



Diversity and Inclusion Report 2021

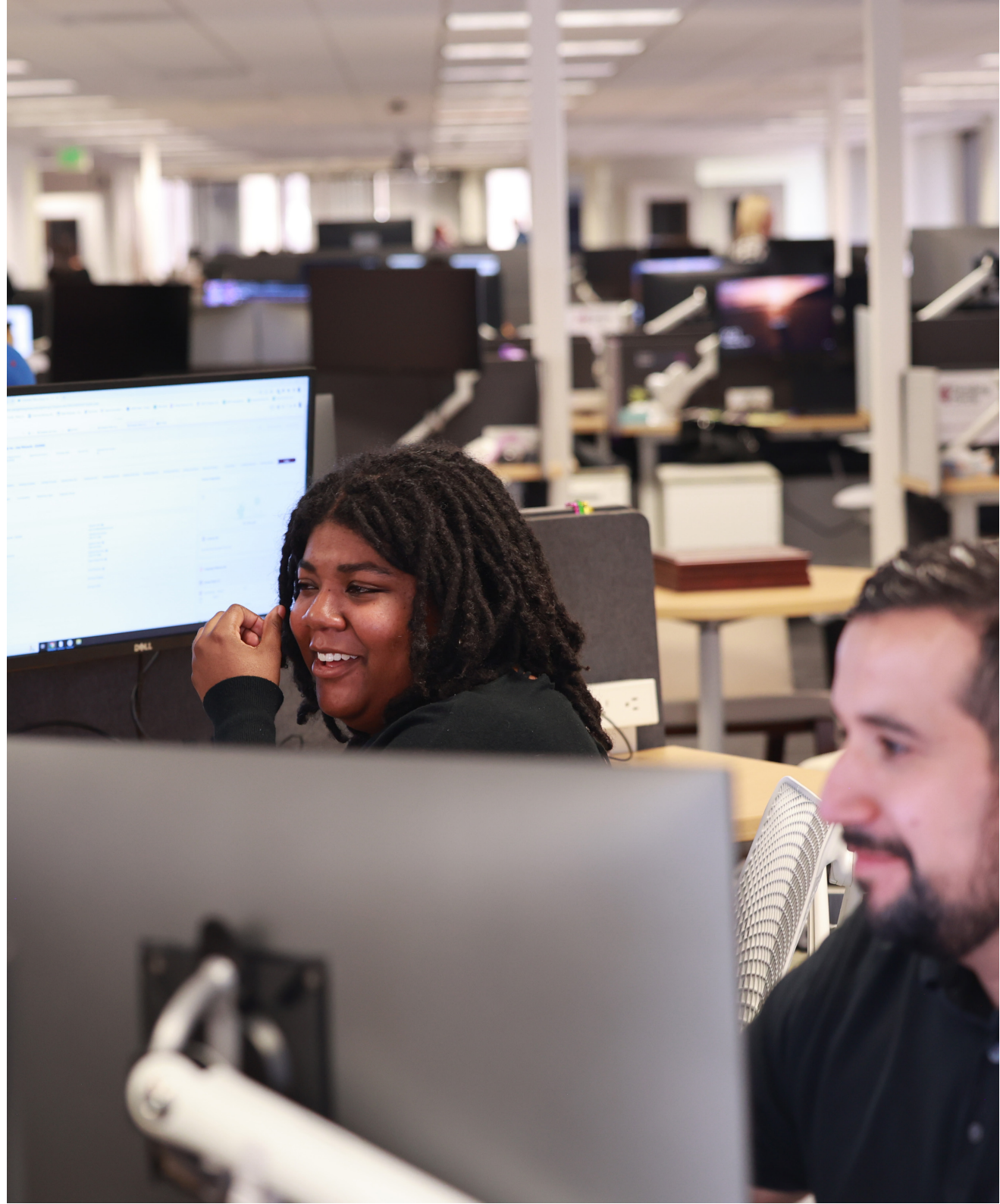
Foreword

This year, like 2020, was not too dissimilar for small businesses: inflation, labor shortages, supply chain issues and unrelenting uncertainty over the trajectory of the national economy. At Funding Circle, it meant continuing to support small businesses through issuing Paycheck Protection Program (PPP) loans, helping PPP borrowers get their loans forgiven, operating with nearly half the team we had at the start of the pandemic through remote and hybrid working arrangements, transitioning our products back to our core offerings and rebuilding our workforce. With those challenges came opportunities and a lot of learn-

ing and development. We are proud to issue our second annual Diversity and Inclusion report and share where we made progress on our commitments and focus on the areas in which we still have work to do. I am proud of the work our teams put in to make Funding Circle a company where everyone feels like they belong, where people from all backgrounds and identities have equal opportunities to succeed, where everyone can speak up and feel their opinion is valued, and where all Circlers can be their authentic selves.



