

2022 Corporate Social Responsibility Report



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Letter from the CEO

Our organization's successes are a direct result of the sum of our people. Our co-workers lead with grit and determination, helping us win in our industry while making a sustainable difference in the world.

For almost 25 years, we've streamlined HR and payroll processes with a single human capital management (HCM) software, but our impact extends well beyond our technology. We empower employees to own their HR data and do their own payroll, ensuring it is done accurately each time.

While we focus on strengthening businesses with world-class technology, we also actively support the well-being of our employees, work to create a safe and inclusive workplace, invest in the health of our communities and minimize our environmental impact.

Our accomplishments in 2022 reflect these priorities. We were named to the Top Workplaces USA list; extended our diversity, equity and inclusion (DEI) efforts; and helped employees connect with local nonprofit organizations through an on-campus philanthropy fair.

We care about employee well-being.

Our co-workers are our most important asset. That's why we help ensure our people succeed at work and in their personal lives. And it's why we continue to invest in well-being initiatives to support our workforce physically, mentally and financially, as well as services for their families.

I believe in the importance of exercising your mind and body, which is why we offer on-campus fitness centers and fitness challenges throughout the year. When life presents obstacles, employees can get support from workplace well-being advisers, who can help find mental health providers fully covered under our health insurance plan.

These services are just a few of the ways we care for our people and attract and retain top talent. This intentionality helps our co-workers balance the demands of work and life so they can bring their best selves to Paycom every day.

We value diverse perspectives.

At Paycom, we believe we are stronger together. We also believe the more diverse perspectives employees bring, the better we serve our clients. In 2022, we built upon our DEI initiatives to offer 11 employee resource groups. In these groups, employees with shared interests or characteristics make connections and offer one another support.

Our employee engagement and education series, *Better Conversations*, continues to provide a place to both listen and be heard on topics like disabilities, social injustice and much more. We've built a culture where our co-workers listen to understand, and we encourage approaching people with different lived experiences with understanding.

The goal of our DEI programs is to make Paycom a safe and comfortable workplace for all so employees feel at ease being who they are.

We support the community.

We believe in investing in our communities through both corporate and employee giving. Last year, donations and sponsorships from Paycom and our employees to almost 400 nonprofits totaled nearly \$2.3 million. Recipients included nonprofits that have a large impact on underserved communities, children, families, diversity and inclusion efforts, and the environment.

Our employees showed their dedication and grit, too, and weren't afraid to roll up their sleeves for a good cause. They gave time to local organizations for hands-on volunteering year-round. A key highlight is our annual effort to staff water stations at the Oklahoma City Memorial

Marathon, one of the premier marathons in the country. Our people also tallied more than 44,500 burpees within one week for the Burpees for Vets challenge. For each burpee they completed, Paycom contributed \$1 to the Courage Foundation, a nonprofit serving veterans with post-traumatic stress. During the holiday season, employees donated toys for foster children served by The Anna's House Foundation and raised \$75,000, bringing our cumulative contributions since 2016 to nearly \$465,000.

We strive for sustainability.

Being good stewards of our planet and minimizing our environmental impact is important to us. Since Paycom's beginning, our software has helped companies reduce their environmental impact through the ability to eliminate paper checks to employees.

We continue to see significant impacts from long-standing environmental initiatives, such as installing electric vehicle charging stations, using recyclable and compostable dining materials, tracking our greenhouse gas emissions and switching to 100% renewable energy at our corporate campuses.

We remain mindful of our environmental impact as we grow, constantly looking for ways to make our business more sustainable.

We're focused on the future.

We're proud of all we've accomplished since our founding almost a quarter century ago. We appreciate every co-worker, client and client employee who uses and believes in our software. This report shows our commitment across our organization and communities. In order to maintain our success, we must continue to welcome diverse thoughts and opinions.

I am optimistic about our future and look forward to continuing to work hard each day to make our company — and the world — a better place.



Chad Richison

Founder, CEO and Chairman of the Board



About This Report

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are any statements that look to future events and include, but are not limited to, statements regarding our corporate governance efforts, goals and objectives; our recruiting efforts; our efforts related to diversity, equity and inclusion and other important social causes; and our environmental, social and governance (ESG) operations, framework and responsibilities. In addition, forward-looking statements also consist of statements involving trend analyses and statements including such words as “plan,” “expected,” “believe,” “goal,” “strategy,” “future” and similar expressions or the negative of such terms or other comparable terminology.

Forward-looking statements are neither historical facts nor assurances of future performance and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside our control. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the risks described in our Annual Report on Form 10-K for the year ended Dec. 31, 2022 and our other filings with the Securities Exchange Commission (the “SEC”).

Materiality

This report contains statements based on hypothetical scenarios and assumptions as well as estimates that are subject to a high level of uncertainty, and these statements should not necessarily be viewed as being representative of current or actual risk or performance or forecasts of expected risk or performance. Any matters discussed in this report should not be taken or otherwise assumed as necessarily rising to the level of materiality used for purposes of public company disclosure obligations pursuant to the U.S. federal securities laws and regulations, even if we use the words “material” or “materiality” in this report. In addition, historical, current and forward-looking environmental and social-related/sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

No Incorporation by Reference

Our investor relations website at investors.paycom.com contains additional information about Paycom, including financial and other information for investors. The content of our website is not incorporated by reference into this report or into any report or document we file with the SEC. Any references to our website are intended to be inactive textual references only.



About Paycom



Welcome to the digital transformation of HR.

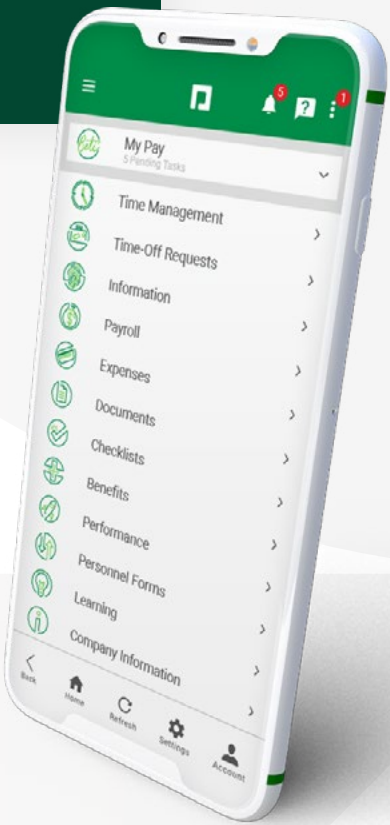
For nearly 25 years, Paycom Software, Inc. (NYSE:PAYC) has simplified businesses and the lives of their employees through easy-to-use HR and payroll technology to empower transparency and direct access to data. And thanks to our industry-first solution, Beti®, those employees now do their own payroll and are guided to

find and fix costly errors before payroll submission. From onboarding and benefits enrollment to talent management and more, Paycom's software streamlines processes, drives efficiencies and gives employees power over their own HR information, all in a single app. Recognized nationally for its innovative technology and workplace culture, Paycom can serve businesses of all sizes and in all 50 states from offices across the country.

