



The RISE Report 2021

Representation, Inclusion, Social Impact, Equity



At Gusto we know that work empowers a better life and together, we are building a company we are proud to be a part of by advancing diversity, equity, and inclusion (DEI) through our RISE (Representation, Inclusion, Social Impact and Equity) strategy where everyone feels a sense of community and belonging at Gusto.

We've made important progress as a company and it's due to every single Gustie. This work and our progress only happen when intention and commitment are followed by action. We are very proud of our collective efforts and it is emblematic of Gusto's mission of work empowering a better life.

We are inspired by all of you and look forward to what we will accomplish together for years to come as this is just the start.

Let's look back on our progress.

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Introduction

“RISE is an opportunity – the opportunity to leverage perspective, talents and gifts through the power of collective effort, thought and differing ideas. It’s empowering and exciting to crowd source concepts, engage in authentic dialogue and see what innovation can occur.”

– Bernard C. Coleman III, Chief Diversity and Engagement Officer

Our vision and mission is to elevate the conversation around diversity, equity, and inclusion (DEI) and move from words to accountability, meaningful action and tangible results around representation, inclusion, social impact and equity (RISE). RISE is more than diversity and inclusion, it's about creating an inviting culture that is representative of our communities. It's about creating an environment that provides equitable access to opportunity and prosperity. It's about empowering individuals to thrive and do the best work of their lives. Ultimately, Gusto's mission works best when Gusties are at their best.

As a company, we've accomplished a great deal, and we have lots more to do. The RISE report will help us understand and reflect on where we've been and will inform where we still need to go.

We look forward to building as we RISE together.



Bernard

A handwritten signature in black ink that reads "Bernard C. Coleman III". The signature is stylized and cursive.

Bernard C. Coleman III
Chief Diversity and Engagement Officer

Where It All Started

Gusto's mission is to create a world where work empowers a better life. By making the most complicated business tasks simple and personal, Gusto is reimagining payroll, benefits and human resources for small businesses.

Gusto launched nearly 10 years ago with that mission in mind and we now serve more than 200,000 small and medium businesses (SMBs) nationwide and millions of their employees. Gusto processes hundreds of billions of dollars of payroll and provides employee benefits — such as medical insurance, HR and compliance support, financial benefits like 401(k)s, 529 plans and more — all while helping companies create incredible work places.

Since our inception, Gusto continues to build on that vision and mission. Gusto has grown to 1,400 plus Gusties (as of May 2021) and four homebases (San Francisco, Denver, New York, US/Canada and Remote). With more growth on the horizon, we've made it our strategic priority to prioritize people and purpose, and recognize that building a representative workforce — at all levels of our company, from our Board to our leadership team to our individual contributors — is an

imperative. We are committed to building a company we are proud to be a part of and know that diversity, equity and inclusion are inherent strengths that are critical to the growth of our business, and furthermore, the betterment of communities we serve (and hope to serve).

Over the last two years, we've seen progress and learned a great deal. Since our last public diversity update in 2019, we've seen significant growth of our workforce. We've seen increased overall representation for Black+ and Latinx+ Gusties. We've also seen growth in leadership for Black+ and women at Gusto. In addition, we've also experienced growth in our technical roles for Black+ and Latinx+ Gusties.

We introduced our holistic and comprehensive RISE (Representation, Inclusion, Social Impact and Equity) strategy which included setting company-wide and department-specific RISE goals across hiring, progression, engagement and retention. We also created learning pathways called the RISE learning and development journeys focused on DEI education and awareness.

We also introduced expanded self-identification data to help ensure that Gusties are fully seen, counted, and represented. This information allows us to be better informed and aids in improving programs, policies, and procedures that support Gusties from all backgrounds. We continue to make progress and with a deep focus on the areas of RISE.

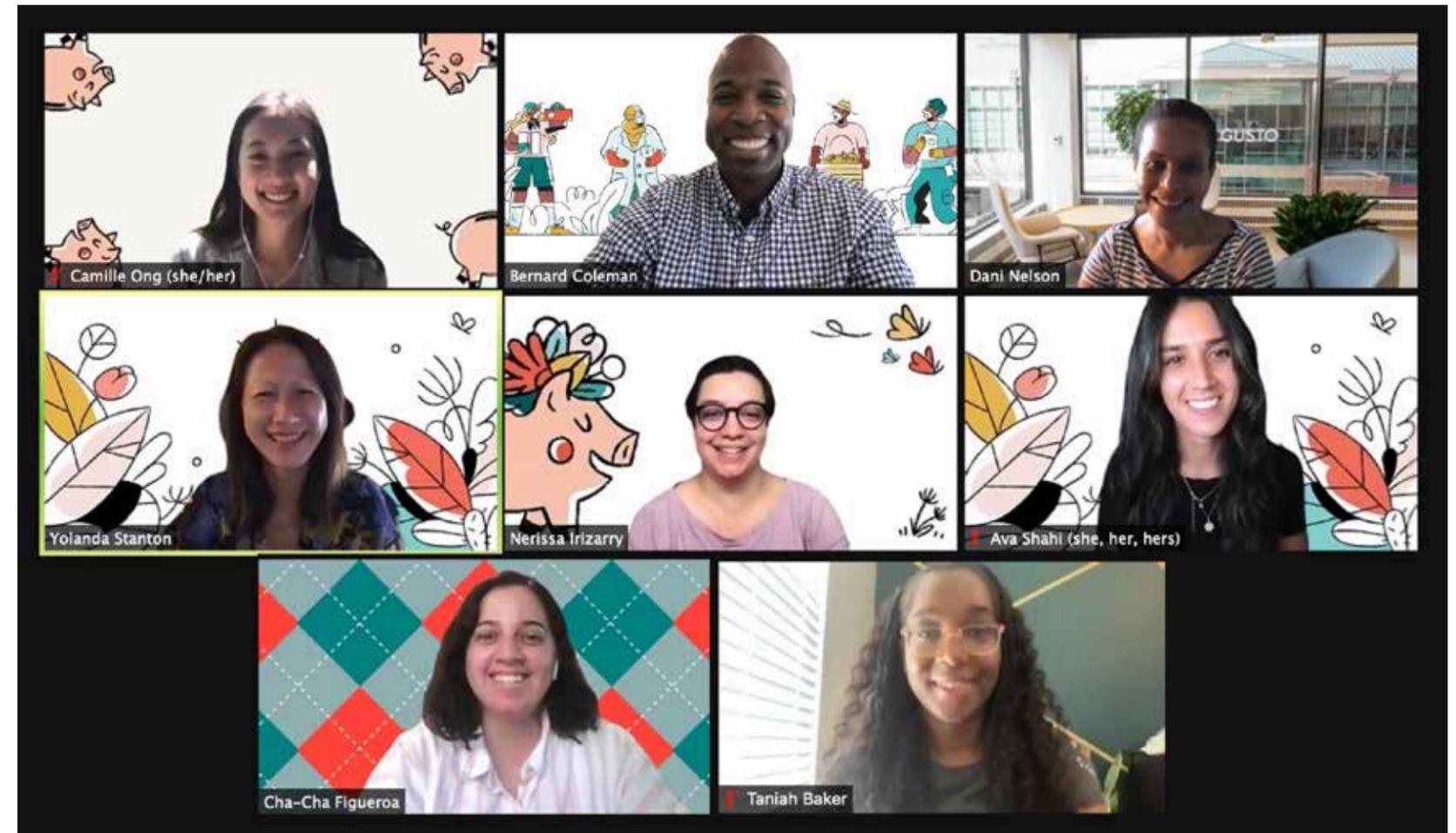
Our progress is incumbent on a collective commitment starting with our leaders and cascading throughout every part of the organization. Through our RISE framework, focus on the employee lifecycle (attracting, inviting, onboarding, progressing, engaging, and retaining) — the data will guide what we prioritize as we think about what's now and next. Our collective action only works if we each do our part. One of our Gusto values is having an ownership mentality. As owners, we all bear responsibility for the success and progression of our efforts not just for Gusto but the place our business has in society.

