisdiction.

18. Third Party Beneficiaries.

The Parties acknowledge and agree that no parties other than the Parties hereto are intended to benefit hereunder. No rights of any third party are created by this Agreement and no person other than Parties to this Agreement may rely on any aspect of this Agreement notwithstanding any representation, written or oral, to the contrary.

19. Disclosure of Conflicts.

Consultant agrees to fully disclose any activities to Company that may offer any potential conflict of interest issues with Company or any of its existing, former or prospective clients.

20. Force Majeure.

Neither party shall be liable for any delay in delivery or nonperformance in whole or in part of its obligations under this Agreement if prevented from doing so by a cause or causes beyond its control, including, without limitation, acts of God or public enemy, fire, floods, swarms, earthquakes, riots, strikes, war and restraints of government. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required and the non-performing party shall use reasonable efforts to remedy its inability to perform.

21. NEITHER CONSULTANT NOR COMPANY WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING WITHOUT LIMITATION, LOST PROFITS OR BUSINESS INTERRUPTION DAMAGES) HOWEVER CAUSED OR UNDER ANY THEORY OF LIABILITY EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

22. Interpretation.

Company has prepared this Agreement and provided it to Consultant for Consultant's review. Consultant has either retained counsel or had the opportunity to do so to review this Agreement. With respect to any dispute concerning the meaning of this Agreement, this Agreement will be interpreted as a whole with reference to its relevant provisions and in accordance with its fair meaning, and no part of this Agreement will be construed against Company on the basis that Company drafted it. This Agreement will be viewed as if prepared jointly by Company and Consultant.

23. False or Omitted Information.

Any false statement or omission with regard to any information supplied by Consultant to Company in anticipation of Consultant's contracting with Company or at any other time will be deemed a material breach of this Agreement and Company, at its option, may terminate this Agreement and seek appropriate relief. Likewise, any false statement or omission with regard to any information supplied by Company to Consultant in anticipation of Company's contracting with Consultant or at any other time shall be deemed a material breach of this Agreement and Consultant, at its option, may terminate this Agreement and seek appropriate relief.

24. Tolling and Suspension.

In the event of a breach by Consultant of any restrictive covenant contained in this Agreement, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company shall receive the benefit of Consultant's compliance with the terms and conditions of this Agreement.

25. Terms Surviving Termination of Agreement.

Termination of this agreement will not affect the continuation of any outstanding obligation or liability incurred by either party during the term of this Agreement. Such obligations include, but are not limited to, the obligation of either party to notify, indemnify, defend and hold harmless the other under the terms of this Agreement will continue after the termination hereof with respect to events occurring prior to such termination. Similarly, the obligations described in Paragraphs 6-8 shall survive termination of this Agreement.

26. Notices.

Any notice given hereunder to the Company or to the Consultant shall be deemed sufficiently given if addressed as follows and (1) mailed registered or certified mail, return receipt requested, postage prepaid; or (2) sent by overnight delivery service such as Federal Express or United Parcel Service; or, if notice of change of address is given as provided above, at such other address as may be designated by such party.

**If to the Company:** Samantha Wellington, Esq., Chief Legal Officer, TriNet Group, Inc., One Park Place, Suite 600  
Dublin, CA 94568

**If to Consultant:** \_\_

27. Entire Agreement.

This Agreement contains the entire understanding of the Parties hereto with respect to Consultant's advisory and consulting relationship with Company. This Agreement supersedes any prior Agreements or arrangements, relative to Consultant's advisory and consulting relationship with Company. No modifications of any provisions of this Agreement shall be made unless made in writing and signed by the Parties hereto.

28. Waivers.

No provision in this Agreement may be waived unless such waiver is agreed to in writing signed by Consultant and by a duly authorized officer of Company. No waiver by either party hereto of any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time.

29. Acknowledgment.

The Parties acknowledge that they have had the opportunity to consult with independent counsel of their own choice concerning this Agreement and they have done so to the extent they deem necessary, and that they have each read and understand this Agreement, are fully aware of its legal effect, and have entered into it voluntarily and freely based on their own judgment and not on any promises or representations other than those contained in this Agreement. The Parties understand that their execution below is a representation to one another of their respective beliefs that the mutual assent to Consultant being classified as an independent Consultant and their respective beliefs that Consultant is properly designated as an independent Consultant.

