



2021 Diversity, Equity, & Inclusion Report

Leaning Into the Times

Our third annual diversity, equity, and inclusion (DEI) report comes at a meaningful time for Classy. On the heels of becoming a Certified B Corporation late last year and entering into our 10th year as a company, we are both celebrating the progress we've made with our DEI initiatives and building the roadmap for the next decade and beyond.

The deaths of Arnaud Arbery, George Floyd, and Breonna Taylor sent a loud message that the systems which have benefited white people and marginalized the Black community needs to change. The movement permeated into Classy's culture as we set up weekly touch points for staff to engage in reflective conversation. It underscored our DEI goals, which are to hire diverse talent and measure and promote inclusion. It also validated our focus on supporting Classy Communities¹, hosting guest DEI speakers and conducting staff DEI trainings.

A Certified B Corporation

Almost in parallel, our team collaborated on our B Impact Assessment, the 200+ question application required by B Labs in order to get [B Corp Certified](#). The Assessment credits companies from several angles—staff and leadership diversity, equitable compensation structures, diverse recruitment, and meaningful professional development opportunities. We were asked to provide proof of paying a living family wage, how we measure pay differentials across our organization, how much flexibility we offer our workers, and much more. We received

¹ Classy Communities are employee led and Classy sponsored groups that foster a diverse, inclusive, engaged workforce and align Classy mission, culture and values.

a score of 115.3 which is considered an “outstanding” designation by B Labs, but above all, the Assessment is providing guardrails for our DEI efforts, suggesting ideas that create more substantive and impactful opportunities and steering us away from initiatives that may fail to yield meaningful results.

Create Meaningful Value

We know that business can be a powerful tool to build the world in which we want to live, where inclusion and accountability are rewarded. Our B Corp certification underpins all of our DEI initiatives, and helps us understand that DEI should not exist as a side project or isolated initiative. It needs to be integrated into every aspect of the business. This is why we’ve updated our Diversity Report to more closely reflect the B Impact Assessment. One of our core values at Classy is “create meaningful value,” and we believe showing the two in tandem will enable greater cohesion into how B Corps are creating meaningful value towards a more inclusive world.

2020 DEI HIGHLIGHTS

- We created our first-ever **DEI Committee**, composed of external and internal advisors (including three Classy employees) who bring balanced perspectives and counsel on best practices to the Board in its oversight and governance of diversity, equity, and inclusion practices at Classy.
- We’ve amplified our time-off policies for **mental health**. In addition to unlimited PTO, we encourage employees to take *at least* 3 weeks paid time off each year. This year we commemorated **Juneteenth** and **Veteran’s Day** as official company holidays and will continue to do so each year moving forward.

AREAS OF OPPORTUNITY

Despite our genuine efforts, we know that we have a long road ahead of us. You will see that we've included areas of opportunity within certain sections. In particular, we're looking to make improvements in **female** and **AHN² representation**.

STAY TUNED

We will continue to take inventory in an honest and vulnerable way, and we welcome all to the conversation on diversity, equity, and inclusion at Classy. We have created the email diversity@classy.org for thoughts or general inquiries and would love to hear from you. Let's strategize to continue to create progress together.



Nancy Vance, Director, Talent, Diversity, & Inclusion

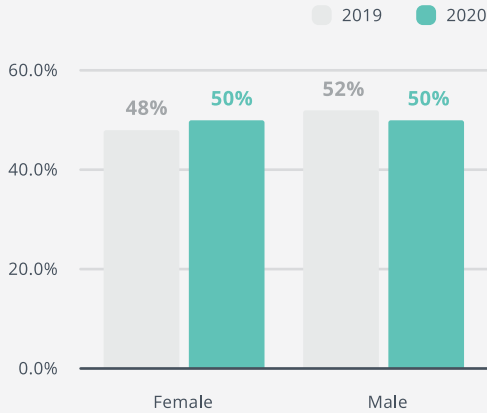


Dina Rulli, SVP, People Operations & Social Impact

² AHN is an anti-racist abbreviation that refers to African American/Black, Hispanic/Latinx, and Native Americans/Alaskan Natives who have historically been marginalized within the tech industry. We chose this abbreviation because we are sensitive to [problematic terms like 'underrepresented groups'](#) and want to continue our research and become thought leaders on changing language.

