



Paycor®

ESG Report

Fiscal Year 2024





Overview

Environmental, Social and Governance (“ESG”) at Paycor

Since our founding more than 30 years ago, corporate social responsibility has been a key business foundation at Paycor (Nasdaq: PYCR). Today, ESG factors into nearly every component of our business operations and investment practices.

Paycor references the Sustainability Accounting Standards Board (“SASB”) Standards for IT & Software Services to communicate certain important sustainability information about our business activities to stakeholders. Unless otherwise stated, data and activity reported relate to our fiscal year, ending June 30, 2024.

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A Message from our CEO

Raul Villar, Jr.

At Paycor, our guiding principles of Do the Right Thing and Take Care of Each Other drive our strong commitment to Environmental, Social, and Governance (ESG) principles. Consideration of relevant ESG factors is part of our strategy for managing risk and helps guide our decision-making. We are proud of the tangible strides we have made in reducing our environmental impact, cultivating a culture of empowerment and inclusion, building a team who cares about our customers, making a positive impact on our communities, and upholding strong governance practices while growing our organization and driving free cash flow generation.

Environment

We recognize the importance of environmental sustainability and continued efforts to minimize our ecological impact. Since our IPO three years ago, we have reduced our Scope 1 and 2 greenhouse gas emissions by more than 40% primarily due to facilities consolidation. Aligned with our virtual first philosophy, in fiscal 2024 we announced plans to further reduce our footprint by halving the size of our headquarters. Our new office will be located in vibrant downtown Cincinnati with more optimal space for collaboration and large-scale events. In addition, we plan to maintain a separate cost-effective fulfillment center nearby.

Paycor's data center strategy utilizes scalable, usage-based infrastructure that provides flexibility, minimizes waste, capitalizes on economies of scale, and offers cutting-edge security protocols. By partnering with industry-leading Cloud providers who share our sustainability goals, we work to ensure that our modern HCM solution is hosted in a manner that aligns with our commitment to the environment. In fiscal 2024, we also invested in more energy-efficient on-premise compute technology.

Furthermore, we have implemented various green initiatives to promote recycling and minimize waste. We promote digital processes and programs to our customers and associates to reduce consumption, such as electronic W-2 delivery and technology asset management.

Social

We appreciate the significance of social responsibility and the profound impact our operations can have on our associates, customers, and communities.

We strive to prioritize the well-being and development of our associates, fostering a culture that values and encourages authenticity and empowerment. Our best-in-class benefits, meaningful development opportunities, and flexible, virtual-first work environment enable us to attract and retain top talent, helping ensure we remain competitive and innovative. We are deeply committed to championing and advancing diversity, equity, and inclusion, and for the third consecutive year strengthened diversity across our organization, including the representation of women in leadership and ethnic diversity among our associates. Combined, these cultural elements contribute to high levels of employee engagement and satisfaction as a remarkable 81% of associates would highly recommend working at Paycor. Our team consistently acknowledges our exceptional associate experience, and we take great pride in receiving the Energage Top Workplaces USA award for the fourth consecutive year, an esteemed recognition based solely on associate feedback.

As a human capital management company, we know first-hand how important leaders and culture are in driving employee engagement and business performance. With 2.7 million employees on our platform, we recognize the impact we can have in helping small and medium-sized businesses build winning teams and better workplaces. Through our HCM suite, we seek to empower frontline leaders to attract and retain top talent, promote employee health and wellness, foster diversity and inclusion, and achieve business objectives. Using our unrivaled talent tools, frontline leaders are improving employee engagement, which is increasing employee retention by an average of 10%, and helping drive better business outcomes. This fiscal year, we continued to introduce innovative technology that empowers leaders, such as Pay Benchmarking for competitive, equitable compensation, Paycor Paths for skills development, and Labor Forecasting for optimal staffing schedules.

Giving back to the communities in which we operate has always been central to Paycor’s ethos. Through our philanthropic initiatives, we empower associates to contribute to causes meaningful to them. To date, we’ve raised approximately \$2.6 million and donated more than 62,000 volunteer hours to approximately 2,000 charitable events. We also continued initiatives designed to enhance supplier diversity, such as the Paycor Empowerment Program in partnership with the Cincinnati Minority Business Accelerator and the “Earn Your Stripes” contest in collaboration with the Cincinnati Bengals NFL franchise. We believe that by actively engaging with our communities, we can positively contribute to their growth and well-being.