30. Agreement Enforceable to Full Extent Possible.

If any one or more of the provisions of this Agreement shall for any reason be ruled excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it so as to be enforceable to the extent compatible with applicable law.

31. Enforcement Costs.

In the event of any proceeding to enforce the provisions of this Agreement, the prevailing party will be entitled to an award of its costs and reasonable attorneys' fees incurred at all levels of proceedings.

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*[The remainder of this page is left blank intentionally.]*

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The Parties, by their signatures below, affirm that each has reviewed the terms of this Agreement and agrees to each of the terms and conditions set forth above.

For: ER Griese Consulting, LLC

Dated: 12/31, 2021

By: \_\_

Edward Griese, Principal

For: TriNet USA, Inc.

Dated: 12/31, 2021

By: \_\_ Kelly Tuminelli, Chief Financial Officer

For: Edward Griese, in his individual capacity

Dated: 12/31, 2021

By: \_\_



**Exhibit "A"**  
**Addendum to Consulting Agreement**  
*(Personal Guarantee)*

This Addendum amends the Consulting (the "Agreement") between TriNet Group, Inc. ("Company") and ER Griese Consulting, LLC (hereinafter referred to as "Consultant"). In the event of a conflict between this Addendum and the Agreement, this Addendum shall control. In all other respects, the Agreement remains in effect as written.

In consideration of the acceptance by Company of the Agreement, the undersigned Guarantor ("Guarantor") hereby executes and delivers this Guarantee ("Guarantee") and hereby guarantees Consultant's full, prompt and faithful performance and discharge of all terms, warranties, conditions and provisions of the Agreement and modifications, amendments or supplements thereof or thereto. Guarantor acknowledges that Guarantor has received benefit by Company's having entered into the Agreement with Consultant.

Without regard to any conflict of law provisions, this Guarantee shall be subject to the laws of the State of Delaware and venue shall be of courts located in Delaware or in the U.S. District Courts located in Delaware, and Guarantor agrees to waive any argument of lack of personal jurisdiction or *forum non-conveniens* with respect to any claim or controversy arising out of or relating to this Agreement. Guarantor hereby consents to service of process at Guarantor's address set forth below:

**Executed this\_\_day of\_\_, 20\_\_, at the City of  
\_\_, State of \_\_**

Signed by Edward Griese:

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ER Griese Consulting, LLC 7039 Twin Hills Terrace, Lakewood Ranch, FL 34202

### **Exhibit “B” Statement of Work**

During the Term, Consultant shall report to Company’s Senior Vice President, Chief Legal Officer and Secretary (“CLO”), or another employee designated by the CLO, including without limitation the Chief Financial Officer (“CFO”), or any successor thereto. Consultant shall provide the Services listed below, using its expertise and resources, and such Services shall be provided principally at Consultant’s principal place of business.

During the Term, Consultant shall provide part-time Services, and Consultant shall have no authority to provide Services other than as instructed by the CLO, CFO or the CLO or CFO’s designee. Additionally, Consultant shall not have any business interaction with any employee, independent contractor, worker or other person affiliated with Company or on behalf of Company, except as specifically directed or authorized by the CLO or CFO.

#### Services

- A. Engagement with the CLO, CFO and other members of Company’s executive team as may be appropriate and directed by the CLO or CFO, including but not limited to attending meetings and providing introductions to insurance carriers, brokers and vendors to the CFO and her assigns; assisting the CFO in health and welfare strategy development and assessment of feasibility of aspects of key strategic priorities; and making recommendations around organizational structure and operations to support pricing and analytics
- B. Other work as may be directed by the CLO



## RESTRICTIVE COVENANT AGREEMENT

As a material condition to the grant of the Award provided for under the Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement (the “*Award Agreement*”) by and between the grant recipient (“*Employee*”) and TriNet Group, Inc. (collectively with its Subsidiaries and Affiliates, “*TriNet*”), Employee enters into and agrees to be bound by this Restrictive Covenant Agreement (the “*Agreement*”), made by and between Employee and TriNet effective as of the date Employee accepts the Award. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement or the TriNet Group, Inc. 2019 Equity Incentive Plan.

