



Paylocity FY 2023

Corporate Social Responsibility Report

Letter from our Co-CEOs

Paylocity is committed to advancing our efforts around social and environmental responsibility, and corporate governance. We're proud of the progress we've made, and we continue to invest in programs across the business to move ourselves and our community forward in the critical areas of diversity, equity, inclusion, and accessibility (DEIA), as well as environmental sustainability and awareness.

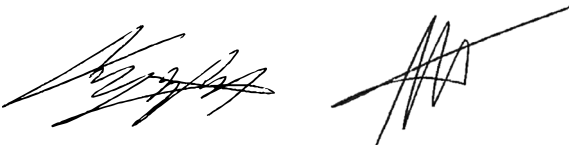
Paylocity's employee resource groups (ERGs) and Diversity Leadership Council (DLC) work in concert to promote a more diverse, inclusive, equitable, and accessible organization. These groups drive internal education, awareness, and advocacy to help our employees make an impact at work, at home, and in their communities. The ERGs and DLC work closely with our employees and leaders to ensure we move Forward Together on our DEIA journey.

PCTY Gives, our community impact initiative, allows Paylocity employees to make a difference in the communities where they work and live. We encourage employees to give back in their communities in ways that are most meaningful to them through our Volunteers In Action program, and then support that effort by providing employees 16 hours of paid volunteer time.

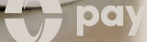
Employees can also participate in our Elevate Your Passion Grant program, in which employees nominate a nonprofit they personally value to receive a direct grant from Paylocity. With Paylocity's support, programs like these and many more give our employees the opportunity to personally impact organizations that help create a more equitable and sustainable world.

Our executive team is also focused on responsible corporate governance, with oversight by our board of directors, to provide full transparency and adhere to the highest ethical values.

While we're proud of the steps we've taken to date, we realize the journey to being a leader in corporate social responsibility requires long-term commitment and investment at the highest levels of our organization. We invite you to review our corporate social responsibility report to learn more about our continuous pledge and efforts on these very important initiatives.



Steve Beauchamp & Toby Williams, Co-CEOs, Paylocity



Our Business

We're a leading provider of cloud-based HCM and payroll software solutions



33,000+
Clients

100+ Employees
Average client size



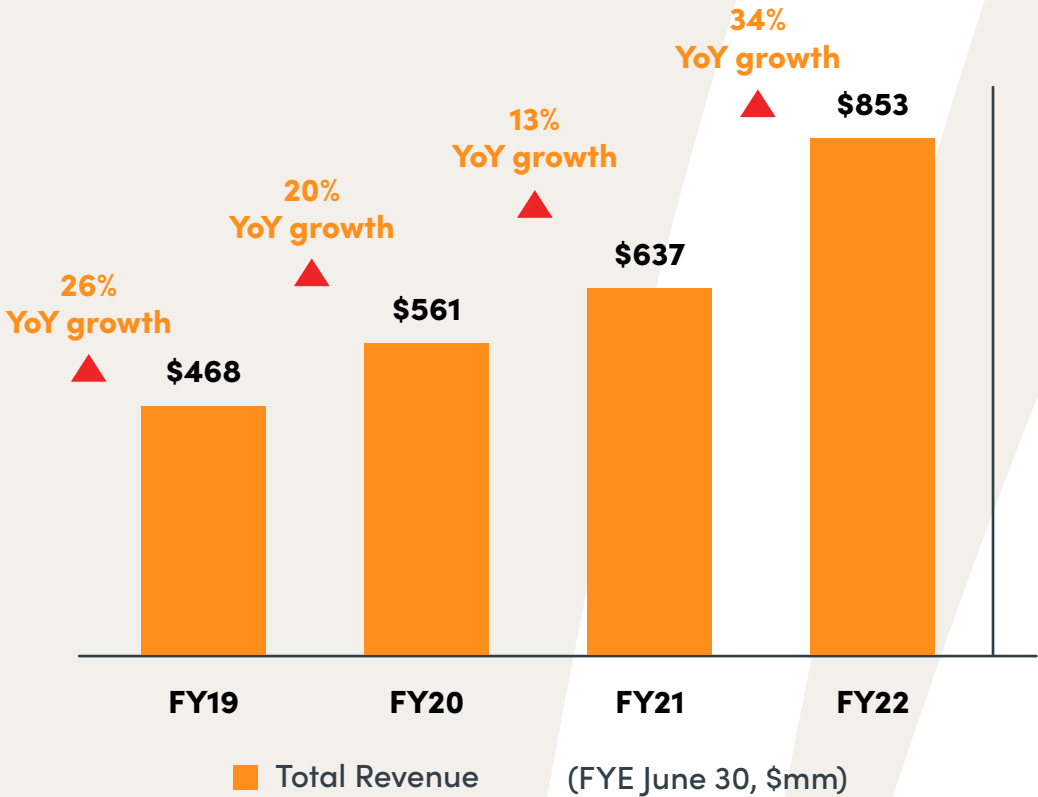
5,000+
Employees

Schaumburg, IL
Headquarters



Founded in
1997

Initial Public Offering
March 2014





Investing in Our People

As a people-first company, we invest in our employees to help boost their overall physical, mental, and financial well-being. It's a big part of our "Forward Together" brand promise and goes way back to when Paylocity was a new startup in a basement office, where a small team set out to change the industry. Ever since those humble beginnings, we've strived to provide a great product and amazing service experience, but what's really separated us from the start is our people.