Looking Back

The past year was punctuated by a push for greater racial and social justice, civil unrest, the COVID-19 pandemic, and an economic crisis that created a societal inflection point. The confluence of events helped many to slow down as a society and truly see the expanse of inequity, injustice and the uneven realities of day-to-day life. As people, a community, and as a society, we were forced to examine ourselves and look inward. The past year revealed a societal appetite to address larger issues such as representation, equity and accountability. This is a notable shift within the tech industry (and beyond) that moves the conversation towards a more holistic focus, particularly on race and its intersections.

As a company, our diversity, equity and inclusion strategy has long been holistic and began with a focus on race and its intersections via our RISE framework. The early adoption of the RISE strategy has enabled us to increase representation, inclusion, social impact and equity all while we deepened our corporate commitment and accountability to ensure that social impact was elevated and acted upon.

Our early adoption of RISE, building a representative Board and leadership team, and following through on our stated commitment. This early work has allowed us to move ahead quickly and efficiently — at a pace faster than before. Our choice to focus on race and its intersections is fundamentally necessary to driving a positive impact for those we serve: our employees, customers, and partners.



The RISE Strategy

Our vision and mission is to elevate the conversation around DEI and move from words to accountability, meaningful action and tangible results. It's no longer just about diversity and inclusion, it's about an inviting culture that is representative of society. It's about leveling the playing field by providing equitable access to opportunities. It's about empowering individuals to thrive and do the best work of their lives.

Last summer, we unveiled the RISE vision with Gusties and shared two strategic choices given where we found ourselves at that moment in time.

1. Center our work and our goals on race and its intersections, as this is the area of greatest opportunity for Gusto and the tech industry.
2. Disrupt systems of inequity in our platform and processes.

Why did we make these two choices? Issues of race have proven to be the most difficult to solve and persists in almost every aspect of American society. When solving for race and its intersections, we solve for all. We also look to disrupt inequity. Our plan endeavors to break from the quiet complicity that sneaks into processes, into

systems and inevitably compounds systemic inequity instead of removing them. To fix the inequities in our social system, we must get introspective, look inward and make sure our house is in order and then leverage our platform to effectuate the change we seek.

The goals we've chosen are important as we enter phase one of a decade long plan. We decided easy wasn't an option. And that requires commitment, action and a multi-year, holistic RISE strategy.



RISE Delivered

In 2020 we introduced a holistic RISE strategy, setting company-wide RISE goals across the employee lifecycle (hiring, progression, engagement and retention), creating learning pathways focused on DEI education and awareness, and facilitating in person/zoom trainings of hundreds of managers and individual contributors.

- Hiring - a goal to help us to become more representative and codify our commitment to be representative of the customers we serve and (hope to serve).
- Progression - equitable progression meaning minimal variation relative to statistical significance in promo rate or rating distribution by race/gender at the department level.
- Engagement - employee engagement at its core is the level of an employee's commitment and connection to an organization. Employee engagement is measured via gPulse, our quarterly employee engagement and organizational health survey and we are focused on ensuring parity across race and gender.

- Retention - a goal that measures and evaluates Gusto as a great place to stay and build a career.

We know that high levels of employee engagement across the entire employee lifecycle directly contributes to Gusto's success and it is the connective tissue in retention of Gusties, fostering customer loyalty, improving organizational performance and stakeholder value. Engagement is Gusto's glue and is what enables us to empower a better life for our customers and their employees.

Gusto is at the infrastructure phase of our plan, meaning we are putting the mechanics in place to ensure that when we have full throttle hiring, the fundamentals are there to grow our representation and achieve parity in progression, engagement and retention. Our RISE Strategy is a phased approach and one of our first milestones in the longer term, multi-year plan.

Gusto has invested in a strong foundation with our RISE strategy to make progress and truly lead.

Note On Methodology

General Methodology:

For the below FY21 and FY20 representation and attrition comparisons, a race/ethnicity plus system was developed. This system ensures Gusties are categorized by each race/ethnicity they select or self-identify as in our Human Resources Information Systems (HRIS). For instance, if a Gustie selects Black and Asian in HRIS, the plus system represents that employee in both Black+ and Asian+ categories.

Data is central to everything we do and we've built internal RISE dashboards to help us make the most informed and data-driven decisions. Our goals need to be clearly defined so that we know what we are going after. The dashboard allows us to see our

hot spots and gaps and develop solutions to address and improve on a regular cadence.

Our goals are evaluated on a year-by-year basis and designed to challenge us to make substantive, meaningful change that pushes us beyond where we are currently.

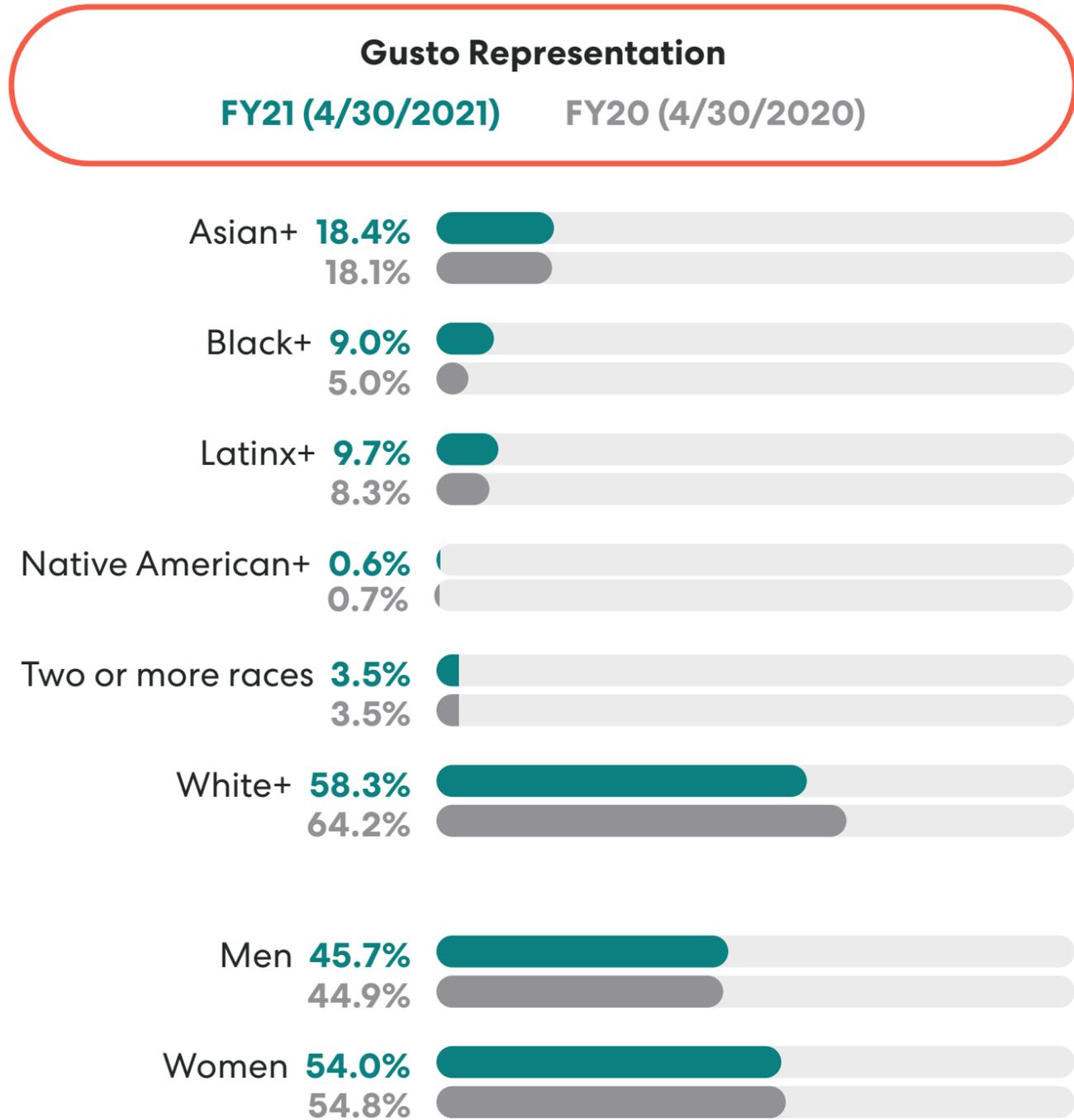
Additional Notes:

- Native American+ is inclusive of “Pacific Islander or Native Hawaiian” and “Alaska Native or American Indian.”
- Two or more races is shown when a Gustie chooses “Two or more races” in HRIS and does not specify individual race/ethnicities.
- As of 4/30/21, approximately 99% of Gusties have declared their race/ethnicity.

- At Gusto, we know that gender extends broadly across a range of gender identities and is not exclusive to societal designations of male and female.
- Our Gustie population, as well as the talent pool, includes nonbinary folks and people who identify across the entire gender spectrum.
- All reporting on gender, unless otherwise stated, reflects self-reported data. Gusto collects data on non-binary gender (using self-reported data) and have expanded our employee demographic data practices to be more inclusive and intersectional.

- Due to low n-counts (a combination of current Gusto size and number of those who reported), we do not publicly share information concerning employees who may identify as non-binary at this time in an effort to respect Gustie privacy. For the same reason, we do not share information concerning employees who identify as LGBTQ+. However, it is our priority to ensure that we create an equitable and inclusive environment for all gender identities and sexual orientations.
- Low n-counts can heavily influence the attrition rate. For instance, with a group of 10 people, each termination increases the attrition by 10%.

Overall Company Representation



As Gusto grows, so has our representation and since 2020 we've seen considerable Black+ and Latinx+ representation increases. We know a collective and holistic approach across the dimensions of hiring, progression, engagement and retention aid in our progress.

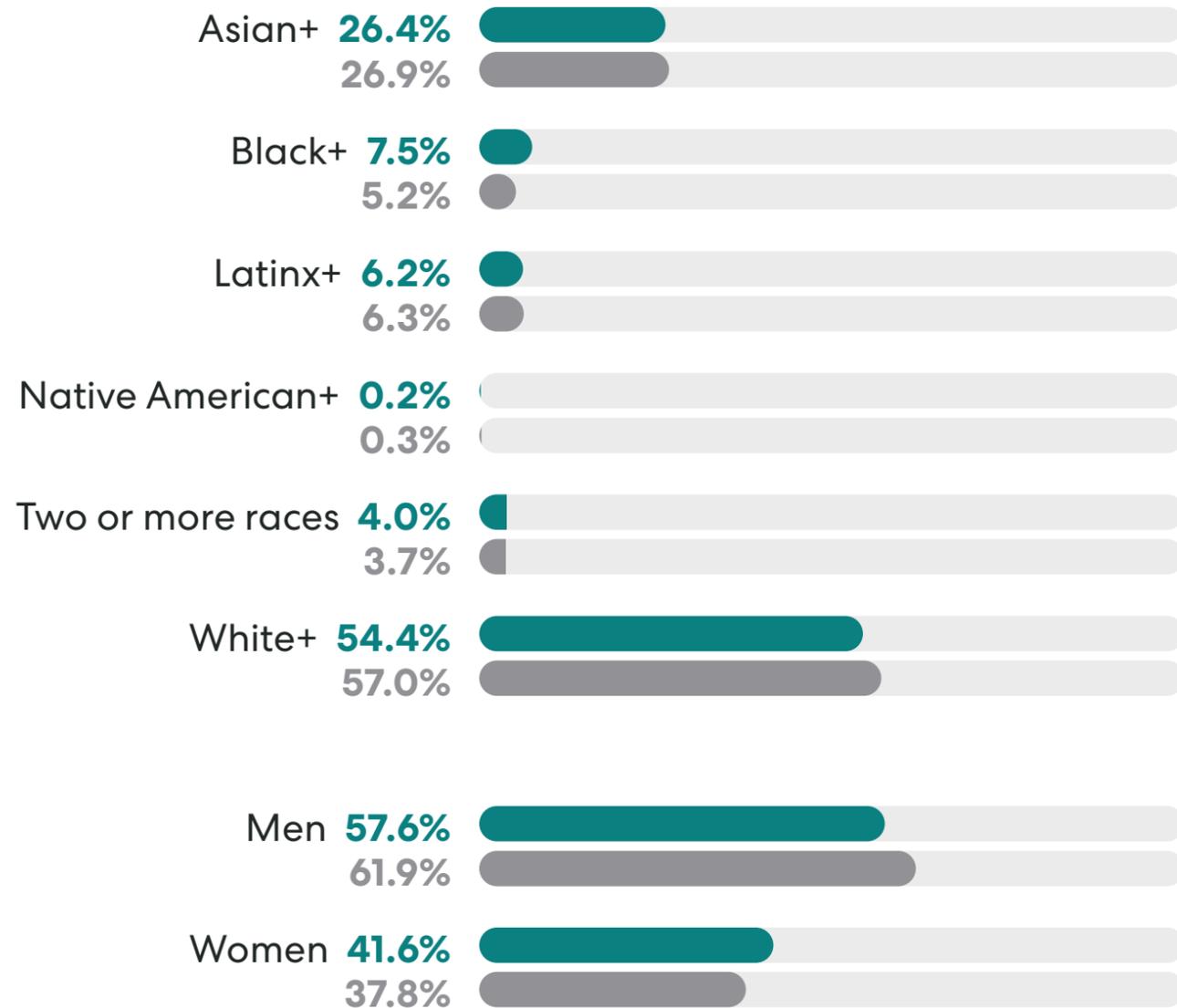
First, we focused on expanding the top of the pipeline to be more equitable. Widening the talent aperture particularly improved representation of Black+ and Latinx+ people in the interview process.

Gusto representation was also improved by reducing attrition via employee engagement, progression through inclusive learning and progression opportunities, ultimately, contributing to our cumulative and sustained representation progress.

Leadership Representation

Leadership (L4-L7) Representation

FY21 (4/30/2021) FY20 (4/30/2020)



