paylocity®
Forward Together.

Fiscal year 2025

Corporate Social Responsibility Report

Contents

paylocity®
Forward Together.

Introduction

Message from
Our President and
Chief Executive Officer

In Fiscal Year 2025, Paylocity again delivered strong financial performance, award-winning culture, client-focused innovation and service, and a positive impact on our communities. We continued to provide the most modern HCM, payroll, and spend management platform in the industry, with first-to-market product innovations designed to solve complex challenges and drive business outcomes, while expanding our suite to offer new Finance and IT software solutions to provide even greater value to our nearly 42K clients. Likewise, providing world-class service is the cornerstone of who we are and how we partner with our clients. Through this partnership, we build technology that provides a richer and more engaging experience for the 6.5 million+ client employees who rely on our platform every day.

I'm also proud of our commitment to our nearly 7K Paylocity employees, our communities, and our environment. Because of our inclusive and innovative culture, we're able to attract and retain strong talent that continues to drive our innovation, serve our clients, and support our communities.

By supporting our people holistically, uplifting our communities through our actions, and promoting sustainable practices at work and at home, we're able to magnify our impact significantly.

Supporting Our People

We know our employees are our core strength, and we focus on meeting the needs of our people, their families, and their communities. Through our efforts to foster inclusion, wellness initiatives, and community partnerships — like our work with the National Alliance on Mental Illness — we create a culture that supports the whole person and empowers each of us to pay it forward. As we've grown, so has our commitment to building a workplace rooted in opportunity, respect, and belonging.

Uplifting Our Communities

Giving back to our communities is part of who we are. We galvanize our employees through Paylocity Gives, our internal initiative that includes paid volunteer time, philanthropic grants, and programs that elevate personal passions and expand our reach. We proudly partner with organizations like Girls Who Code and the American Red Cross to increase access to STEM education and fund disaster readiness. From employee-nominated nonprofits to executive-led civic engagement, our culture of giving is a shared responsibility we carry forward, together.

Sustainability

Environmental responsibility is integrated throughout our operations, from encouraging reusable alternatives to helping our clients reduce paper usage. Through partnerships with organizations like One Tree Planted, as well as our own efforts in and out of the office, we prioritize everyday practices to reduce our environmental footprint. We believe that every action we take today, no matter how small, creates a more sustainable workplace and contributes to a healthier planet for future generations.

Governance

At Paylocity, trust and transparency guide how we manage data, protect privacy, and uphold ethical standards. We invest in advanced technologies, resilient infrastructure, and rigorous security protocols to protect client data, while embedding data privacy into every aspect of our operations. From ethical AI use and privacy governance to employee training and disaster recovery planning, we take a proactive, enterprise-wide approach to responsible data stewardship.

Our Products

Innovation drives everything we do. For Paylocity, innovation means never settling — we ask bold questions and take action to create something better. We believe better workplaces start with technology that transforms how people work and collaborate. Because we stay connected to our clients, our ideas are grounded in real needs. Our products save our clients thousands of hours, freeing them to strategically support their people and grow their business.

Looking ahead, we'll continue to evolve with purpose — delivering best-in-class products and top-tier service while creating meaningful, lasting impact for our people, our communities, and the world around us.

Toby Williams
President and Chief Executive Officer

About This Report

At Paylocity, Corporate Social Responsibility (CSR) is more than a business commitment; it's a reflection of who we are. It's our way of showing up for one another, for our clients, and for the communities we're part of. CSR represents our shared responsibility to act with purpose and compassion, and to make a meaningful difference wherever we can.

Our efforts are grounded in **three core pillars**: supporting our people, uplifting communities, and promoting sustainability. These guideposts help us focus on creating lasting, positive changes in every area of our work.

As a company devoted to delivering innovative solutions for the modern workforce, people are at the heart of everything we do. We want every employee — and every member of our broader community — to feel seen, supported, and empowered. That's why we invest in programs that promote physical, mental, and financial wellness, from comprehensive healthcare to mental health resources. And because we believe that well-being should be accessible to all, we proudly support advocacy organizations working to expand these resources in the world around us.

We also know that strong communities are built through care and connection. That's why we encourage and empower our employees to give back in ways that are personally meaningful to them, whether through volunteering, philanthropy, or partnerships with nonprofits. Together, we're building a culture of service that magnifies our collective impact and deepens our ties to our communities.

As we grow and expand our reach globally, we remain deeply committed to protecting our planet. Through our sustainability efforts, we aim to reduce our environmental footprint and collaborate with others who share our vision of a healthier, more sustainable world for future generations.

This report offers a glimpse into the many ways we support our employees, our communities, our clients, and the 6.5 million+ individuals who rely on our products each day. There's always more work to be done — and we're proud to take the next steps, together.

Monica Roberts
Chief Diversity Officer/
VP of Talent Acquisition

Who We Are

Who We Are

Founded in 1997 on a simple idea — to build an industry-leading SaaS payroll platform from the ground up — our story is a continuous journey forward. Today, we're the award-winning provider of flexible, comprehensive solutions that evolve at the speed of business, unifying HR, Finance, and IT to streamline processes, boost agility, and surface actionable insights.

We empower 41,650 organizations of all sizes and industries to automate complex workflows, drive efficiency, increase employee retention and engagement, and meet the future with the right data at their fingertips. Every step of our success comes from a talent-first approach where people matter most. By partnering with clients to co-create solutions, our 6,700 employees are on a mission to make work more efficient, connected, and powerful.

What We Do

Innovation isn't just in our products — it's in our DNA, woven into the way we partner with our clients to co-create solutions that meet today's most pressing business needs and anticipate tomorrow's challenges. Our U.S.-based implementation and service experts ensure a fast path to ROI and a partnership that lasts.

6,700
Employees

Founded in
1997

Headquarters
Schaumburg, IL

41,650
Clients

92%+
Revenue
Retention

6.5M+
Employees
on Platform

Revenue ($ Millions)

23% CAGR

38% YoY growth

19% YoY growth

14% YoY growth

	FY22	FY23	FY24	FY25
Recurring and Other Revenue	$848	$1,098	$1,282	$1,472
Total Revenue	$853	$1,175	$1,403	$1,595

● Recurring and Other Revenue   ● Total Revenue

Awards
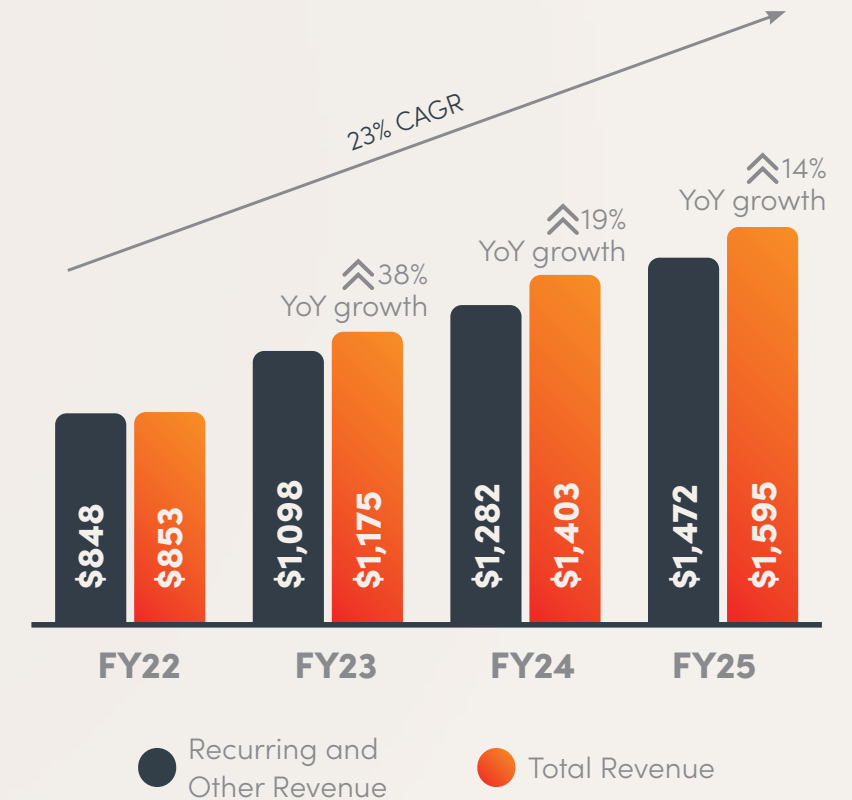
Great Place To Work Certified AUG 2025–AUG 2026 USA	BEST SOFTWARE 2025 Top 50 HR PRODUCTS	BEST SOFTWARE 2025 Top 100 BEST SOFTWARE PRODUCTS
2019–2026	2020–2025	2020–2025