Gender⁴

COMPANY BREAKDOWN⁵



NON-BINARY

1%

OTHER⁶

3%



Female representation has increased by 2% since 2019.

MANAGEMENT BREAKDOWN

	2019	2020
Male	61%	70%
Female	39%	30%

TECHNICAL POSITIONS BREAKDOWN⁷

	2019	2020
Male	72%	70%
Female	28%	30%

BOARD BREAKDOWN

	2019	2020
Male	100%	100%
Female	0%	0%

SENIOR LEADERSHIP BREAKDOWN⁸

	2019	2020
Male	63%	72%
Female	37%	28%

AREAS OF OPPORTUNITY

Two years ago, **the percentage of female managers was at about 50%**. This representation and executive leadership are both down from last year. In addition to this, our Board has lacked female representation, and we are not majority-led or owned by women. This tells us we have work to do around hiring, promoting, creating access to ownership, and developing future female leaders.

NEW HIRE BREAKDOWN

	2019	2020
Male	50%	45%
Female	50%	55%

⁴ Classy tracks and measures diversity by looking at socioeconomic status, race or ethnicity, gender, age, sexual orientation, disability status, and veteran status.

⁵ Gender and race refers to EEO-1 categories. While we understand these categorizations can be limiting, we're using them for reporting purposes because they comply with U.S. government requirements. This year, we sent a voluntary survey for employees to be able to self-identify in additional categories. This survey allowed us to include the 'non-binary' and 'other' data shown above. We continue to explore other ways to incorporate more categorizations to be better inclusive of all backgrounds.

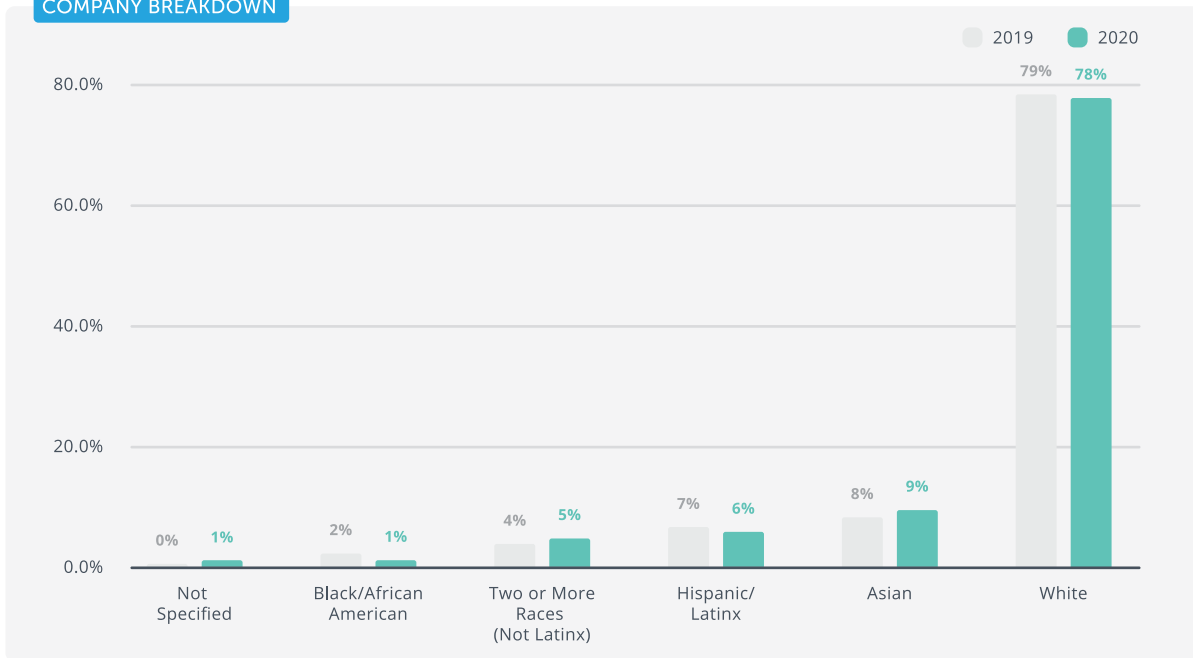
⁶ "Other" refers to the following categories: "Prefer to self describe" and "Prefer not to say"