Governance

Lastly, strong governance is at the core of our operations. We aim to adhere to rigorous compliance standards, ethical business practices, and responsible management of our clients’ funds. Our Board of Directors provides oversight into our ESG strategy, communication, and shareholder engagement and maintains fully independent committees, promoting sound governance, accountability, and decision-making.

Our company upholds a steadfast commitment to robust data security and customer privacy practices, implementing stringent measures to safeguard sensitive information. Through our business continuity program, we proactively identify risks, develop contingency plans, and regularly test our strategies to enhance our ability to withstand and recover from potential disruptions.

We recognize the transformative potential of artificial intelligence (AI) to drive innovation, efficiency and insights to enhance performance and have established dedicated teams and frameworks to ensure the ethical and responsible use of AI within our organization. We are enthusiastic about the value AI adds within our HCM suite to empower leaders to drive results. Today, customers can generate compelling job descriptions with the click of a button, improve the quantity and quality of candidates for job postings, and forecast early warning indicators of potential employee turnover. In fiscal 2024, we launched two new AI features: a generative AI Analytics Digital Assistant to help leaders quickly gain insights into their workforce via a simple conversational chat interface and Paycor Skills to help leaders identify potential skill gaps and areas for skills development. We also deploy AI in our own operations to enhance our domain expertise and increase efficiency.

Our commitment to ESG is a fundamental part of who we are as a company. We believe that by integrating ESG principles into our business strategy, we can better manage risk and create long-term value for our investors and stakeholders. We are dedicated to continuously improving our ESG performance and reporting, and we invite our stakeholders to join us on this journey towards a more sustainable future.



Raul Villar, Jr.
 Chief Executive Officer



About Paycor

Paycor's human capital management ("HCM") platform modernizes every aspect of people management, from recruiting, onboarding and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years we've been listening to and partnering with leaders, so we know what they need: a unified HR platform, easy integration with third party apps, powerful analytics, talent development tools, and configurable technology that supports specific industry needs. That's why more than 30,000 customers trust Paycor to help them solve problems and achieve their goals.



AWARD-WINNING SOFTWARE AND CULTURE





GUIDING PRINCIPLES

At Paycor, our culture is guided by principles that encourage associates to thrive and bring their whole selves to work. Our guiding principles are designed to act as a North Star for our associates in how they work with a colleague, for a client, and in the community:



Take Care of Customers First

Our customers are our heroes. When they win, we win.



Think Big, Dream Big

Never say never! Solve problems, invent a better way, disrupt the status quo.



Take Care of Each Other

There's nothing better than working with friends who look out for you.



Compete to Win

We embody the spirit of success in everything we do, in our habits and routines, our relationships, and in the energy and accountability we bring to the game.



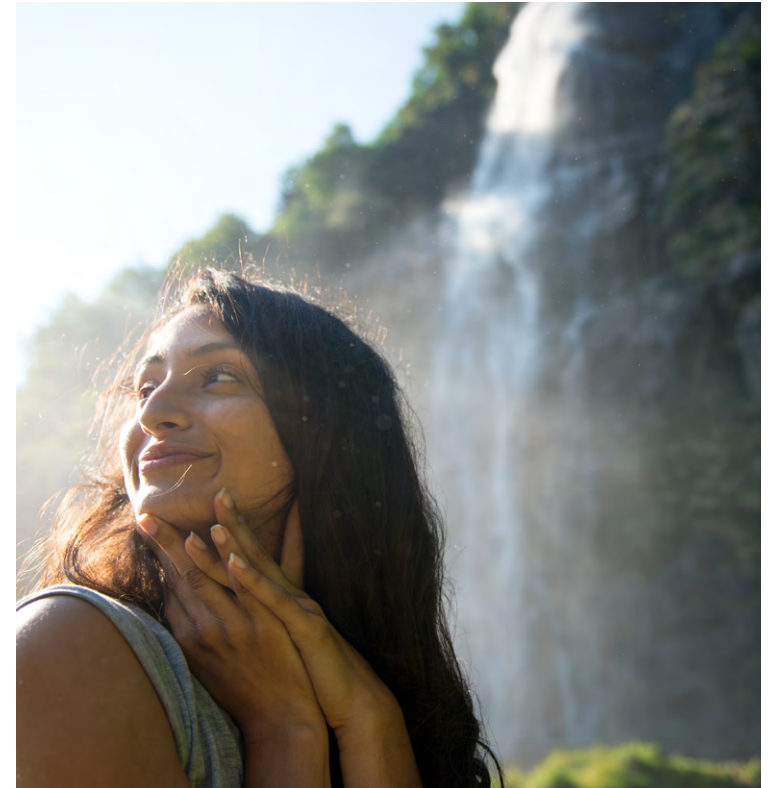
Do the Right Thing

It's not always the easy way—but it's what really matters.