BEST SOFTWARE 2025 Top 50 MID-MARKET PRODUCTS — 2020–2025

BEST SOFTWARE 2025 Top 100 GLOBAL COMPANIES — 2024–2025

BEST SOFTWARE 2025 Top 50 ACCOUNTING & FINANCE PRODUCTS — 2025

built in 2025 BEST PLACES TO WORK — 2012–2025

Newsweek America's Greatest Workplaces for Diversity 2025 — 2024–2025

Newsweek America's Greatest Workplaces for Women 2025 — 2025

Entrepreneur Top 10 Companies for Work-Life Balance 2025 — 2025

Time Best Midsize Companies 2025 — 2025

Forbes America's Most Trusted Companies 2025 — 2025

Fortune Best Workplaces in Technology 2025 — 2025

TrustRadius Top Rated 2025 — 2024–2025

TrustRadius Buyer's Choice 2025 — 2024–2025

atd BEST 2025 Award Winner — 2023–2025

TrustRadius Tech Cares 2025 — 2024–2025

TrustRadius Most Loved 2024 — 2024

2024 Campus Forward AWARDS WINNER Recognized for Excellence in Early Career Hiring — 2024

Forbes 2024 America's Best Large Employers — 2024

Forbes ADVISOR BEST OF 2024 Paylocity Best HR Software — 2024

Forbes 2024 BEST EMPLOYERS FOR DIVERSITY POWERED BY STATISTA — 2022–2024

#PCTYAppreciatesMe

Our CSR Mission

We are a socially responsible corporation committed to making meaningful impacts by fostering awareness and understanding among our employees, clients, partners, and our communities. Through collaborative efforts, we aim to create an informed, engaged, and responsible community committed to inspiring positive change.

Supporting Our People

Encouraging a holistic approach to well-being for our employees and the communities we serve.

Uplifting Our Communities

Championing collaboration with nonprofits to uplift communities.

Sustainability

Promoting environmental responsibility and sustainable practices to ensure a healthier planet for future generations.

A culture of inclusion and belonging is a fundamental aspect of our corporate social responsibility. As we expand internationally, we maintain this commitment by adhering to regionally aligned regulations, addressing social needs, and supporting relevant initiatives. Our goal is to ensure that all Paylocity employees feel valued and can thrive.

Supporting Our People

Supporting Our People

We strive to maintain a culture where every employee feels truly welcomed and appreciated. We believe people matter most, and differences of experience and perspective make us stronger together. We lead by example and forge a path forward where dignity, respect, safety, and justice are for all.

We prioritize inclusion for every employee by eliminating barriers to opportunities in hiring, compensation, development, and advancement. We offer various programs that facilitate growth for all employees, ensuring we meet individuals where they are.

Pillar Partner

National Alliance on Mental Illness

Paylocity is committed to fostering the well-being of employees and communities through mental health advocacy and access to resources. Partnering with the National Alliance on Mental Illness (NAMI), we proudly champion programs that support individuals and reduce mental health stigma.

With our support, NAMI has expanded its reach, serving 737,627 people in 2024 via its HelpLine, Knowledge Center, and website. These free resources provide crucial peer support and information.

Paylocity's partnership with NAMI reflects our vision for social impact, building a brighter, more inclusive future for all. Together, we're making strides toward a world where mental health advocacy is universal, and every individual feels supported.

"Thank you for your support, which helps NAMI in our work to create a world where all people affected by mental illness live healthy, fulfilling lives supported by a community that cares." – Kate Kennedy-Lynch, NAMI Director of External Relations

nami
National Alliance on Mental Illness

13

Wellness for the Whole Person

We take a holistic approach to well-being, offering a range of benefits to help our employees and their families lead healthy, fulfilling lives.

Physical

On site, we offer free healthy snacks, workout facilities, yoga/fitness classes, ergonomic workspaces, and sit-stand desks. Online, we offer a biweekly virtual high-intensity interval training 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.

Mental

Paylocity is committed to fostering a supportive and inclusive workplace that prioritizes employee well-being. To promote mental wellness, we offer a variety of resources, including educational sessions, laughter yoga, and our Mental Health Champions Employee Resource Group, which provides peer support and advocacy. Through our Employee Assistance Program, Lyra, we provide employees and their families with confidential, high-quality mental health sessions. Lyra connects them with licensed therapists, coaches, and a range of mental wellness tools to support their overall well-being.

Financial

We offer a competitive 401(k) plan with employer match, employee stock purchase plan, 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 Payment.

Healthcare

Paylocity offers world-class healthcare benefits, including a wide range of services, such as preventive care, mental health support, fertility treatments, maternity care, and family planning services. Additionally, our plans offer access to a broad network of providers, ensuring employees and their families have the flexibility to choose high-quality care that best suits their needs, no matter where they are.

pcty
mental health

14

Diversity Leadership Council

Paylocity's Diversity Leadership Council (DLC), established in 2020, continues to be pivotal in driving our inclusion and belonging strategies across the organization. In 2025, the DLC further strengthened its impact by supporting key initiatives such as Women in Leadership programs and our robust network of Employee Resource Groups (ERGs). The council, now composed of a group of cross-functional department leaders and executive advisory board members, remains committed to developing and implementing company-wide inclusion strategies. Building on the success of the BRIDGE program — our award-winning training that examines unconscious bias and inclusive leadership — the DLC continues to provide resources and guidance to employees and champion our commitment to inclusive practices.
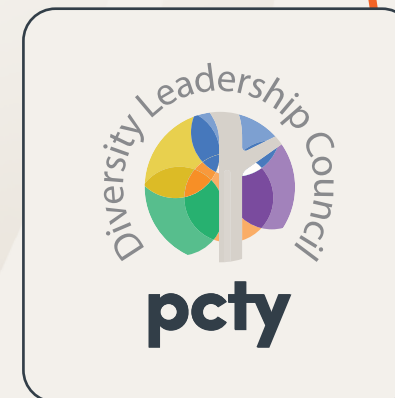
Newsweek
America's Greatest Workplaces for Diversity
2025

2024–2025

Newsweek
America's Greatest Workplaces for Women
2025

2025

TrustRadius
Tech Cares
2024

2024

Advisory Board

Diversity Leadership Council

Diversity Leadership Council

Monica Roberts
Chief Diversity
Officer/VP TA

Julie Mathers
VP User Experience

Kurt Zarefoss
VP Engineering

Neil Jain
VP Client Experience

Anna McFarland
Director, Product
Management

Anthony James
Sr. Director, Business
Development

Aparna Narayan
Director, Talent Strategy &
Executive Recruitment

Brett Meisinger
Director,
Product Design

Ellie Sharp
Director & Chief of Privacy

Matty Braden
Sr. Director, Leadership
and Org Effectiveness

Melissa Perlas
Director, Product
Operations

Mukul Varma
Sr. Director, Engineering

Sarah Alexander
Sr. Director, People
Operations

Employee Resource Groups

Our Employee Resource Groups (ERGs) remain a vital force in driving engagement and fostering a diverse and inclusive workplace. In 2025, our ERGs continued to spearhead initiatives aligned with their four key pillars: career development, community impact, company advancement, and culture enrichment. Led by employees, ERGs empower our people through a wide range of initiatives, including local and virtual volunteerism, enriching cultural education programs, expert-led presentations, learning opportunities for personal and professional growth, environmental sustainability campaigns, and comprehensive wellness initiatives.

paylocity equality

paylocity sheroes

paylocity oneworld

paylocity sustainability

paylocity mental health

Employee Development

We invest in our people through training and coaching to help them excel in their current roles. Believing that growth fuels opportunity, we foster a culture that empowers our people to grow their careers at Paylocity through upskilling, development experiences, and networking.