⁷ Technical position data includes engineering, data science, information technology, product, product design, technical support engineering, technical customer success management, and solutions architecture.

⁸ Senior Leadership data includes director-level and above.

Race

COMPANY BREAKDOWN



AHN representation has **decreased** by 2% since 2019.

TECHNICAL POSITIONS BREAKDOWN

	2019	2020
Asian	21%	21%
Black/African American	0%	2%
Latinx	6%	6%
Native Hawaiian/ Other Pacific Islander	0%	0%
Not Specified	3%	0%
Two or More Races (Not Latinx)	4%	5%
White	66%	66%

MANAGEMENT BREAKDOWN

	2019	2020
Asian	11%	9%
Black/African American	0%	0%
Latinx	6%	4%
Native Hawaiian/ Other Pacific Islander	0%	0%
Not Specified	0%	0%
Two or More Races (Not Latinx)	0%	0%
White	83%	87%

SENIOR LEADERSHIP BREAKDOWN

	2019	2020
Asian	21%	8%
Black/African American	0%	0%
Latinx	0%	0%
Native Hawaiian/ Other Pacific Islander	0%	0%
Not Specified	0%	0%
Two or More Races (Not Latinx)	0%	0%
White	79%	92%

BOARD BREAKDOWN

	2019	2020
Asian	0%	0%
Black/African American	0%	0%
Latinx	0%	0%
Native Hawaiian/ Other Pacific Islander	0%	0%
Not Specified	0%	0%
Two or More Races (Not Latinx)	0%	0%
White	100%	100%

NEW HIRE BREAKDOWN

	2019	2020
AHN Hires	9%	13%
Non-AHN Hires	91%	87%

AREAS OF OPPORTUNITY

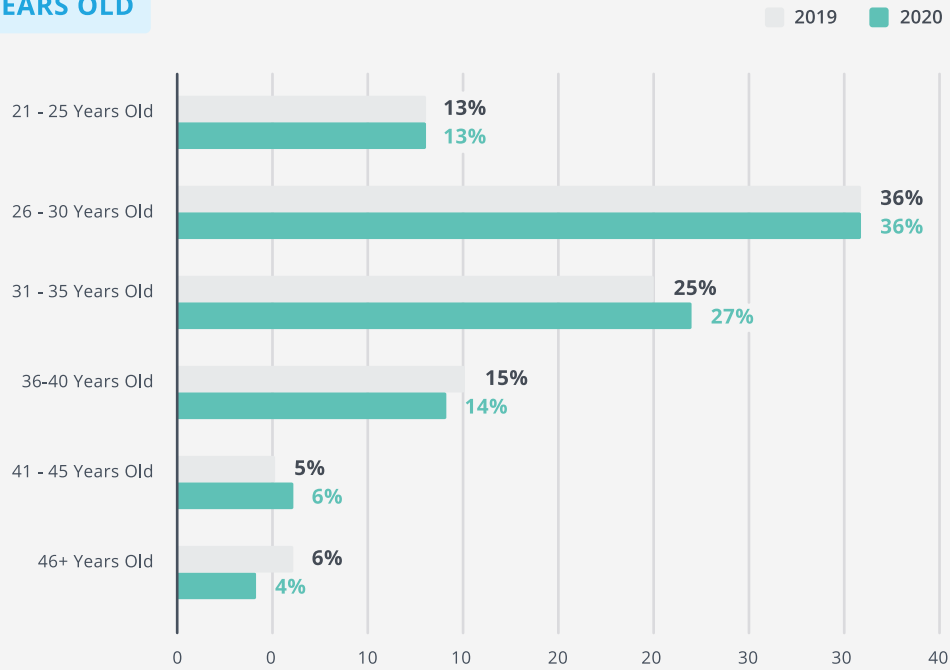
Though we scored fairly high in our B Corp Assessment that 20 to 29% of our workforce identifies as being from a racial or ethnic minority, we continue to be significantly **below AHN representation for our city and industry**. We find this disappointing and are taking steps to address it. One step we took toward improvement was the implementation of a **Diversity Dimension Check** on August 1, 2020. The initiative ensures that at least one candidate showcasing at least one "Diversity Dimension" (defined in our policy) will need to advance to a "face -to-face" interview in order for each offer to be approved. We will report later this year whether or not the policy has been successful.