### SECTION 1. *Confidential Information.*

**1.1 *Non-Disclosure.*** Employee agrees that during and after employment with TriNet, Employee will not (i) directly or indirectly disclose to any person or entity, or use, except for the sole benefit of TriNet, any of TriNet’s confidential or proprietary information or trade secrets (collectively, “*Company Information*”) or (ii) publish or submit for publication, any article or book relating to TriNet, its development projects, or other aspects of TriNet business. By way of illustration and not limitation, Company Information shall include TriNet’s trade secrets; research and development plans or projects; data and reports; computer materials such as software programs, instructions, source and object code, and printouts; products prospective products, inventions, developments, and discoveries; data compilations, development databases; business improvements; business plans (whether pursued or not); ideas; budgets; unpublished financial statements; licenses; pricing strategy and cost data; information regarding the skills and compensation of any employees, non-employee directors or consultants of TriNet (other than Employee); the personally identifying and protected health information of any employee, non-employee director or consultant of TriNet (other than Employee), including worksite employees of TriNet customers; lists of current and potential customers of TriNet; information about customers’ purchasing history, pricing, preferences and profitability; strategies, forecasts and other marketing information and techniques; employment and recruiting strategies and processes; sales practices, strategies, methods, forecasts, compensation plans, and other sales information; investor information; and the identities of TriNet’s suppliers, vendors, and contractors, and all information about those supplier, vendor and contractor relationships such as contact person(s), pricing and other terms. The definition of Company Information shall include both “know-how” (*i.e.*, information about what works well) and “negative know-how” (*i.e.*, information about what does not work well). Employee further acknowledges and agrees that all Company Information is confidential and proprietary and shall remain the exclusive property of TriNet.

**1.1.1 *Wisconsin.*** If Employee last worked for TriNet in Wisconsin, the restrictions set forth in Section 1.1 shall apply during Employee’s employment with TriNet and for eighteen (18) months after Employee’s employment with TriNet ends.

**1.2 *Improper Use of Trade Secret Information.*** In furtherance of Employee’s promises in this Section 1, Employee agrees that during Employee’s employment and for a period of one year following termination of employment with TriNet, Employee will not, for Employee’s own benefit or for the benefit of a competitor of TriNet, use TriNet’s trade secrets, or use

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Employee's knowledge of TriNet's trade secret customer information, directly or indirectly, to (i) identify TriNet customers for solicitation; (ii) facilitate the solicitation of TriNet's customers; or (iii) otherwise compete unfairly with TriNet.

**SECTION 2. *Permitted Disclosures.*** Nothing in this Agreement limits Employee's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege, to the Securities and Exchange Commission (the "**SEC**") or any other federal, state or local governmental agency or commission or self-regulatory organization regarding possible legal violations, without disclosure to TriNet. TriNet may not retaliate against Employee for any of these activities, and nothing in the Agreement requires Employee to waive any monetary award or other payment to which Employee might become entitled from the SEC or any other government agency or self-regulatory organization as a result of such communication. Employee understands that these restrictions on disclosure or use of Company Information shall not limit in any way any right Employee may have to disclose or use information, including but not limited to information about unlawful acts in the workplace such as sexual harassment, pursuant to the National Labor Relations Act or any other applicable federal, state, or local law, including the right to communicate with co-workers for the purpose of improving terms and conditions of employment. Moreover, nothing in this Agreement prohibits Employee from notifying TriNet that Employee is going to make a report or disclosure to law enforcement. Further, pursuant to the Defend Trade Secrets Act of 2016, Employee shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Employee files a lawsuit for retaliation by TriNet for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

**SECTION 3. *Notice of Resignation.*** In the event Employee resigns Employee's employment with TriNet and is immediately prior to such resignation employed in the TriNet Sales department in any position, or in any other part of TriNet with a job code of Executive Director or above, *excluding* any "officers" of the Company (as such term is defined by Section 16 of the Securities Exchange Act of 1934, as amended) to help effectuate and ensure an orderly transition Employee shall provide TriNet with sixty (60) days' notice of Employee's resignation from TriNet as more specifically set forth in Sub-sections 3.1 through 3.4, below.

