



2022 RISE Report

RISE Report: Together, building a company we are proud to be part of and leading the way.



At Gusto, our mission is to create a world where work empowers a better life. Creating an environment where employees feel empowered to do their best work is a key part of that. It's our goal to contribute to the future of work for our Gusties and the customers we serve by building a company we are proud of and leading the way for others.

By advancing diversity, equity, and inclusion (DEI) through our RISE (Representation, Inclusion, Social Impact and Equity) strategy we strive to create an environment where everyone feels a sense of community, belonging, and purpose at Gusto.

We've made important progress as a company and it's due to every single Gustie. We are very proud of our collective efforts and it is emblematic of Gusto's mission of work empowering a better life. And this is just the start. This work is never done and long-term progress only happens when intention and commitment are consistently followed by action. We are inspired by all of our Gusties and look forward to what we will accomplish together for years to come. Let's look back on our progress.

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Introduction

I joined Gusto a little over two and half years ago for the opportunity to be part of a transformative company. When I think about the work we do and how we have the privilege to serve small and medium sized businesses and their employees, it's personally meaningful. We are able to help folx simplify the complexity of starting and running a business successfully. In my experience, it's not too often where you can find an environment that marries purpose and people to a mission. To find a place where you can be part of an environment where you not only flourish, but you can be yourself while really making a difference.

Today we are sharing our second RISE (Representation, Inclusion, Social Impact and Equity) Report that represents a continuation of our journey in diversity, equity, inclusion and belonging. At our core, we know that progress happens when RISE is interwoven into everything we do so that we don't become stagnant or worse, fall backward.

This report allows us to share our ongoing efforts as well as helps us challenge ourselves in every facet of our work.

As we enter year two of this journey we are proud of our progress in building a welcoming, representative Gusto and know that there is still much more to do and learn. This report is a reflection of those learnings.

We look forward to continually building and let's continue to #RISE with Gusto,



A handwritten signature in black ink, appearing to read "Bernard C. Coleman III".

Bernard C. Coleman III

Chief Diversity and Engagement Officer

Where we've been and where we're going

In 2021, we were in the second year of a pandemic, a new presidential administration, a surging economy, the Great Resignation, and we delivered [our first RISE Report](#). The report shared our approach to RISE as well as the efforts put in place to make sustained progress across the dimensions of hiring, progression, engagement and retention. It was a year of growth, not just in Gusties joining the team but in evolving how we work.

In our second RISE Report, we pick up where we left off with a continued focus on our learnings, how we work, and further evolving our RISE journey. All of our learnings inform our understanding and help show the subsequent actions we need to take in improving that overall Gustie experience. It's the quantitative and the qualitative — tied back to our people, programs, policies and processes — leading us to deeper communication, collaboration, connection, and building as a community.

Our RISE report and the learnings along the way are emblematic of that story. Through our story we will continually share our journey as a company, the lessons, the challenges, and the victories.



“RISE can set Gusto apart and enable the development of a world-class culture, where folx know, through actions and not just words, that their voice and perspective matters. Our Customers are diverse and we can only truly represent them if we have diverse voices in positions of influence throughout all parts of the organization.”



Alyssa Harvey Dawson

**Chief Legal Officer, Executive Sponsor for Pride with Gusto,
member of Black with Gusto, Parents with Gusto, and Women with Gusto**

Looking back

Looking back

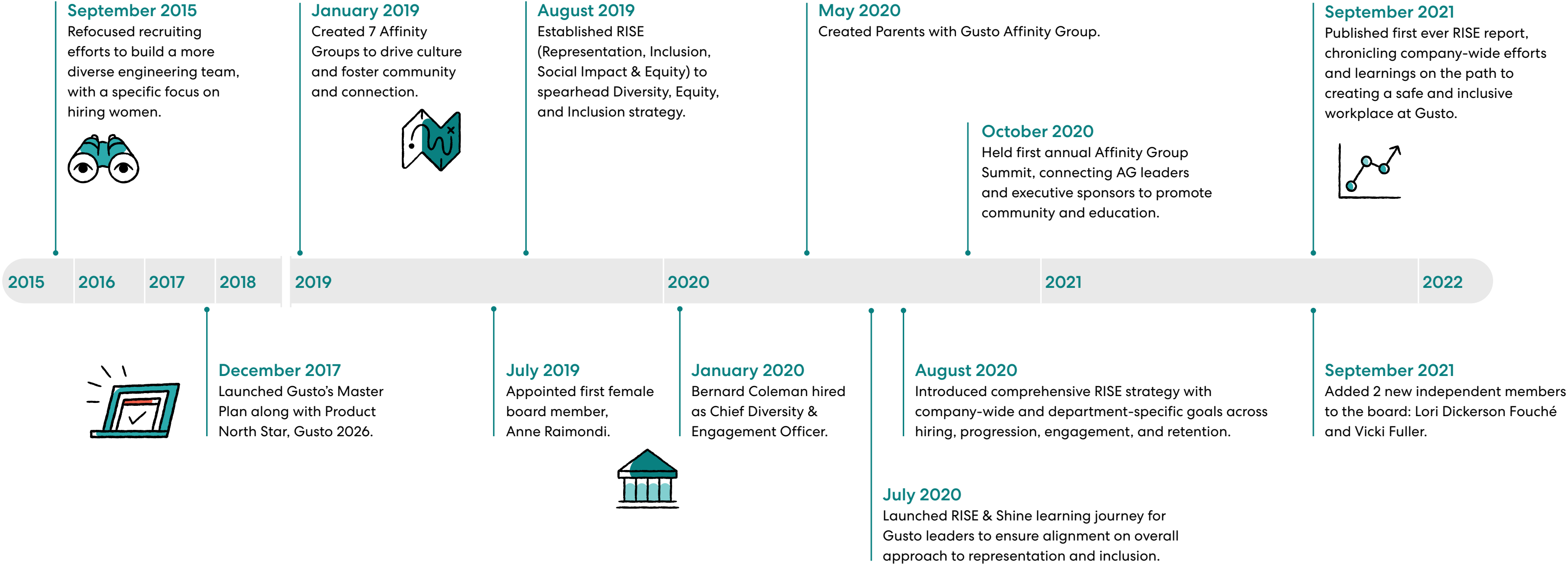
The RISE framework is foundational to everything that we do. This work has always been an important part of the fabric of Gusto. This RISE Report is another chapter to understand our efforts today and reflect on where we will go. We know that our Gusties, from leaders to the newest Gusties, are at different stages of the journey. Meeting people where they are is essential to empowering folx so they can engage in ways meaningful and authentic to them.