Fostering a Culture of Learning

We continually see our people invest significant time and effort in their ongoing learning.

22%
of employees promoted

56%
of leadership roles filled internally

Association for Talent Development BEST 2025 Award Winner (5th year in a row)

6 Brandon Hall Excellence Awards in the past 4 years, including Best Learning Team

Uplifting Our Communities

Uplifting Our Communities

"Forward Together" describes our partnership with clients, but it's also a promise to our employees and communities.

Investing in our employees is foundational to building and maintaining a strong company culture. We're committed to cultivating a well-rounded culture that supports the people who help drive our success, empowering our employees to enjoy the work they do and where they do it.

We invest in our communities through our corporate philanthropic partnerships with nonprofit organizations like those highlighted in this report. Through grant programming, we also support other nonprofits nominated by our employees, such as Theatre33 and Cancer Wellness Center. Our financial and in-kind donations provide resources to help children facing economic hardship, support nonprofit leaders working toward equitable solutions to social issues, and more.

20

Pillar Partner

Girls Who Code

Girls Who Code (GWC) is an international nonprofit dedicated to closing the gender gap in technology by equipping girls with essential computing skills and reshaping perceptions of programmers. Paylocity proudly supports this mission as a Career Mentoring and GWC Challenge Partner, empowering students by providing mentorship, guidance on job searches, and volunteer judges to evaluate innovative STEM solutions.

Since its founding, GWC has reached more than 760,000 students, over half from historically underrepresented groups. Its nearly 330,000 alumni are earning computer science degrees at seven times the national average, with alumni from underrepresented backgrounds achieving this at nine times the national average.

This year, Christine Pellini, Paylocity's Vice President of Product and Technology, joined GWC's Challenge judging panel, assessing projects from middle and high school students focused on integrating AI to address sustainability issues like energy, wildlife preservation, and reducing waste. Submissions were evaluated on AI integration, impact, creativity, and social justice.

"We are incredibly grateful to Paylocity for their generous support of Girls Who Code's work. Their support of our career mentoring and GWC Challenge initiatives provides our students with invaluable real-world experience and hands-on learning." – Daniel Voloch, GWC Chief Programs Officer

Pillar Partner

American Red Cross

The American Red Cross prevents and alleviates human suffering during emergencies. Paylocity proudly supports this mission as a Ready 365 Giving Circle partner, funding disaster relief to ensure the Red Cross is prepared to meet urgent needs anytime, anywhere.

Over the past decade, disasters have impacted over 88% of U.S. counties. Paylocity strengthens recovery efforts by hosting blood drives with the Red Cross. In support of disaster relief near and far, Paylocity employees participated in blood drives held in our office locations, including a co-sponsored blood drive with our Building Management Team to support OneBlood in Lake Mary, Florida.

The Red Cross provides essential relief, including shelter, food, emotional support, and blood donations, which make up about 40% of the national supply. It also teaches lifesaving skills, supports military families, and provides international humanitarian aid.

"We are proud to count on Paylocity as a dedicated Ready 365 Giving Circle partner. Their commitment helps maintain a strong and reliable foundation for delivering disaster relief when it's needed most — 365 days a year." – Kellie O'Connell, Illinois Red Cross CEO

American Red Cross
of Greater Chicago

Signature Philanthropy & Service Programming

Paylocity Gives empowers our workforce to make a difference through in-kind donations, grants that support nonprofits nominated by our employees, paid time off to volunteer, college scholarships, and more.

We encourage our employees to engage with causes that are most meaningful to them. Our partners offer additional ways for employees to get involved with organizations whose missions align with Paylocity's CSR pillars: supporting our people, uplifting our communities, and sustainability.

Executives in Action

At Paylocity, employees at every level engage in the practice of Corporate Citizenship, which is why we've decided to help them do good, even better. In partnership with Business Volunteers, we provide our executive leadership with the tools they need to practice corporate citizenship beyond their Paylocity roles, including guidance on nonprofit board service that enables them to lift their surrounding communities.

Volunteers in Action

Since our Volunteers in Action (VIA) program launched in 2021, Paylocity employees have dedicated more than 25,000 hours to bettering the communities where they work and live. To ingrain a culture of giving into the employee experience, we support our employees and the causes that drive them to action with paid volunteer leave. All eligible employees receive up to 16 hours of paid volunteer leave each year to support causes that compel them to act. Here's what we've accomplished this last year:

Paylocity employees have:

- Supported **400** unique organizations and volunteer projects
- Supported **15** charity sectors
- Spent over **8,500** hours bettering their communities in FY25

In-Kind Donations & Grant Programming

Our employees are passionate and caring. Whenever we're able, we elevate causes that lift their spirits as well as their communities.

- Elevate Your Passions Grant: A bi-annual grant based on employee nominations per location.
- Internal Give-Back Events: Inside and out, we live by our values and work to incorporate a culture of giving, starting indoors at our offices. Our internal give-back events have provided more than 8,770 kits that support the needs of mental wellness, developing professionals, students, and those impacted by natural disasters like hurricanes across the Southeast U.S. and the California wildfires.

Service x Philanthropy Campaigns

Action and Impact Campaign: Paylocity's take on "dollars-for-doers" kicks off the giving season with a friendly competition among our employees to spend the most number of hours giving back to their communities. These volunteers in action are invited to nominate a nonprofit for the Action and Impact Grant to double their impact.

Peter J. McGrail Scholarship

Created to honor the legacy of our late CFO and his passion for learning, this scholarship is how Paylocity invests in future generations of Paylocity families. Dependents of employees with at least one year of service are eligible for the program, which has awarded over a half million dollars since its inception, helping support over 235 scholars pursue higher education.

paylocity gives

Sustainability

Sustainability

At the core of our organizational values lies a strong commitment to sustainability. As a company and as individuals, we choose and promote sustainable practices and mindsets to positively impact the environment.

Our pursuit of eco-friendly practices is spearheaded by our Sustainability Employee Resource Group and Task Force, which include employees from across the organization. Their mission is to foster sustainable practices throughout our business and in the lives of our employees. In partnership with our Facilities team, these groups work closely together to boost sustainability in all Paylocity business activities.

Pillar Partner

One Tree Planted

Paylocity was proud to grow its support of One Tree Planted, helping them put over 60,000 trees in the ground across their coastal and terrestrial reforestation and restoration programs.

Among other projects in FY25, Paylocity supported mangrove restoration in the Indian Sundarban, helping to plant over 11,100 trees toward their goal of 100,000. This women-led initiative focuses on community-driven ecological restoration to enhance coastal resilience and biodiversity.

Since 2014, One Tree Planted has planted over 135 million trees with 378 partners in 82 countries. Their work has restored more than 292,800 acres of forest, improved tree equity in 106 cities, and contributed to environmental justice worldwide.

"Our reforestation efforts are not possible without the support of partners like Paylocity. Through our partnership, they've supported the planting of tens of thousands of trees, and the positive impact of those trees on our environment and the biodiversity that relies on them will only increase as the years go on." - Billy Dixon, One Tree Planted, Corporate Development.

