



August 2023

Corporate Social Responsibility Report





Table of Contents

Message from our Co-Chief Executive Officers	3
Our Business	4
Products Designed with CSR in Mind	5
Investing in Our People	6
Diversity, Equity, Inclusion, and Accessibility	9
BRIDGE	12
Aspire Partnership	13
Employee Resource Groups	14
Sustainability	15
PCTY Gives	18
Awards	21
Governance	22
Paylocity Board of Directors	23
Protecting Our Clients	24
Data Privacy	25
Data Security	27
SASB	28

Message from our Co-Chief Executive Officers

At Paylocity, social and environmental responsibility are critically important to us as a company and to our thousands of employees. We continually invest in programs that help us grow in the essential areas of diversity, equity, inclusion, and accessibility, as well as environmental sustainability and awareness.

During the past year, we created our Environmental, Social, and Governance (ESG) Council to guide us on our journey. This council provides the ESG-related reporting and metrics that help inform our decision-making and also pulls together the key stakeholders and important work happening across the organization to enhance our ongoing ESG efforts. We also commissioned a materiality assessment to understand what matters most to our employees, clients, and partners, and determine how we can have the greatest impact as a business.

Dedicated people throughout our organization team up to advance this mission every day. Our employee resource groups and Diversity Leadership Council drive internal education and advocacy to help our employees make an impact both inside and outside of work. We strive to give our people many opportunities to make a difference, including paid volunteer time off and grants to support nonprofits dear to them.

Our employees' health is also a top priority. Through their feedback, we constantly look for new and better ways to support their physical and mental well-being, whether they're at the office or remote. We're equally devoted to elevating their financial health and helping them develop their careers.

We also care deeply about the planet we all share. This year we commissioned an analysis of greenhouse gas emissions at all our facilities to assess how we can best remedy and offset our carbon footprint in the years ahead. We also began composting at multiple locations to reduce waste and help local farmers.

Paylocity and its executive team are also dedicated to responsible corporate governance, with oversight from our board of directors to provide full transparency and adhere to the highest ethical values. Our information security measures and internal training safeguard our clients' data so they can focus on their daily business and their people.

We're proud of the progress we've made since our founding in 1997, but we know being a leader in corporate social responsibility is a perpetual journey that requires commitment and investment at the highest levels of our organization.

We invite you to review this report to learn more about our unwavering pledge and efforts on these crucial initiatives as we continue to move "Forward Together."