As we continue the conversation, our goal is to continually create touchpoints on their employee journey with RISE.

We talk a lot about the journey but it's equally important to understand where we've been and what got us to this point.



The RISE origin timeline



“RISE isn’t just one value out of our six core values. RISE cuts across everything that we do at Gusto and is both a driver and an outcome of these values.”



Josh Reeves
CEO and Co-founder of Gusto

Our RISE goals

The RISE Aspirational goals have been in place since May 20, 2021. Our plan is grounded in data with equity at the center. We made the strategic choice to focus on race and its intersections; there we can make impactful change for all of our Gusties.

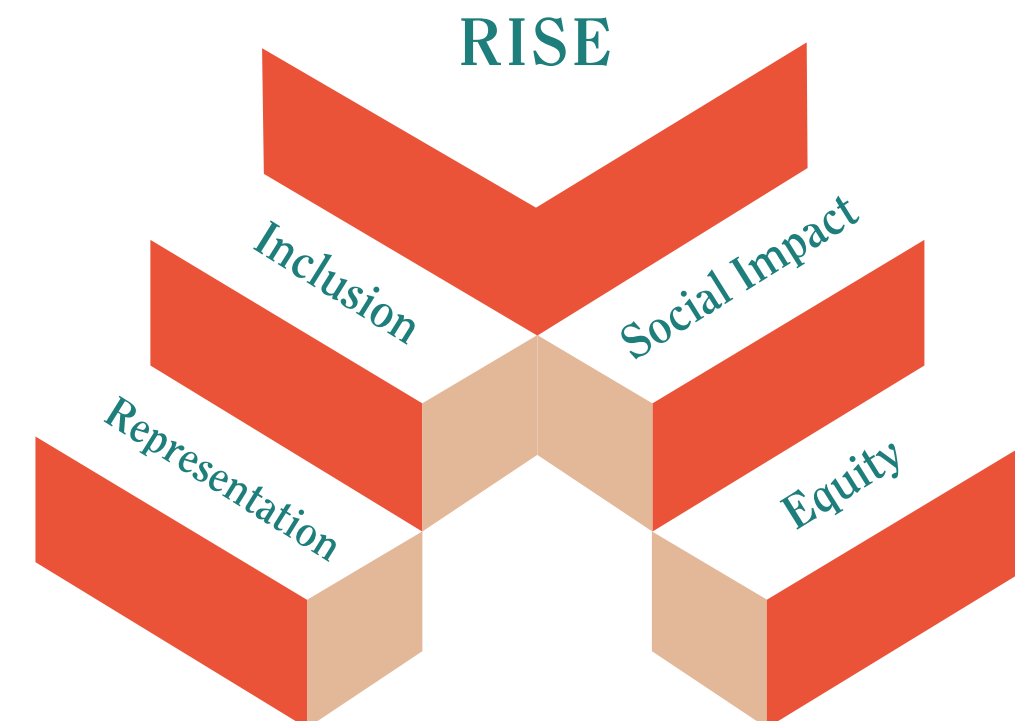
In order to make sustained progress, we have RISE aspirational goals with four elements at the core: (1) hiring (2) engagement (3) progression (4) retention.

1. **Hiring** - Aspirational external hiring goals to help us to become a more **representative** company.
2. **Progression** - Progression should be **equitable** meaning **minimal variation relative to statistical significance** in promotion rate or rating distribution by race/gender at the department level. Progression goals are assessed twice a year during our GustoFIED semi-annual performance review cycle.
3. **Retention (Attrition)** - That means attrition at parity — **no to minimal differences by race/gender** relative to statistical difference at the department level.
4. **Engagement** - Quarterly **gPulse scores at parity** across race and gender. Progress to gPulse employee survey goals will be updated 3x a year via the gPulse survey.

Our RISE strategy has two key pillars:

1. Center our work and our goals on race and its intersections (prioritizing Black and Latinx); and
2. Disrupt inequity in our products, processes, and systems

The RISE Report shares Gusto's progress and our commitments to representation, inclusion, social impact and equity. This cross functional effort is the culmination of Gusto's focus on building for sustainable results and setting the foundation for scaled growth, impacting all aspects of the employee lifecycle.



“What’s most impactful about Gusto’s RISE work is that RISE is at the center of everything we do—it is a lens that we bring to all of our work of company-building, from design to implementation to execution. RISE is never an afterthought or a side conversation, it’s part of the conversation—and that’s been a game changer as we work to build a company we are all proud of.”



Danielle Brown
Chief People Officer

Note on methodology

General Methodology:

For FY22 and FY21 a race/ethnicity plus system is in place and ensures Gusties are categorized by each race/ethnicity they select or self-identify as in our Human Resources Information Systems (HRIS). For example, if a Gustie selects Latinx and Asian in HRIS, the plus system represents that employee in both Latinx+ and Asian+ categories. Our intention is to make sure Gusties can self-identify on their terms, authentic to themselves, and honoring their intersectionality.

For comparison, in FY20 an individual was only identified by a single race/ethnicity category. Any individual who identified as more than one race/ethnicity was asked to select the “Two or More Races/Ethnicity” option, instead of being allowed to select multiple race/ethnicities allowed in the race/ethnicity plus system.

We use our data to make informed decisions, identify opportunities and design, and improve solutions that allow us to proactively advance our RISE efforts. This is enabled with our internal RISE dashboards and insights from our People Analytics team who help us continually identify areas of opportunity.