Revenue



Annual Revenue Retention Rate



Our Solution

No one knows an employee's personal data better than they do. When employees are empowered to enter and manage the data themselves, they ensure that their information and their paychecks are accurate. This approach is what makes Paycom stand out among human capital management (HCM) software solutions.

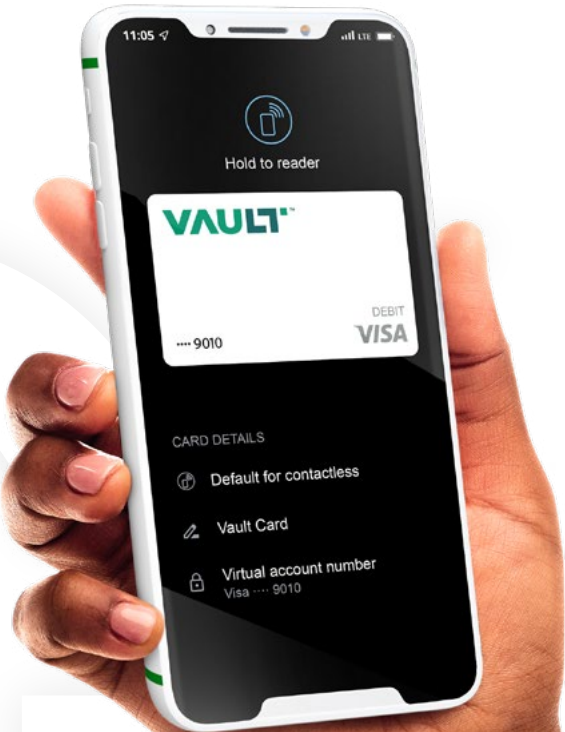
Our single-database software provides HR and payroll solutions for the entire employment life cycle, with employee-entered data flowing seamlessly through our single software. Using our industry-first Direct Data Exchange®, leaders and HR professionals can see the real-time ROI as they reduce administrative burdens and redundant efforts while enhancing employee development, organizational efficiency and overall accuracy. As a result, HR has more time to spend focusing on strategic initiatives. Furthermore, our solution enriches the user experience and empowers our employees and our clients' employees by providing easy access to their own information, benefits portal, payroll and development tools such as learning courses and performance reviews.

Our purpose is to create technology that simplifies life for employees. Our product focus in 2022 strongly reflects this.

Vault

In 2022, Paycom launched the Vault Visa® Payroll Card, which gives employees easy and secure access to their pay; reduces the hassle and environmental impact of printing, transporting and distributing paper checks; and helps employer recruitment efforts.

With the increasing forms of digital pay available, employees expect more flexibility in how they receive their wages. When employees register through Paycom's Employee Self-Service®, they can have some or all of their wages deposited on the secure Vault card up to two days earlier* for greater financial flexibility. Offering Vault gives employers an advantage in a turbulent labor market and serves as a powerful perk for their workers.



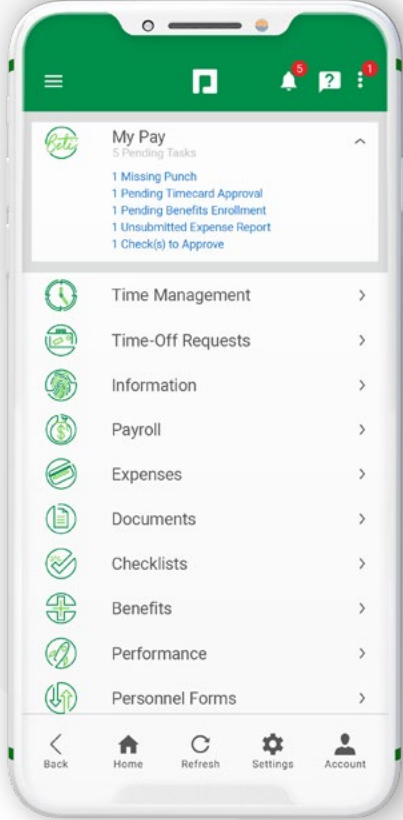
Vault allows employees without bank accounts to avoid costly check-cashing fees by getting paid electronically, helping families hold on to more of their hard-earned cash. With no activation fee, monthly fee or minimum account balance requirement,† the Vault card gives them the freedom they want, plus access to Visa Offers and Perks,†† creating more inclusivity in the electronic payroll process.

Beti

In its first full year post-launch, our automated payroll system, Beti, has been monumental for our employees and our clients. Beti gives employees the opportunity to ensure their check is correct before payday, empowering them to consistently own and manage their own HR data. It builds and manages each payroll cycle automatically, identifying errors and guiding employees to resolve them before submission.

When employees find and fix errors *before* payday, they can avoid payroll errors and resulting financial issues. Payroll errors hit employees hard. Nearly 6 in 10 Americans would have difficulty paying bills and making purchases if only \$100 were missing from their check, according to a [Morning Consult survey](#) commissioned by Paycom. Additionally, 86% would feel a negative impact if they lost one check. Beti gives employees the power to know exactly what their check will look like by ensuring all hours are accounted for, paid time off is processed and their funds are allocated correctly.

Beti helps reduce compliance risk and increases employee autonomy, which is why it was named a Top HR Product of 2021 by *Human Resource Executive* magazine.



The Vault card is issued by The Bancorp Bank, N.A., Member FDIC, pursuant to a license from Visa U.S.A., Inc. and can be used everywhere Visa debit cards are accepted. Visa is a registered trademark of Visa International Service Association.