PROUD BUSINESS PARTNER OF
ONETREE**PLANTED**

Greenhouse Gas Emissions Study

Our direct emissions (Scope 1), primarily from diesel and natural gas, along with our indirect emissions from purchased electricity (Scope 2), are emitted by our leased offices and data centers. Scope 1 and Scope 2 emissions remained relatively flat despite the increase in our workforce by 5% year over year to support our increasing client count and revenue growth. Because we lease all our office spaces, we actively partner with our landlords to monitor energy consumption and implement energy-saving measures throughout our facilities. Similarly, the third-party providers who operate our data centers share our commitment to energy efficiency and sustainable operations.

During fiscal 2025, we continued to analyze our Scope 3 emissions to evaluate our energy use and emissions across our supply chain to gain insight into our environmental impact. As our company continues to grow, we are committed to implementing sustainable practices to minimize our energy consumption and GHG emissions.

	Fiscal 2024 Emissions	Fiscal 2025 Emissions
Scope 1	75 metric tons CO2e	79 metric tons CO2e
Scope 2	4,583 metric tons CO2e	4,584 metric tons CO2e
Total Scope 1 & 2	4,658 metric tons CO2e	4,663 metric tons CO2e

Sustainability Initiatives

Paperless Processing
By encouraging clients to go paperless, we avoided printing more than 6.4 million forms, which represents approximately 52% of our clients' potential paper forms needs.

Composting
In our Lake Mary, FL, and Schaumburg, IL, offices, we successfully diverted 3,400+ lbs. of food waste and organic materials from landfills. Instead, these materials are composted and turned into soil for local farms.

Reuse
We strive to conserve water, reduce plastic use, and promote environmental responsibility in our offices. We encourage the use of reusable water bottles and cups and provide glassware and mugs for employee use, which saved over 290,000 plastic bottles and cans from forests, waterways, and landfills.

Indoor Gardening
In our Lake Mary, FL, Meridian, ID, and Schaumburg, IL, offices, we've set up indoor hydroponic gardens for team members to enjoy. Employees are free to pick their own herbs and vegetables to add to their lunch or take home.

Recycling
We donate tangible items, recycle materials and equipment, and dispose of electronic waste responsibly. We've diverted more than 13,000 lbs. of plastic and harmful materials from landfills by recycling and refurbishing our retired electronics during fiscal year 2025.

Green Volunteering
We provide employees with numerous opportunities to get involved with environmental volunteering throughout the year. For Earth Month, we host five official company volunteer events in Schaumburg, Lake Mary, Meridian, Rochester, and Phoenix, while encouraging our employees in other locations to host their own volunteer event in their community. We host other Volunteer in Action events on a monthly basis throughout the rest of the year near our main office hubs.

paylocity
sustainability

Governance

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 shareholders, promote transparency, and adhere to the highest ethical standards.

Paylocity Board of Directors

10
Members

8
Average Tenure (years)

7
Independent Members

3
Committees

Of our 10 board members, two are women and two are racially diverse.

Board Committees

Linda M. Breard

Kenneth B. Robinson

Virginia G. Breen

Craig Conway

Robin L. Pederson

Ronald V. Waters III*
*Lead Independent Director

Andres D. Reiner

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 controls and practices into what we do.

Our customers are at the center of our decision-making, the technology we build, the infrastructure we use, and the way we hire and educate 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. Learn more about the many safeguards we have in place in our Trust Center.

Compliance
We monitor for changes to state and federal laws and regulations to keep our security program compliant with the latest legislation.

Securing Your Data
Protecting our clients' data is one of our highest priorities. We protect our client data with commercially reasonable tools and practices in our private SaaS cloud. We use advanced monitoring technology at all levels of our applications and infrastructure.

People and Process
Our Information Security Awareness Program advances and promotes a healthy security awareness culture throughout the organization through supplemental education, training courses, informational videos, internal and external publications, regular phishing tests, and supporting activities.

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 AI ethics statement to fully convey our commitment.

Prepared for the Unexpected
Our Business Continuity and Disaster Recovery Plans enable us to be prepared to keep our clients' businesses running.

Learn more about how we are **protecting our clients.**

www.paylocity.com/who-we-are/protecting-our-clients/

31

Data Security

Infrastructure Security and Resilience

Paylocity has a multi-tiered, redundant backup strategy in place to help ensure recovery of data, which is reliant on both on-premise data centers as well as cloud services. Paylocity's data centers are connected to multiple independent Internet Service Providers (ISPs). Redundant hardware is in place throughout the network infrastructure to support resilient network traffic delivery. The environment is protected from hardware failure by utilizing load balancing and clustering technologies.

Robust Underlying Security Technology

We protect our client data with commercially reasonable tools and practices in our private SaaS cloud, including:

- Deployment of Intrusion Prevention Systems (IPS) to detect and block malicious traffic

- Web Application Firewalls (WAF) that protect our application from attacks

- Network Firewalls

- Security Information and Event Management (SIEM)

- User and Entity Behavior Analytics (UEBA)

- Endpoint Detection and Response (EDR) to protect our workstation and server population

- Data Loss Prevention (DLP) at multiple layers of our dataflow stack

- Regular Penetration Testing from both our internal teams and external providers

- Multi-layered vulnerability management program to identify, assess, and remediate vulnerabilities within our product and infrastructure

Data Security (cont.)

Advanced Monitoring and Backup

Our in-house team responds quickly to any security alerts, while a third-party provider is available for off-hours coverage and real-time escalation if needed.

Our backup strategy helps facilitate the recovery of archived data and we test backups regularly to assess recovery reliability. Advanced monitoring technologies are in place on our applications and infrastructure to enhance detection and measurement of our environment conditions. This includes an integrated 24/7 on-call notification system with real-time alerting to engage the appropriate response teams.

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, and we log user activities within the platform to make periodic review easy.
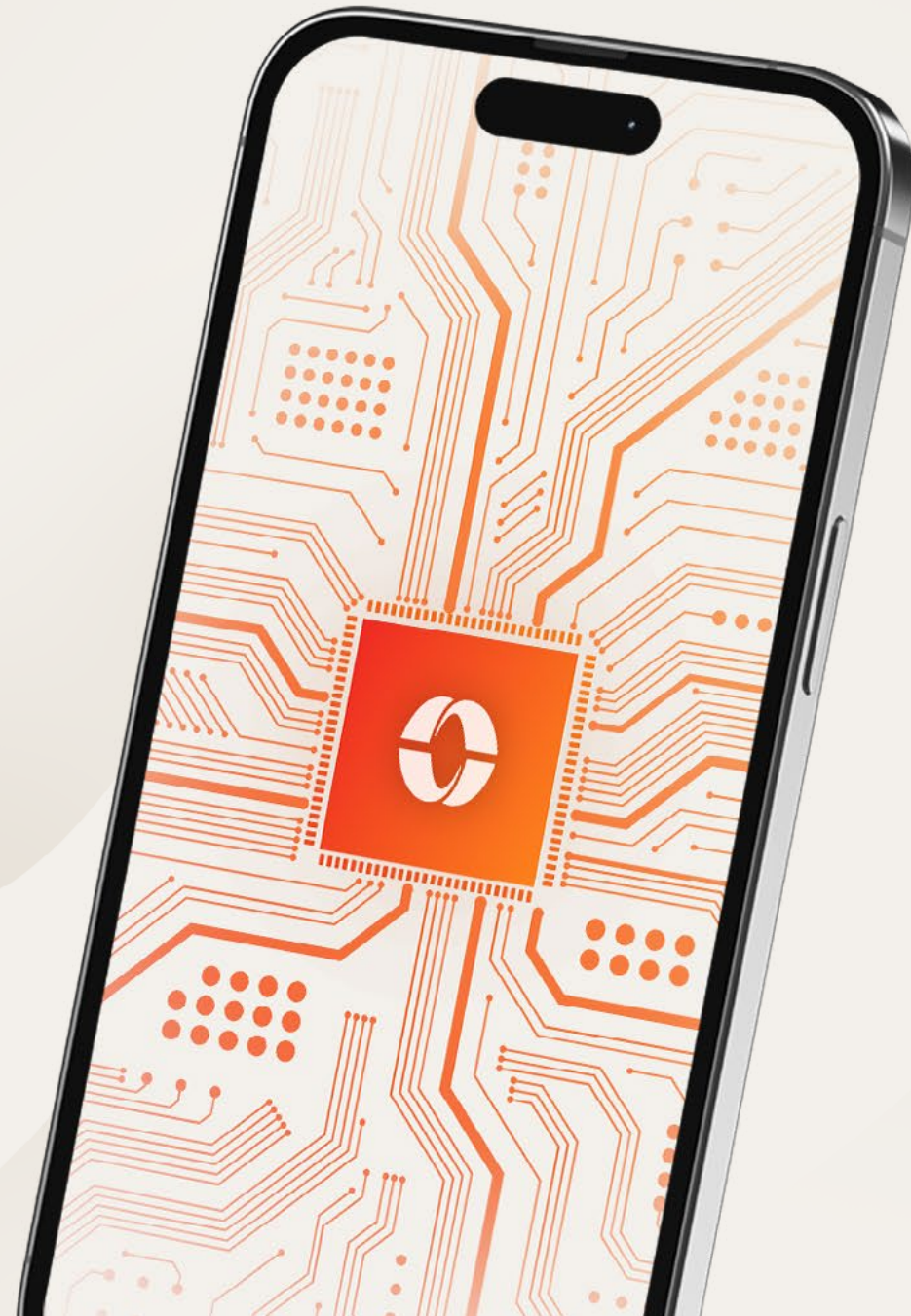
Data Privacy