Our Values Drive Us Forward

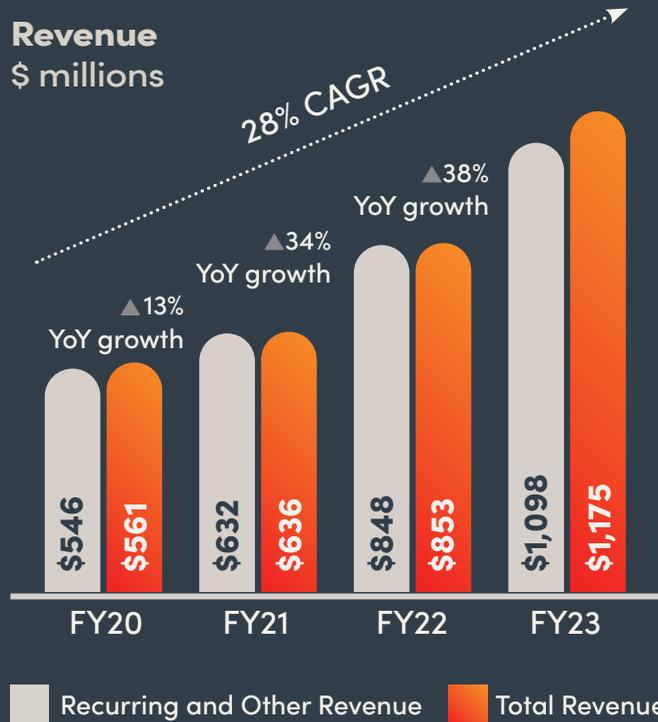


Toby Williams & Steve Beauchamp
Co-Chief Executive Officers

Our Business

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

Revenue
\$ millions



36,200
Clients

6,000+
Employees



Headquarters
Schaumburg, IL



Founded in
1997

Products Designed with CSR in Mind

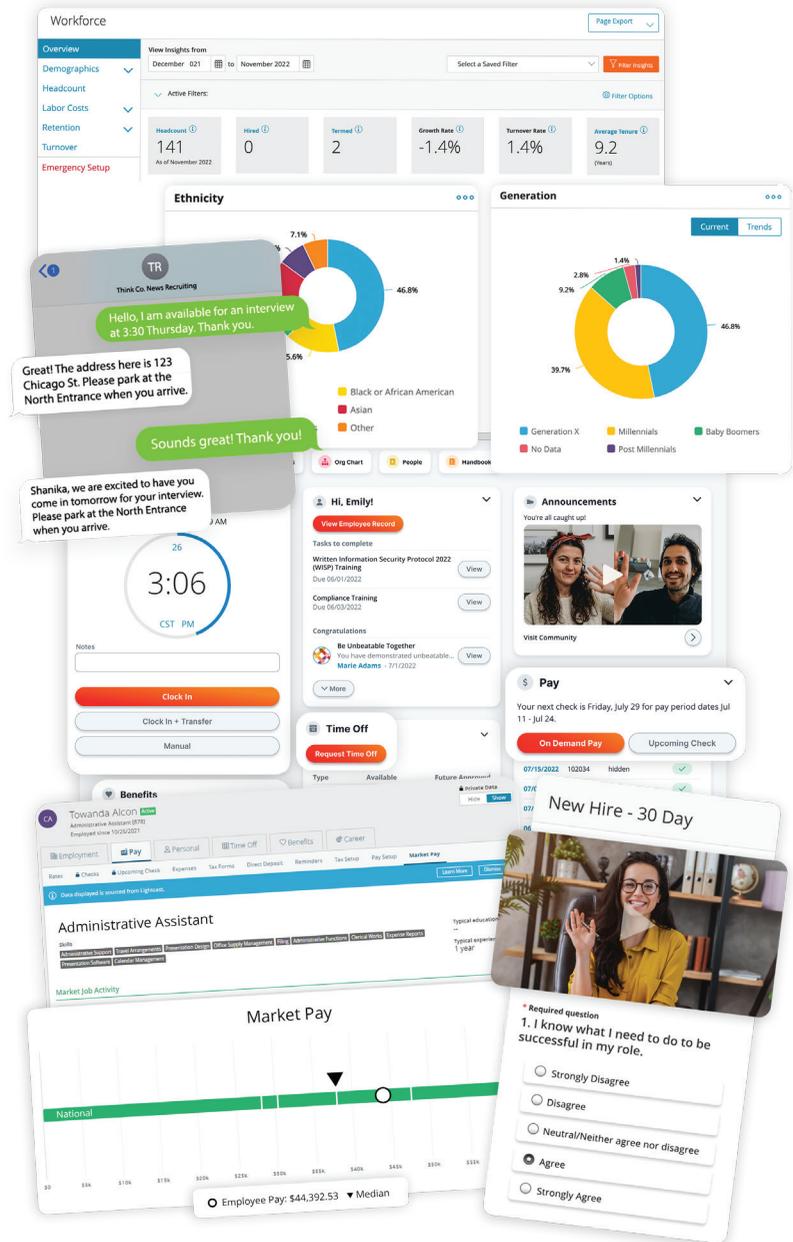
At Paylocity, we utilize the same products we offer clients, and our solutions reflect continuous feedback from early adopters and end users. With their help, we strive to provide the tools the modern workforce needs and create diverse workplaces where everyone feels welcome.

“The impact of Recruiting is not only that it saves me time, but it also helps ensure that we’re being consistent and fair with what we offer to both new and existing employees.”



Jimmy Campbell
Director of Human Resources,
Watters International Realty

CSR-related solutions within our product suite include:



Community and Surveys

Provides a social collaboration platform and feedback tools that boost a sense of employee belonging.

Compensation

Provides insight into salary averages according to gender and ethnic identity for crucial equity analysis.

Data Insights

Gives organizations actionable data based on employee, turnover, and headcount trends.

Employee Self-Identification

Helps companies understand the makeup of their workforce and set and measure diversity, equity, inclusion, and accessibility (DEIA) goals.

Recruiting

Conveys culture, promotes inclusivity, and includes candidate masking to eliminate biases in hiring.

We also feature 10 DEIA quick-start adoption kits, 30+ DEIA courses, and host learning sessions to help clients at every step of their journey.



Investing in Our People

We want our employees to feel connected, empowered, and fulfilled. As part of our commitment to them, we continually invest in health and wellness programs, career development, competitive financial/stock benefits, tuition assistance/reimbursement, and much more.

Whether someone works at one of our offices, at home, or both, it's critical for them to feel connected. Our Culture Crew works tirelessly to create engagement opportunities – both in person and virtually – that align to Paylocity's values and help build a welcoming culture for all. Recurring events include the ever-popular game nights, virtual networking pop-ups to connect employees across the country, quarterly DEIA speaker series, rewarding community giveback activities, and more. We also host an annual fall festival, virtual kids' week, and the much-anticipated talent show.

As more employees return to the office, we want to provide the comforts of home. Those who work in our modern offices can enjoy free lunches, healthy snacks, and drinks, as they collaborate and cultivate lasting professional and personal connections.

Thanks to these efforts, we've seen a boost in employee retention, engagement, accessibility, and learning throughout our organization.



"I've attended several Culture Crew events and have enjoyed them all. They are a great way to connect with other employees and begin to build friendships with my co-workers."



Edna Jones

Procurement Apprentice

Supporting the Whole Person

We take a holistic approach to our employees' well-being so that we can truly "Be Unbeatable Together."



Physical

We promote good nutrition and encourage physical activity breaks for in-person and remote employees alike. On site, we offer free healthy snacks, modern workout facilities, yoga/fitness classes, ergonomic workspaces, and sit-stand desks. Online, we offer a weekly virtual high intensity interval training (HIIT) class that provides a great midday exercise option. Employees can overcome pain through Hinge Health's virtual physical therapy sessions, or access healthy-living resources from Blue Cross Blue Shield's "Well on Target" program.



"The weekly HIIT workouts give me the opportunity to put my health and wellness as a top priority in my life. I'm now better able to bring my whole self to work, and I've met coworkers who've turned into accountability partners and friends."



Laura Grochocki
Program Manager

Financial

We offer a competitive 401(k) plan with employer match, employee stock purchase plan/expanded RSU program, financial planning resources, refinancing options with top institutions, and scholarship opportunities/tuition reimbursement. If a financial need pops up, employees can access part of their paycheck early through on-demand pay, and they're eligible for our employee loan program.