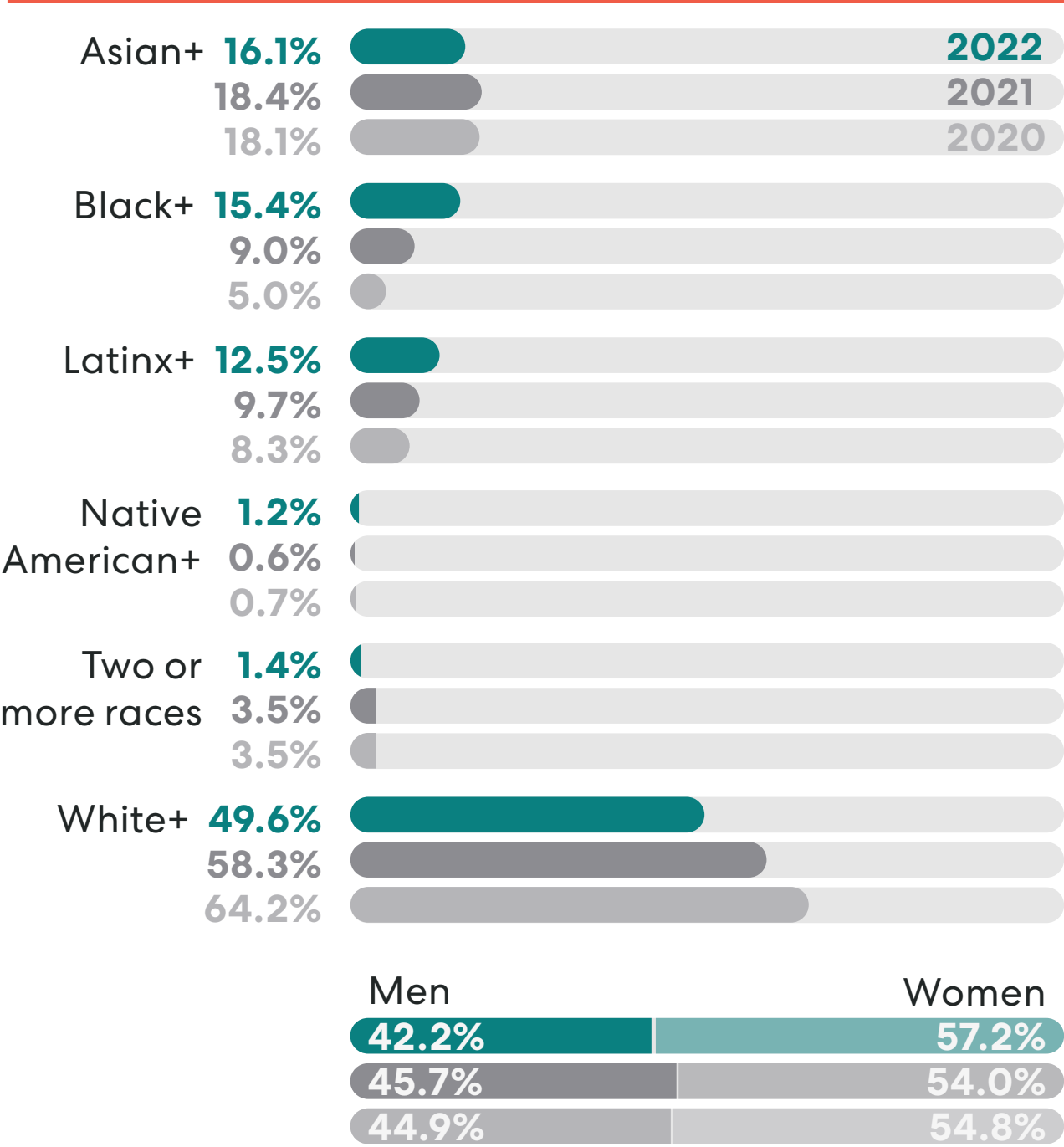
Each year, we update our goals to ensure we are actively driving toward progression throughout our fiscal year of May to April.

Additional Notes:

- The percentages for the race/ethnicity plus system and for gender may not always appear to add up to 100% as individuals who do not self-identify are included in Gusto’s overall headcount, but are not displayed as a separate breakout. Additionally, percentages are rounded to the tenth place for ease of display.
- Native American+ is inclusive of “Pacific Islander or Native Hawaiian” and “Alaska Native or American Indian.”
- Two or more races is when a Gustie chooses “Two or more races” in HRIS and does not specify individual race/ethnicities.
- As of 4/30/22, approximately 96% 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. 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.
- Our Gustie population, as well as the talent pool, includes nonbinary folx 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 we have expanded employee demographic data practices to be more inclusive and intersectional.
- Low n-counts can heavily influence the attrition rate. For instance, with a group of 10 people, each termination increases the attrition by 10%.

Gusto Representation



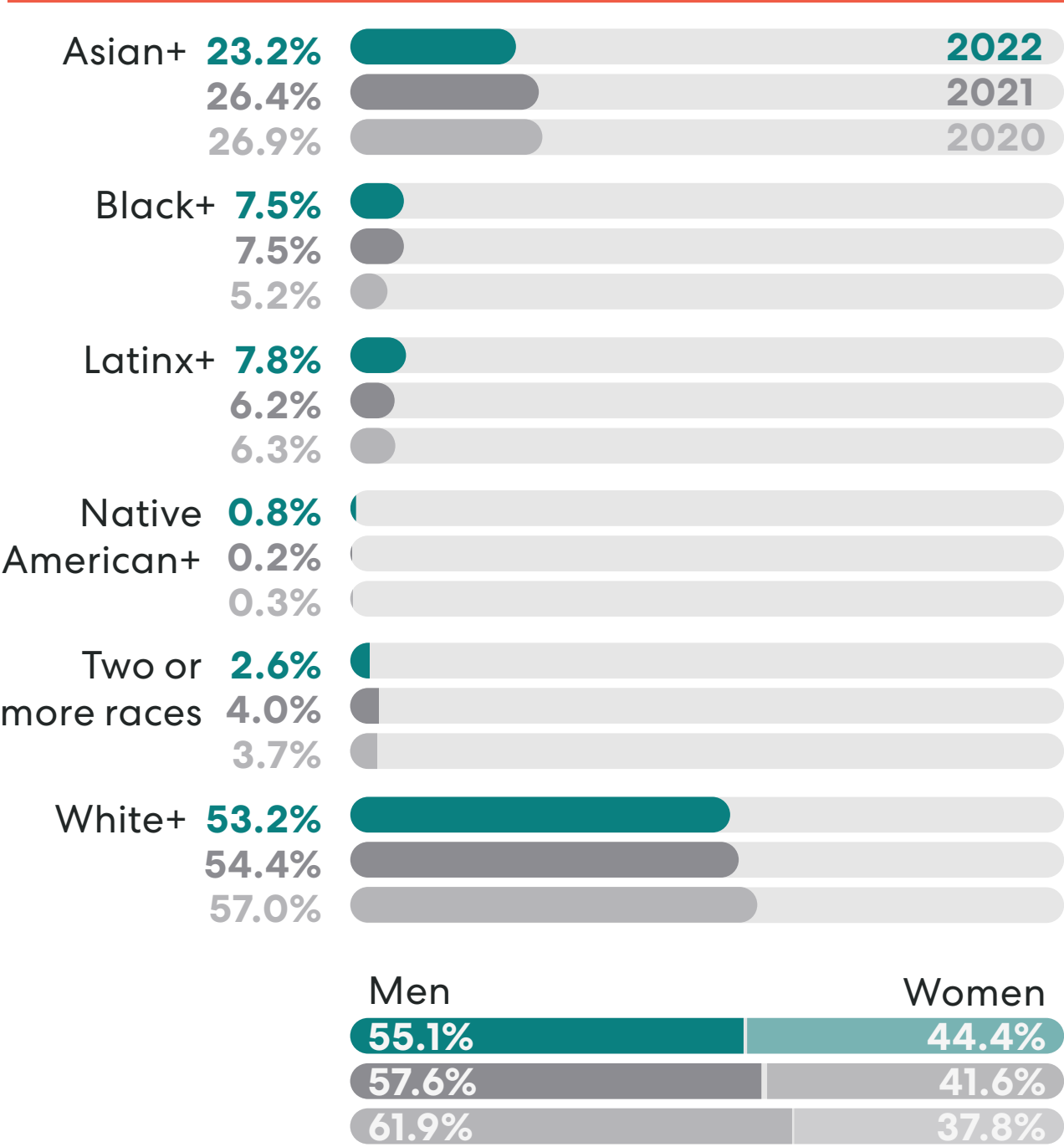
Gusto Representation note:

As we’ve scaled, there has been a concerted effort to focus on ensuring our representation is on par with our growth. We continue to see steady improvement in our representation, particularly with our Black+ up 71%, Latinx+ up 29% and Native American+ up 100% year-over-year (YoY). We also saw the representation of women increase up 6% across the board.

We’ve also found that the plus system offers greater optionality for those folx who previously identified as “Two or more races” and allows for an even more accurate portrait of how our Gusties self-identify. Since the introduction of the race/ethnicity plus system last year, we’ve seen our Black+, Latinx+ and Native American+ percentages increase as a result.

We know that the combination of hiring, progression, engagement and retention together result in representation. As the pandemic stretched on, we moved from a homebase strategy to a national talent strategy which created access to greater wells of talent.

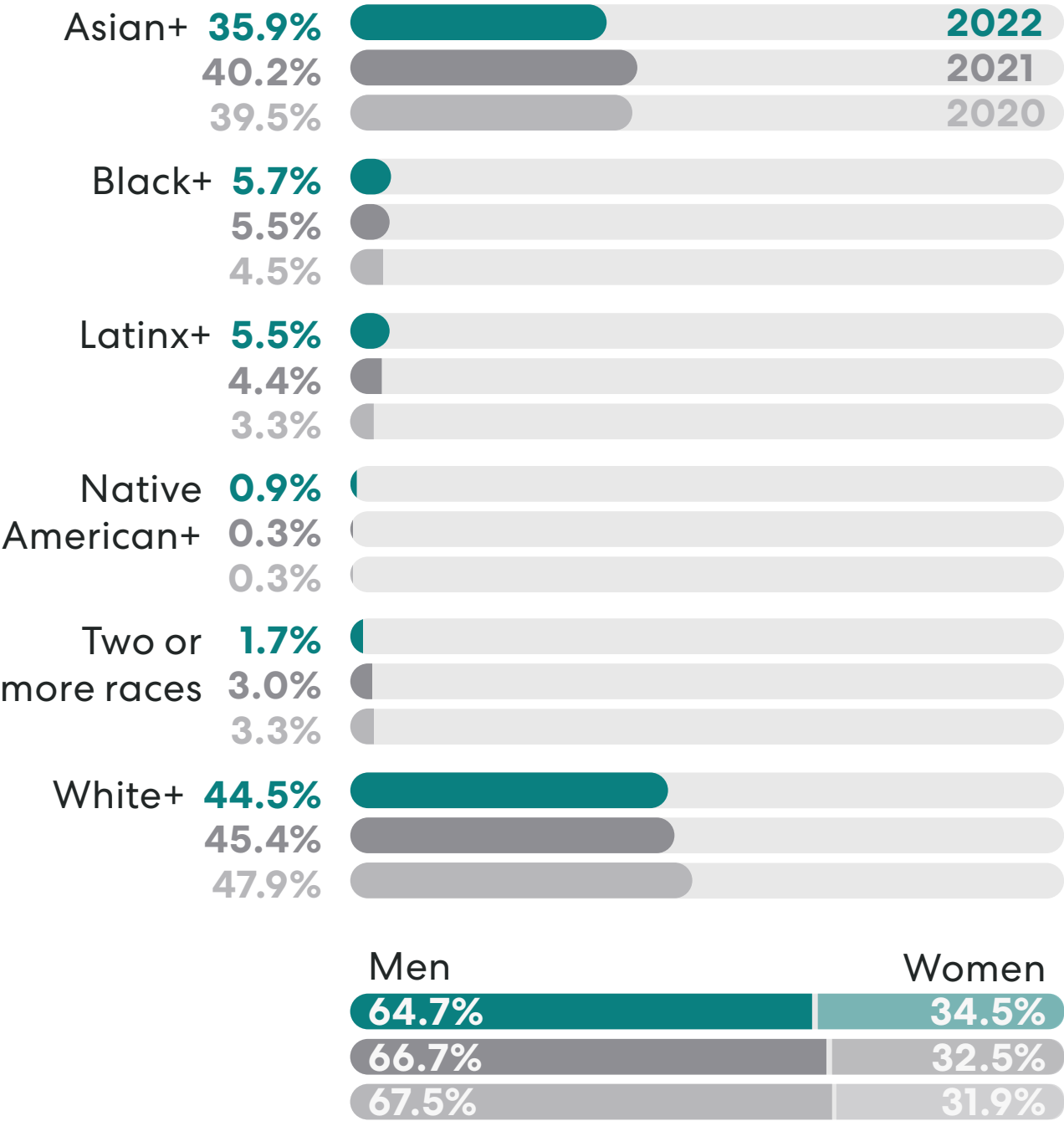
Leadership Representation



Leadership Representation note:

- We saw gains in Latinx+ up 26% YoY, a slight improvement in Native American+ leadership representation as well as an increase in Women in leadership up 7% YoY from our last reporting. Our Black+ representation remains steady from last year and we saw a decrease in our Asian+ leadership.
- While we’ve made solid progress within our leadership, there’s much room for improvement relative to the available talent market. At Gusto, we know that representative leadership matters – it offers a depth of perspective, allows BIPOC staff to see themselves reflected and demonstrates the possibility of progression, and enables greater community support and validation. Leadership representation shapes how we operate and how we serve our Customers.