As part of our commitment to our employees, we continually invest in holistic health and wellness programs, professional development/training, tuition assistance/reimbursement, competitive financial/stock benefits, and much more.



Supporting the Whole Person

We take a holistic approach to our employees' well-being:



Physical

Nutrition and physical activity are important to us. We provide free healthy snacks, in-house workout facilities, yoga classes, ergonomic workspaces, and sit-stand desks at all of our offices. We also help our people get moving outside of work through free health programs and wellness reimbursements.



Mental

We always want to uplift our employees, especially when it comes to their mental well-being. Along with our stigma-free partnership with the National Alliance on Mental Illness (NAMI), we now partner with Knox Behavioral Health, and launched the Mental Health Champions employee resource group, all to keep the mental health and wellness conversation open for our people.



Work Anywhere

We believe that in the modern workplace, it's essential to enable our employees to work in the environment that best suits their needs. Since the early days of the COVID-19 pandemic, we've embraced flexible working arrangements. Today, more than 90% of our employees have the option to work remotely.



Financial

To support our employees' near- and long-term financial wellness, we offer a competitive 401(k) plan with employer match, employee stock purchase plan/expanded RSU program, financial planning resources, on demand pay, scholarship opportunities, refinancing partnerships with top institutions, and tuition reimbursement.

Employee Development

Forward Together starts inside with helping our people succeed today and tomorrow. Development opportunities abound to help lay the path for a stellar career, all the way from early career to leadership and beyond.

Leadership Training

We continue to invest in all of our new leaders through our Leader of Others program, which is designed to help prepare new people-leaders to guide their teams to high performance. As a company that embraces a hybrid approach, we recently gave the program a significant facelift, and reduced Zoom time by 50% by giving participants curated content they can engage with before they attend an instructor-led session. This approach enables us to model modern learning by meeting our learners where they are and putting them in the driver's seat to learn when, where, and how works best for their schedules.



Earn It, Every Day

These internal leadership programs, combined with a strong cultural work ethic, increasingly result in our employees stepping into larger roles within the organization.

This was evidenced in FY22 (ended 6/30/22) as:

53% of new leadership roles were filled internally





Diversity, Equity, Inclusion, and Accessibility

People matter most and diversity of experience and perspective make us stronger together. We're committed to lead by example to forge a path forward through intentional action where dignity, respect, safety, and justice are for all. Our diversity, equity, inclusion, and accessibility policies and programs help bring our values and vision to life.

"When we talk about diversity, equity, inclusion, and accessibility, we're encouraging employees to bring their whole selves to work. These are things being cemented as the foundation of who we are. We don't just say the words – we support it with listening, policies, and actions."

-Tauhidah Shakir, Chief Diversity Officer



Diversity Leadership Council Committees



Accessibility & Accommodations

Purpose: To review current and future state of accessibility at PCTY and work to ensure that our product, resources, and culture are accessible to everyone we engage.



Mentorship

Purpose: Maintain and increase diversity of women and underrepresented minorities in pipelines for higher organization levels.



Education & Learning

Purpose: Review training and compliance materials for DEIA concepts and language; provide training for building and managing diverse, equitable, inclusive, and accessible teams.



Communications

Purpose: Enhance communication efficiencies, tools, resources, and guidelines related to DEIA, to ensure accountability and inclusivity of DEIA initiatives are effectively communicated from leadership to all employees.