We're committed to safeguarding the privacy and personal information of all our stakeholders, including our employees, contractors, and job applicants; our clients' employees and contractors; our business partners, including client contacts, prospects, and vendors; and our website users. Our robust privacy program ensures compliance with applicable laws and upholds ethical data practices as a fundamental part of our business strategy. Through strong processes and enforcement mechanisms, we prioritize transparency, security, and responsible data stewardship.

The Foundation of Our Global Privacy Program

Governance and Accountability

Paylocity has a robust global privacy program led by our Chief of Privacy and staffed with a team of professionals with deep expertise in data privacy and data governance. With oversight from our regulatory compliance and enterprise risk committees — comprising representatives from across the organization — our program ensures a strong, enterprise-wide commitment to data privacy.

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 via our Privacy Center.

Purpose Limitation

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

Data Minimization

Collection and use of personal information is limited to the minimum amount necessary to achieve the stated business purpose(s). 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 employees, our clients and their employees, and other stakeholders.

Security

Our administrative, technical, and physical security measures help maintain 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.
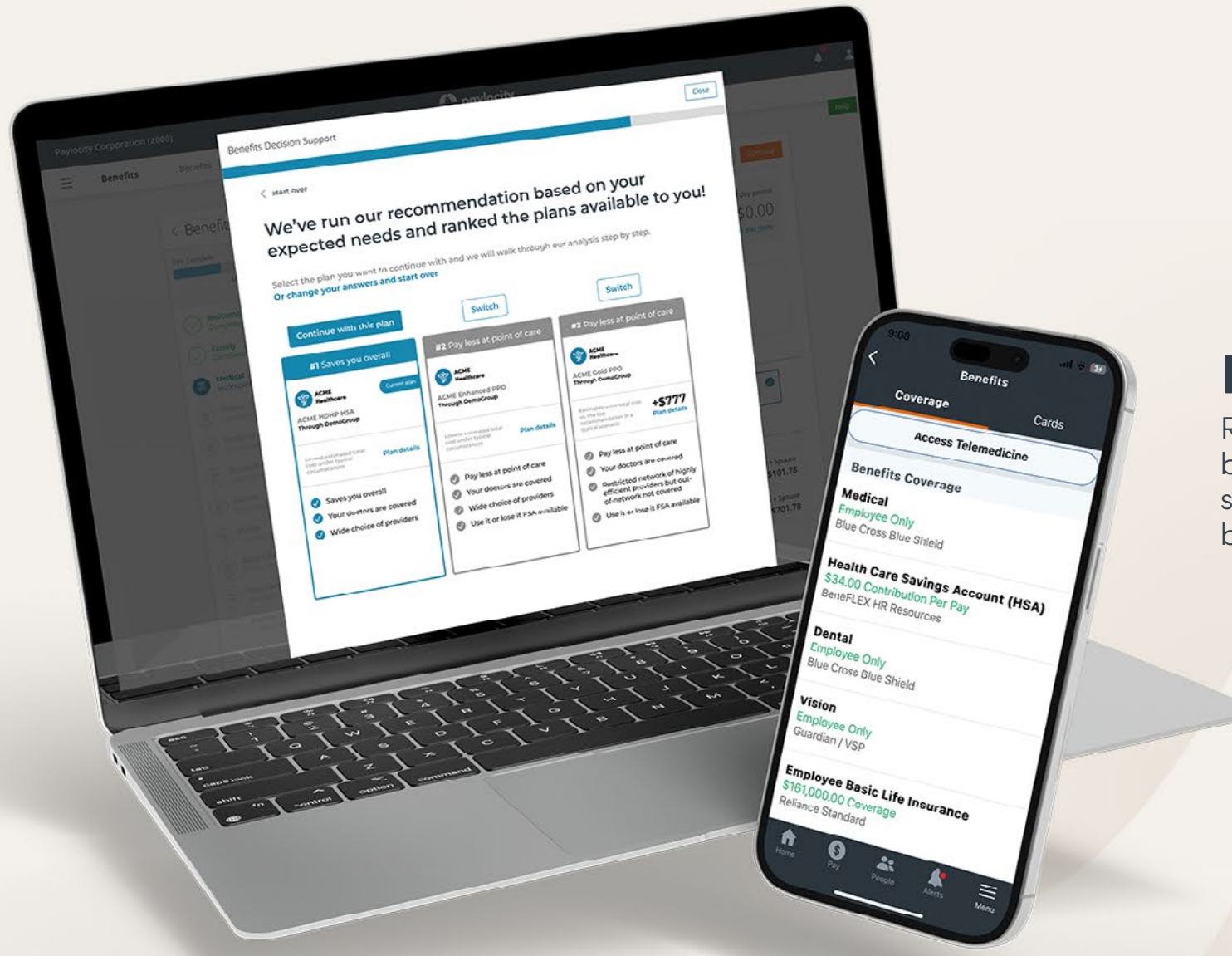
35
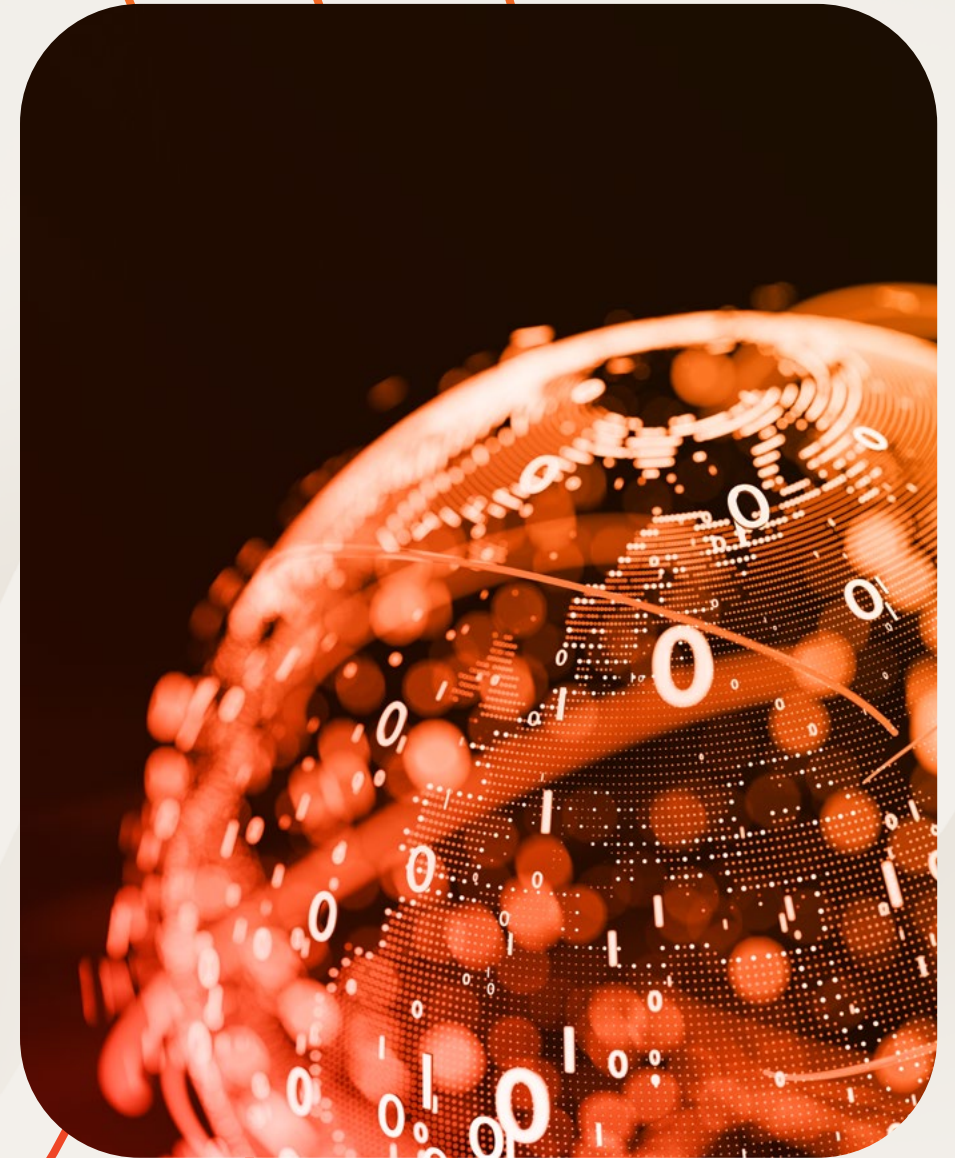
Our Products