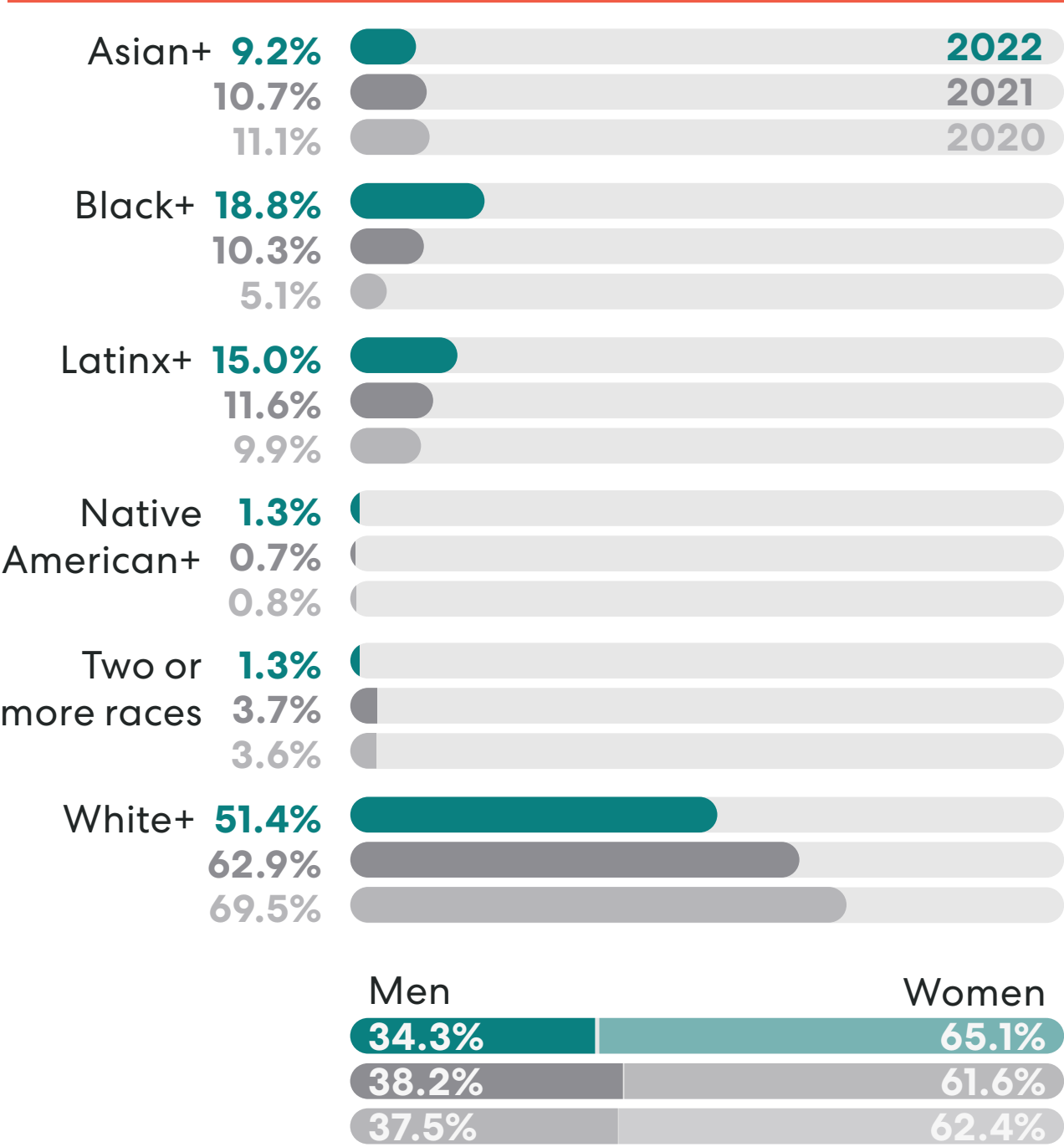
Tech Representation



Technical Workforce Representation note:

- Attracting and retaining technical representation is a challenge for most companies and Gusto isn't immune to such talent trends. However, we made a slight improvement in Black+ technical representation by 4% YoY, increased Latinx+ representation by 25% YoY and increased Native American+ technical representation by 200% YoY.
- We also saw an increase in Women technical representation by 6% YoY and Asian+ technical representation dipped by 11% YoY.
- There are a number of levers that drive greater representation and it's our goal to continually work toward deploying best practice consistently — from inclusive job descriptions that include our comp ranges to our RISE learning journeys to sourcing proactively — the objective is to be deliberate and intentional.
- Overall, we remain committed to the goal of attaining the total addressable market of historically excluded talent and will continue to keep this as our goal until that gap is closed.