*Early direct deposit availability depends on timing of payor's payment instructions, and fraud prevention restrictions may apply. We generally make these funds available on the day the payment file is received, which may be up to two days earlier than the scheduled payment date. As such, the availability or timing of early direct deposit may vary from pay period to pay period.

†See the Cardholder Agreement linked at myvaultcard.com for a full list of fees and limits applicable to the card.

††Offers are made by participating merchants. The Bancorp Bank, N.A. and Paycom are not the sponsor of Offers and Perks and are not responsible for fulfilling orders.



Our Corporate Social Responsibility

Since our inception nearly a quarter century ago, Paycom has been committed to simplifying life for employees while meeting our clients' needs in an ever-evolving landscape. We live that obligation through five values. They guide our organization in everything we do, from HR and payroll software to real-world interactions:



WE INNOVATE.



WE WIN.



WE CARE.



WE SERVE.



WE BELIEVE.

We're committed to creating a safe and inclusive workplace, giving back to the community and minimizing our environmental impact. As a leader in our industry, we continue to set an example by:

- » caring for our employees and their families with extensive benefits
- » supporting a variety of philanthropic efforts in our communities
- » strengthening our culture through inclusive conversations
- » reducing our environmental impact by creating efficient products and processes

Corporate Governance

Paycom is committed to maintaining high standards of business conduct and corporate governance. This commitment allows us to live up to our core values and operate our business consistent with our stockholders' best interests and the requirements of law. We have adopted policies and guidelines to form the framework of corporate governance that fosters a culture of ethics and integrity.

Board of Directors

The board of directors is responsible for oversight of the business and affairs at Paycom. Our board believes that the current composition and leadership structure promotes decisive leadership, fosters clear accountability and enhances our ability to communicate our strategy clearly and consistently to our stockholders, employees, clients and other stakeholders.

- » Our founder and Chief Executive Officer serves as the chairman of the board.
- » The remainder of the board is independent of Paycom and its management.
- » All members of our board committees — the audit committee, compensation committee and nominating and corporate governance (N&CG) committee — are independent.
- » All committees maintain charters that clearly establish their respective roles and responsibilities.

For more information on the board's structure, members and committees, please refer to our 2023 Proxy Statement and the Corporate Governance page on our website.

Environmental, Social and Governance Oversight

We believe that we have a responsibility to our people, our community and the world in which we operate and that effective management of environmental, social and governance (ESG) issues will help drive long-term growth. Ultimate oversight for sustainability lies with the board. However, the board has delegated formal oversight of ESG programs and policies to its N&CG committee with additional topics also reviewed by other committees as needed. Management provides formal ESG updates to the N&CG committee on a regular basis.

Our ESG steering committee is a cross-functional group of leaders throughout the company that assists the Chief Executive Officer and board of directors in understanding, managing and setting a general strategy relating to ESG matters and initiatives. Key members of the committee include our Chief Financial Officer and multiple senior leaders from across our company in pertinent departments including: Legal, HR, IT and Accounting. As our ESG program matures, our ESG steering committee is expected to aid in the decision-making process.

Board of Directors

Formal oversight of ESG responsibility at Paycom

N&CG Committee

Responsible for the oversight of ESG-related policies and programs

ESG Steering Committee

Assists in setting general strategy and supports the N&CG committee in managing ESG matters



Risk Management

Our board of directors is responsible for overseeing the conduct of our business and our risk management strategy and activities. Senior management is responsible for assessing, implementing and managing our risk management processes on a day-to-day basis and assisting and reporting to the board and its committees. This oversight includes assessing risks related to our people, our community and our environment. We have implemented a formal ESG risk management program, in which the ESG steering committee is responsible for assessing and managing ESG-related risks, including cybersecurity and climate-related risks according to the recommendations of the Task Force on Climate-Related Financial Disclosures. Additionally, we have started integrating ESG risks into our enterprise risk management program and plan to expand the scope of this in the future.

Ethics and Compliance

As we challenge the status quo and pursue our vision, we realize ethics and compliance are critical to the success of our employees and our business.

To support these commitments, we have adopted a Code of Ethics and Business Conduct that applies and is acknowledged by all of our employees, officers and directors annually. Our ethics and compliance programs are overseen by Paycom's board of directors, with certain responsibilities delegated to board committees, the executive vice president and general counsel, and other members of senior management.

Paycom's Code of Ethics and Business Conduct outlines the standards and requirements that each officer, director and employee must uphold.

The officers, members of the board of directors and employees of Paycom Software, Inc. are committed to honesty, just management, fairness, providing a safe and healthy environment, and respecting the dignity due everyone.

- » For the communities in which we live and work, we are committed to observe sound business practices and act as concerned and responsible neighbors, reflecting all aspects of good citizenship.
- » For our stockholders, we are committed to pursuing sound growth and earnings objectives and exercising prudence in the use of our assets and resources.

The Code of Ethics and Business Conduct addresses topics such as: anti-bribery and anti-corruption, conflicts of interest, record retention, positive and safe work environment, and avoiding illegal and questionable gifts and favors, among others. The Code of Ethics and Business Conduct is provided to new employees and reinforced through continuous training. We also provide more targeted and topic-specific training such as data privacy and security, anti-bribery/anti-corruption and anti-harassment.

Suspected violations of our Code of Ethics and Business Conduct or company policies are recorded and investigated and appropriate action is taken based on the findings. The Risk and Corporate Compliance Department, led by the Senior Director of Risk and Corporate Compliance, is empowered to enforce the Code of Ethics and the Whistleblower Policy. The Senior Director of Risk and Corporate Compliance reviews all reported violations or suspected violations of the Code. The Senior Director of Risk and Corporate Compliance also routinely notifies the Chief Financial Officer, the chair of the audit committee and the general counsel of any reported violation or suspected violation of the Code of Ethics and Business Conduct. View our Code of Ethics [here](#).

Reporting Workplace Conduct

We encourage employee reporting of workplace misconduct as outlined in our Whistleblower Policy. The hotline is administered through a third party on a confidential, anonymous basis and is available 24 hours a day, seven days a week, 365 days a year.

Included in our policy is a zero-tolerance commitment to no retaliation. No member of the board, officer or employee who in good faith reports a violation or suspected violation of the Code of Ethics and Business Conduct shall suffer harassment, retaliation or adverse employment consequence. In addition, no member of the board, officer or employee who participates in an investigation into a violation or suspected violation of the Code of Ethics and Business Conduct shall suffer harassment, retaliation or adverse employment. View our Whistleblower Policy [here](#).