Vipul Chhabra,
US Managing Director





Our Mission

Our mission is to build the place where small businesses get the funding they need to win. We believe that justice, equality, diversity and inclusion includes our employees, small business customers and investors.

Our participation in the Paycheck Protection Program showcased the power of Funding Circle to reach the most underserved communities including minority businesses, the smallest of small businesses and low-moderate income neighborhoods:

We reached the smallest of small businesses

- 85% have fewer than 10 employees
- 29% were self employed
- 80.3% of loans were for under \$50,000

We helped underserved communities

- 81% were new to Funding Circle
- 48% of 2nd draw applicants received 1st draw from another lender
- 33% of dollars, loans & jobs supported were in Low-Moderate Income (LMI) neighborhoods

We outperformed traditional financial institutions

	Avg Loan Amount	LMI
PPP	\$42,000	28%
Fintech	\$18,113	37.9%
Funding Circle	\$26,759	33%



Our Values

Think smart

Challenge assumptions, seek insights and make informed decisions. Everyone has a voice, so be

Make it happen

Be courageous and take ownership. Take small steps fast and commit to seeing it through

Be open

Transparency and integrity build trust. Treat everyone with respect and be honest with each other

Stand together

Listen, understand and support each other. Win or lose as one

Live the adventure

Bring your passion with you every morning, and have fun!

We share our annual diversity & inclusion (D&I) report as an expression of our Be Open ethos because transparency and integrity build trust and it holds us accountable. This report outlines the D&I goals we set in 2021, our progress toward them, our areas for improvement, and where we will focus our efforts in 2022. We hope that by sharing our D&I initiatives, goals, and results, we inspire other companies to stand with us in sharing their commitments to diversity and inclusion.



Our 2021 Goals

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- **Increase the diversity of our employee base by seeking to hire potential Circlers with varied backgrounds and experiences, including members of underrepresented groups.**
- **Improve the experiences and sense of belonging for all Circlers, including women and members of the African American/Black, Hispanic/Latinx, and LGBTQ+ communities.**

We set out to achieve a 100% corporate equality index rating by the Human Rights Campaign and maintained our 85% rating that we reached in 2020. In 2022, we continue to aim to reach 100% by participating in LGBTQ employee recruitment opportunities, providing philanthropic support of LGBTQ organizations, and implementing contractor/supplier non-discrimination standards and philanthropic guidelines.

- **Achieve increased gender representation in leadership, especially on the US Leadership team and people manager levels, with a focus on intersectional representation.**

We fell short of this goal and with the addition of a new role to the USLT decreased our overall representation of women.

USLT

2021(n=12)

33% Women

25% of women are people of color

66% Men

25% of men are people of color

25% gay or lesbian

In 2021 we added a new role to the USLT.

2020 (n=11)

36% Women

25% of women were people of color

64% Men

29% of men were people of color

Sexual orientation data not reported

Reason for changes - we added one role to the USLT.



Our 2021 Goals (continued)

People Managers

We also lost some ground in the number of women people managers, but have made that a priority for 2022.

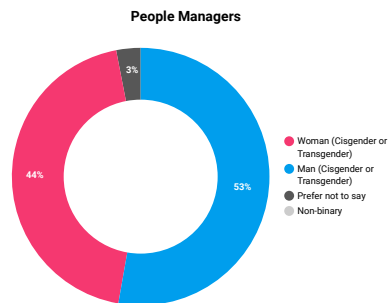
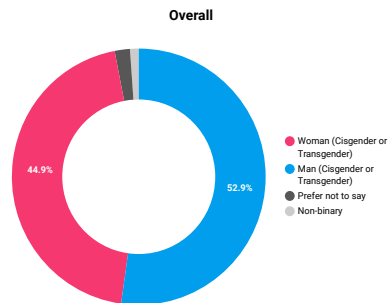
2021

53% men
44% women
3% prefer not to disclose

- **Support efforts to create opportunities for a more equitable financial world for underserved communities including minorities and women.**

We launched a first-of-its-kind referral partnership and research with the Association of Enterprise Opportunity (AEO) to assist American entrepreneurs who have previously been convicted of criminal offenses to access small business financing.