Workplace Flexibility

It's essential we balance the needs of our clients while supporting a healthy work-life balance for our employees, whether they're in-office or remote. Paylocity embraced flexible working arrangements even before the pandemic, and today we continue to provide the flexibility needed to meet the needs of our employees and clients.

Mental

Our stigma-free partnership with and mental health education through the National Alliance on Mental Illness (NAMI), virtual sessions with Dr. Lia Knox of Knox Behavioral Health, and Paylocity's Employee Assistance Program offer continual support for all employees. The Mental Health Champions employee resource group strives to create a psychologically safe and healthy workplace where everyone can bring their whole selves to work, and where their well-being is supported. If a natural or human-made tragedy occurs, our team is prepared to check on employees and clients who are impacted and provide resources and support through Dr. Knox and NAMI.

pcty
mental
health



Employee Development

We want our people to shine and advance in their careers. Our “Forward Together” motto starts internally, by helping employees succeed today and tomorrow through various development opportunities.



Earn It, Every Day

With these development programs, combined with a strong cultural work ethic, the company saw tremendous individual career advancement during the past fiscal year:

34%

of employees promoted

54%

of new leadership roles filled internally



Professional Development Training

Paylocity now offers professional development courses to all employees. These include topics like preparing for an interview and building a career path, as well as leadership topics like delegation and leading a hybrid team. For maximum flexibility, we provide these courses virtually and rotate in-person options between our three office locations.

Leadership Training

We continually invest in all our new leaders through our Leader of Others program, which prepares them to help their teams reach their full potential. The program includes a mix of virtual sessions, self-paced work, and curated content. This modern learning approach puts our employees in the driver’s seat to learn when, where, and how it works best for them and their schedules.



Paylocity Learning and Development Rises to #3 Worldwide Ranking in ATD BEST Awards

By demonstrating unwavering commitment to talent development, Paylocity has earned the industry’s most rigorous and coveted recognition.



“Paylocity’s approach to professional development is simple: Give our employees the tools needed to attain the skills of their dream role. We empower them to take their careers into their own hands from Day 1.”



Andre Mayes

Organizational Learning Program Manager



Diversity, Equity, Inclusion, and Accessibility

At Paylocity, people matter most, and diversity of experience and perspective make us stronger together. Over the past year, we continued to make significant strides in our DEIA journey and earned Forbes Best Employers for Diversity and Best Employers for Women recognition for the second year in a row.

We launched our first Women in Leadership conference and committee; kicked off our first Diversity in Sales Leadership roundtable; held our first Global Accessibility Awareness Day panel; hired a firm to conduct an accessibility audit of our entire organization; hosted numerous DEIA focus, listening, and roundtable groups; had employees participate in various women-in-leadership and racially diverse leadership conferences; continued to leverage our self-identification functionality to gain a better understanding of our employee community for future DEIA efforts; and much more.



2022-2023



2022-2023



Diversity Leadership Council (DLC)

Paylocity’s DLC consists of cross-functional leaders at the VP and director level who represent and reflect the company’s diversity. They collaborate to provide strategic management and direction around inclusion, diversity, and accessibility, and partner with our DEIA Team and employee resource groups to work toward our goals as an organization.

The DLC’s four core committees are committed to the following actions in the year ahead:



Accessibility and Accommodations

Work to ensure our culture, policies, procedures, and products are accessible to all.



Education and Learning

Continue to deliver best-in-class DEIA training for our employees and clients and ensure all Paylocity training and compliance incorporates DEIA principles, concepts, and instructional design.



Connection and Community

Create and deliver programs that foster connection, inclusion, and belonging for racially diverse populations, women, and other underrepresented groups.



Engagement and Outreach

Drive awareness and increased engagement in DEIA program offerings, events, and initiatives through strategic communication and cross-organizational partnerships.



“At Paylocity, it’s not just how we talk about DEIA, but how we live it out. We encourage our people to bring their whole selves to work and we support it through listening, how we treat each other, our policies, and most of all, our actions.



Tauhidah Shakir

Chief Diversity Officer, DLC Co-Chair



Our Diversity, Equity, Inclusion, and Accessibility Journey

Transparency is a crucial part of our DEIA journey. That’s why we share annual data so our employees, clients, and partners can see where we stand. Our progress will continue to be rooted in intentional action together, not tokenism. Our goal isn’t about reaching a certain number – it’s about building the most inclusive culture possible, filled with talented and amazing people.

Gender Representation

All Roles



- 51.4% women
- 47.9% men
- 0.7% undisclosed

Race & Ethnicity Representation

All Roles (U.S. only)



Employee Demographics and Our Progress

		2021	2022	2023
Vice Presidents and Above	Women	36%	37%	37%
	URM	16%	22%	26%
Directors and Senior Directors	Women	45%	44%	44%
	URM	13%	25%	27%
Managers and Senior Managers	Women	48%	47%	50%
	URM	22%	24%	24%

*URM = Under Represented Minority for U.S. employees only

BRIDGE

BRIDGE – which stands for Belonging, Respect, Inclusion, Diversity, Generosity, and Equity – helps us and our clients cultivate a culture where everyone feels they can bring their whole self to work and share their unique voice.