Designed with CSR in Mind

We use the same products we offer clients. Our innovative solutions reflect continuous client feedback from early adopters and end users. We strive to provide the tools the modern workforce needs and create diverse workplaces where everyone feels welcome.
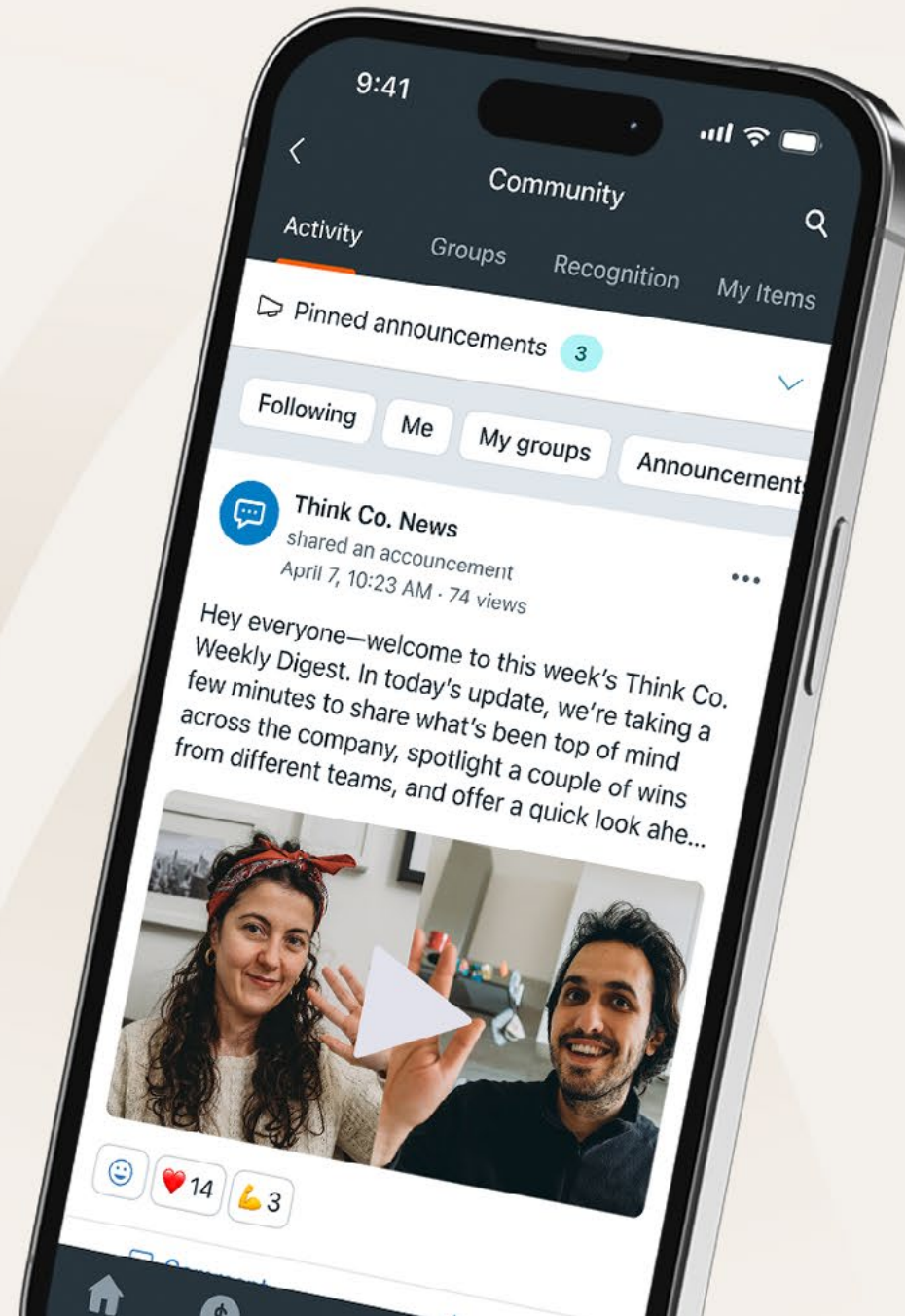
Benefits

Reveals personalized recommendations based on employees' specific preferences and situations, creating more certainty that their benefits plans meet their unique needs.