Leaders



Mina Fumagalli



Jamie Grasso



Van Dickerson



Corinne Tirone



Joe Dusing



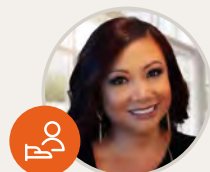
Gaurang Telang



Amy Mulchay



Rob Goldstein



Melissa Perlas



Anthony James

A CURIOUS MIND ALWAYS HAS MORE QUESTIONS THAN ANSWERS



Our Diversity, Equity, Inclusion, and Accessibility Journey

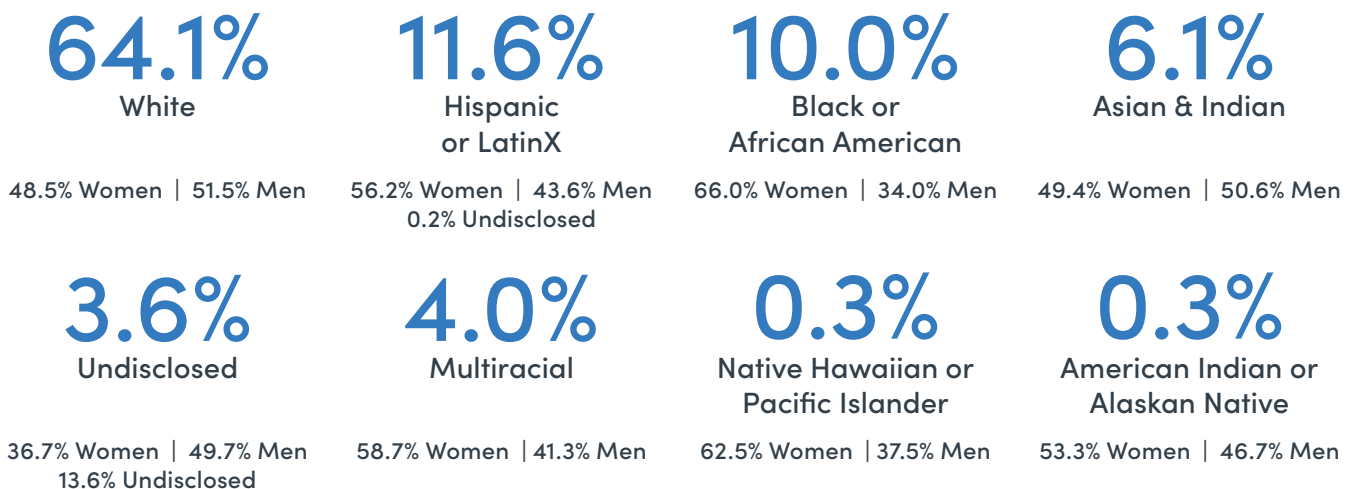
Transparency is an important part of the diversity, equity, inclusion, and accessibility journey, so we're sharing annual data to help our employees, clients, and partners see where we stand today. We're proud of the progress made so far, but also know there's much work to do and the path forward is made with intentional action – together.

FY 2022 Employee Data - All Roles as of June 30, 2022

Employee Gender Representation



Employee Race & Ethnicity Representation



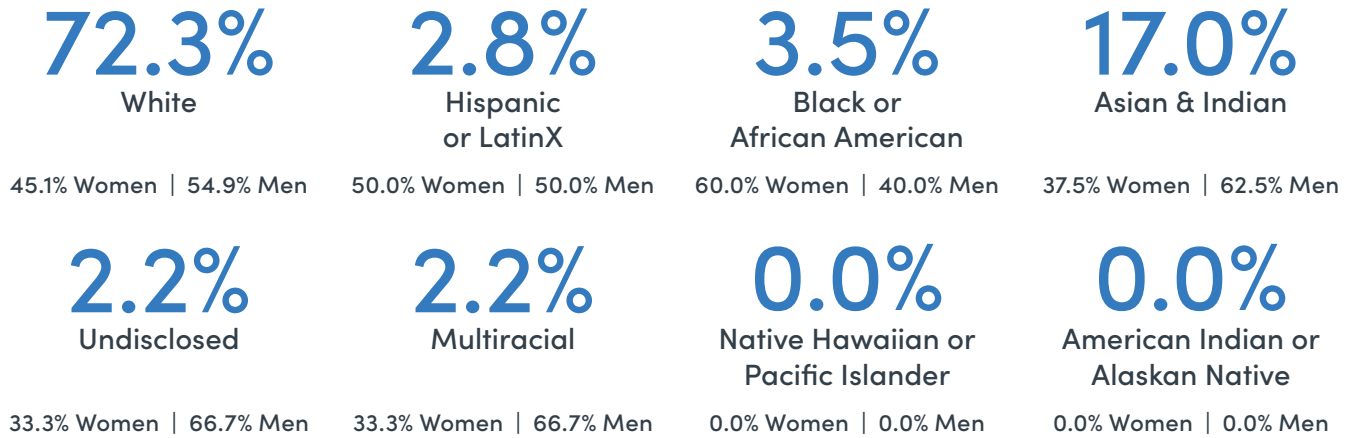
FY 2022 Employee Data - Leadership (Director+)