Returning citizens confront immense barriers when reintegrating into society, such as overcoming stigmas and discrimination to secure



steady employment. People of color, especially those without high school credentials, face the most obstacles. Low education levels, a history of incarceration, racism, and gender biases contribute to even higher rates of unemployment amongst people of color. Entrepreneurship can decrease the likelihood of recidivism because it addresses many of these interrelated obstacles, including: low education levels, low-wage jobs, unemployment, and mental health challenges, which too often exacerbate the situation for individuals. However, most small business lenders including Funding Circle have policies that prohibit extending loans to entrepreneurs with criminal histories due to a perceived increase in the risk of default and a lack of empirical data or research that shows actual correlations between certain crimes and actual risk.

As part of the partnership, Funding Circle is referring all loan applications in the U.S. declined due to criminal histories to AEO and its Community

Development Financial Institution (CDFI) partners to underwrite using R3Score, a new platform to assess the potential risk of applicants with a criminal record. AEO will analyze the repayment data on loans made by its CDFI partners and publish research to inform private and public lender criminal decline policies.

Funding Circle believes that everyone deserves a second chance, especially those that have paid their debt to society and want to become entrepreneurs to support themselves, their families and their communities. We hope more small business lenders will join us in participating in the referral program to support reentering citizen entrepreneurs to access capital and produce the research necessary for lenders to change their own existing policies which we believe will have a positive impact on communities of color.

Gender: 50% of people managers will identify as female by 2023

Race & Ethnicity: 40% of circlers will be people of color by 2023



Our 2021 Goals (continued)

Tools and Processes

- We continued to encourage employees to voluntarily self-identify their sexual orientation and gender identity in addition to race and ethnicity.
- Ensured all interview panels were diverse.
- We re-worded the descriptors for gender to be more inclusive.

Training

- We launched manager training with a module focused on inclusivity and well being. Courses were mandatory for people managers and included an Intro to Diversity, Equity, and Inclusion, Building Diverse Teams, Harassment Prevention and Performance Review Biases and How to Avoid Them.
- All Company Unconscious Bias Training: Training was provided to all Circlers on unconscious bias. This training is important because it raises awareness and drives con-

versation around certain behaviors that can exist during the recruiting process or employee lifecycle. Our intention is to give Circlers the tools to help build a more inclusive company.

Engagement Survey

- Our annual engagement survey includes questions on diversity and inclusion. It's very important to us that employees feel connected to our mission, a sense of belonging, their opinion is valued and that they can be authentic at work.

In 2020 we hosted listening sessions with minority employees to better understand their perspective on issues impacting engagement. We implemented recommendations from the session including mandatory diversity training for all managers and appointed employee advocates to be an additional resource to employees.

- In 2021 we achieved an 82% favorable response rate to questions related to diversity and inclusion, an increase of 3% since 2020.

D&I Committee

- The D&I Committee was established to support D&I initiatives through our ERGs and to hold leadership accountable.
 - The D&I Committee's purpose is to:
 - ♦ Promote a culture that values diversity across all US teams
 - ♦ Establish explicit justice, equity, diversity and inclusion goals for FC US
 - ♦ Establish clear means of tracking progress towards improved diversity
 - ♦ Provide a forum in which progress is reviewed at the leadership level
 - ♦ Approve and prioritize diversity initiatives within FC US

- ♦ Establish accountability for such initiatives to ensure that activities are seen through and that they are achieving their desired outcome
- ♦ Committee membership should represent a diverse subset of our entire company and also include the US Managing Director as well as additional US Leadership Team members. Each Employee Resource Group (ERG) is permitted one representative on the D&I Committee. An ERG requires at least 5 employees to start and a member of the U.S. Leadership Team to sponsor. Members are expected to be champions for justice, equity, diversity and inclusion across FC.

Employee Resource Group

Funding Circle defines ERGs as communities that make up a significantly small percentage of the general population, the tech industry, and Funding Circle. They are a safe place for conversations where we learn and better our understanding of each other. These communities also include historically marginalized groups. Currently, at FC, these groups include women (Women@FC) LGBTQ+ (Circle of Pride), Culture Committee, and Mindfulness Club. FC is actively dedicating time and resources to these groups to increase their representation and inclusion.

- Women@FC

- Women@FC's mission is to make FC the best FinTech company for women to work for. We do this by building an active and supportive community within FC; raising awareness of the importance of gender diversity and showcasing the work of women within FC and the broader industry; and creating opportunities for Circlers to develop skills to support personal and career development.