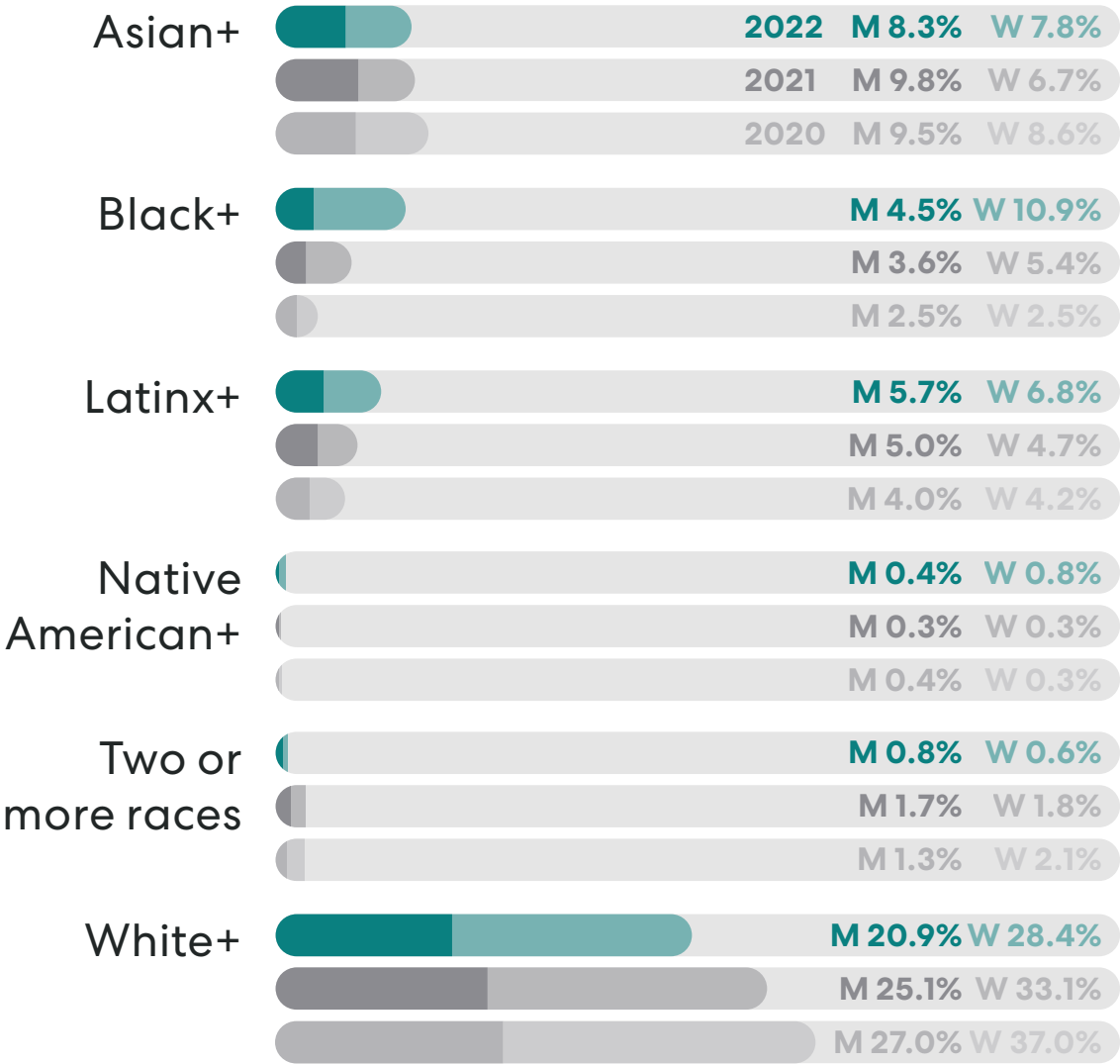
Non-Tech Representation



Non-technical representation note:

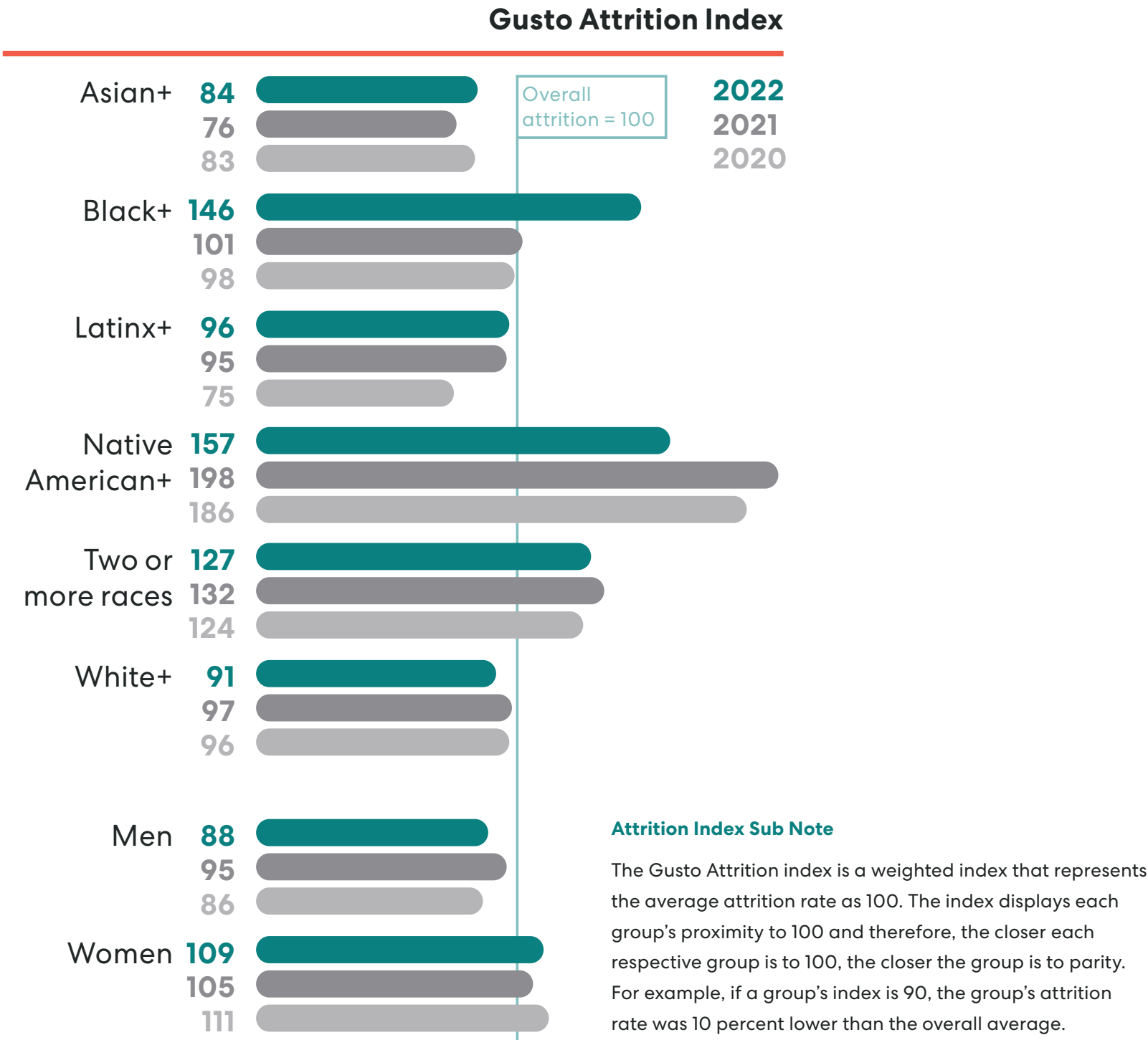
- Since our last reporting, we saw significant increases in our non-technical representation across nearly all racial and ethnic categories. Black+ increased by 83% YoY, Latinx+ increased by 29% YoY, Native American+ increased 86% YoY. We also saw our representation of women increase by 6% YoY.
- Increasing representation is a combination of all four elements of RISE – hiring, progression, engagement and retention. We embraced a national talent strategy with geographic flexibility, and we are seeing early positive indicators of improvement in our representation. With this strategy in place, we have adjusted how we attract talent and enhanced our interview, hiring, and onboarding process to be more accessible no matter where the talent is located.

Intersectionality at Gusto



Intersectional Representation note:

- At Gusto, we know that workplace diversity, inclusion, and intersectionality are interrelated. We believe in intersectional representation and understanding the multiplicity of experience.
- Acknowledging the overlap of each person’s respective social identities, such as race, gender, sexuality, and class helps us understand how we all carry multiple identities. When organizations fail to account for intersectionality, we fail to acknowledge the ways that shape how we perceive the world, and how the world perceives us.
- As part of our voluntary self-identification efforts, we asked Gusties to share the dimensions of their respective identities which includes sexual orientation and gender identity. Of our 2,400+ employee base, 48% percent of full-time employees have responded to date regarding our survey question on sexual orientation. As we approach a more representative sample of our Gustie population, we will share a more comprehensive and accurate point-in-time and longitudinal demographic picture of our staff.