**3.1. *Sixty (60) Days' Notice.*** Employee will provide sixty days' notice of Employee's resignation in writing submitted to Employee's direct supervisor and the Human Resources Department via email to MYHR@trinet.com, and such written notice shall include a disclosure of any new position or affiliation Employee has accepted, intends to accept or is considering accepting upon expiration of the Notice Period. (The first sixty (60) days following submission of a resignation in compliance with this Agreement as outlined below shall be the "**Notice Period.**") Employee further agrees to give TriNet notice pursuant to this Section 3 immediately

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upon communicating to any prospective new employer that Employee has accepted or will be accepting an offer of employment with another employer.

**3.2. *Duties and Cooperation During Notice Period.*** During the Notice Period Employee's manager may ask Employee to take steps to help transition responsibility for ongoing projects and/or other job duties. Employee agrees to perform these duties and tasks, as Employee's manager in his or her sole discretion may direct, including without limitation any or all of the following: (i) organize files and notes of any projects for transition; (ii) meet with Employee's managers or their designee to review files and other data to help ensure that TriNet personnel are aware of and understand any files, projects or other business related data; (iii) meet with Employee's manager or his/her designee to review the status of any projects, work, clients or personnel for which Employee was assigned responsibility, in order to help ensure that business needs may be seamlessly transitioned to and serviced by other TriNet personnel; (iv) otherwise being available to TriNet, as requested by Employee's managers, to provide reasonable assistance to effectuate an orderly transition of files, projects, data, client service or personnel responsibilities, and any other job duties, prior to Employee's last day of employment. The foregoing list is neither intended to be an exhaustive list of the transition-related tasks Employee may be required to perform, nor is it a promise that TriNet will have Employee engage in any or all of the listed tasks. There may be times during the Notice Period when TriNet is preparing for the transition in a way that does not involve Employee's active engagement, and as such TriNet at its sole discretion may instruct Employee not to work or enter TriNet's premises on some or all days of the Notice Period.

**3.3. *Conduct During Notice Period.*** During the Notice Period, Employee will be a TriNet employee, will remain on TriNet's payroll, will receive the same base rate of pay, and will continue to be eligible for all employee benefits just as in the period prior to Employee's giving Notice of Resignation to TriNet. Employee's primary job duties during the Notice Period will involve assisting TriNet to effectuate an orderly transition of duties to other TriNet personnel as assigned by Employee's manager. During the Notice Period, Employee shall: (i) not discuss or communicate about Employee's impending departure from TriNet with clients or others who are not employees of TriNet unless authorized in writing to do so by Employee's manager; (ii) not take any TriNet data, records or information off the premises of any TriNet office or facility; (iii) access TriNet systems only with express permission of Employee's manager (Employee understands that such accessibility may be terminated during the Notice Period); (iv) return to Employee's TriNet manager, within one business day of tendering Employee's notice of resignation, all files, data and information relating to TriNet clients or business which Employee may have had off premises during the course of Employee's employment; (v) not use any social networking system or function to update any clients about Employee's employment status with TriNet and/or any impending change of such status; and (vi) if Employee has had remote access to TriNet computer systems or if Employee has ever used a non-TriNet issued computer or electronic device for work, Employee will, upon TriNet's request, make such personal computer(s) or other electronic devices available to TriNet and/or its computer forensic experts for imaging and searching to verify that all TriNet client data and any other non-public information has been removed. Employee understands and agrees that a core purpose of the Notice Period is to enable the orderly transition of files, data and client responsibility to other TriNet employees, and accordingly Employee understands and agrees that TriNet is free to and may elect to engage in a variety of transition-related activities, including but

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not limited to notifying clients of Employee's intent to leave TriNet, informing clients of the identity of other TriNet employees being assigned to service their accounts, introducing the clients to other TriNet personnel, and/or holding meetings with clients that may or may not include Employee, as Employee's manager may elect. Employee agrees and understands that during the Notice Period, Employee owes TriNet an unmitigated duty of loyalty, and that Employee shall do nothing during the Notice Period that Employee intends or reasonably expects to further Employee's personal interests or the interests of Employee's new employer to the actual or potential detriment of TriNet.