The BRIDGE training program features self-paced courses, leadership roundtables, and knowledge briefs. Since its launch in 2022, we’ve had over 138,000 courses assigned to client employees in our Learning Management System. BRIDGE was recognized by the Brandon Hall Group, with a 2022 gold medal for “Best Learning Program that Supports and Promotes Diversity, Equity, and Inclusion.”

We continue to release new BRIDGE courses that discuss appreciating all forms of diversity and psychological safety in the workplace.

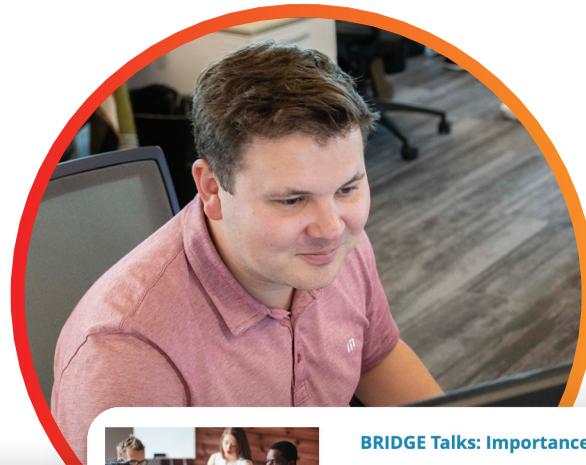


“I love that our award-winning BRIDGE learning program has positively impacted our people and our clients’ employees, and we’re excited to provide more learning opportunities to advance our culture of DEIA.”



Jon Chow

Organization Learning Program Manager



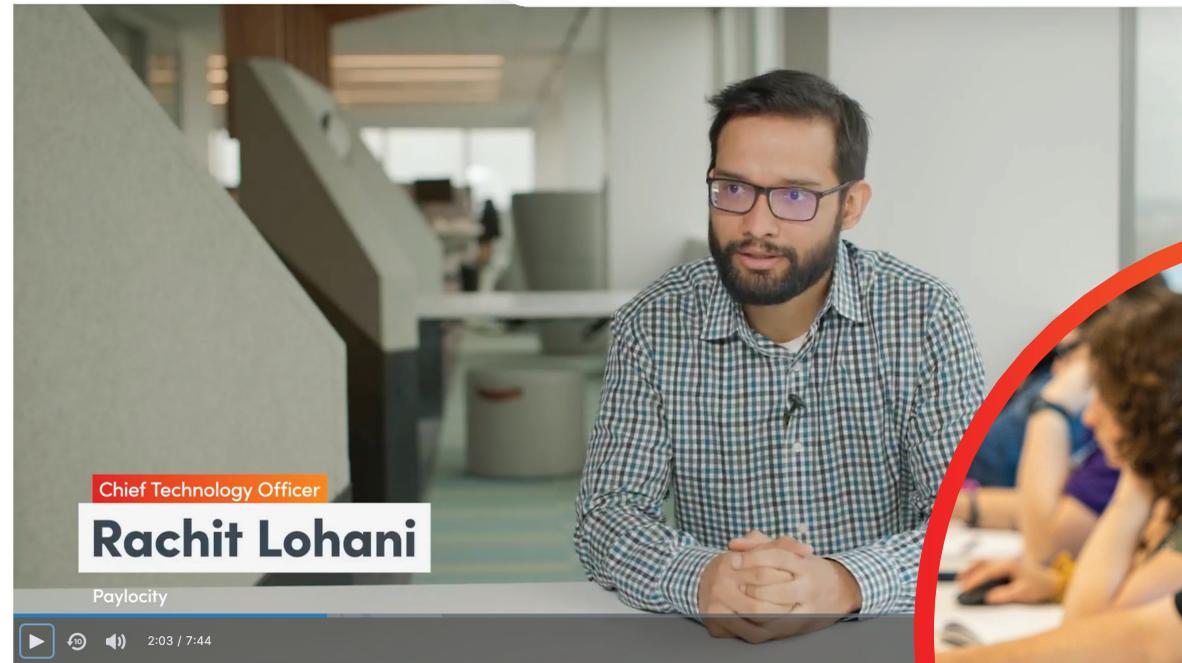
DEIA Leader Roundtable Episode 1: Ge...
ft. Rachit Lohani



BRIDGE Talks: Importance of Knowing DEIA Terms and Concepts

In Progress 33%

Assigned on 02/14/2023 Started 03/17/2023 77 min to complete

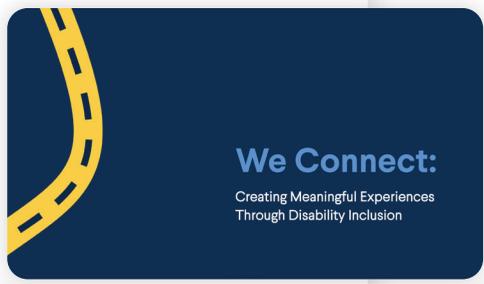


< We Connect: Creating Meaningful Experiences Through Disability Inclusion Share to Community Start Training