Age

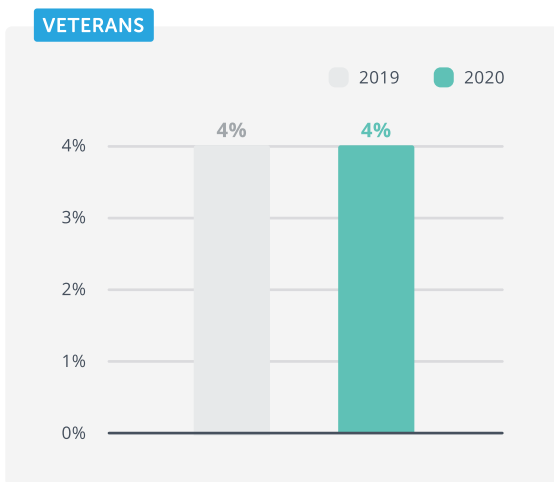
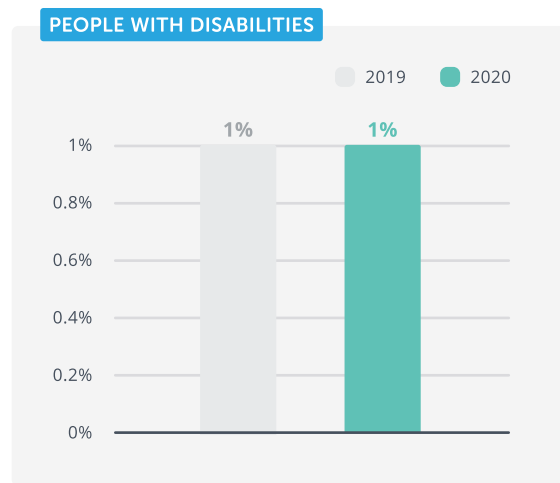
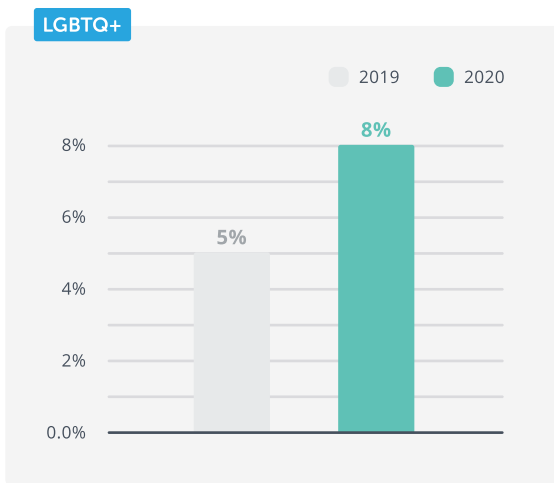
MEDIAN AGE

31 YEARS OLD



Additional Representation Data

We sent out a survey⁹ to better understand our workforce and capture the people we are serving and asked employees to voluntarily self-select in different areas that represented their holistic identity. The following data has been collected through these efforts. We realize this doesn't capture everyone and all of the different ways individuals choose to self-identify, and we hope to continue to strategize how to better capture this in the future.