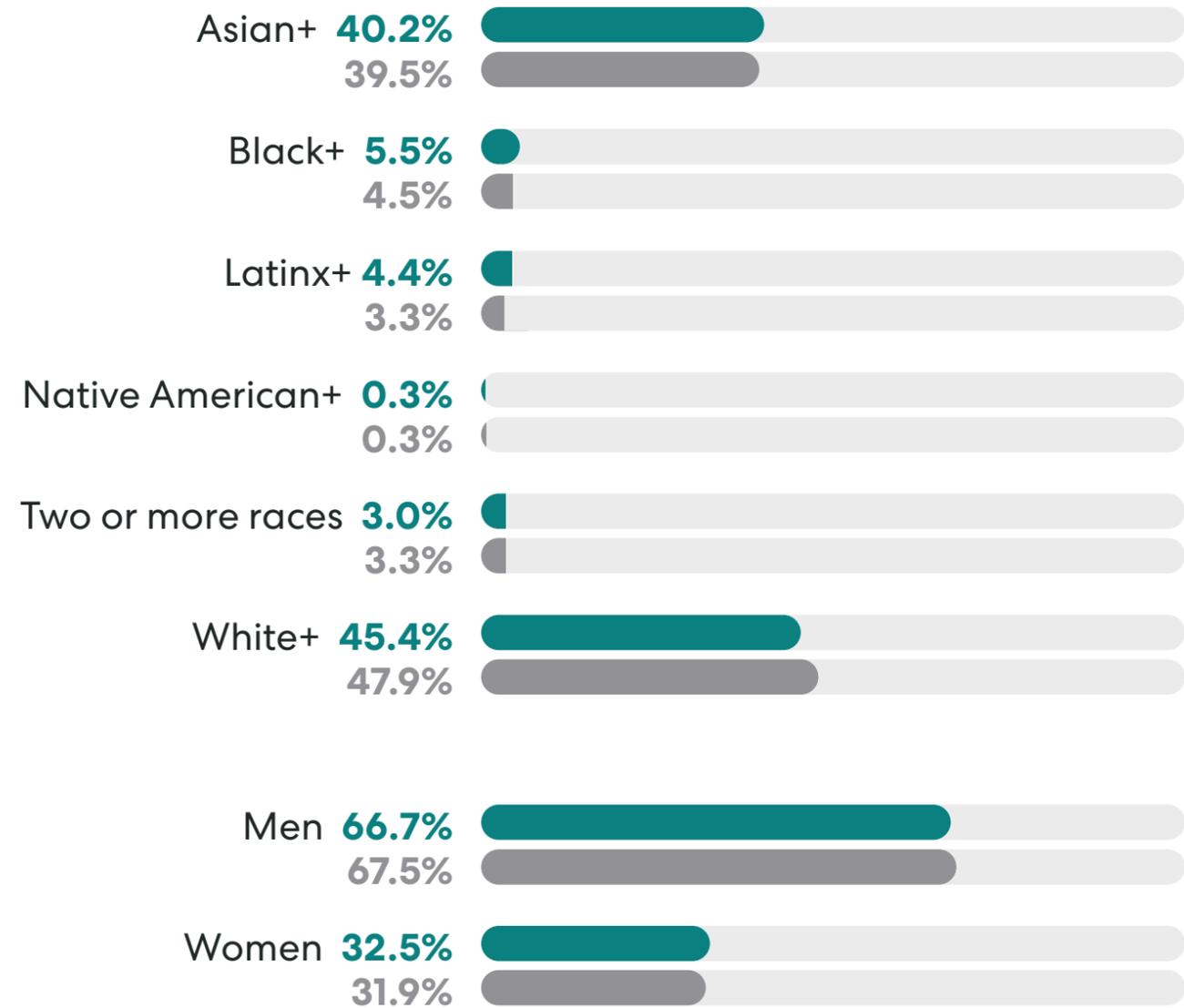
Representative leadership broadens the spectrum of understanding — our leaders’ commitment to inclusion in our products, our company, and society is critical to everything we do. We know it is important that leaders understand, from the workplace to the marketplace, why RISE is not only an embedded Gusto value but even more so, a strategic imperative for our collective success.

Since 2020, we’ve seen leadership growth most notably in two areas — Black+ increasing by over 2% and women in leadership increasing by nearly 4%. This growth is in part due to a number of RISE actions, introduction of the Rooney Rule in our hiring process, increased top of funnel velocity in our recruitment process, leveraging our Affinity Groups via the Community Ambassador Program and the creation of evergreen pipeline sourcing strategies.

We also saw our Latinx+ decrease slightly from 6.3% to 6.2% and we plan to redouble our efforts on building greater Latinx leadership representation by expanding our strategic partnerships, employee referrals, and generating greater awareness of opportunities at Gusto.

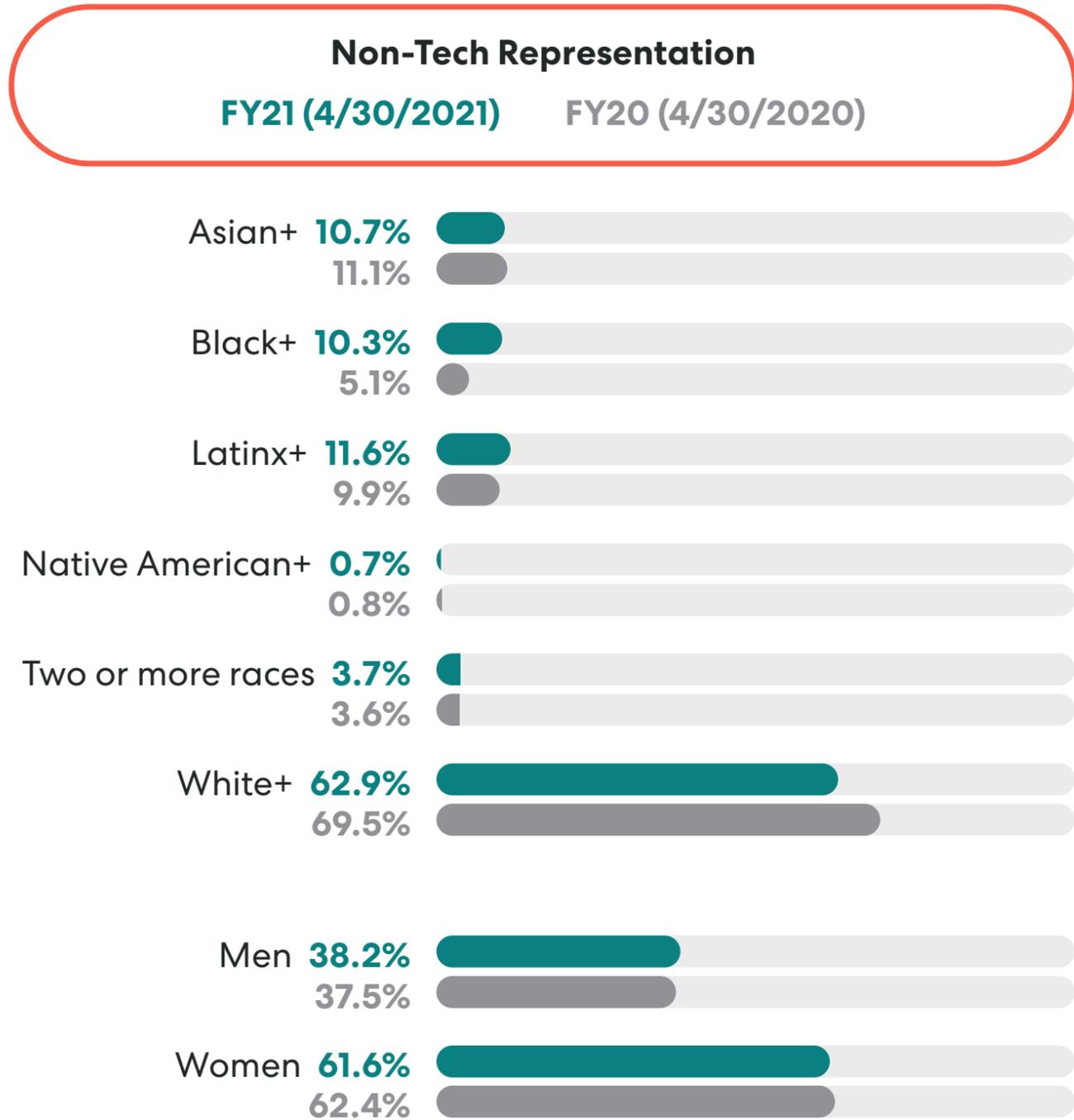
Technical Workforce Representation

Tech Representation
FY21 (4/30/2021) **FY20 (4/30/2020)**



We saw increases in Asian+, Black+, Latinx+ and women technical representation, most notably for our Black+ and Latinx+ populations with a 1% increase respectively for each group. We also saw modest growth for Asian+ and women in representation.