In addition to encouraging employees to use formal reporting methods, Paycom's application features Ask Here, a tool used to encourage employees to ask questions about the workplace, policies and payroll. This allows employees to easily communicate with the right person to answer questions quickly and effectively. This feature is available to all of our client base.

Public Policy and Government Relations

Paycom actively monitors public policy and relevant legislation pertinent to our business practices throughout the jurisdictions in which we operate. We work to educate policymakers and advocate to advance the interests and goals of our employees, clients and company. We also engage with trade associations, working collaboratively with industry partners to promote our public policy interests and business goals. In 2022, Paycom did not contribute to any political candidate, party or government. We also do not maintain a political action committee.



Data Governance and Cybersecurity

Security Overview

At Paycom, protecting the security and privacy of all client information is a top priority. We employ comprehensive, in-depth and industry-proven standards and technologies to protect and defend client data in our environment. We take the same degree of care and caution to prevent its unauthorized disclosure as we do with our own, including measures required by applicable privacy law. Our Executive Vice President of Information Technology and Information Security oversees data privacy programs and policies, cybersecurity and data security and provides a quarterly cybersecurity update to the board of directors audit committee.

Paycom's Information Security team is responsible for the security awareness training program; identifying, assessing and mitigating risk; maintaining security controls; auditing software, web application and infrastructure for vulnerabilities; incident response, business continuity and disaster recovery planning; impact analyses and crisis management; and more. The team conducts ongoing activities to ensure compliance with the policies, procedures and guidelines of the Information Security program. As part of our commitment to security, employees receive annual training on information security and phishing.

IT Security and Privacy

IT Security

We are committed to implementing data privacy standards that protect individuals and their personal data and obtaining user data through lawful and transparent means. Data entered in our software is not used for any purpose other than to provide our services. We do not share nonpublic personal data with any third parties unless it is necessary to provide services on behalf of our clients or if required by law.

Risk-Based IT Security and Compliance

Paycom uses the Risk Management Framework for risk assessments as defined by the ISO 27001 Information Security Management Standard. Paycom is one of the few payroll processors to be ISO 9001:2015, ISO 22301:2019, ISO 27001:2013 and ISO 27701:2019 certified. We also work with a third-party assurance provider and publish SOC 1, SOC 2 and SOC 3 reports annually. Our business continuity, information security, privacy and quality management systems are audited and certified by third parties. Paycom utilizes intrusion detection and firewall monitoring and restrictions, along with other technical and logical controls, to defend against malware. This includes:

- » installed and active antivirus and anti-malware software
- » 256-bit encryption technology to protect all information at rest and in transit over the internet
- » intrusion-detection systems to monitor attempts of unauthorized access
- » data loss prevention and traffic monitoring
- » vulnerability scanning and remediation

Paycom employs a number of security software and processes to ensure protection against ransomware attacks. We utilize multiple strategies to stop or block attacks where possible, update software when necessary and continuously train employees to use their best judgment when clicking links.



Business Resiliency Program

Information security continuity is embedded in Paycom's business continuity management systems to ensure that continuity operations do not present a potential compromise to Paycom's security standards. Our in-house Incident Response and IT Security Operations Center provides around-the-clock security monitoring and incident investigation. Paycom's information processing facilities have sufficient redundancies to meet ongoing availability requirements for both normal operations and business continuity/failover operations. Capacity planning takes critical recovery paths and business needs into consideration when designing and implementing data centers and individual systems. Failover capabilities are tested as part of routine business continuity exercises. We recognize that documentation, procedures, systems and controls must be routinely reviewed to ensure that they remain appropriate and effective. As a result, we conduct business continuity and disaster recovery exercises each year.

Physical Security

Paycom physically hosts our solutions for our clients in three secure data center facilities. In April 2022, we expanded our processing capacity by opening a data center that received a Tier IV Certification of Design Documents from Uptime Institute. All of our critical systems are fully redundant and backed up in real time to these facilities. Physical security includes ID-oriented access control, alarm systems and manned 24-hour-a-day camera monitoring by our security guards. Server facilities also have environmental monitoring and extensive environmental controls such as heat and fire protection; moisture, temperature and humidity sensors; backup power supply; and exterior reinforced concrete walls. Paycom uses a variety of approaches to ensure that unauthorized persons cannot access our facilities; access control measures also ensure that Paycom personnel may only access the facilities and areas appropriate to their daily duties.

[Read more about our privacy policy.](#)

Our People

An Inclusive Environment

At Paycom, we value the unique perspective each employee brings to our company. We strive to provide an inclusive environment that allows each employee to thrive, both in their career and their personal life. In the last year, we have made strides to improve our diversity, equity and inclusion initiatives and are proud to continue paving the way forward for our employees and our industry.

In 2021, we set the following goals for our Diversity, Equity and Inclusion Program.

2021 DEI Goal Commitment	2022 Progress
Add an additional senior-level manager to our DEI program under the guidance and supervision of our vice president of HR and HR senior leaders	We hired a DEI manager who reports directly to the vice president of HR.
Help elevate and evolve our program and outcomes	In 2022, we created an enhanced comprehensive DEI strategy to propel our program forward.
Continue to communicate our strategy to all stakeholders	The DEI team partnered with the Paycom communications team to design a variety of campaigns to increase the transparency, reporting cadence and overall awareness of DEI programs.
Evolve our DEI committees into a more formalized leadership steering committee and employee advisory council	We established a DEI steering committee composed of Paycom senior leaders and a DEI advisory council composed of leaders from the Employee Resource Groups.
Commit to leadership accountability for outcomes that drive up our organizational growth	Senior leaders joined the DEI team. We launched Employee Resource Groups, supported <i>Better Conversations</i> and developed an enhanced and comprehensive DEI strategy for 2023.
Drive employee engagement and education through regular celebration, awareness and personal stories	We updated a comprehensive cultural awareness calendar that encompasses many holidays, celebrations and observations. We also improved our process for heritage month celebrations in partnership with the newly created Employee Resource Groups.
DEI education and training for all employees	Our DEI team developed a three-pronged strategy for DEI training for all employees and leadership.
Continuation of <i>Better Conversations</i> listening and engagement sessions	22% of our workforce and 100% of our leaders have participated in at least one <i>Better Conversations</i> session.