⁹ The annual employee engagement survey sent to the Classy staff May 18, 2020, was optional and anonymous, with a 93% participation rate.

Income Equity¹⁰

Similar to last year, Classy conducted its annual **Pay Audit for 2020** to review pay across different demographics within the company and look closer at where there may be discrepancies or inequalities for employees in similar roles.

- When we looked at pay between employees within **similar roles**, we discovered that 1.5% of our employee population did not have gender or racial minority parity, so we created a plan of action to right-size that gap.
- When we look more broadly at pay across the **company**, we discovered that for every \$1 a male employee earns, a female employee earns \$0.79. Looking at racial groups, for every \$1 a white employee earns, an employee of racial minority makes \$0.81. We learned this is due to higher earning positions, which include leadership and technical roles, being more dominated by males and white employees.
- According to our B Corp Assessment, Classy's income equity is currently at 6 to 10x, meaning the highest executive compensation, inclusive of bonus, is currently **6 to 10 times that of the lowest paid full-time worker**. While the highest equity bracket was 1 to 5x, B Corp scored us fairly high for this answer, indicating that it is a positive position.

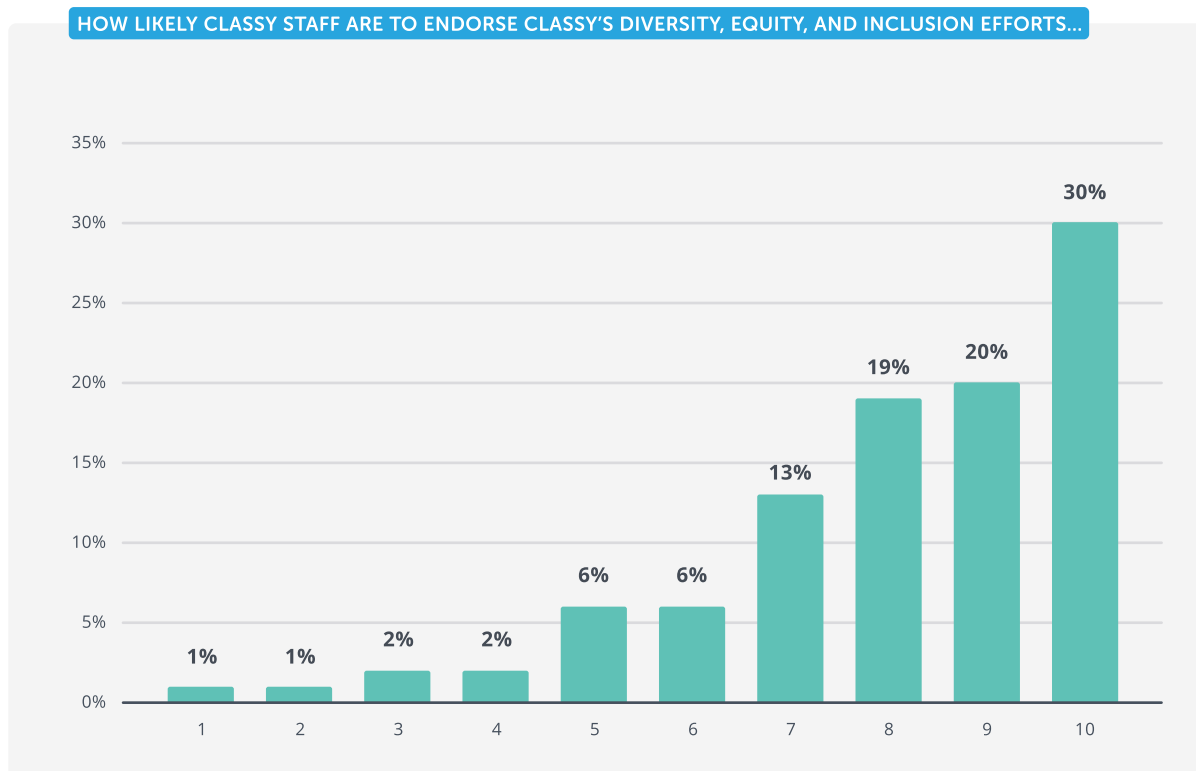
Based on the data, while we seem to have created fair pay practices in place to evaluate equity between peers in similar roles, overall we still have a long way to go to close the gender and racial minority gap that exists across the company.