as of June 30, 2022

Employee Gender Representation



Employee Race & Ethnicity Representation



FY 2022 Employee Demographics and Our Progress

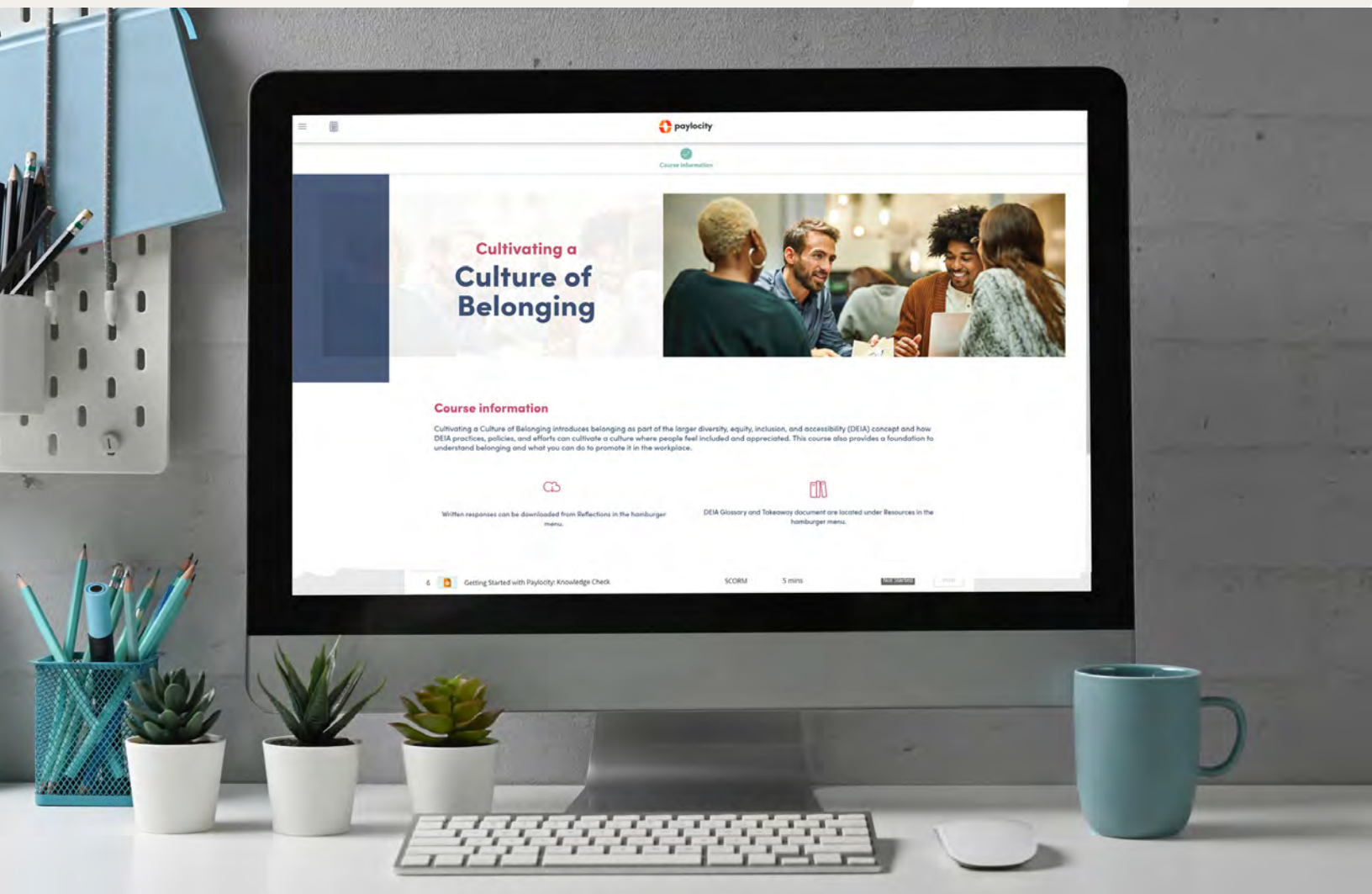
as of June 30, 2022

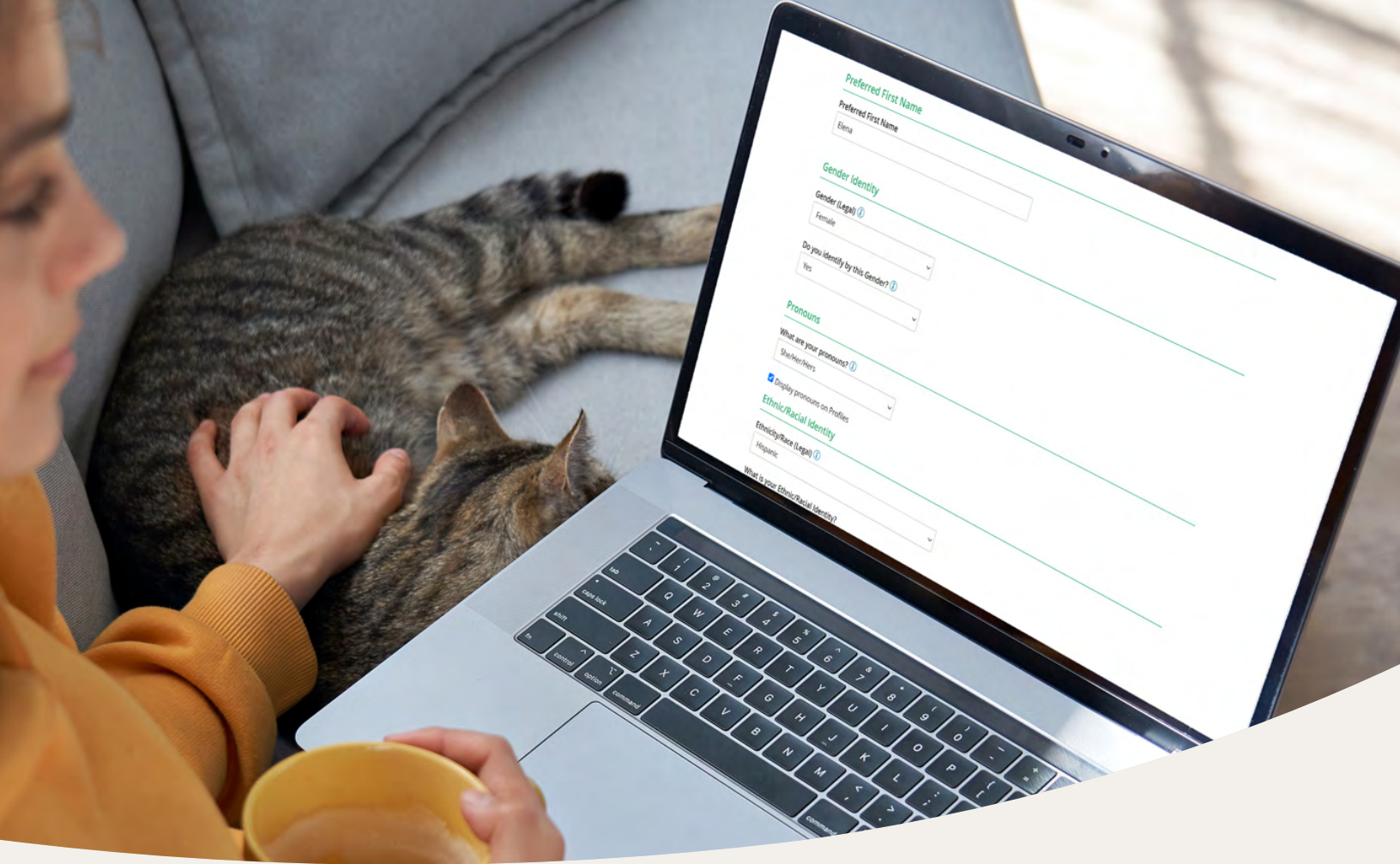
	Leader of Organization		Leader of Leaders		Leader of Others	
	Women	URM	Women	URM	Women	URM
June 30, 2022	37%	22%	44%	25%	47%	24%
June 30, 2021	36%	16%	45%	13%	48%	22%
June 30, 2020	24%	0%	44%	10%	46%	17%

BRIDGE

We built and produced this program to support and further our DEIA efforts. BRIDGE – which stands for Belonging, Respect, Inclusion, Diversity, Generosity, and Equity – has given us a brand to launch training through self-paced courses, knowledge briefs, and leadership roundtables. We launched our five self-paced courses to our employees and clients in January of 2022. **Since launch, we've had over 38,000 courses assigned to client employees in our Learning Management System**, which validates our belief that our clients want and need this type of content.

As we turn the calendar to fiscal 2023, we're designing our next phase of BRIDGE, which will focus on creating safe spaces and providing new training on topics such as neurodiversity, and will add to the catalog of more than 20 DEIA courses offered through our Learning Management System.





Visibility Matters

We constantly strive to cultivate the most inclusive workplace culture possible, to ensure all our employees feel valued and respected, that their voices matter, and that they can be their authentic selves.

To deliver on this commitment, it's crucial that we learn where and how we can do better. Our second-annual "Get Counted" self-ID campaign allows employees to self-identify in areas such as disability, race, ethnicity, gender, gender identity, veteran status, sexual orientation, and personal pronouns.

That info provides an accurate view of our diverse workforce, so we can better customize, fund, and initiate specialized programming, accommodations, and strategies. It also helps us remove barriers to access and opportunities; provide resources to support underrepresented groups through our employee resource groups and Diversity Leadership Council initiatives; and identify challenges those groups face and work to mitigate bias.

Our platform is designed to allow our clients to similarly celebrate self-identity through capabilities that capture and surface employee self-identification data across the entire Paylocity suite including race, ethnic/racial identity, veteran status, disability status, gender identity, personal pronouns, and sexual orientation.