Have Fun Along the Way

Buckle up, it's a fast-paced business! That's why we celebrate the wins, laugh in the face of adversity, and enjoy the ride.



Materiality Assessment



Our sustainability reporting is driven by engagement from various stakeholders and executive leadership to determine and manage the ESG issues relevant to our business and our strategy to develop a more resilient business, manage risk, and drive long-term value creation. Based on its industry-specific alignment to what we believe are material ESG issues to Paycor, we leverage the SASB Standards. We also considered topics raised by investors and ESG ratings agencies.

THE FOLLOWING SIX TOPICS CONTINUE TO BE PAYCOR'S KEY FOCUS AREAS:

ENVIRONMENT

- GHG Emissions
- Air Quality
- **Energy Management**
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts

SOCIAL

- Human Rights & Community Relations
- **Customer Privacy**
- **Data Security**
- Access & Affordability
- Product Quality & Safety
- Customer Welfare
- Selling Practices & Product Labeling
- Labor Practices
- Employee Health & Safety
- **Employee Engagement, Diversity & Inclusion**

GOVERNANCE

- **Business Ethics**
- Competitive Behavior
- Management of the Legal & Regulatory Environment
- Critical Incident Risk Management
- **Systemic Risk Management**

In this Report, we are not using the terms "material" or "materiality" as they are used or defined under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. These terms are used within this Report to describe issues relating to ESG goals, commitments, strategies and initiatives that we consider to be important in terms of stakeholder interest and their potential business impact. Materiality, for the purposes of this Report, should not, therefore, be read as equating to any use of the word in the Company's financial statements or any other filings with the SEC or otherwise.



Environment





ENERGY & EMISSIONS

Paycor is committed to responsible use of natural resources and reducing our consumption where practical. For example, we have made a commitment to purchase only ENERGY STAR certified IT assets to conserve energy. We also leverage virtual desktop infrastructure (VDI) and virtualization where possible to increase device flexibility, resulting in reduced computer hardware purchasing, shipping and waste while increasing security and optimizing power consumption. In addition, we have several company-wide green initiatives to reduce consumption of energy, water, and waste; and to recycle.





VIRTUAL FIRST

Our virtual first approach of working remotely limits our office footprint and associate commuting. The vast majority of our associates worked remotely during fiscal 2024. Over the last three years, we reduced the number of facilities by more than 70%, from 18 to 5. We recently announced plans for a new headquarters in vibrant downtown Cincinnati slated to open in fiscal 2025 with approximately half the square footage and more optimal space for collaboration and large-scale events. Our team plans to ultimately maintain 6 facilities: our Cincinnati headquarters, Serbian office, two U.S. colocation data centers, and distribution facilities in greater Cincinnati and Dallas Fort Worth to efficiently serve customers nationwide. We have also invested in remote technologies that reduce the need for business travel and we support our associates' virtual employment experience with information, stipends for technical hardware essentials, and in various other ways to remain connected to each other in a remote community.

SUSTAINABLE PROCUREMENT

As part of our [Supplier Conduct Guidelines](#), we seek to engage partners who share our sustainability goals. Paycor expects Suppliers to apply sustainable practices and consider the environmental impacts of their operations, including attempting to eliminate wasteful practices, increase energy efficiency, and consider end-of-life recycling alternatives where practicable.