Non-Technical Workforce Representation



From 2020 to present, we more than doubled Black+ representation and saw a considerable increase in Latinx+ populations. Again, this was due to several RISE actions in combination — focused efforts on expanding the top of the pipeline to include Black and Latinx applicants in the interview process, the Rooney Rule, a representative slate of interviewers, focus on progression, inclusive engagement and retention.

Retention and Inclusion

We know that inclusion is a cornerstone in ensuring a culture of trust. Likewise, high engagement translates into greater employee satisfaction and performance. We also know that when teams feel they are part of a community, understand why their work matters, and see their contributions valued — they contribute their best ideas, experience a greater sense of belonging, and they are more inclined to stay for the long term.

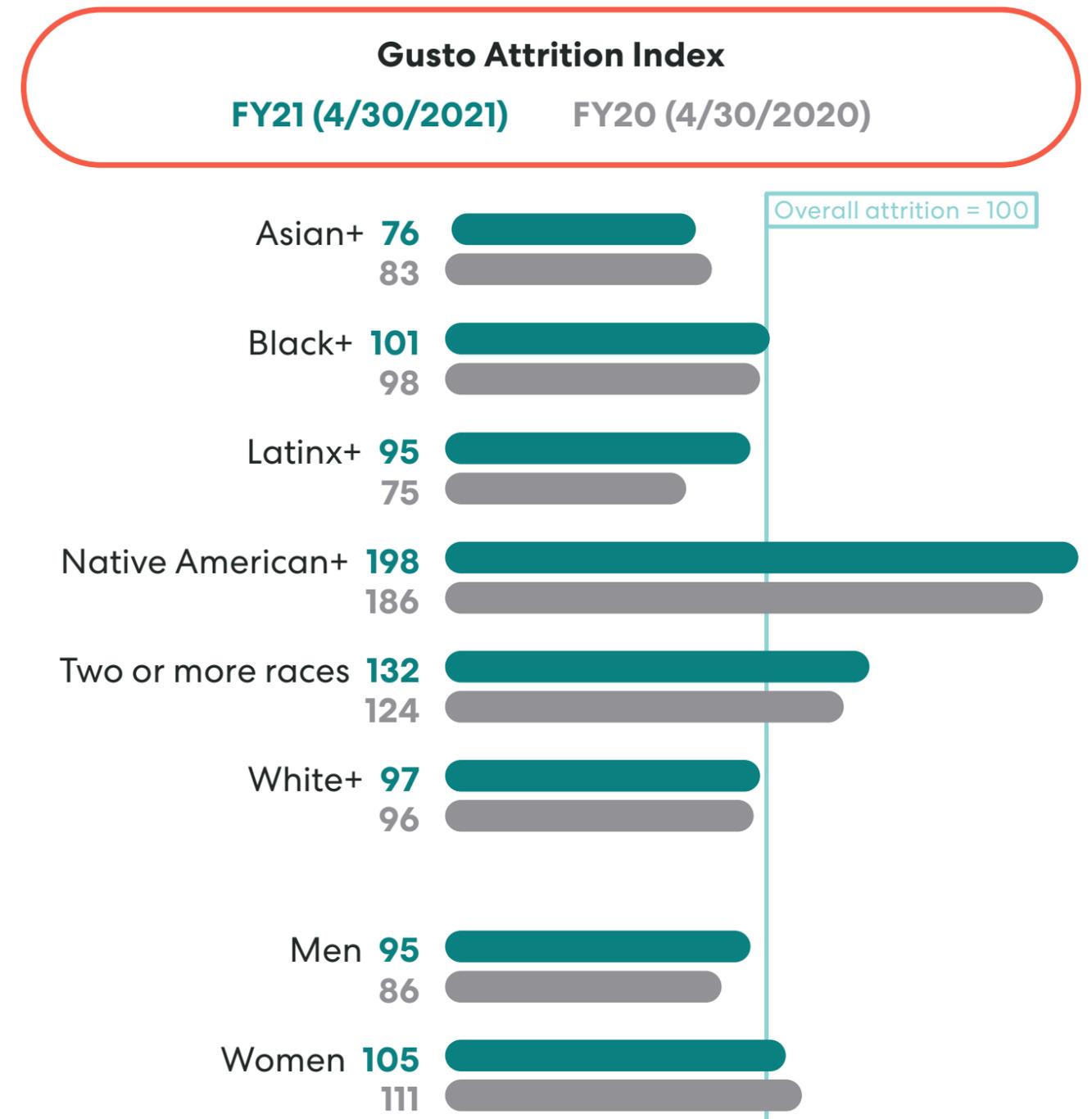
That’s why retention in combination with hiring, progression and engagement is so important. At Gusto, we know that the positive factors such as feeling valued, our mission, and our sense of community and belonging are what encourage Gusties to stay for the long term and we continuously work to improve the employee experience.

Looking at the data from 2020 to present, we’ve seen mixed results as it relates to retention. For our Black+, Latinx+, Asian + and women at Gusto populations we saw stable retention.

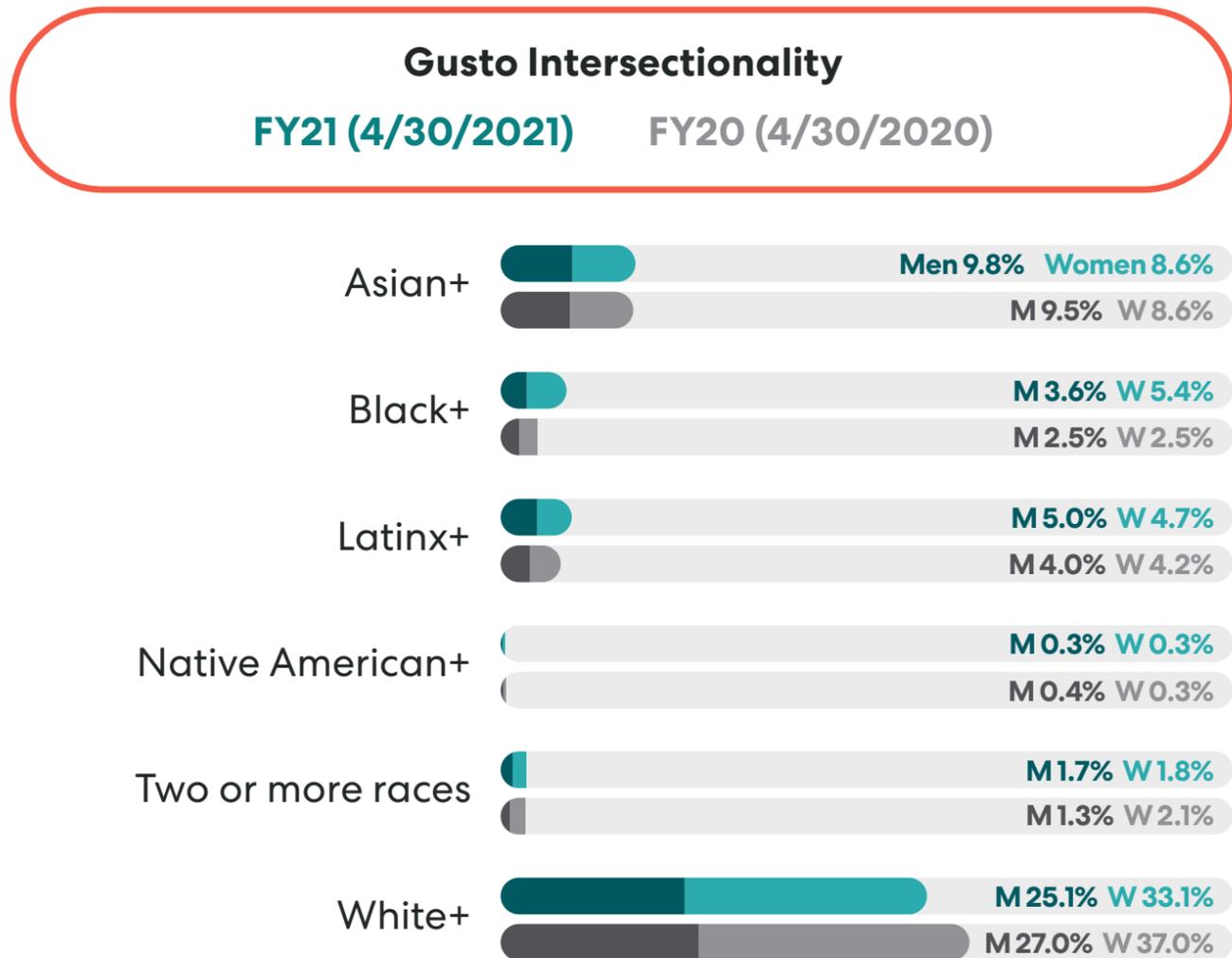
This was driven in part by our efforts of ensuring we could fully see, hear and recognize the needs of our Gusties by focusing on internal mobility and constant communication through forums of connection such as RISE Bites, speaker series and surprise and delight efforts.