Training Details

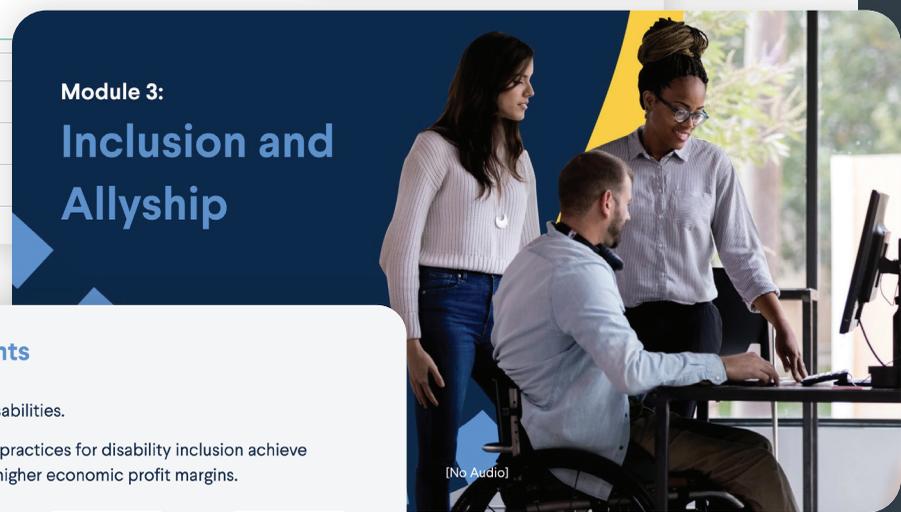
Category
Diversity, Equity, Inclusion & Accessibility (DEIA) > Accessibility

Description
Meaningful interactions are vital to creating truly inclusive experiences for all. We Connect: Creating Meaningful Experiences Through Disability Inclusion pairs foundational knowledge about disability, accessibility, and inclusion with strategies for everyday application to highlight the role we all play in creating inclusive cultures, both professionally and personally. We invite you to be a part of the solution along with us.



Training Content

Content Title
1 Understanding Disability
2 Implicit Bias and Its Impact
3 Inclusion and Allyship
4 Meaningful Interactions



Transforming our Environments

These benefits aren't just for people with disabilities. Research shows companies that follow best practices for disability inclusion achieve higher revenue, double the net income, and higher economic profit margins.

Individuals

Businesses

Schools

Communities



Aspire Partnership

Over the past five years, Paylocity has partnered with Aspire of Illinois, a non-profit organization dedicated to increasing inclusivity and opportunities for people with disabilities.

Aspire initially offered workshops and webinars to several of our internal teams to boost our knowledge and awareness of this important topic. As we recognized areas for growth in our own inclusion of people with disabilities, we were also inspired to amplify Aspire's message to our clients and help scale their learning solution.

Our Learning and Development team worked side by side with Aspire to turn their instructor-led webinars into a self-paced learning course that could be deployed at scale to any company. We made this new course – “We Connect: Creating Meaningful Experiences through Disability Inclusion” – available to all our clients. We shared the course with Aspire, which can now use it as a potential revenue stream to support their efforts.

“Paylocity's commitment to inclusion led to the development of an online version of Aspire's disability inclusion training course. Expanding Paylocity's DEIA course offerings empowered us to grow our mission's reach and continues to energize us towards the future.**”**

Clare Killy
Vice President of Digital Experiences at Aspire

Employee Resource Groups

We're committed to increasing diversity, equity, inclusion, and accessibility as we grow and innovate in an ever-evolving environment. Our employee resource groups are a crucial part of our effort to drive change by helping us create a culture where all employees feel respected, valued, and supported.

Our ERGs give our people an effective way to inspire organizational change, improve our business practices, and empower our workforce. Our ERG leaders actively collaborate with, support, and develop their fellow ERG members to always "Live the Reputation."

”

"I'm passionate about gender equality and developing future leaders, so I joined the SHERoes ERG right away. The group proactively brings in speakers and organizes events to support the growth of women at Paylocity."



Bethany Romestan-Byrne
Learning and Development Director



pcty
equality



pcty
sheroes



pcty
oneworld



pcty
sustainability



pcty
mental health





Sustainability

Sustainability is a priority throughout our organization and a passion for many of our employees. Led by the dedicated efforts of our Sustainability employee resource group and task force, we continually strive to conserve energy, water, and raw materials at all our offices. We carefully examine all aspects of our business for new ways to go green. These actions add up for a big impact that supports the sustainability of our communities and planet.





Sustainability Employee Resource Group and Task Force

Paylocity’s Sustainability ERG is a group of employees from across the organization whose mission is to foster sustainable practices throughout our business and in the lives of our employees. The Sustainability Task Force is an offshoot of the ERG. Its goal is to boost sustainability in all Paylocity business activities.

Advisory Board for Sustainability in Professional Services

As a member of this board created by the Boston College Center for Corporate Citizenship (BCCCC), Paylocity participates in an ongoing exchange of ideas and best practices related to achieving sustainability in non-manufacturing businesses.



Sustainability Employee Resource Group and Task Force



Greenhouse Gas Emissions Study

We care deeply about the environment we’ll leave for future generations. We thoughtfully consider all decisions and use sustainable practices to reduce our environmental footprint and encourage and enable our employees to do the same. In our ongoing commitment to be stewards of natural resources, we engaged a third-party firm to assist in a greenhouse gas emissions analysis for all our facilities nationwide, including our two data centers. The findings identified the Scope 1 (diesel and natural gas) and Scope 2 (purchased electricity) emissions. This analysis will establish a baseline for future improvements and help form a strategy to reduce emissions from our facilities. We’ll continue to monitor and evaluate our energy use and emissions to track our progress.