**3.4. *At Will.*** Employee understands and agrees that nothing in this Agreement changes Employee's "at will" employment status, and that TriNet may end the employment relationship at any time, with or without notice, for any reason or no reason at all. Likewise, Employee is free to end the employment relationship at any time, subject only to Employee's obligation to provide notice in the manner described herein. Without limitation of the foregoing, Employee understands that TriNet retains the right in its absolute and sole discretion to terminate Employee's employment after receiving notice from Employee pursuant to this Agreement, at which point Employee's employment and the Notice Period will come to an end (including any associated obligation by TriNet to continue Employee's salary and benefits during the Notice Period), but in no event shall TriNet terminate Employee's employment or the Notice Period sooner than two (2) weeks after the date on which Employee gives notice of resignation pursuant to Section 3 (provided, however, that TriNet retains the right as set forth above to determine what duties, if any, will be performed during such two-week period).

#### **SECTION 4. *Non-Solicitation.***

**4.1. *Customer Non-Solicitation.*** Employee will not, directly or indirectly, during employment with TriNet and for twelve (12) months following termination or separation of such employment for any reason, solicit or attempt to solicit any of TriNet's customers or the business or patronage of such customers, either for him/herself or on behalf of any other person, partnership, corporation, or other entity. This restriction is limited to (a) customers Employee serviced, solicited or interacted with at any time during the 24 months immediately preceding termination of employment with TriNet; (b) customers serviced or solicited by other TriNet employees whom Employee directly supervised during the 24 months immediately preceding termination of employment with TriNet; and (c) customers about whom Employee had access to Confidential Information during the 24 months immediately preceding termination of employment with TriNet.

**4.1.1. *California & North Dakota.*** Sub-section 4.1, above, does not apply if the state in which Employee last worked for TriNet was California or North Dakota, provided, however, that with respect to Notice of Resignation and Non-Solicitation of customers Employee nevertheless is bound by the terms of Sections 3 and 1.2 above.

**4.1.2. *Oklahoma.*** Section 4.1 does not apply if the state in which Employee last worked for TriNet was Oklahoma, in which case Employee will not, during employment with TriNet and for twelve (12) months following termination or separation of employment for any reason, directly solicit TriNet's Established Customers or the business or patronage of such Established Customers either for Employee's own purposes or on behalf of any other person,

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partnership, corporation, or other entity. The term “Established Customers” in this Section 4.1.2. means customers who were active customers of TriNet at the time of termination of Employee’s employment with TriNet. This restriction on direct solicitation of Established Customers is further limited to (a) Established Customers that Employee serviced, solicited, or interacted with at any time during the 24 months immediately preceding Employee’s termination of employment with TriNet; and (b) Established Customers serviced or solicited by other TriNet employees whom Employee supervised during the 24 months immediately preceding Employee’s termination of employment with TriNet.

**4.2. Employee Non-Solicitation.** Employee will not, directly or indirectly, during employment with TriNet and for twelve (12) months following termination or separation of employment for any reason, solicit or recruit any TriNet employee(s), non-employee director(s) or consultant(s) of TriNet to accept a position with another company or entity, nor otherwise encourage or induce any TriNet employee, non-employee director or consultant to terminate their employment or affiliation with TriNet. This restriction applies only to (a) employees Employee supervised at any time during the 24 months immediately preceding termination of employment with TriNet, (b) employees with whom Employee worked in the same office at any time during the 24 months immediately preceding termination of employment with TriNet, and (c) employees with whom Employee otherwise had material contact at any time during the 24 months immediately preceding termination of employment with TriNet.

**SECTION 5. Non-Competition.** During Employee’s employment with TriNet, and for a period of twelve (12) months immediately following termination or separation of such employment for any reason, Employee will not, directly or indirectly, perform on behalf of a competitor the same or similar job duties that Employee performed in his/her last twelve (12) months of employment with TriNet. This restriction will only apply in the geographic territory for which Employee had responsibility in his/her last twelve (12) months of employment with TriNet. Additionally, this restriction will only apply to the performance of job duties competitive with a segment or business line of TriNet’s business in which Employee worked in his/her last twelve (12) months of employment with TriNet. Employee has the right to consult with Employee’s counsel prior to accepting this Agreement.