Classy has signed up for Unbounce's Pay [Pledge](#) which is a commitment made by a company to complete a gender pay parity analysis and outline a plan of action to address what they find. In addition to monitoring pay during each compensation cycle and ensuring we are reviewing pay equity as a part of every salary offer, we want to commit to creating a plan of action to hire and promote more diverse individuals into positions where there is currently a lack of representation.

¹⁰ Income equity is an indicator that wealth is distributed throughout the business so that as a business excels, all of its employees reap the benefits.

DEI Progress Survey Results

We wanted to get a pulse on how our DEI programs were landing with our employees. Through our annual employee engagement survey sent out May 18, 2020, and our DEI progress survey sent out August 25, 2020, we created a safe space for Classy staff to provide feedback on our DEI programs and our overall culture. Here's a peek at the results.

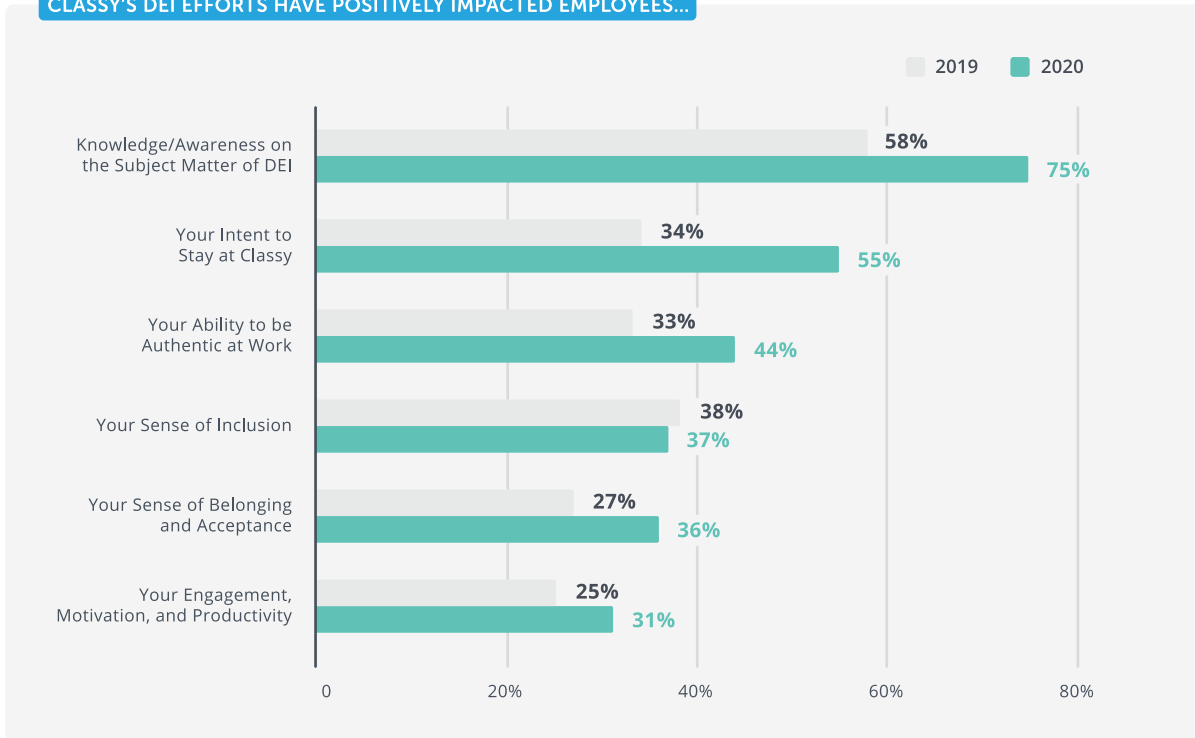


DEI eNPS¹¹

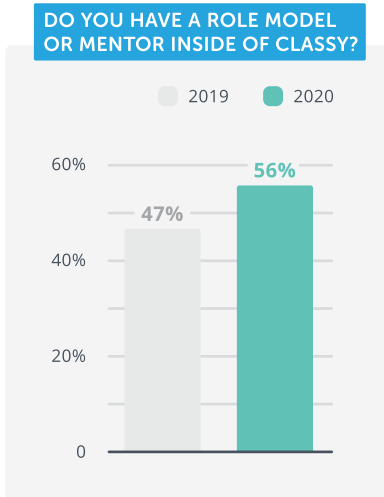
33