- Circle of Pride
 - Celebrated Transgender Day of Visibility
- Culture Committee
 - Cultural Events: We hosted more than two dozen cultural events and programs that honored and raised awareness about certain religions, cultures and communities such as the Lunar New Year, Black History Month, LGBTQ+ Pride Month, Women's Health, Financial Awareness, Wellness and Mental Health Events. Volunteer Events at Food Bank of the Rockies in Denver and GLIDE in San Francisco.

- FC Impact: We raised:
 - \$284 for Valentine's Day Candy Grams, a virtual event that benefited MaxFund, a Colorado based non-profit providing medical care and homes for injured pets with no known owners and SPCA in San Francisco.
 - \$1,100 for Earth Day through The Canopy Project, to improve our shared environment by planting trees across the globe.

- \$300 for Family Tree, a non-profit human services agency designed to end child abuse, domestic violence and homelessness in the Denver area.
- \$162.20 for SF Marin Food Bank, providing food and resources to those in need in the San Francisco/Marin area.
- Private donations for Autism Awareness to Autism Speaks, who are dedicated to promoting solutions across the spectrum for the needs of individuals with autism and their families.

- Mindfulness Club
 - The Mindfulness club meets twice a week to meditate together. We create a safe space for folks to take a quiet moment for themselves to get centered and reflect on their inner world. Our hope is by better understanding our inner worlds, we can open our hearts and compassion towards others.

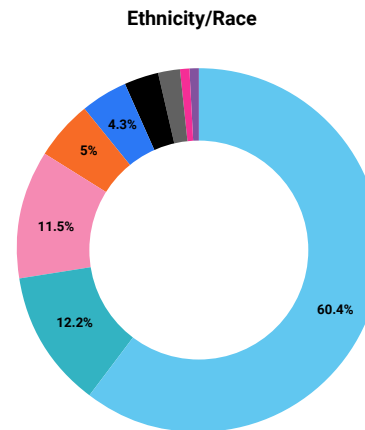


2022 Goals

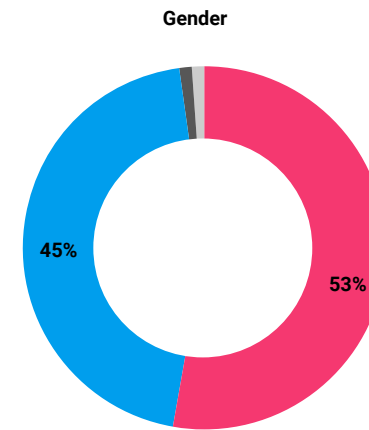
For 2021, we have developed new goals that will allow us to take into account our baseline demographics, culture survey metrics and anticipated hiring plans to make great strides in our mission to make a better financial world for everyone. We are going to Act, Learn, Listen and Yield our privilege to ensure an inclusive and equitable workplace.

- **Increase** the diversity of our employee base by seeking to hire potential Circlers with varied backgrounds and experiences, including members of underrepresented groups.
- **Improve** the experiences and sense of belonging for all Circlers, including women and members of the African American/Black, Hispanic/Latinx, and LGBTQ+ communities.
- **Achieve** increased gender representation in leadership, especially on the US Leadership team and people manager levels, with a focus on intersectional representation.
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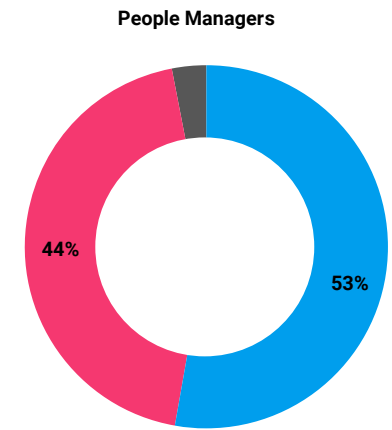
nities for a more equitable financial world for underserved communities including minorities and women.



Ethnicity	Record Count
White (including English, Wel...	60.43%
Hispanic or Latinx (including ...	12.23%
Asian (including Asian British...	11.51%
Mixed / multiple ethnic backg...	5.04%
Black (including African, Afric...	4.32%
null	2.88%
Prefer not to say	2.16%
Native American / Alaskan N...	0.72%
Other (any other ethnic group)	0.72%



Gender	Record Count
Women	53%
Men	45%
Non-binary	1%
Prefer not to disclose	1%



Gender	Record Count
Men	53%
Women	44%
Prefer not to disclose	3%



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