**5.1. California, Oklahoma, Nebraska, North Dakota.** Section 5, above, does not apply if the state in which Employee last worked for TriNet was California, Oklahoma or North Dakota.

**5.2. Massachusetts.** If Employee last worked for TriNet in Massachusetts, then Employee hereby agrees that Employee’s acceptance of the Award identified in this Agreement, and Employee’s enjoyment of the financial opportunities flowing from such participation, provide Employee with a valuable investment opportunity which constitutes other mutually agreed consideration supporting Employee’s agreement to abide by the restrictions contained herein for purposes of compliance with Massachusetts law relating to non-competition agreements.

**5.3. Washington.** If Employee last worked for TriNet in Washington and entered this Agreement at the outset of Employee’s employment, then Employee hereby acknowledges and agrees that Employee received written notice of the terms in Section 5 prior to accepting the offer of employment with TriNet. If Employee last worked for TriNet in Washington and entered

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this Agreement after the commencement of employment, then Employee hereby agrees that Employee's acceptance of the Award identified in this Agreement, and Employee's enjoyment of the financial opportunities flowing from such participation, provide Employee with a valuable investment opportunity which constitutes independent consideration supporting Employee's agreement to abide by the restrictions contained herein for purposes of compliance with Washington law relating to non-competition agreements.

**5.4. *Maine.*** If Employee last worked for TriNet in Maine, then Employee acknowledges and agrees that Employee received a copy of this Agreement at least three business days before Employee was required to sign the Agreement.

**5.5. *Oregon.*** If Employee last worked for TriNet in Oregon and entered this Agreement after the commencement of employment, then Employee hereby agrees that Employee's acceptance of the Award identified in this Agreement, and Employee's enjoyment of the financial opportunities flowing from such participation, provide Employee with a valuable investment opportunity which constitutes a bona fide advancement of the Employee by TriNet supporting Employee's agreement to abide by the restrictions contained herein for purposes of compliance with Oregon law relating to non-competition agreements. Employee agrees that TriNet has a protectable interest based on Employee's access to confidential information and/or trade secrets.

**SECTION 6. *Reasonableness of Restrictions.*** Employee acknowledges and agrees that compliance with the non-disclosure, non-solicitation, and non-competition covenants above is both reasonable and necessary to protect TriNet's legitimate business interests, including its goodwill, its confidential business information, its customer and employee relationships and investment therein, and its reputation, and that Employee's violation of these covenants is inconsistent with TriNet's provision of equity ownership incentive grants as contemplated by the Award Agreement. Employee further acknowledges and agrees that Employee's post-employment competition, and/or Employee's solicitation of TriNet customers during this limited period of time, in violation of the non-competition and non-solicitation covenants above, would be contrary to the purpose, goal, and intent of TriNet's agreement to provide Employee with the equity incentive award provided to Employee in the Award Agreement, and that but for Employee's consent to such post-employment restrictions, the equity incentive award herein would not otherwise be awarded to Employee. Employee further acknowledges that Employee's participation in equity ownership incentive grants is fully optional on the part of Employee, and that Employee opts to participate fully understanding that the foregoing covenants and restrictions would be conditions of such participation.

**SECTION 7. *Irreparable Harm/Injunctive Relief.*** Employee acknowledges and agrees that any breach of Employee's obligations under the Non-Disclosure, Notice of Resignation, Non-Solicitation, and/or Non-Competition covenants above, as applicable, will result in irreparable and continuing harm and injury to TriNet for which there is no adequate remedy at law. Employee further agrees that in the event Employee breaches the non-disclosure, non-solicitation, and/or non-competition covenants, TriNet shall be entitled to seek and obtain temporary, preliminary, and permanent injunctive relief to enforce the specific terms of these covenants. Employee further agrees and consents that in any action seeking temporary or preliminary injunctive relief to enforce any of the foregoing restrictions, TriNet and Employee

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shall be entitled to engage in expedited discovery in aid of proceedings seeking temporary and/or preliminary injunctive relief, including expedited document production, interrogatories, and depositions limited at the expedited stage to those topics that are relevant to temporary and/or preliminary injunctive relief.