We have met or exceeded each of these goals and are excited to share the accomplishments we have made over the year.

DEI Strategy

In 2022, our DEI team designed a comprehensive multi-year DEI strategy focused on building a measurable program that improves the daily lives of our employees by:

- » attracting diverse talent
- » building a culture that embraces their uniqueness and helps employees feel valued
- » providing employees with the specific tools and resources needed to succeed

We have made significant investments in maturing our DEI capability by hiring a team to manage, design and enhance programs, including assisting our 11 Employee Resource Groups. Our strategy has two focus areas with nine supporting programmatic areas to achieve our goals.

Focus No. 1 is improving the employee experience through maturing our ERGs, refreshing and growing our employee listening sessions called *Better Conversations*, and launching and promoting a variety of new DEI trainings in 2023.

Focus No. 2 is focused on process improvements, including DEI considerations in the entire talent attraction process, DEI improvement to the talent management process and process enhancements to accountability functions, such as how employees can safely submit concerns.

Communicating Our Strategy

The DEI team partners with the communications team to design a variety of campaigns to increase the transparency, reporting cadence and overall awareness of DEI programs. We believe that communication is a key driver of our success, and we will provide regular updates against our commitments to both internal and external stakeholders to build trust and accountability.





DEI Education and Training for Employees

In 2023, Paycom will implement a three-pronged strategy for employee DEI training. First, we will launch an on-demand DEI training that serves as an introductory course with basic awareness and skills needed by individuals to develop DEI capability. Second, we will analyze the leadership training currently available and assess the opportunity to enhance the DEI touch points in the curriculum. Lastly, we will launch an in-depth course for all leaders in the organization who conduct interviews or manage and promote other employees. This course will provide the in-depth education needed to improve DEI at Paycom.

Better Conversations

In 2022, Paycom continued our award-winning *Better Conversations* series that allows team members to listen, learn and share about important societal topics. The employee listening and engagement series fosters a more inclusive workplace by encouraging productive conversations and providing a safe forum for open and honest dialogue in which employees can be their authentic selves. Paycom believes *Better Conversations* enables us to gather ideas for a more inclusive workplace by listening to learn. 2,865 of our employees have joined a *Better Conversations* session since its launch, and we have set a goal to increase that by 600 employees in 2023. We are also proud to report that 100% of our leaders have participated in at least one *Better Conversations* session.



Employee Resource Groups

In 2022, Paycom chartered 11 ERGs. These employee-led groups aim to foster a diverse, inclusive workplace aligned with Paycom's DEI strategy. These volunteer-led groups work on:

- » personal and professional development
- » creating a culture that values differences
- » listening and learning as we foster a safe working environment
- » attracting and retaining diverse talent
- » philanthropy in the communities we serve
- » taking a leading role in guiding the future of Paycom's business

ERGs are open to all employees who identify directly or as an ally of their respective charter. Since our launch, 5% of Paycom employees have joined at least one of the ERGs:

- » Asian American and Pacific Islander (AAPI)
- » Black
- » Able and Disabled Allies Partnering Together (ADAPT)
- » Hispanic Organization for Leadership Advancement (HOLA)
- » Indigenous
- » Interfaith
- » PRIDE
- » Military and Veterans (MVIP)
- » Multigenerations
- » Women's
- » Working Caregivers

One part of our DEI strategy is to continuously support the growth and maturity of our ERGs. Our 2023 goal is to have 10% of Paycom employees join at least one ERG. In support of helping mature ERGs, the DEI team has formalized a variety of standardized operating procedures around how ERGs are celebrated during their heritage months and processes around evaluating sponsorship and giving opportunities.

Celebration and Awareness

Paycom’s comprehensive cultural awareness calendar encompasses many holidays, celebrations and observations representing a variety of groups. This calendar has been made available to the entirety of Paycom, and the communications team uses it to raise awareness and increase diverse perspectives and worldviews.

In addition, each of our ERGs are partnering with both internal and external communication teams to highlight their heritage months. During each heritage month, Paycom celebrates by highlighting employees, hosting *Better Conversations* sessions and providing an aligned volunteer or employee giving opportunity. These initiatives led to Paycom being named to *Newsweek’s* Greatest Workplaces for Diversity list for 2023.

The Black ERG Leads the Way

The Black ERG is one of our fastest growing ERGs and has already made a significant impact at Paycom. In 2022, Black ERG leaders raised the idea of Paycom being a corporate sponsor of Martin Luther King Jr. parades. Through the ERG’s direction and support, Paycom sponsored the parades in Oklahoma City and Dallas. Over 200 employees marched and represented Paycom in the parades celebrating King’s life and legacy.

Black ERG Chair Chelsea Freeman said she was pleased to have her company participate in a parade she’s attended since she was a kid. She said she hopes spectators saw Paycom as a welcoming place for all.

Additionally, in 2022, the Black ERG helped create Paycom’s Black History Month programming for 2023. In coordination with our community and philanthropy team, they launched a giving campaign for the National Juneteenth Museum. Through planning and strategizing in 2022, they partnered to host a special Black History Month *Better Conversations* session with over 150 attendees. They also partnered with a local Black-owned restaurant to host an on-campus event for their members. And they provided a variety of members to be spotlighted in both internal and external communications — a first for Paycom that really allows the focus to be employee voices and experiences.

“Dr. King talked a lot about unity in the community, and I definitely felt that today,” Freeman said. “I’m proud of Paycom for being here and helping to amplify that message.”





Diversity at Paycom

In 2021, the board adopted qualification standards that consider race and ethnicity, gender and other diversity-related factors when evaluating director candidates to be nominated.

As of Dec. 31, 2022, women represented 51.2% and ethnic minorities represented 36.8% of our workforce. Our focus is to recruit, hire, develop, promote and retain top diverse talent. We continue to work toward a more diverse workforce at all employee levels, from entry level to executive.