There is also an area of opportunity, notably in our Native American+ population where we saw slight increases in attrition.

The Gusto Attrition index is a weighted index that represents the average attrition rate as 100. The index displays each groups proximity to 100 and therefore, the closer each respective group is to 100, the closer the group is to parity. For example, if a group’s index is 85, the group’s attrition rate was 15 percent lower than the overall average.



Representation: An Intersectional View



We have chosen to break out our intersectional representation and understand the importance of recognizing the different elements of identity. The social dimensions of identity, understanding the fullness of and varied combinations of identity and experience go beyond a singular experience or identity.

We know that our employees have multiple dimensions to their identities. By taking a broader approach to how we view identity and the different lived experiences, we can better understand our workforce and use a multiplicative approach to gain greater clarity of our employees' experience at Gusto.

We also asked Gusties as part of our voluntary expanded self-ID campaign about dimensions of their respective identities which includes sexual orientation and gender identity. Of our 1,400+ employee base, 36 percent of full-time employees have responded to date regarding our survey question on sexual orientation. At Gusto, we recognize the intersecting social dimensions of identity, including sexual orientation, gender identity, racial ethnicity, socioeconomic status, and age in understanding the fullness of the human experience.

Gusto Rising

Gusto Rising

DEI has been an imperative at Gusto since its founding, but the RISE Journey began in earnest in late 2019 when Gusto Leadership and a pilot of CX leaders participated in the first iteration of the RISE and Shine learning journey. Then in July 2020, we introduced the full RISE Learning Journey catalog that included four different pathways meant to give Gusties an introduction to many of the topics relevant to inclusion, equity and belonging work. These concepts and ideas cover a range of subject matter and are critically relevant as we become more socially circumspect as a business and as a community.

Through candid RISE discussions, we have created space for greater exploration, discovery and understanding of these important societal topics and how they show up in our business, our industry and our society.

We then launched RISE Bites, a weekly, hour-long curated and facilitated conversation in the summer of 2020. RISE Bites is an integral part of our larger holistic DEI effort and supports the RISE learning journey by creating space for authentic conversation. Each week, we come together and discuss a variety of subjects — sometimes with topics right out of the news headlines — ranging from

race, gender, LGBTQ+, allyship, civic engagement, disability, inequality, environmental issues, and much more. Our intention is to foster an environment where we can have real conversations that promote greater dialogue, education and awareness that can be applied not only at work but in life. Understanding the vestiges of the past and present on matters of race, gender, sexual orientation, etc. help us better process what's happening in society and in our workplace.

“The RISE Strategy has truly been a North Star for our company. Not only does it give us a common understanding of the aspects of inclusion work that are important to Gusto, it lays out a tangible and pragmatic roadmap for achieving meaningful and holistic goals. It creates opportunities for every member of our community to contribute and support our RISE mission. This makes us a better company, yes, but it also makes us better social citizens & humans.”

– Henry, AVID with Gusto Lead

Representation

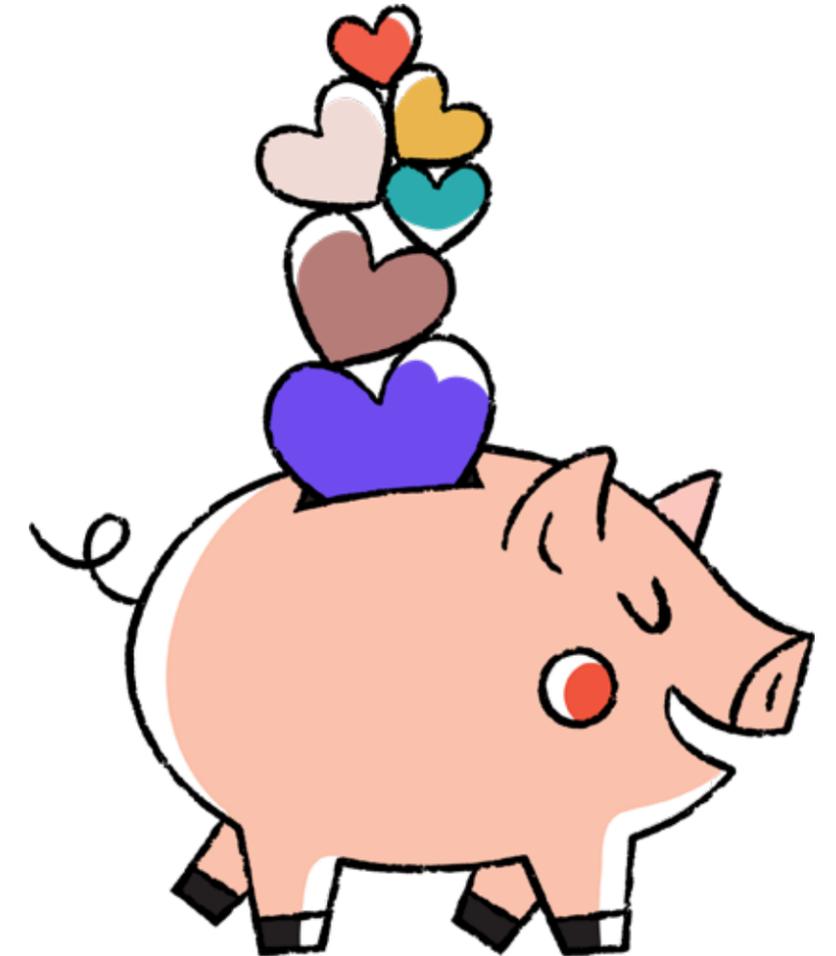
One of our many RISE goals is to make sure we use an intersectional lens in everything that we do and that is achieved through our shared actions. At Gusto, our values guide us to help every Gustie feel fully supported, seen, and heard. Understanding the intersectional demographic data of how our Gusties identify helps us inform our RISE strategy and further bolsters our process, programs, and initiatives Gusto-wide.

Our invite and hiring process is not transactional, it's the start of a relationship. That's why we've expanded our talent mapping strategy by creating an evergreen pipeline powered by intensive LinkedIn sourcing and other resources, so when roles are available, there is a representative slate of talent to focus on sourcing

for those roles. We've also moved from focusing on local markets to national markets to expand the aperture of talent available.

To find more underrepresented talent, we've increased our efforts to source off the beaten path by partnering with organizations like [dev/color](#), [Flockjay](#), [Lesbians Who Tech](#) and [ColorStack](#). We've been leveraging the Rooney Rule for leadership roles with the goal of increasing Black+ and Latinx+ talent and are putting together a representative slate of Gusto interviewers to participate in the process and assess candidates. We know having multiple, diverse perspectives allows us to make higher-quality decisions in the hiring process, and creates a more representative interview experience for the candidates.