Attrition Index Note:

There's a poignant quote by Maya Angelou where she said, "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." Her statement is emblematic of what inclusion and engagement feels like when the experience is positive. We know that attrition happens for a number of reasons, but we seek to understand and consistently ensure a similar experience for our Gusties no matter location, level, background or tenure. The attrition index helps us understand where we have opportunities to retain talent.

When we examine our latest attrition index data, we've seen both improvement and areas of opportunity. For our Latinx+, Asian+, Native American+, Two or More Races, and Women populations we largely saw stable and/or increased retention.

While we made strides in our Black+ representation, we also saw Black+ attrition increase by 45 points from the last reporting period. We know that increasing representation in a sustainable way requires not only a focus on hiring but a concentrated effort to engage, progress, develop and retain the talent we have. We are working to improve our understanding of what's driving Black+ attrition and taking action. We are looking at data from our gPulse surveys to understand department-by-department experiences tied to inclusion, value, and community and belonging. We are actively investing in the education and engagement of our managers, who we call People Empowers (PE), through the RISE Learning Journey, instituting stay interviews/skip levels, and fostering a cyclical feedback culture. The entire employee lifecycle directly correlates to both the first and last impression of our Gusties, but a targeted focus on the RISE pillars of engagement and progression will create a better support to the bookends of the Black+ Gustie population.

While our goal is to ensure attrition is at parity across all groups, getting to the root cause of this data increase is important to our continued journey. We know that across all industries [Black folx face higher levels of workplace attrition](#) at every level. Our continued commitment is to build upon existing programs with a targeted approach for our Black+ Gusties population and create innovative and thoughtful new programs customized to our different teams at Gusto.

We are actively investing in CX Academy – a high touch cohort based experiential learning and onboarding – designed to deepen learning for our CX team. We've also made investment in our managerial training around the importance of equity in performance management and are continually improving GustoFIED, our overall performance management process.

We have much more work to do and are actively evaluating our systems, and our processes to reduce bias, and contribute to making the workplace more equitable and fair for all of our Gusties.

Inclusion

Growth of our communities

Our eight Affinity Groups (AG), and numerous community groups, are a large part of Gusto. They are instrumental in uplifting RISE, driving the culture we are all so proud of and contributing to the overarching feeling of community and connection. As we continue to advance our AG strategy, we have focused on the development of our AG leaders, as well as our Executive Sponsors, by creating opportunities for learning via office hours, sessions to share best practices and the Affinity Group Leadership Summit.

In Fall 2021, we held our second Annual Affinity Group Summit that provided new and seasoned Affinity Group leaders with a deeper understanding of the 4C (Career, Commerce, Community, Culture) model at Gusto, how to measure its success and how the AG community could effectively partner to achieve shared goals. As we plan for the third annual summit, we will continue to help AGs define their respective efforts to deliver on the 4C model and will have Gusto senior leadership to share their vision of Affinity Group importance to our culture.

In January 2022, we held Affinity Group Appreciation Month to celebrate the leaders and members of our Gusto communities. To kickoff the month we unveiled our newly refreshed Affinity Group logos followed by highlights of our communities. We shared spotlights of Affinity Group members and shared how everyone could get involved.

At Gusto, we are proponents of awareness, education, and engaging allies in a meaningful way where we hold space for each of our communities. We introduced our annual Heritage Month Calendar to ensure we took an equitable and structured approach to all of our Affinity Groups. The goal of creating deeper connection and community is central to who we are at Gusto and this effort helps build cross-functional relationships, spaces of safety, and inclusion in the moments that matter.

We are growing our AG community. In September 2022, we welcome a new 40+ Affinity Group to our larger community to ensure that we recognize, support and create a deeper connection for Gusties over the age of 40.

Asians

AVID

Black

Juntos

Parents

Pride

Veterans

Women

“RISE meets each Gustie where they are and (this part is key) is clear about where they need to go next in their journey. That subtle but firm approach is what makes RISE so meaningful to me - we live in a complex world and everyone is somewhere in their journey. We stay focused on that accountability piece, and that makes RISE sustainable and impactful to me.”



Nerissa Irizarry

Head of Employee Relations + HR Compliance

Parents with Gusto and Pride with Gusto

Gusto Rising

Growth in learning

We have had a lot of RISE learnings over the last several years in adjusting as well as iterating how we meet our Gusties where they are while supporting our Customers. Each learning is an opportunity to improve and grow in our understanding.

Our goal is to continually evolve our culture so that we can effectively communicate, collaborate, connect, and build community. Our learnings inform this goal and there were four major learnings: transitioning to hybrid, crafting communication and connection, increased partnership and social impact.



Transitioning to hybrid

Shifting from remote to hybrid work has been punctuated by starts and stops. It's been an iteratively rich process in learning. Hybrid work has so much potential, but it also holds many considerations, complexities, and unknowns. It's a big social experiment and no one can tell what the future holds. We hired a Head of Remote Experience with deep UX knowledge to help us best define the hybrid journey at Gusto. Our goal is to be ahead of the curve- already thinking about how to set our hybrid workforce up for success, empower Gusties to do their best work and create equitable experiences.

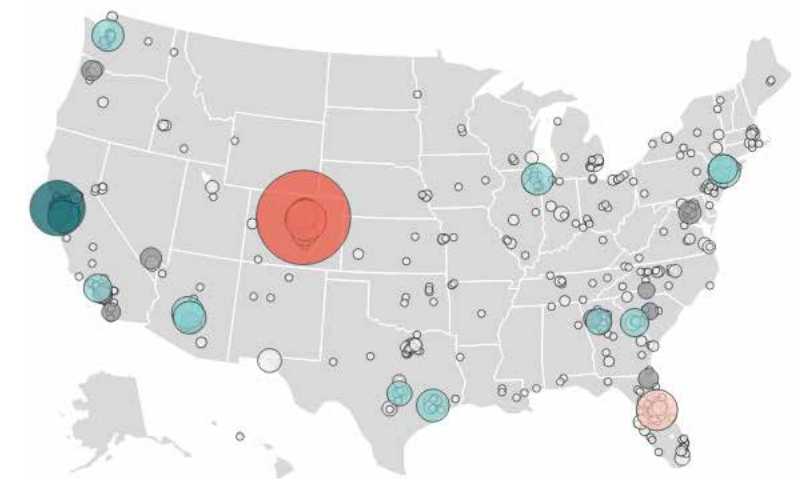
Early indicators show that hybrid may contribute to helping grow a more representative workforce due to the opportunity to reach talent and gain broader geographical diversity. As we continue to understand the impact of hybrid, there are so many considerations to ponder - *does hybrid contribute to the democratization of opportunity or does it perpetuate inequity? Will hybrid work or will we retreat to in office or fully remote? Do we better understand and serve our Gustomers because we are more geographically dispersed?*

We see hybrid as a key part of our long-term strategy to ensure that Gusties feel like Gusties, no matter how often they come into the office. We're investing in the right tools to help our Gusties to succeed, training People Empowerers (managers) so they can support their remote teams effectively, creating pathways for community — and curating experiences that enable connection.