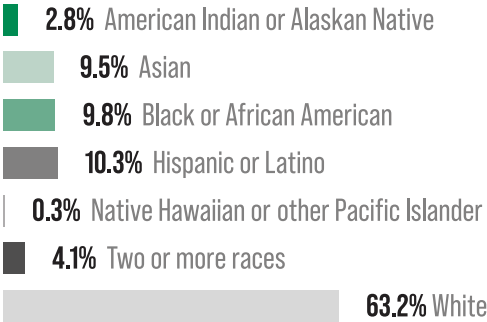
Improving Self-Identification and Disclosure Data

While we continue to recruit and grow diverse talent at Paycom, we also have a number of initiatives to improve how employees opt in to sharing their identity via the Paycom app. Our data is stronger when employees understand the value and safety of self-reporting, especially around key categories like veterans, disability and gender identity. Currently, 7.4% of Paycom employees have disclosed they are disabled and 2.1% have self-identified as veterans. With the launch of new ERGs for employees identifying as active duty military and veterans, people with disabilities and members of the LGBTQ+ community, we look forward to partnering with those groups to improve data collection and reporting to result in a more accurate snapshot of our employees.

GENDER
All Employees



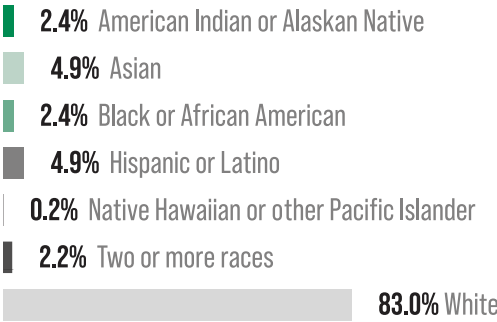
RACE AND ETHNICITY
All Employees



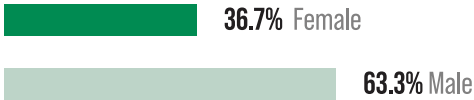
GENDER
First/Mid-Level Officials and Managers



RACE AND ETHNICITY
First/Mid-Level Officials and Managers



GENDER
Executive/Senior-Level Officials and Managers



RACE AND ETHNICITY
Executive/Senior-Level Officials and Managers



* The data on this page summarizes our workforce demographics as of Dec. 31, 2022. The workforce demographic data, including race and ethnicity, gender and job categories, aligns with the EEO-1 Component 1 data collection reporting requirements outlined by the U.S. Equal Employment Opportunity Commission.

Our Culture

Talent Acquisition and Development

Recruiting

At Paycom, our goal is to attract and retain top talent for our corporate campuses and field locations across the country. In 2022, we utilized a variety of methods to achieve this goal, such as offering internships, hosting summer engagement programs and partnering with universities that serve diverse populations.

Internships

Our internship program is designed to convert interns to full-time employees. In 2022, more than 250 paid interns participated in programs for sales, technology or operations. Interns received hands-on experience and training while working on unique projects to prepare them for jobs at Paycom. Interns also had the opportunity to present their completed projects to leadership. In July, Paycom also hosted a developmental Summer Engagement Program with tracks for sales and technology to provide free professional and technical training to students interested in those fields. Students in the Technology Summer Engagement Program received training in programming workshops, technical talks on application security and professional development seminars. Sales Summer Engagement Program participants gained foundational sales skills and professional development as well as insight into working in the HCM industry, receiving a certificate upon completion.

Recruiting a Diverse Workforce

At Paycom, we value the unique perspectives that come from a diverse workforce. That's why we recruit from universities that serve diverse groups and support organizations for women in STEM.

In 2022, we attended on-campus or virtual events with various Historically Black Colleges and Universities (HBCUs) and schools in the Hispanic Association of Colleges and Universities (HACUs). We work with additional minority-serving universities to ensure open positions at Paycom are shared and students are encouraged to apply.

We continue to identify additional opportunities to provide resources and bolster the employment pipeline for HBCU and HCU graduates. In May 2022, Paycom hosted a companywide clothing drive for Langston University's Career Closet, which provides professional attire suitable for career fairs and job interviews to students at Oklahoma's only HBCU.

We value the unique perspectives that come from a diverse workforce.

Paycom's efforts to support women in the technology field include having a presence at events for students and professionals in STEM. These include the Grace Hopper Celebration, the world's largest gathering of women technologists, where women from around the world learn, network and celebrate their achievements. The annual Grace Hopper Celebration brings the research and career interests of women in computing to the forefront and highlights the contribution women have made to the tech world. Additionally, Paycom participated in the World's Largest Conference for Women in Engineering and Technology by the Society of Women Engineers. This event includes a career fair and networking, inspirational speakers, awards and recognitions, and professional development for women engineers in all stages of their careers.

In addition, Paycom was the presenting sponsor for Oklahoma State University's Division of Institutional Diversity, including its Inclusion Leadership Program and Retention Initiative for Student Excellence (RISE) Program. The division's distinctive student initiatives and activities align with Paycom's DEI mission while simultaneously illuminating the Paycom brand across OSU, especially to underrepresented, underserved and marginalized students.

To further our efforts in diverse recruiting, Paycom hired two talent acquisition strategy partners for diversity and inclusion in August 2022. These partners focus on diversity sourcing and partnership opportunities. Paycom has developed an improved strategy for 2023 to further expand the scope of our diversity recruitment and partnerships, including sponsorships and an increased presence at events.



Employee Training and Development

Training and development starts on each employee's first day. Our extensive new employee orientation for all employees offers robust training on all matters needed to succeed at Paycom, including digital tools, business strategy and more. We have a dedicated team focused on creating an environment where all employees have the opportunity to learn, grow and perform at their best. By establishing a common language and practice across Paycom, we deliver solutions that:

- » support the long-term career growth of employees
- » strengthen our talent pipeline
- » increase the organization's capacity for change
- » promote a culture of diversity, inclusion and belonging

At Paycom, we develop successful leaders through education and training. We offer extensive leadership training that includes courses in areas such as decision-making, effective workplace communication and leading successful organizational change. Our programs are available to all employees through our Employee Self-Service platform, and employees can access tools and training through both mobile devices and desktop computers. Additionally, we partner with external leadership coaching programs for employees at the director level and above. Leadership coaches provide participants one-on-one coaching sessions, assist the leadership team with collaborative and strategic conversations, advise on building relationships across business lines and promote an overall growth mindset.



Focus



All Employees



Future Leaders



Rising Leaders



Experienced Leaders

Learning Experience

Gearing Up for Success

This series of courses helps individuals at all levels become more efficient and effective self-leaders.

Base Camp: Foundation for Future Leaders

A development program that provides emerging leaders with leadership foundations, resources and tools. The program works to develop skills and behaviors beneficial to future leadership roles or the development of self-leadership.