Community

Boosts employees' sense of belonging and connection by bringing a workforce together on a single social collaboration and communication platform.
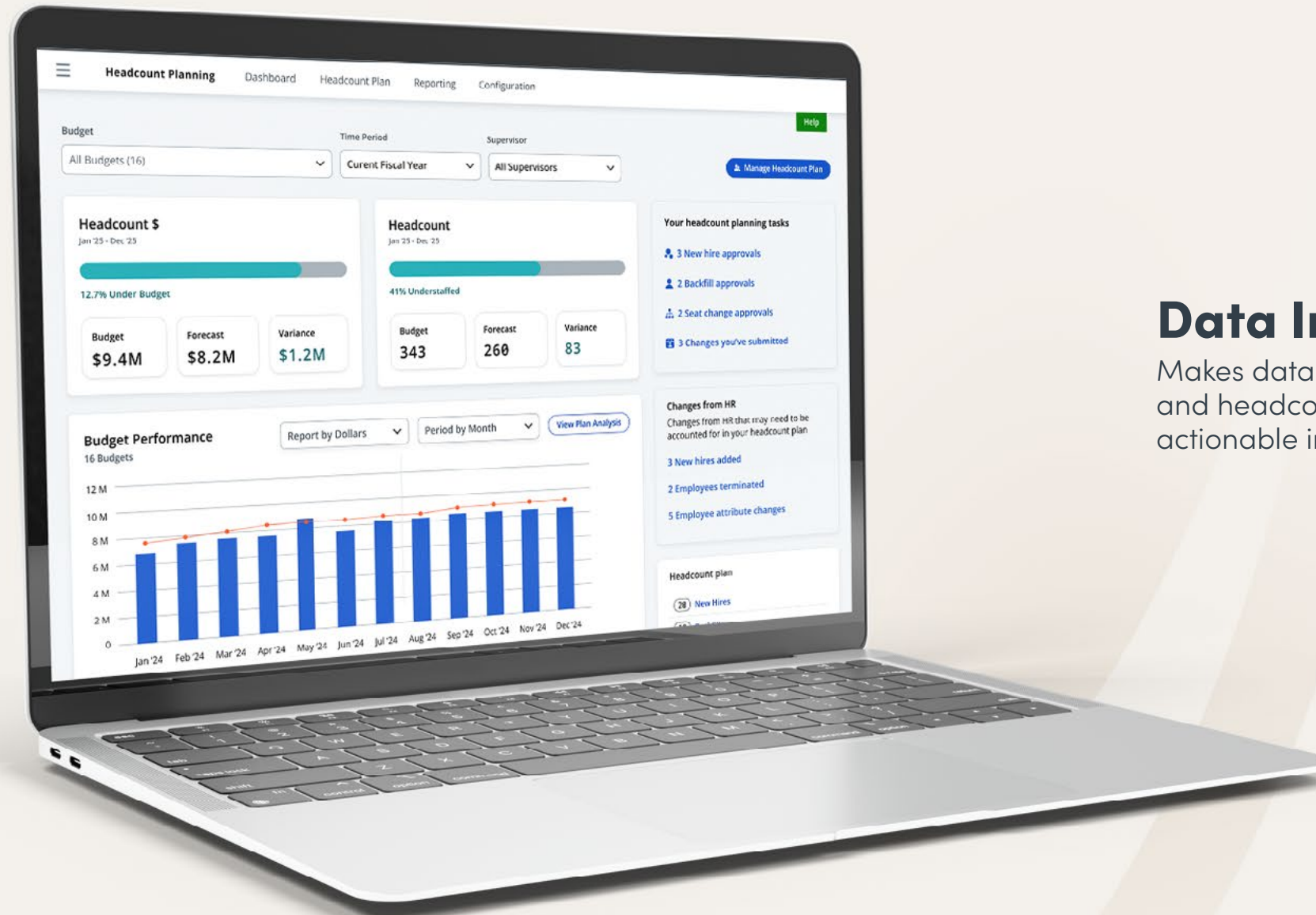
Compensation

Leverages real-time market pay insights to help employers ensure wages are fair and competitive. The tool provides visibility into salary, merit increases, and bonus data across employee data sets.
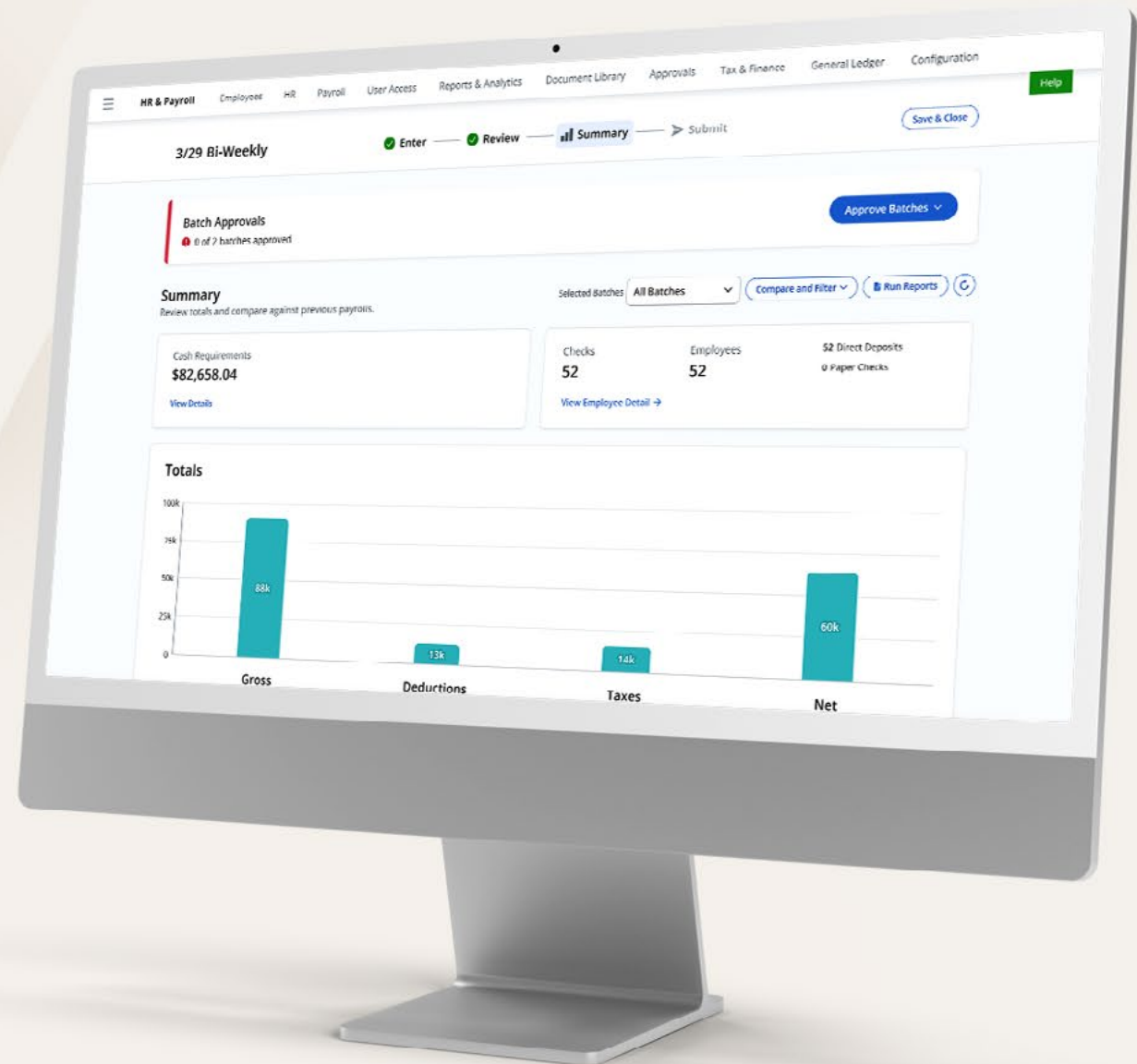
Data Insights

Makes data about employee hiring, turnover, and headcount trends meaningful, providing actionable intelligence to clients.