Gusto Employees Hired Location Pre-Office Closure
5/1/2019 - 3/12/2020



Gusto Employees Hired Location Post-Office Closure
3/13/2020 - 4/30/2022



Crafting community and connection

A big part of Gusto is creating moments of surprise and delight. It's important to us that Gusties feel connected and part of the larger Gusto community. Creating space for a deeper connection is paramount and our Affinity Groups (AG) are one of the many ambassadors of that culture.

Our AGs have led incredible intersectional events that brought us together in community and connection, and also in fostering greater education and awareness. This past March in celebration of Women's History Month, our Women with Gusto and Black with Gusto AGs held an event where we discussed and reflected on the life and legacy of [Henrietta Lacks](#). Gusties heard from the family of Henrietta Lacks, learned more about her legacy, the HeLa cells, and the controversies left behind.

In addition, the Awareness of Visible and Invisible Disabilities (AVID) and Black with Gusto AGs hosted another speaker series event featuring five-time Paralympic medalist, [Lex Gillette](#). The event was an incredible conversation around resilience, perseverance, vision realization and achievement, and allyship.



“Creating community and connection in the workplace has a direct correlation to my overall happiness and performance in the workplace. The opportunity to engage across Affinity Groups, join community Slack channels, and connect with people both in office and remotely has been extremely rewarding as a Gustie.”



Cha-Cha Figueroa,

Chief of Staff to the Chief People Officer

Juntos con Gusto, Pride with Gusto, and Women with Gusto

Growing the team, cross functional teamwork and partnerships

A critical part of RISE is ensuring we invest in growing the team to continue our progress and advance our efforts. As part of the RISE effort, we've grown and expanded the RISE Business Partner team to serve as thought partners in helping Gusto leaders make progress against the RISE aspirational goals and drive RISE initiatives in a cross-functional manner. We believe in promoting accountability, and this model allows us to activate and translate enterprise RISE goals into department specific plans, and integrate them across teams.

We've deepened our partnership model across Gusto to ensure our efforts are interwoven in everything we do – from our values to our people, processes, policies and programs. Partnership and progress is best achieved when it's cross-functional. By working together, we are able to accomplish far more than we would in isolation.

As part of the larger effort to ensure that we not only continue creating an environment where Gusties can thrive and contribute at the highest levels, we annually participate in the [Human Rights Campaign Corporate Equality Index](#), the [Disability Equality Index](#), and the [McKinsey + LeanIN Women in the Workplace Report](#) to ensure we are engaging in best practice. These benchmarking studies help us gauge how well we are doing relative to the market and provide insight into the opportunities for us to improve.



“RISE has meant the opportunity to be truly seen and feeling as if I belong. In the prior twenty years, I have never been able to show up authentically and true to myself and have my uniqueness celebrated.”



Mirissa Pesapane

People Partner Lead

Black with Gusto, Pride with Gusto,
and Women with Gusto

Social impact

“Employers who recognize and value the diversity of their teams have higher engagement, higher performance, and do their part to create a more equitable society.”



Eddie Kim

Co-founder of Gusto, Chief Technology Officer

Co-Executive Sponsor of Asians with Gusto

Leveraging our voice for social impact

There is a greater expectation that businesses and corporations should take a larger role in social advocacy by helping foster innovation, driving impact, and doing their part to contribute to a more equitable society. At Gusto, we subscribe to that belief. Our values guide us to take a stand and share our point of view when issues arise that impact our Gusties, customers, or the communities that we are a part of.



LGBTQ+ access and equality

There continues to be a flurry of anti-LGBTQ+ bills moving in the states and in March we joined more than [250 other companies in signing](#) onto the Human Rights Campaign and Freedom for all Americans Business Statement on Anti-LGBTQ State Legislation. 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 opposition, and we will continue to use our voice.



Extending our reach and amplifying the voices of BIPOC entrepreneurs

On February 3, Gusto [testified](#) before the US House Financial Services Subcommittee on Diversity and Inclusion to discuss policy changes that would help women and minority-owned businesses have equitable access to Federal procurement and contracting projects.

As Gusto has grown and added more customers across the US, we have expanded our advocacy efforts on behalf of underserved businesses. We have supported bills in a number of states including [Illinois](#), [Georgia](#), and [Florida](#) that would reduce barriers for underserved people to start businesses, assist young historically excluded entrepreneurs, and provide resources and technical assistance to minority businesses. Gusto [testified in support](#) of a bill in Colorado that would reduce business licensing fees that would have a [disproportionate impact](#) on underserved business owners.

Gusto is also leading a [coalition of business groups](#) in California to advocate for the creation of a state work opportunity tax credit (WOTC), which would help people from targeted groups (e.g. the formerly incarcerated, Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) recipients, disabled persons) gain employment by providing a tax incentive to the employer. Gusto has been advocating for the creation of this credit since 2021, and was asked by Committee Chair and Chief bill sponsor, Senator Anna Caballero, to be a [primary witness to testify in support](#) of the CA WOTC Bill.

Equity

Pay equity

At Gusto, we know that pay equity and transparency are fundamental to building an inclusive and equitable workplace. We know that pay disparities persist across industries and are further compounded when examined through an intersectional lens, particularly for women of color. We have taken several steps at Gusto to ensure we are paying all of our Gusties an equitable rate and fostering greater inclusivity no matter who or where Gusties are.

As a hybrid company, we have physical homebases in Denver, CO, New York, NY, Scottsdale, AZ and San Francisco, CA and many Gusties working remotely across the US and Canada. With offices in Denver, Colorado's Equal Pay for Equal Work Act applied to all roles based out of our Denver homebase. This new policy change gave us the opportunity to pause and reflect on our equity practices. We decided to include salary range and benefit information in all of our job postings, regardless of location. We also conduct annual pay reviews and examine the data along intersectional race and gender lines. We are on a continuous journey to infuse RISE throughout all of our practices at Gusto and these steps help us along that journey.



gusto

The RISE Report 2022