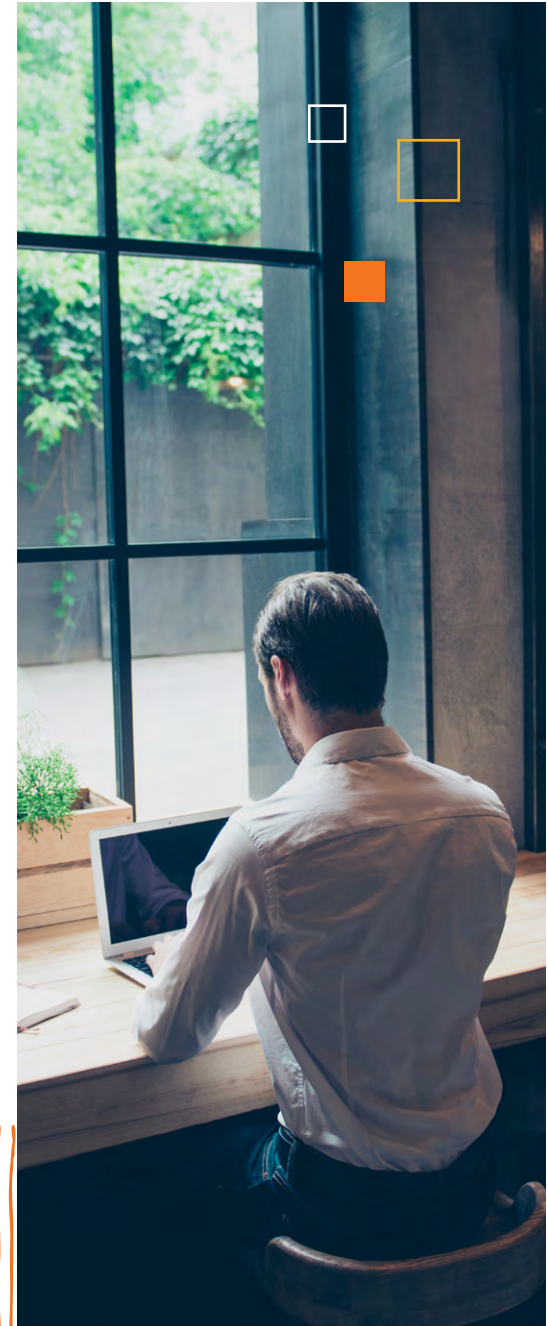
DATA CENTERS

Paycor's data center strategy leverages scalable, consumption-based hardware that provides the organization flexibility, uses just enough hardware, and minimizes waste. We utilize two physical data centers and public cloud providers.

Paycor outsources data center management to an industry-leading provider of colocation services to capitalize on efficiencies and economies of scale. Our colocation architecture includes two fully redundant Tier 3 data centers strategically located in Illinois and Ohio. Our Ohio data center is located in an area of low regional water stress, and while the Illinois data center is located in an area of high regional water stress, it uses a closed-loop cooling system that doesn't consume any water to cool the facility. Our provider is committed to conserving energy and water through effective design, maintenance, and operations of their facilities, such as water use minimization through elimination of water use entirely or through net-positive water initiatives.

In addition to our colocation service provider's sustainability efforts, Paycor upgraded our on-premise compute footprint in fiscal 2024 with industry-leading hardware that uses the same power to achieve 140% better performance on average. This investment enables us to support business growth without increasing our per-machine power needs.

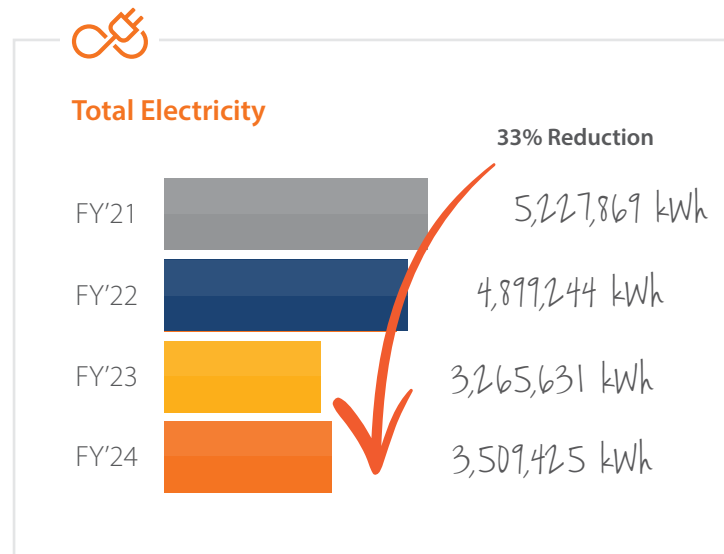
Our hybrid architecture also leverages leading public cloud providers including Microsoft Azure and Amazon Web Services. These organizations are independently committed to sustainability through carbon offsetting, waste reduction, eliminating water use, and reducing impact through reforestation. Both Microsoft Azure and Amazon Web Services have made public commitments to reduce water usage and carbon emissions.