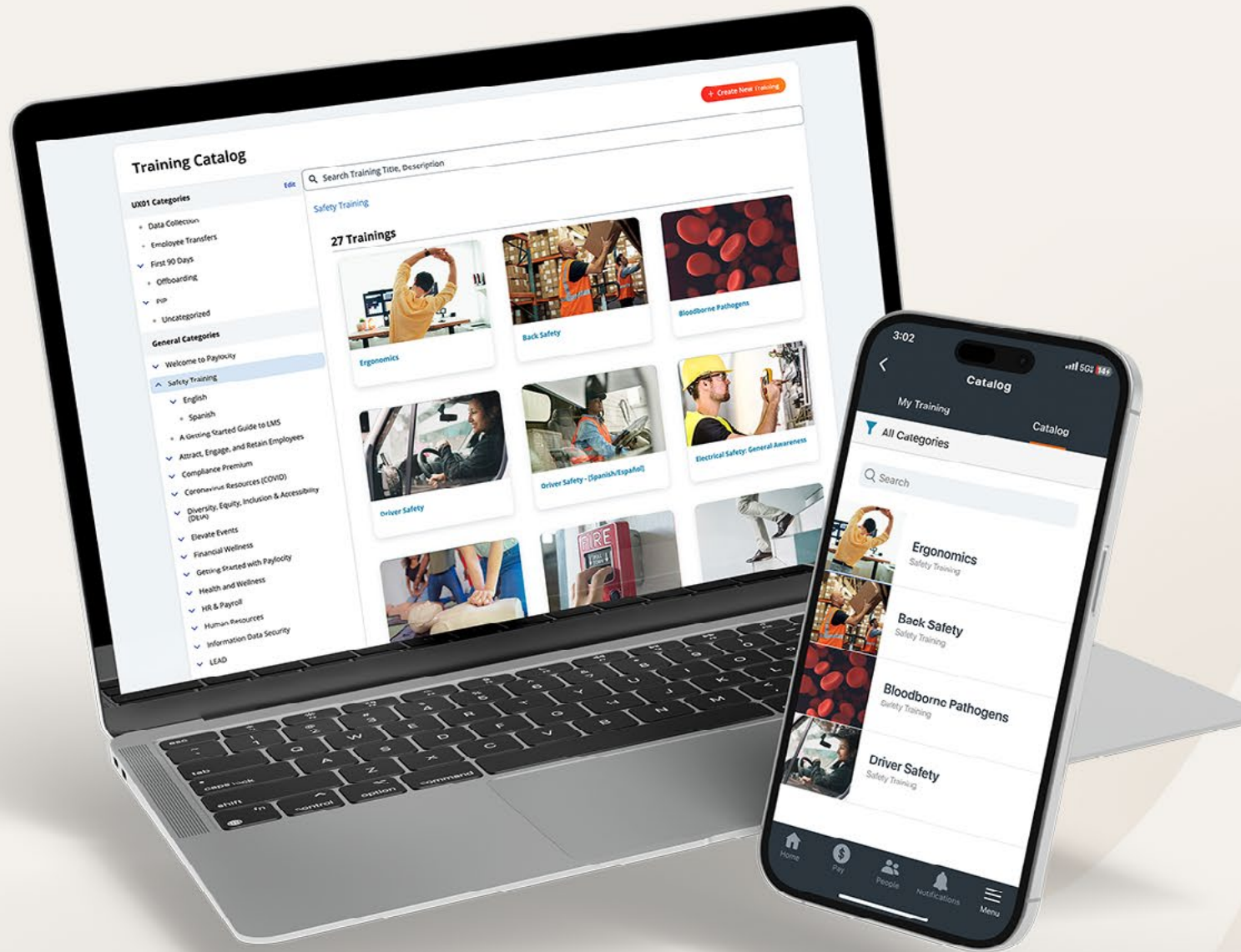# Employee Voice

Collects employee feedback to measure engagement and retention, at scale. Leaders and admins can easily share insights and create action plans to make meaningful changes.

Learning

Empowers employees to gain the skills they need to be successful in the workplace, with courses ranging from workplace safety to career development.
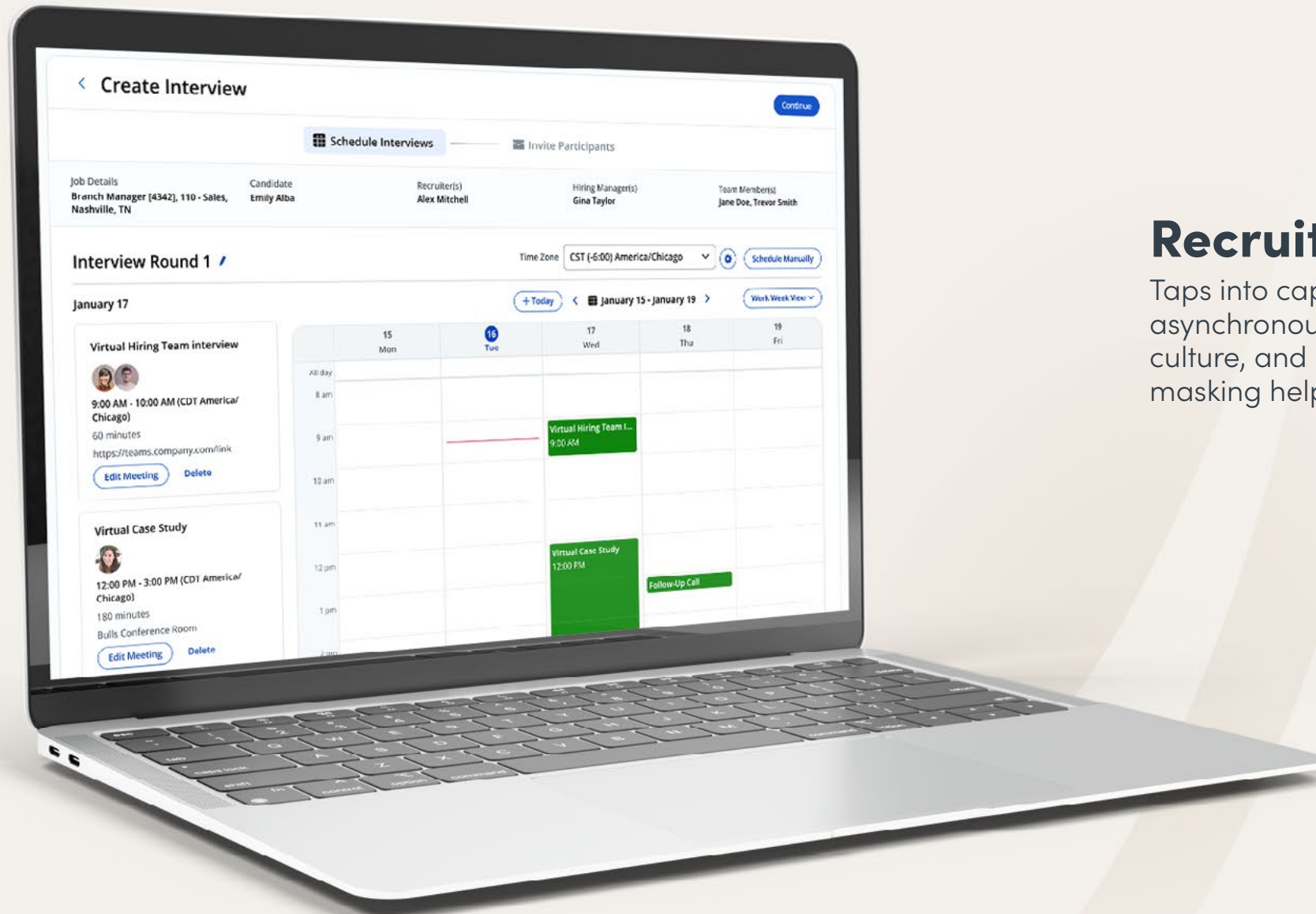
Recognition & Rewards

Builds culture and drives retention with customized recognition programs. The user-friendly interface empowers top-down and bottom-up recognition, while helping admins manage rewards and budgets and track program metrics.

Recruiting

Taps into capabilities like video to offer asynchronous interview options, spotlight culture, and promote inclusivity. Candidate masking helps reduce biases in hiring.

SASB Index

We continually strive to provide greater visibility into the progress we've made in our CSR 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) 11,052 Mwh for offices and data center locations, (2) 96% (3) 0%.
Data Privacy and 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 2025 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.
Intellectual Property Protection and 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 2025.
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 2025 Annual Report on Form 10-K.

paylocity®

Forward Together.

www.paylocity.com