¹¹ [Employer Net Promoter Score](#), or eNPS, is a scoring system designed to help employers measure employee satisfaction and loyalty within their organizations. We used eNPS to measure employee satisfaction with our DEI efforts. eNPS is calculated by subtracting the percentage of detractors (6s and below) from the percentage of promoters (9s and 10s). Generally, a score within the bracket of 10 to 49 is considered good and a score of 50 and above is excellent.

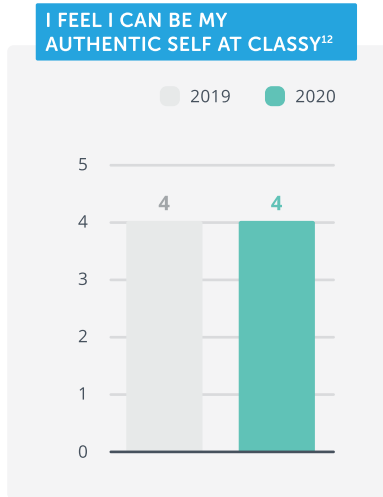
CLASSY'S DEI EFFORTS HAVE POSITIVELY IMPACTED EMPLOYEES...



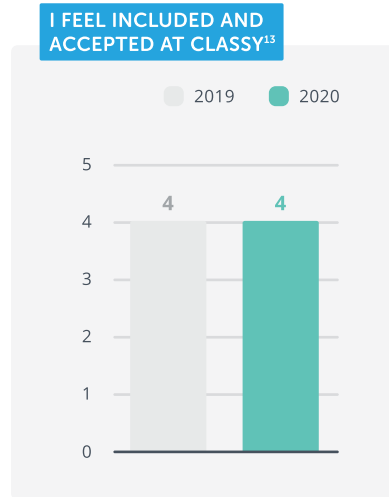
DO YOU HAVE A ROLE MODEL OR MENTOR INSIDE OF CLASSY?



I FEEL I CAN BE MY AUTHENTIC SELF AT CLASSY¹²



I FEEL INCLUDED AND ACCEPTED AT CLASSY¹³



HIGHLIGHTS

- **75%** say our efforts have elevated their knowledge and awareness on DEI
- **55%** link DEI efforts to intent to stay at Classy
- **44%** link DEI efforts to ability to be their authentic self at work

AREAS OF OPPORTUNITY

- **Only 37%** say that our efforts are positively impacting their sense of inclusion which is down 1% from last year

^{12,13} For the two questions above, respondents were asked to rate their experience from 1 (strongly disagree) to 5 (strongly agree)