Elevate: Explorer Journey

Exploring the fundamentals of leadership, this cohort-based program provides new leaders with the essential skills needed to enter their journey into a formal leadership position.

Elevate: Navigator Journey

This program helps leaders navigating their way through the middle levels of leadership to guide, develop and motivate their front-line leaders into reaching new heights.

In addition, our performance and compensation review process is centered on helping employees grow. The review process includes an employee self-evaluation portion allowing for open dialogue between employees and their leaders. Our employees and leaders use Paycom's software tools to facilitate development reviews. Further, we recognize the importance of pay equity and its critical role in supporting our diverse workforce. When making pay decisions, skills, job-related experience and market value of the job are considered. Paycom will continue to seek ways to incorporate equity and other initiatives to promote parity across the organization.

Benefits and Support for Employees

We know an individual’s employment plays a big role in their life. At Paycom, we believe in supporting our employees in their careers and in their personal lives. We consider the career, physical, mental, social and financial well-being of each of our employees and work to create a healthy and productive workplace environment. In 2022, we deployed two employee engagement surveys and had a 90% participation rate. The surveys ask employees to rank their satisfaction with their role, the company and their career well-being. We saw an increase in employee engagement in 2022 and believe this is due to our holistic approach to our employees’ well-being. In addition to our semiannual engagement surveys, Paycom’s Employee Self-Service has a survey tool that allows real-time feedback from employees throughout the year.

Paycom provides a myriad of health and benefits programs to all employees, including a \$1 employee health insurance plan with mental health coverage. Additionally, employees at our corporate facilities have access to a number of Paycom’s health and wellness opportunities, such as fully equipped fitness centers, fitness classes, employee sports leagues and subsidized daily lunches.

We also offer financial benefits to all employees, including financial wellness tools and identity theft protection. Furthermore, all employees are eligible to participate in an employee stock purchase plan, and full-time employees are able to enroll in a 401(k) plan with a company match program after 90 days of service. In addition to our employee assistance program, Paycom introduced well-being advisors in 2020. These advisors offer a customized and effective approach to learning skills and finding solutions for mental health and well-being obstacles. The program provides employees with a confidential mental health and wellness resource – individually and in group settings – to foster a more inclusive, productive workplace. When necessary, our advisors can also connect employees with external mental health and well-being resources.

Support for Families

We believe that when we champion families, we empower our employees and allow them to achieve at their fullest potential. To support new parents and assist in balancing work and family matters, Paycom provides paid parental leave to eligible employees for bonding or caring for a newborn or adopted child.

We have also implemented comprehensive support for parents in our workforce. Paycom benefits include support through fertility, pregnancy, pregnancy loss, postpartum, adoption, surrogacy and new parenthood, as well as resources for returning to work after leave. In addition, employees have access to a discounted child care platform offering full-time and part-time recurring care, occasional care and backup care from caregivers of their choice.

Paycom supports all members of the family, and benefits that extend to legal spouses are inclusive of any gender or sexual orientation. We also offer a support program for those acting as caregivers for both children and adults at no cost to our employees, as well as insurance coverage for pets.

**We focus on career,
physical, mental, social
and financial well-being
for each of our employees.**



Our Community

Charitable Giving

At Paycom, we believe in giving back to our community. We do this in a variety of ways, including corporate sponsorships, corporate giving, employee donations and employee volunteer hours. In total, Paycom and our employees donated nearly \$2.3 million in 2022, with \$210,000 of that coming directly from employees. We are proud to support our communities across the country.

The Anna's House Foundation

Paycom has supported The Anna's House Foundation since 2016. The foundation provides immediate, stable and loving homes for Oklahoma's children in state custody and supports local foster families with training and resources. Since forming a partnership, Paycom has donated more than \$465,000, including \$75,000 from both employee and corporate giving in 2022. In addition to monetary donations, Paycom employees have provided all of the holiday gifts for the children that Anna's House serves. In 2022, Paycom employees donated, sorted and distributed over 600 gifts to the children and families of The Anna's House Foundation. Paycom employees also have the opportunity to participate in volunteer opportunities with Anna's House, including serving at its annual Christmas party and aiding in its resource room, which provides foster families with necessary baby essentials such as diapers, cribs and formula.

PADI AWARE Foundation

The mission of the nonprofit PADI AWARE is to drive local action for global ocean conservation. Paycom has partnered with PADI AWARE Foundation since 2018, donating more than \$100,000, including a \$40,000 employee donation with a company match in 2022.

Paycom pairs its annual campaign to support PADI AWARE with an employee awareness campaign about phishing emails, helping keep our oceans clean and marine species protected.

Philanthropy Fair

Paycom held our first in-person philanthropy fairs in Oklahoma City and Grapevine in 2022, helping employees explore opportunities to get involved with 27 nonprofit organizations. Employees met with organizations, learned about how these organizations help our communities and heard about ways they, too, can help. Paycom made a surprise \$1,000 donation to all nonprofits in attendance, totaling \$27,000 in donations in a single day.

Employees at both campuses put our value of service into action by filling 750 deployment packs for the United Service Organizations (USO) and writing thank-you notes for people serving in the military. Through this partnership, employees supported USO's mission to keep our service members connected to family, home and country throughout their service to the nation.





Burpees for Vets

For the week leading up to Veterans Day, Paycom employees had the opportunity to participate in the Burpees for Vets Challenge to raise money for the Courage Foundation, which serves veterans with post-traumatic stress.

In our first year participating, employees completed over 44,500 burpees and Paycom donated \$1 for each one. The donation put a cohort of vets through a yearlong program that equips veterans living with post-traumatic stress with the skills, resources and training to thrive.

Volunteering

In addition to Paycom's monetary donations, our employees volunteered at a wide variety of organizations in our communities in 2022. As a new member of the Grapevine, Texas community, Paycom employees volunteered at a city festival, a cleanup of local parks, the Tarrant Area Food Bank, the GRACE relief agency and The Gatehouse, which provides educational and career services for women. To support our Oklahoma community, Paycom employees volunteered at the Oklahoma City Memorial Marathon, Regional Food Bank of Oklahoma, The Anna's House Foundation and many others. Our sales team, located in offices across the country, spent hours volunteering at organizations such as animal shelters, food banks and Ronald McDonald House Charities.