	Fiscal 2023 Emissions	Emissions Measured
Scope 1	77 metric tons CO ₂ e	Diesel, Natural Gas
Scope 2	4,546 metric tons CO ₂ e	Purchased Electricity
Total Scope 1 & 2	4,623 metric tons CO₂e	



Composting initiative

Our Lake Mary, Fla., office became the pilot location for this program designed to further reduce waste at our facilities. The program has now been expanded to our Schaumburg headquarters. Instead of going to the landfill, employees' food and compostable plates/utensils and other materials are now composted and turned into soil for local farms. Employees use specially marked bins to separate the compostable materials, which are picked up and processed locally.



Client paperless initiative

By encouraging clients to go paperless, we were able to avoid printing more than 5 million forms, which represents approximately 47% of our clients' potential paper forms needs.



Recycling initiatives

Our sustainability practices include donating tangible items, recycling materials and equipment, and disposing electronic waste. We will continue to effectively reduce waste and divert it from landfills while positively impacting the environment and helping our company reduce its carbon footprint.

- We've diverted 20,000 lbs. of plastic and harmful materials from landfills by recycling and refurbishing our retired electronics during fiscal 2023.
- We recycled over 15,000 lbs. of metal, glass, plastics, paper, pallets, and cabling during fiscal 2023.
- Through a strategic partnership with the charitable organization Misericordia Heart of Mercy, a community-based organization that supports individuals with developmental disabilities, we have donated dishware, furniture, and other household items that have helped support Misericordia's program as well as diverting materials from landfills.



"We're thrilled to be composting in our Schaumburg and Lake Mary offices! It's been a huge cross-departmental effort from our Sustainability Task Force. Composting is one of the best ways to reduce our office waste and we're so excited to do our part."



Ana Gabriela Rocha
Client Services Support Manager,
Sustainability ERG Co-Chair



PCTY Gives

Our culture and core values make Paylocity a place where people want to work and have a lasting, positive impact on their community. 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 through in-kind donations, grants that support nonprofits nominated by our employees, paid time off to volunteer, charitable contributions through payroll deductions, college scholarships, and more.

We work with nonprofits that promote workforce development and education for people with disabilities and under-resourced communities. We also support STEM-based learning programs to elevate students' skills and opportunities.

Nearly 40% of employees volunteered during FY23 and impacted 320 organizations.



"PCTY Gives truly embodies Paylocity's commitment to supporting the grassroots work needed to bridge the gap of inequities in underserved communities. It gives our employees the opportunity to lean into their passions and make a difference in their own communities."



Vanesa Carmona-Lewis
Corporate Citizenship Manager

Need-Based Community Outreach

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

Paylocity's Partnership With ISTC

The Illinois Science & Technology Coalition (ISTC) is a non-profit based in the Chicago area that focuses on science, technology, education, and mathematics (STEM) education and connects companies with classrooms to better prepare the next generation of problem-solvers.

One of Paylocity's core pillars involves workforce readiness and development. The alignment of that focus and ISTC's mission helps boost the STEM talent pipeline, especially with youth from under-resourced and under-represented communities who want to enter the technology workforce.

Through our partnership with ISTC, we've supported more than 65 students through the Mentor Matching Engine (MME), which connects students with a Paylocity employee who provides skills-based mentorship. We've awarded \$500 scholarships to another 60 students to support their learning and/or services needed to stay on the tech track after they graduate high school.

We've supported more than 450 mentors through DEIA training and have hosted students at our Schaumburg headquarters for job shadowing, including a discussion with one of our co-CEOs about what success in the tech industry looks like.

"Companies have a paramount role to play in caring for vulnerable populations and building capacity within their community. At ISTC, we work to align ourselves with partners who fervently believe in removing barriers for students and who work in partnership with us to secure access in creative ways," ISTC Director of Education Becky Goldberg said.



"Paylocity has been a leader in this charge, with support in the form of mentorship, technology, and scholarship. I'm incredibly grateful for Paylocity's commitment to supporting student success and for their investment in the next generation of innovators."

Becky Goldberg

ISTC Director of Education



**ILLINOIS
SCIENCE &
TECHNOLOGY
COALITION**



Volunteers in Action

The goal of this program is to foster a culture of giving by supporting employee volunteer opportunities. All regular full-time employees get 16 hours of paid volunteer time per year.

Elevate Your Passions

This program lets Paylocity employees nominate a nonprofit close to their heart for a \$500 grant. Nine nonprofits from across the country are selected each quarter for a total of 36 contributions made annually.

Peter J. McGrail Scholarship

Created in honor of our late CFO and his passion for learning, this program helps offset the cost of college for dependent children of employees who've completed at least two years of service. We awarded 40 different \$2,500 scholarships for the 2022-23 school year.

Donations Made Easy

We now partner with YourCause, a giving-based software that makes it easy to mobilize employees for volunteer opportunities, set up automated charitable donations through payroll deduction, and engage in other corporate social responsibility initiatives that impact local communities.

Other Signature Programs

- Paylocity Responds Disaster Relief Fund
- Match for a Mission

”
 “I nominated a Kicks for Kids program for the Elevate Your Passions grant, and thanks to that \$500, an entire class of underprivileged children got new shoes. The faces and excitement of those kids when they get those shoes: It’s beyond words.”