Employee Resource Groups

It's our commitment to increase diversity, equity, inclusion, and accessibility (DEIA) as we grow and innovate in an ever-changing and evolving environment. Our employee resource groups (ERGs) are a big part of our effort to drive change in DEIA, by helping us create safety and security for underrepresented employees to feel respected, valued, and supported.

Our ERGs give our people an effective way to inspire change, improve business practices, and empower our workforce. The ERG leadership team strives each day to collaborate, support, develop, and educate our ERG groups, so we always #LiveTheReputation.



Championing LGBTQIAP+ awareness, education, events, and major initiatives while serving as a resource to our employees and the organization to improve our culture and communities.



Creating a psychologically safe and healthy workplace where employees bring their whole selves to work, and their mental well-being is supported.



Promoting an inclusive culture for people of all backgrounds, where diversity of thought is truly embraced, and everyone can flourish while doing their best work.



Building a community where members connect, support, and develop in a trusted space, while driving positive change and empowerment in diversity and inclusion for women at Paylocity.



Sustainability

We care deeply about the planet we all call home. That's why we continually work to conserve energy, water, and raw materials at all of our facilities. Our Sustainability employee resource group and taskforce carefully examine all aspects of our business to look for ways to go green. Whether large or small, these actions add up for a big impact as we operate in sustainable ways in support of the communities and world where we work and live.

Sustainability Employee Resource Group and Task Force

Paylocity's Sustainability ERG is a group of employees from across the organization who've made it their mission to foster sustainable practices throughout our business and in the lives of our employees.

Our Sustainability task force is an offshoot of the Sustainability ERG. Its goal is to boost sustainability in all Paylocity business activities. The task force's two teams work toward our goals of zero waste and net-zero carbon emissions.

Move Toward Zero Waste

Goal: Progress toward zero-waste from Paylocity business activities.

Phase 1 Priorities: increase recycling, centralize office waste stations, eliminate unnecessary purchases, incentivize paperless practices, and reduce food waste.

Fiscal 2022 Accomplishments

Paperless/plastic reduction: Lowered company print waste by cutting number of in-office printers by 50%. Implemented refillable water stations to reduce plastic bottle output/CO2 emissions.

PCTY Swag: Leveraged corporate swag partner to move toward the use of sustainable brands for swag products.



pcty
sustainability

Move Toward Net-Zero Carbon Neutrality

Goal: Progress toward net-zero carbon emissions from Paylocity business activities.

Fiscal 2022 Accomplishments

Carbon shipping offsets: Executed carbon offset contracts so all internal PCTY shipping is now down to a net-zero carbon impact to the environment.

Carbon footprint air travel: Leveraged independent third parties to quantify our carbon footprint from air travel and utilizing carbon offset purchases to achieve neutrality going forward.

The ABCs of Sustainability (They're All Rs)



Reduce

We're on the lookout in every corner of our business to find ways to reduce material waste.

- Daylight harvesting systems in place result in less energy used in open office workspaces and an overall reduction in energy consumption.
- We help employees and clients leverage digital to minimize wasteful printing.
- We use eco-friendly office products and buy in bulk to reduce plastic.



Reuse

No one-hit wonders for us! We steer clear of single-use materials where possible.

- On average, our largest locations save a significant number of disposable plates and cups a day.
- Our total count of plastic water bottles saved across the company exceeds **110,000** and counting!



Recycle

We believe in second chances. We try to use materials that can be repurposed.

- We pick biodegradable and recyclable materials whenever possible.
- Setting a good example is important, but we also use our influence for good with our vendors and local non-profits, to convince them to make environmentally conscious choices.
- Since 2017, we've diverted close to **20,000** pounds of plastic and harmful metals from landfills at our Illinois headquarters by recycling technology.



Reimagine

We see the big picture and know we can make it brighter.

- Heat map analysis helps us place new facilities for reduced carbon emissions and traffic impact.
- **90%** of on-site catering comes from within a four-mile radius.
- Since 2021, the majority of office orders are from local minority or women-owned businesses.



Respect

We don't want to be too extra - we try only to take what we need.

- We monitor events to ensure we provide only the materials we need, without excessive waste.
- We request that our vendors not provide plastic or single-use materials.
- We provide sustainable apparel and accessory choices in our swag store and work to streamline the ordering process to reduce extra waste. Swag orders are shipped carbon-neutral.



Remember

We keep in mind those whose needs are great.

- We work with vendors who also give back to the community, remembering those in need.
- We partner with organizations to give our time and resources to local charities and schools.



PCTY Gives

Our culture and core values make Paylocity a place where our people want to work and also have a lasting, positive impact in our communities. We empower our employees to help create a better world for everyone.