**SECTION 8. *Other Provisions.*** If any provision of this Agreement is found to be invalid or unenforceable, the parties hereto agree that a court may modify, alter or amend such provision to the extent necessary to make it enforceable. If a court declines to modify, alter or amend the provision to make it enforceable, then the remaining provisions of this Agreement shall remain in full force and effect. This Agreement is assignable by TriNet and will be binding upon and inure to the benefit of TriNet's successors, assigns and affiliated entities. Employee agrees that, should TriNet, or any subsidiary or unit of TriNet in which Employee works, be acquired by, merge with, or otherwise combine with another business entity, TriNet's rights under this Agreement will be automatically assigned to the surviving entity, and such entity will have all rights to enforce this Agreement. Employee hereby consents to any such actual or deemed automatic assignment. Notwithstanding the foregoing, Employee may not assign this Agreement.

**SECTION 9. *Governing Law; Venue; Integration.*** The terms of this Agreement and any disputes arising out of it shall be governed by, and construed in accordance with, the laws of the state or province in which Employee was last employed by TriNet, without giving effect to such state or province's conflict of law principles. Employee agrees and understands that such state or province's laws will govern as set forth herein regardless of whether Employee moves Employee's residence or place of employment to another state or location after termination of employment with TriNet. Notwithstanding any arbitration agreement that otherwise may exist between Employee and TriNet, Employee and TriNet agree that in the event of any dispute arising under this Agreement, any such dispute is not subject to arbitration, and Employee and TriNet instead hereby mutually confer exclusive jurisdiction and venue for any dispute in any way related to this Agreement on the state, provincial or federal court having original jurisdiction for the location in which Employee last worked for TriNet, and Employee and TriNet both agree not to bring any litigation in any way related to this Agreement in any other court or forum. This Agreement replaces and supersedes any Restrictive Covenant Agreement contained in a prior Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement entered into by the parties.

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Employee understands and acknowledges that Employee has the right to consult with Employee's attorney to obtain legal counsel prior to making the choice to accept this Agreement and the restrictions contained herein.

IN WITNESS WHEREOF, Employee accepts the obligations under this Agreement and will be deemed to have accepted and signed this Agreement upon Employee's acceptance of the

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Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement to which it is attached.



**SUBSIDIARIES OF TRINET GROUP, INC.**

<b>Company Name</b>	<b>Incorporation Jurisdiction</b>
Ambrose Advisory Services, LLC	New York
App7, Inc.	Delaware
Archimedes Risk Solutions, Ltd.	Bermuda
SOI Employee Benefit Plan Trust	North Carolina
TriNet Employee Benefit Insurance Trust	California
TriNet Employer Group Canada, Inc.	Ontario
TriNet HR I, Inc.	Oklahoma
TriNet HR II, Inc.	Delaware
TriNet HR II Holdings, Inc.	Delaware
TriNet HR II-A, Inc.	Florida
TriNet HR III, Inc.	California
TriNet HR III-A, Inc.	Delaware
TriNet HR III-B, Inc.	Delaware
TriNet HR IV, LLC	New York
TriNet HR XI, Inc.	Delaware
TriNet Insurance Brokerage, Inc.	Delaware
TriNet Professional Employer Services, Inc.	Delaware
TriNet USA, Inc.	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in Registration Statement No. 333-238315 on Form S-3 and Registration Statement Nos. 333-194880, 333-203134, 333-210558, 333-216403, 333-223312, 333-231393, 333-231396, 333-236456 and 333-253147 on Form S-8 of our reports dated February 14, 2022, relating to the financial statements of TriNet Group, Inc., and the effectiveness of TriNet Group, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California

February 14, 2021

**CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Burton M. Goldfield, certify that:

1. I have reviewed this Annual Report on Form 10-K of TriNet Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2022

/s/ Burton M. Goldfield

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Burton M. Goldfield

President and Chief Executive Officer

**CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kelly Tuminelli, certify that:

1. I have reviewed this Annual Report on Form 10-K of TriNet Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2022

/s/ Kelly Tuminelli

Kelly Tuminelli  
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of TriNet Group, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ending December 31, 2020 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Date: February 14, 2022

/s/ Burton M. Goldfield

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Burton M. Goldfield

Chief Executive Officer

Date: February 14, 2022

/s/ Kelly Tuminelli

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Kelly Tuminelli

Chief Financial Officer