Brent Glasgow
 Senior Editor



Awards



2020-2023



2020-2023



2023



2023



2023



2023



2022-2023



2022-2023



2019-2023



2022



2012-2023



2023



2008-2022



2021-2022



2022



2022





Governance

We wholeheartedly believe in responsible corporate governance. That mission is rooted in our company’s code of ethics, driven from the top down starting with our Executive Team and Board of Directors. Both work tirelessly to create long-term value for our company and our shareholders, promote transparency, and adhere to the highest ethical standards.

Both our Nominating and Corporate Governance Committee and ESG Council update management on strategic issues and corporate actions related to ESG that impact our people and the world where we live and work.

Paylocity Board of Directors

<h2>10</h2> <p>Members</p>	<h2>8</h2> <p>Average Tenure (Years)</p>
<h2>7</h2> <p>Independent Members</p>	<h2>3</h2> <p>Committees</p>

Of our ten board members, two are women and two are non-white.

Board Committees

<p>Linda M. Breard</p>	
<p>Virginia G. Breen</p>	 
<p>Jeffrey T. Diehl</p>	
<p>Robin L. Pederson</p>	
<p>Andres D. Reiner</p>	 
<p>Kenneth B. Robinson</p>	
<p>Ronald V. Waters III*</p> <p><small>*Lead Independent Director</small></p>	  

Key

-  Audit Committee
-  Compensation Committee
-  Nominating and Corporate Governance

Protecting Our Clients

How We Protect Client Data

To provide a seamless experience for our clients and their employees, we need access to important and sensitive data. We treat that responsibility with the utmost care, which is why we embed security in everything we do.

Our customers are at the center of our decision-making, the technology we build, the infrastructure we use, and how we hire and train our people.

Security Controls and Practices

It takes several steps and measures to create a culture of security that keeps information out of the hands of cybercriminals. Check out some of the many safeguards and processes to protect that precious data — yours and ours.

Compliance

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

Securing Your Data

Protecting our clients' data is our top priority. We constantly maintain, review, and test recovery plans and use advanced monitoring technology at all levels of our applications and infrastructure.

People and Process

Both are at the heart of our security culture. To ensure our clients' data is protected, all Paylocity employees complete comprehensive cybersecurity training and take part in phishing tests throughout the year.

AI Ethics

Paylocity develops artificial intelligence (AI) to streamline HR automation, engage with employees, and boost productivity. Because we consider the ethical use of data a core value, we created an [official AI ethics statement](#) to fully convey our commitment.

Prepared for the Unexpected

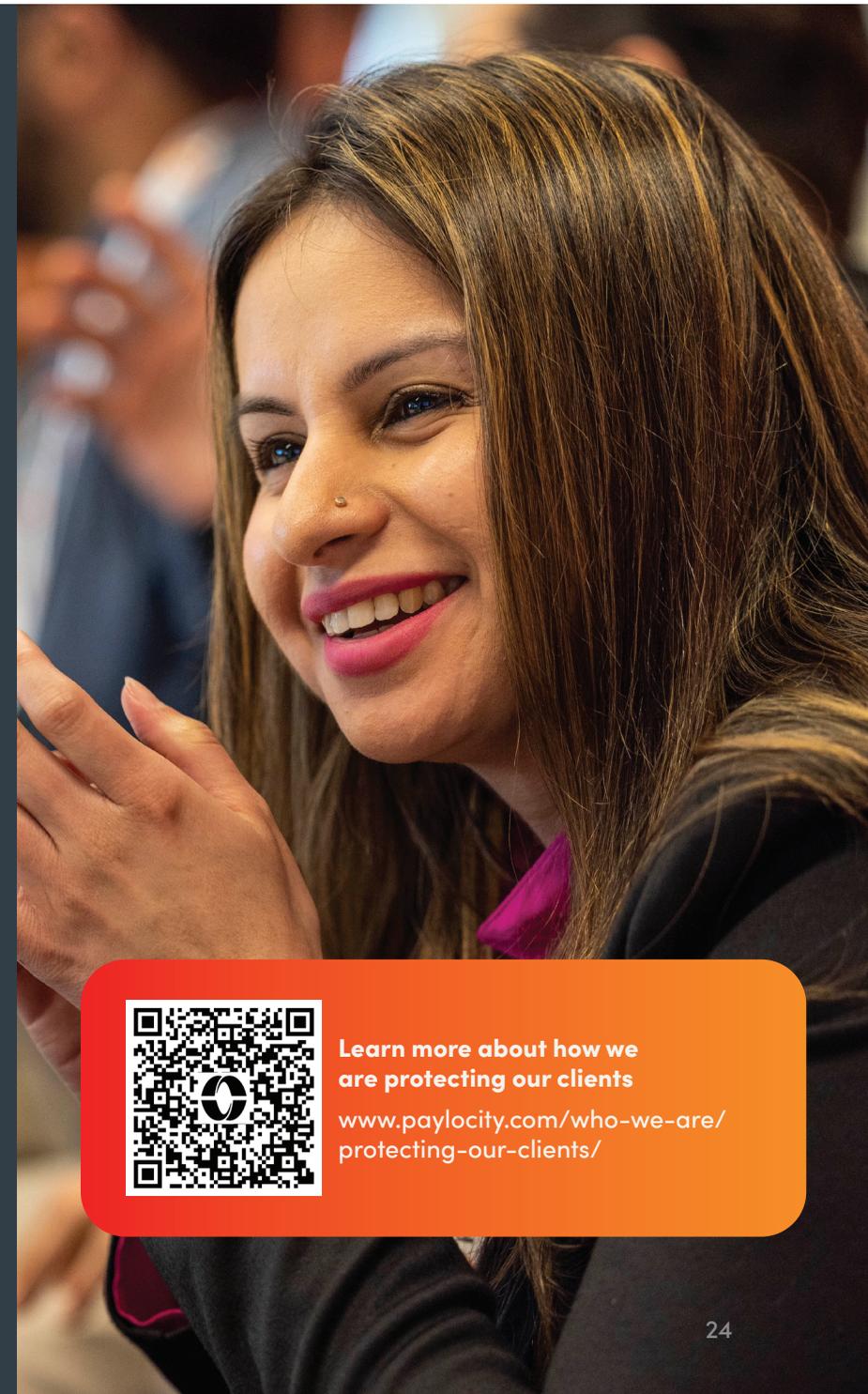
Our Business Continuity and Disaster Recovery Plans ensure that we are prepared to keep our clients' business running.