PCTY Gives is our corporate philanthropy effort that makes a difference across the country, including through in-kind donations, our Elevate Your Passions Grant that supports nonprofits nominated by our employees, and Volunteers in Action paid time-off. We work with nonprofits that promote workforce development and education for people with disabilities and under-resourced communities. We also support programs that focus on STEM-based learning to increase students' skills and opportunities.

Over **29%** of employees volunteered this year
and impacted over **225** organizations



Pillars and Partners

Maximizing Human Potential

We strive to break down barriers to success for people with disabilities, under-resourced communities, the aging workforce, veterans, and caregivers, because everyone has something to offer.

Current Partners: i.c. Stars, Aspire, YWCA Racial Justice League

Need-Based Community Outreach

We know we're fortunate to enjoy the fruits of our success. That's why we offer our time, talent, and treasure to help others fulfill their basic needs for safety and security.

Current Partners: Blessings in a Backpack, Feeding America, Second Chance Studios, Red Cross

Ending Mental Health Stigmas

Paylocity works to be an advocate and leader in mental health awareness. We run campaigns and promote education to help boost the overall well-being of our people and others.

Current Partners: National Alliance on Mental Illness

Liberating through Education

We're empowered by the knowledge that bridging the gap in education and literacy for under-represented communities allows children and adults to reach their full potential, which in turn creates stronger communities and networks.

Current Partners: Big Brothers Big Sisters of America, Youth Guidance, and Illinois Science & Technology Coalition



Signature Partner Spotlight:

Blessings in a Backpack

As the only national nonprofit that exclusively provides weekend nutrition to children, Blessings in a Backpack serves approximately 90,000 kids in 46 states. Its impact is felt at every school it serves.

“Each week, students can be heard saying they wished they could open up the food and eat it here,” Enders Salk Elementary School (Schaumburg, Ill.) Principal Michael Henry said about how much Blessings in a Backpack means to children who struggle with weekend hunger.

Paylocity’s partnership with Blessings in a Backpack began in 2019, when PCTY Gives hosted an event to pack bags of food at the company’s Schaumburg headquarters. Other packing events followed at Paylocity locations in Lake Mary, Fla.; Meridian, Idaho; Rochester, N.Y.; and St. Louis, Mo. During the events, Paylocity volunteers also wrote and inserted inspirational note cards into the bags.



These events inspired Paylocity to become a School Investor. The company covers costs for over 100 Enders Salk students to receive food on Fridays during the school year to get them through the weekend. Paylocity’s support was especially critical during the height of the COVID-19 pandemic, as families were seriously challenged with health, employment, and financial crises.

“Students who receive food from the Blessings program return to school on Mondays energized and ready to learn,” Henry said. “I really appreciate the program and all the volunteers who participate to make this happen for the little ones.”

Paylocity’s generosity toward Blessings in a Backpack was extended to include Giving Tuesday and New Hire Orientation Program donations.





Volunteers in Action

The purpose of Paylocity's Volunteers in Action program is to foster a culture of giving by supporting employee volunteer opportunities that enhance and serve the communities where we live and work. All regular full-time employees have 16 hours of paid volunteer time per calendar year.

Elevate Your Passions

Our Elevate Your Passions Grant program provides an opportunity for regular Paylocity employees to nominate a nonprofit partner close to their heart to be considered for a quarterly grant. The grant serves to provide financial support to nonprofit partners within our communities, who have a special place in the hearts of our people. Each quarter, nine nonprofits with representation across the country are selected.

Peter J. McGrail Scholarship

Created in honor of our late CFO and his passion for learning, this program helps offset the cost of college, to help students build the skills needed as they join the modern workforce. Scholarships are open to dependent children of employees who've completed at least two years of continuous service. We awarded 40 different \$2,500 scholarships in FY22.

Signature Programs

- Elevate Your Passions Grant
- Volunteer in Action Hours
- Forward4Minds Awareness
- Walk/Run Campaign
- Match for a Mission
- PCTY Responds Disaster Relief Fund
- Members of Boston College's Professional Services Sustainability Roundtable

Awards and Recognition

We work hard each day to save our clients time and money. We also strive to maintain a world-class class employee experience for our people and help our clients do the same. That's why we appreciate and celebrate every award we earn, like these!