We've improved our representation on every level. Starting with our Board, we've recently welcomed two Independent Board Members, [Lori Dickerson Fouché](#) and [Vicki Fuller](#) who join [Anne Raimondi](#), [Hemant Teneja](#), [Josh Reeves](#), [Edward Kim](#) and [Tomer London](#) as members of Gusto's Board of Directors. We know that board representation is paramount and is positively associated with improved decision making, better outcomes and increased financial performance. We've also made strides in our leadership representation: our Black+ leadership increased from 5.2 to 7.5%, Latinx+ leadership was largely flat, moving from 6.3% to 6.2% and women in leadership increased from 37.8% to 41.7%. Our overall representation improved as well where we saw Black+ representation increase from 5% up to 9% and Latinx+ representation increase from 8.3% up to 9.7%.



We've made this progress by hiring with intention. It's more than numbers — it's about truly applying a RISE lens to everything we do.

We've invested in enhancing the invite process in the creation of The Community Ambassador Program (CAP). The program provides a "CAP chat", which is an informal chat during the interview process between a candidate and similar identifying Gustie from one of Gusto's eight Affinity Groups. Our Gusties are excellent brand ambassadors and are uniquely positioned to represent our values and we're able to transparently

share the Gusto experience by providing a day in the life of a Gustie to potential employees. CAP creates a more inclusive experience for Gusto candidates of all backgrounds that allows us to build a relationship and provides an opportunity to learn about the lived experience of current Gusties who are members of an Affinity Group. Since launching the program at the start of 2021, we have welcomed and trained 48 volunteer Ambassadors. Our Invite team has executed a thoughtful roll out of the program by department, and we have completed 13 CAP chats between

January and the end of April. Candidate feedback on CAP shared in our post-interview survey:

“Really loved the CAP discussion, such a great opportunity to connect with the company and its people. Also, everyone I interviewed with was welcoming and immediately made me comfortable with the conversation.”

Our approach to representation in hiring is anchored to our values. We think about how the person will add to the company culture, not fit into it. Our focus is on the candidate's culture add and embracing their varied perspectives.

Inclusion

The Gusto Experience

Supporting Our Gusties

The work we've done to support our staff has been robust and comprehensive since the onset of the pandemic. In supporting our staff, the Employee Relations and HR Compliance functions are fundamental aspects of Gusto's commitment. At Gusto, we are going beyond baseline compliance requirements and doing the work #WithGusto. We have focused on building a function that fosters an The Gusto Experience inclusive and respectful workplace, all while using an intersectional and restorative approach.

Over the last year, we have focused on: crafting compliant and inclusive policies including accommodations; restoring and rehabilitating working relationships through facilitated conversations and other conflict resolution mechanisms; investigating complex employee concerns; and supporting Gusties in their leadership

development by delivering trainings on anti-harassment, coemployment, intake, leaves and accommodations, equal pay, and reorganizations. Looking forward, we will continue to build a scalable Gusto, preserving the magic for the Gusties that build our People Platform every day.

We also expanded our self-ID data to ensure that Gusties were fully seen, counted, and represented. With this information, it allows us to be better informed and this information is used to create and/or improve programs, policies, and procedures that support Gusties from all backgrounds to;

- Better evaluate how inclusive Gusto is across the dimensions of attraction, tenure, and mobility;
- Ensure we meet certain regulatory reporting obligations; and
- Help measure the success of RISE initiatives as well as inform goals for the future.

We've also had notable speakers visit such as Raymond Santana of the exonerated Central Park Five as part of Hispanic Heritage Month and Bo Young Lee, Chief Diversity Officer at Uber for AAPI Heritage month. A Fireside Chat with Bonita Stewart and Jacqueline Adams took us through their new book, *A Blessing*, on how women of color can advocate for themselves and each other in the workplace. Our Women with Gusto Affinity Group sponsored a Ladies Get Paid fireside chat with Claire Wasserman in honor of Women's History Month and we heard from Tammy Cho and Tristan Paule from *Hate is A Virus* which helped educate staff on the importance of racial justice specific to the AAPI community as well as allyship. With each event we continue the tradition of surprise and delights that are unique to the Gusto experience.

Along with prolific speakers, we collaborated with our Environment team to create virtual surprise and delight moments to foster connection and community. From cooking with Gusties to mindfulness sessions to Yoga to Gusto themed special deliveries sent to our homes — we strive to keep our connection and community strong.

We further increased our benefits offerings by expanding the number of sessions offered to Gusties via Modern Health which promotes mental health and wellness. In addition, we also invested in an ombuds program called [tEQuitable](#), where Gusties can receive independent, confidential, impartial, trusted and off-the-record resources to help Gusties explore options for resolving conflicts, problems, and get professional, live guidance from a trained ombuds on any number of issues.

Benchmarks and Partnerships

We've also begun partnering strategically with organizations that will help us demonstrate our commitment to both internally and externally enhance our practices and assist in our continuous RISE efforts.

In the past year, for the first time we participated in benchmarking studies and indices such as McKinsey/LeanIn, the Human Rights Campaign Corporate Equality Index and the Disability Equality Index. We know that we can't make progress unless we turn the mirror inward and look at our efforts, process, policies against peers. Through this process we are able to understand our areas of strength as well as our areas for opportunity.

We have also started building out our Supplier Diversity Program. As such, Gusto is committed to promoting and developing an environment for small and diverse companies to thrive. We recognize that a diverse supplier base is critical to the U.S. economy, strengthening the communities in which we operate, the communities they serve, as well as Gusto. Our ultimate goal is to promote the inclusion of small and diverse businesses in our purchasing decisions and to continuously strive to increase our spend with qualifying businesses.

We partnered with Georgetown University's Executive Certificate in Strategy Diversity & Inclusion Management Fall Cohort to further explore ways to effectively communicate our commitment to RISE. By engaging in this partnership, we were able to leverage the expertise of DEI leaders to help us identify ways that we differentiate ourselves from others - highlighting Gusto's unique approach to DEI, while also remaining authentic to our values and principles. The team at Georgetown took a deep look at the tech ecosystem, the varying best practices and shared recommendations on how we can authentically further share our culture.

Social Impact

Community and Connection

Connections and community prior to COVID-19 were largely formed in the office, but during COVID-19, we had to pivot as we moved to a fully distributed workforce model from our traditional in-office model. We quickly adjusted and recognized that a Gustie experience focused on community and connection was paramount.

Community and connection takes on many forms and that has involved strengthening our Affinity Groups. That began with growing the Affinity Group community from seven to eight with the formation of our Parents with Gusto group (we also have Asians with Gusto, Black with Gusto, AVID (Awareness of Visible and Invisible Disabilities), Juntos con Gusto, Women with Gusto, Pride, and Veterans of Gusto).

The pandemic created a crisis for many working-parents and caregivers and the Parents Affinity Group was established to better support parents by advancing and raising awareness concerning issues facing caregivers.

In Fall 2020, we held our first virtual Affinity Group Summit. As part of our RISE strategy, we've focused on building communities of support namely our Affinity Groups. To do this, we partnered with an expert in the field, [Dr. Robert Rodriguez](#). The week-long Affinity Group summit brought together leaders and members to help refine the current infrastructure of our groups, learn best practices based on industry leaders, and aligned on objectives for the communities as we grow and expand.

We also introduced the 4C Model (career, culture, commerce, community) which is a strategic framework for Affinity groups. Using the 4C model, helps improve affinity group effectiveness, elevates impact to Gusto as well as customers and helps increase employee engagement.