Our World

Environmental Impact

From the early stages of our company, Paycom has believed it is our responsibility to provide our customers the best HCM technology in a way that minimizes our impact on the planet. We eliminate the need for any paper associated with payroll, from pay stubs to paper checks, and have reduced the need for printing and transporting payroll documents. Our cloud-based software provides maximum functionality with minimal environmental impact. Our on-site data centers are designed with advanced energy-saving methods, and our corporate campuses have integrated environmentally friendly practices into our workflow.

Electronic Waste

Paycom uses many different kinds of computers, servers and electronic accessories. When these items no longer function according to business needs, all company data is destroyed and the equipment is recycled or refurbished through a partnership with an Oklahoma company committed to responsible recycling. In 2022, we began refurbishing in addition to recycling our used electronics to produce revenue from reused assets and avoid the environmental impact of destroying the items. Any assets that cannot be reused are recycled for materials.

Our recycling partner processed **35.73 tons (71,477 pounds)** of electronic assets for reuse and/or material recovery. As a result, during the 2022 calendar year, Paycom:

- » reduced greenhouse gas (GHG) emissions in the amount of an estimated 99,631.11 pounds
- » diverted 2,055.22 pounds of toxic metals
- » recovered 24,139.37 pounds of metals

Data Centers

Paycom has implemented energy-reducing and -efficient practices and designs in our on-site data centers while prioritizing system uptime. We use the latest generation of high-efficiency, uninterruptible power supply systems and perform regular system-idle reviews to identify how to reduce usage of central processing units. We have an ongoing virtualization program to improve scalability and workloads while using fewer servers and consuming less energy. In our largest data centers, we utilize closed-system, cold-aisle containment to decrease energy consumption and increase efficiency.

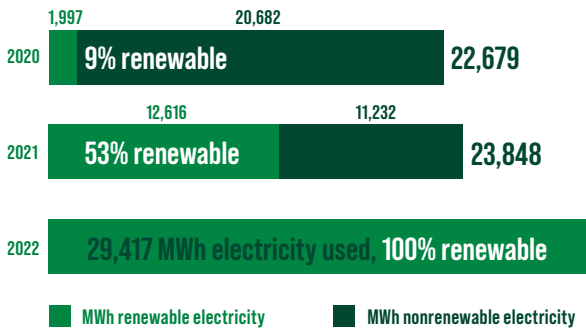
Our Texas Operations Center, opened in Grapevine in 2022, is powered by 100% renewable grid electricity and houses similar facilities to our corporate headquarters, including processing and production facilities. Demonstrating our commitment to and alignment with high standards in data center infrastructure functionality and effectiveness, we received an Uptime Institute Tier IV Certification of Design Documents award for the data center at our Texas Operations Center.





Energy Use

At Paycom, we believe in doing our best to minimize our environmental impact as our business grows and we open more physical offices across the country. The opening of our Grapevine campus in 2022 added 150,000 square feet of owned facilities. We are committed to reducing energy consumption when possible and using renewable energy at our corporate facilities. Our two corporate campuses house our data centers in their entirety. Through partnerships with Oklahoma and Texas utility providers, our campuses are powered by 100% renewable grid electricity from wind power. Below is a summary of our estimated electricity consumption for Paycom-owned facilities.



Renewable electricity use at Paycom-owned and operated facilities increased from 9% of total electricity consumption in 2020 to 100% in 2022.

Emissions

In 2022, we determined Scope 1 and Scope 2 greenhouse gas emissions from our owned and operated facilities at the Oklahoma City and Grapevine corporate campuses. These facilities represent approximately 45% of the total square footage Paycom occupies. The remaining square footage is leased locations. We utilize the Greenhouse Gas Protocol to calculate our carbon emissions and follow recommendations from the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures. As we grow,, we will continue to evaluate our energy use and carbon emissions to ensure that we are doing so in a sustainable way.

Migrating to 100% renewable energy credits at our owned and operated locations in 2022 has allowed us to reduce our market-based carbon emissions by 92% from 2021 to 2022. Without the use of renewable energy credits, our 2022 location-based Scope 2 emissions equate to approximately 10,344 metric tons of CO2e.

Market-Based Greenhouse Gas Emissions	
Scope	Metric Tons CO2e
Total Scope 1	319
Market-based Total Scope 2	0
Total Scope 1 + Scope 2 (Market-based)	319

*Data is from owned and operated locations only.

Our market-based emissions have decreased by 92% from 2021 to 2022.

SASB INDEX

This report contains disclosures in alignment with the Sustainability Accounting Standards Board (SASB) Software and IT Services Standard.

TOPIC	ACCOUNTING METRIC	ITEM CODE	RESPONSE
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TC-SI-130a.1	Please refer to the Our World: Energy Use section of this report for electricity consumption.
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Please refer to the Our World: Data Centers section of this report.
Data Privacy and Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	<p>Paycom uses various third-party advertisers and technologies to advertise our services to visitors of our public-facing website. These technologies include cookies, web beacons and pixels, which automatically collect certain information about visitors' online activities over time and across third-party websites or other online services. Our public website provides settings to limit the use of cookies, as well as links to third-party opt-out mechanisms (e.g., NAI).</p> <p>Although Paycom may use technical data collected from our website for various purposes as described in our privacy policy, Paycom will not share client data with a third party unless it is necessary to provide services on behalf of our clients. We use at least industry standard security policies and measures to help prevent any unauthorized access to client data. Please refer to our Privacy Policy for a full description of our privacy practices.</p>
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Any material monetary losses as a result of legal proceedings would be disclosed in our 2022 Annual Report on Form 10-K.
Data Security	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 Governance and Cybersecurity section of this report.
Recruiting and Managing a Global, Diverse and 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 Our World: Diversity at Paycom section of this report.
Intellectual Property Protection and Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	TC-SI-520a.1	Any material monetary losses as a result of legal proceedings would be disclosed in our 2022 Annual Report on Form 10-K.
Managing Systemic Risks From Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	Paycom serves approximately 36,600 clients through multiple services and products. Although rare, there are occasions when our products may experience temporary, unplanned service disruptions due to unforeseen circumstances. These outages are typically limited in scope, and we work quickly to restore service and minimize client impact. In addition, client data is backed up in real time to a secondary data center with the goal of clients maintaining access to their data 24/7/365.
	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Please refer to Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K for risks related to our business.