Great Place to Work

Certified: 2022, 2021, 2020, 2019



Forbes 2022 Best Employers for Diversity

Forbes: 2022



Forbes 2022 Best Employers for Women

Forbes: 2022



Forbes 2022 America's Best Mid-Size Employers

Forbes: 2022



Cowen's Best Investment Ideas

ESG Investing: 2022



ISS Prime ESG Designation

ISG ESG: 2022



HR Tech Awards Best Culture Building Solution

HR Tech Awards: 2022



Employees' Choice Top CEOs

Glassdoor: 2021, 2019
Top CEO During COVID: 2020



Best and Brightest Companies to Work for in the Nation

The Best and Brightest: 2008-2022



Fortune 100 Fastest-Growing Companies

Fortune 100: 2022



Inc. 2021 Best Led Companies

Best-Led Companies: 2021



ATD Top 100 Best

Top 100 Best Award: 2022, 2021



Top 100 Remote Work

Flexjobs top 100 Company to Watch for Remote Jobs in 2021, 2022



Governance

We wholeheartedly believe in responsible corporate governance, and our Executive Management Team and Board of Directors drive that mission from the top down. Both work tirelessly to create long-term value for our company and shareholders, promote transparency, and adhere to the highest ethical values.

Governance and Related Policies

[Insider Trading Policy](#)

[Code of Business Conduct](#)

[Corporate Governance Guidelines](#)

[Related Party Transactions Policy](#)

[Corporate Disclosure Policy](#)

[Nominating and Corporate Governance Committee Charter](#)

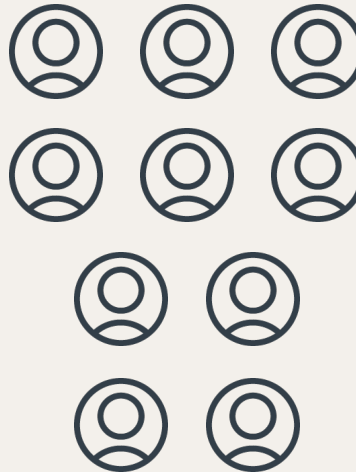
[Compensation Committee Charter](#)

[Audit Committee Charter](#)

Paylocity Board of Directors

10
Members

7
Independent
Members



7
Average
Tenure (Years)

3
Committees

Board

Ten Board members, two of whom are women, two of whom are non-white

Board Committees

	Audit Committee	Compensation Committee	Nominating and Corporate Governance
Virginia G. Breen			
Ellen Carnahan			
Jeffrey T. Diehl			
Robin L. Pederson			
Andres D. Reiner			
Kenneth B. Robinson			
Ronald V. Waters III*			

Chair Member

*Lead Independent Director



Information Security

How We Protect Client Data

To deliver a seamless experience to our clients' employees, we need access to very important and sensitive data. We treat that responsibility with the utmost care, which is why we embed security into everything we do. We keep the customer at the center of our decision-making, the technology we build, the infrastructure we use, and how we hire and train our people.

“Like everything else at Paylocity, our compliance and risk management programs have a strong commitment to excellence. Our risk management and compliance programs cover everything from information and cyber security, to data privacy, to business continuity planning, to regulatory adherence. We strongly recognize the importance of our reputation as a trusted HCM provider, and we’re committed to protecting our company assets and those our clients entrust us with as well.”

-Andy Cappotelli, Chief Compliance Risk Officer



See How We Do It

Security Controls and Practices

It takes many steps and measures to create a culture of security, so your information stays out of the hands of cybercriminals. Check out some of the many safeguards and processes we put in place to protect that precious data – yours and ours.

[Information Security Controls Overview](#)

Prepared for the Unexpected

While no one can see the future when it comes to events that might cause major disruptions, our business continuity and disaster recovery plans ensure we're prepared to keep your business up and running.

[Business Continuity & Disaster Recovery Overview](#)

There's More. A Lot More.

Compliance

You can enjoy the confidence and peace of mind that you partner with Paylocity for your HR and payroll solutions. We'll always have your back when new security laws are created and existing standards evolve.

[Learn More](#)

Securing Your Data

The protection of our clients' data is our highest priority. We constantly maintain, review, and test recovery plans and use advanced monitoring technologies at all levels of our applications and infrastructure.

[Learn More](#)

People and Process

Both are at the heart of our security culture. To make sure our clients' security is the No. 1 priority in everything we do, all Paylocity employees complete comprehensive cybersecurity training.

[Learn More](#)

Compliance



ISO 27001:2013 Certified

Paylocity has certification for compliance with ISO 27001:2013. This certification is performed by an independent third-party auditor. Our compliance with this internationally recognized standard is evidence of our commitment to information security at every level of our organization, and that Paylocity's security program is in accordance with industry leading best practices.



SSAE 18 Audit

Paylocity uses a reputable independent accounting firm to perform an assessment of our procedures and controls as part of our annual SSAE 18 audit for SOC 1 and SOC 2. Each control is tested and the results reviewed by senior management.



HIPAA

Paylocity has completed all necessary requirements and activities for compliance with HIPAA as it relates to safeguarding the privacy of personal health information as shown by our independent third-party audit.



GDPR

Paylocity has aligned with GDPR compliance obligations and monitors the compliance landscape abroad as well as at the national and state level.



paylocity

Forward Together.