To further support our Affinity Group community and adoption of the 4C Model, we developed the Affinity Group Community Playbook. The playbook delivers six bite-sized chapters to clarify groups' expectations, responsibilities, and provides a clear understanding on how RISE will support community groups toward self-governance as well as provides Affinity Group leaders with clear guidance and support on how

community groups might function. Additionally, Affinity Group Leaders are provided specialized training to align with overall goals of leadership and self-governance.

Policy, Advocacy & RISE

At Gusto, our values guide us to take a stand and share our point of view when issues arise that impacts our Gusties, customers, or communities we're a part of. As a company, we believe in taking a stand on issues based on our values and shared beliefs, and making our voices heard when it's important to do so.

We strive to understand the pain points of small businesses and their employees — and continually work to solve their people needs with our products and advocacy.

We help them thrive by building a system that better serves small businesses. We amplify their voices with policymakers so they can focus on growing their business and supporting their employees. In our work to empower a better life, Policy & Advocacy and RISE work go hand-in-hand to ensure we play a part in the progress we hope to see in the world.



Civic Engagement and Voting Rights

Gusto added its name and voice to oppose efforts that limit or restrict the right to vote along with more than 300 companies which appeared as an ad in The Wall Street Journal and the New York Times as part of an effort led by Kenneth Chenault, General Catalyst (former Chairman and CEO of American Express).

Gusto stood together with leading companies, law firms, institutional investors, foundations, athletes and sports owners, investment bankers, private equity firms, consulting firms, accounting firms, and entertainers in echoing our support.

Gusto also joined the [Civic Alliance](#), a coalition of over 1,200 businesses working together to protect voting access and encourage Americans to participate in elections.

At least 250 new laws have been proposed in 43 states and most prominently Georgia to limit mail, early in-person and Election Day voting. Multiple scholars and historians have said the proposed restrictions would amount to the most dramatic curtailment of ballot access since the late-19th century. Civic engagement and voting are critical to an ongoing, high functioning democracy. Voting is a non-partisan issue and we stand against efforts that may prevent people from being able to vote.

Gusto also held a civic engagement series in the fall of 2020 leading up to election day that encouraged Gusties to educate themselves and be active participants in the political process. The nonpartisan effort focused on how to get more informed on issues, how Gusties could make their voice heard and the ways Gusties could get involved beyond voting such as becoming a poll worker or participating in voter registration drives, etc.

As part of the series, we hosted several RISE bites centered on civic engagement with topics ranging from the importance of voting

rights, local elections, the history of voting suppression, the importance of active citizenship and much more. We instituted an enhanced voting time off policy to ensure Gusto employees had opportunity to vote, encouraged volunteer time off for civic engagement and created an internal resource center for all Gusto employees to learn voting dates, locations and other essential information.

LGBTQ+ Access & Equality

There have been a flurry of anti-LGBTQ+ bills moving in the states and we joined more than 80 other companies in signing onto the Human Rights Campaign's Business Statement on Anti-LGBTQ State Legislation.

In 2021 alone, eight bills targeting LGBTQ+ people have been signed into law, and there are another 10 sitting on governors' desks awaiting signatures, according to the Human Rights Campaign.

Our signature as a company means that we too are against harmful legislation aimed at restricting the access of LGBTQ+ people in society and are clearly stating our clear opposition. You can see the letter [here](#).

Our Gusto community is strongest when we come together in support of one another. That requires leveraging our voice to positively influence public policy and in our mission to empower a better life for small businesses and the millions of employees they employ. Together with sustained effort we can all contribute to change, progress and its permanency through sustained action.

Broadening Our Reach to Support BIPOC and Women-Owned Businesses

Gusto is committed to continuing to support BIPOC and women-owned businesses beyond pandemic recovery efforts. To that end, we have formed strategic partnerships with the National Association of Women Business Owners (NAWBO) and the U.S. Black Chambers. In March 2021, Gusto partnered with NAWBO on research (available [here](#), [here](#), and [here](#)) that highlights the need for better support for small businesses owned by women, and particularly women of color.

In California, we have focused on advocating for more BIPOC-owned business funding (such as through [this op-ed](#) that we led with CalAsian, Cal Hispanic, and California Black Chamber of Commerce), which culminated in additional grants through the [CA COVID program](#) and pending legislation for additional funding. In May 2021, we testified in the California Senate on behalf of Senator Limon's bill, which we helped co-author, to support a state work opportunity tax credit (WOTC), which will provide employers tax credits for hiring individuals with criminal records, disabilities, or other factors that may present challenges to people in finding employment.

AAPI Community Support and Advocacy

On April 8, 2021, Josh Reeves, CEO of Gusto sent a letter to Congress calling for the passage of Senate Resolution 133, a resolution condemning all forms of anti-Asian sentiment as related to COVID-19. We further supported Senate bill 937, the COVID-19 Hate Crimes Act. Thanks to our advocacy and that of others, the bill passed the Senate with a resounding 94 Senators voting in favor.

The bill and resolution sponsored by Senator Mazie Hirono (D-Hawaii) calls on federal law enforcement officials to investigate and document all credible reports of hate crimes and threats against AAPI communities and hold perpetrators accountable. It would also encourage the creation of state-run hate crime hotlines, provide grant money to law enforcement agencies that train their officers to identify hate crimes and introduce a series

of public education campaigns around bias against people of Asian descent as well as calls for expanded data collection and reporting to document the rise in hate crimes relating to COVID-19. This was the first legislative action either chamber of Congress has taken to bolster the government's response to rising attacks on the Asian-American Community.

President Biden signed the legislation into law on May 20, 2021.

Equity

Expanding Equity

We implemented pay band and level transparency across Gusto and in all of our job postings to ensure fair pay at all levels. We are committed to ensuring that our staff performing the same or similar job duties, as well as other factors such as experience level, job performance and tenure with Gusto should be compensated in a similar fashion. We know that pay equity and equitable pay structures that are built into culture, policies and practices support sustained pay equity over time.

As part of that process, each compensation cycle, we conduct a full pay equity analysis to ensure pay equity and equitable pay are a reality at Gusto.

At Gusto, we are committed to attracting, retaining, and motivating amazing Gusties through compensation programs designed to provide fair, equitable, and competitive

compensation packages. In support of equitable compensation, Gusto conducts regular compensation reviews. We do this to ensure we are removing any potential bias from our pay practices and living up to our core values.

In our last compensation review, Gusto conducted an analysis comparing pay between men and women, as well as pay between historically excluded and non-historically excluded groups, controlling for the role being performed. The analysis found that the pay difference between these groups was no greater than one penny (\$0.01) per dollar (i.e., no greater than 1%). These are fantastic results we are very proud of and a testament to all the hard work People Empowerers and department leaders work to ensure pay is fair and equitable among all Gusties.

While we feel confident that our compensation programs and practices

are fair and equitable based on these results, we know that our job is never done and Gusto is committed to conduct regular equal pay reviews during our GustoFIED compensation review cycles. If and when we do find a pay gap by gender or ethnicity, we will correct it.

Our Employee Relations team launched Speak Up, a new confidential reporting hotline for our Gusties that provides a safe space for Gusties to report concerns via the platform or text and receive follow ups via their preferred communication method. Speak Up is powered by a third party platform, Convercent, to ensure Gustie anonymity in the reporting process. The back-end of Convercent's platform acts as a case management system that allows Gusto to stay compliant and mitigate legal risk by migrating all case files into a sole repository.

Moments That Matter

We know there are many moments that matter and strive to ensure that we have representation so that every Gustie knows they have an equitable chance at access and opportunity. From representation in development, to advancement to retention programs — we are focusing our attention on our systems to ensure we aren't perpetuating inequity. It comes down to ensuring fairness in our people systems and processes, by examining outcomes relating to the employee lifecycle and making sure the plurality of Gusties are experiencing Gusto as intended. It's making sure we are continually improving our systems and processes so that we ensure systematic process improvement alongside empowerment for our people.

gusto

The RISE Report 2021