“Like everything at Paylocity, our compliance and risk management programs have a strong commitment to excellence. We understand the importance of our reputation as a trusted HCM provider, and it’s why we embed security and privacy best practices controls into all we do.”



Andy Cappotelli
Chief Compliance & Risk Officer



Learn more about how we are protecting our clients
www.paylocity.com/who-we-are/protecting-our-clients/



Data Privacy

We're committed to protecting the privacy and personal information of all our stakeholders, including employees, contractors, and job applicants; our clients' employees and contractors; our business partners, including client contacts, prospects, and vendors; and our website users. We've established strong processes to implement and enforce compliance with applicable privacy laws and ensure strong ethical data practices as part of our core business strategy.



The following principles are the foundation of our global privacy program:

Governance and Accountability

With members from all functions of our organization, our Privacy Governance Committee provides support and oversight. Carefully crafted policies, procedures, and training help ensure personal information is properly handled and protected.

Transparency and Notice

Whether it's an employee, applicant, client, vendor, or website user, everyone associated with Paylocity is provided full details on how we process personal information and how they can exercise their rights regarding that information.

Purpose Limitation

We process personal information for the purpose it was collected and may process it for legitimate and closely related secondary purposes. Client employees' personal information is processed in accordance with our clients' contracts and any instructions we receive from them.

Data Minimization

Collection and use of personal information is limited to the minimum amount necessary to achieve the stated business purpose. That includes segregating access to personal information based on roles and what's necessary for specific job functions.

Data Retention

Our data retention policy and schedule govern how we keep and delete data related to our clients, their employees, and other stakeholders.

Security

Our administrative, technical, and physical security measures ensure the confidentiality and integrity of the personal information we process. That includes protective measures against unauthorized/unlawful processing, accidental loss, destruction, or damage.

Data Quality and Accuracy

Where Paylocity controls personal information or where required by law, we take reasonable steps to ensure it is accurate and up to date.



Data Security

Paylocity's in-depth defense strategies are designed to prevent business disruptions and to help secure our client data. This includes technology and process-based controls embedded across multiple layers of our organization.

Infrastructure Security and Resilience

We utilize our enterprise-class data centers to ensure both the physical security of our data and consistent product suite uptime. These data centers undergo a rigorous independent audit to ensure compliance and safeguarding of client data. Redundant hardware is in place throughout the network infrastructure to guarantee network traffic delivery. We protect the environment from hardware failure by utilizing load balancing, high availability, and clustering technologies.

Robust Underlying Security Technology

We manage critical business information and protect client data with industry-accepted solutions and practices, including the deployment of intrusion prevention systems (IPS), web application firewalls (WAF) and network firewalls, security information and event management (SIEM), user and entity behavior analytics (UEBA), endpoint detection and response (EDR), data loss prevention (DLP), and more.

Advanced Monitoring and Backup

We utilize advanced monitoring technologies and our in-house team responds quickly to any security alerts, while a trusted third-party provider is available for off-hours coverage and real-time escalation if needed. Our backup strategy helps ensure the recovery of archived data and we test backups regularly to assess recovery reliability.

Security Features Built into Our Product

We have several built-in security features for client use, including multi-factor authentication for company administrators and additional layers of verification when requesting changes to sensitive data, such as tax documentation. Admins can also define user access in pinpoint detail and we log user activities within the platform to make periodic review easy.

SASB

At Paylocity, we continually strive to provide greater visibility into the progress we've made in our ESG initiatives. Here are additional disclosures as defined by the Sustainability Accounting Standards Board (SASB) Software and IT Services Standard.

Topic	Accounting Metric	SASB Code	Disclosure
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TC-SI-130a.1	(1) 11,087 Mwh for offices and data center locations (2) 96% (3) 0%
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Please refer to the Data Privacy section of this report.
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Any material losses would be disclosed in our Fiscal 2023 Annual Report on Form 10-K.
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	TC-SI-230a.1	We did not experience any material data breaches.
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	Please refer to the Data Security section of this report.
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.3	Please refer to the Diversity, Equity, Inclusion and Accessibility section of this report.
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TC-SI-520a.1	We had no material losses related to anticompetitive behavior regulations during fiscal 2023.
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	We may experience outages due to unforeseen events. Our teams will respond quickly to mitigate any impact to our clients. Please refer to the Data Security section of this report.
	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Please refer to Item 1A. Risk Factors in our Fiscal 2023 Annual Report on Form 10-K.