ENERGY USAGE

The majority of our direct greenhouse gas (“GHG”) emissions are driven by purchased electricity usage in our 5 facilities. Fiscal 2024 Scope 1 and 2 GHG emissions increased 7% year-over-year primarily due to the inclusion of our second distribution facility for the entire year, compared to just five months in the prior year. However, since our IPO, we have reduced GHG emissions by 33%, driven largely by facilities consolidation



We are working on reducing our energy consumption at our headquarters by utilizing:

- motion-activated lighting control systems;
- HVAC system with energy recovery; and
- increased building insulation and roofing and window materials that reflect heat.

In addition, all laptop and desktop computers we purchase are ENERGY STAR certified to further conserve energy.



EMISSIONS

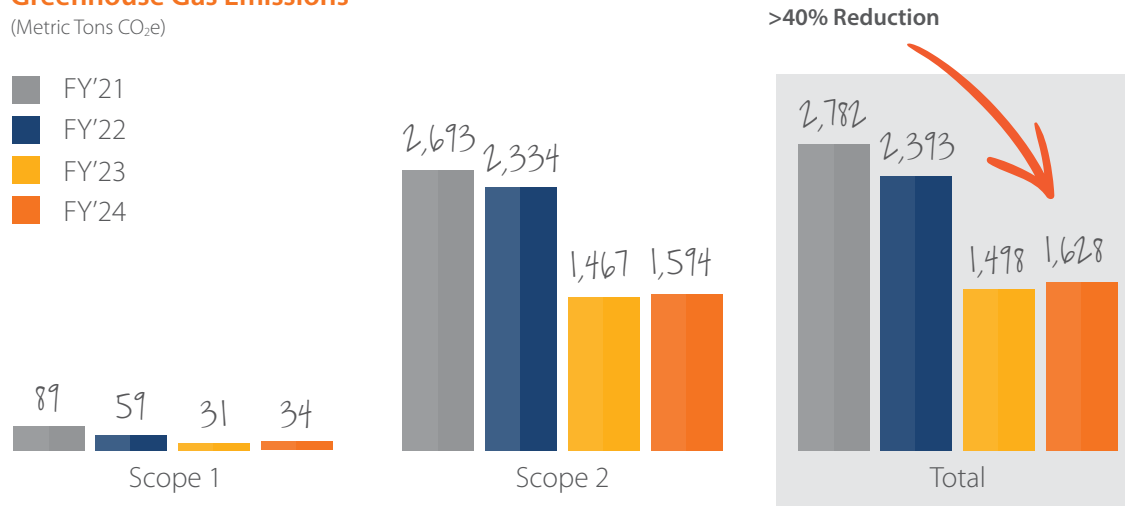
The majority of our direct GHG emissions stem from purchased electricity consumption in our facilities consisting of offices and data centers. Fiscal 2024 Scope 1 and 2 GHG emissions increased 9% year-over-year primarily due to the inclusion of our second distribution facility for the entire year, compared to just five months in the prior year. However, since our IPO, we have reduced GHG emissions by more than 40%, driven largely by facilities consolidation.



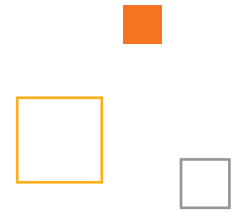
Greenhouse Gas Emissions

(Metric Tons CO₂e)

- FY'21
- FY'22
- FY'23
- FY'24



Paycor follows the Greenhouse Gas Protocol Initiative to define and calculate its GHG emissions. Scope 1, "Direct Emissions," represent emissions from combustible fuels and other sources that occur directly on sites (e.g., burning of natural gas for heating) and mobile emissions sources, including onsite or company owned vehicles and corporate jet emissions. Scope 2, "Indirect Emissions," represent emissions that occur off-site to produce electricity or steam purchased for use at corporate locations. Paycor is reporting Scope 2 emissions using the location-based method only. Fiscal 2024 colocation data center energy usage and emissions were estimated based on calendar 2023 data, and international office space energy usage and emissions were estimated based on square footage. Paycor utilizes emissions factors and estimates provided by relevant industry sources. Neither the underlying GHG emissions data nor the GHG emissions reduction claims disclosed herein have been verified by an independent third-party.





WATER & WASTE MANAGEMENT

We reduce waste by recycling paper, cardboard, bottles and cans, and end-of-life IT equipment.

We have several green initiatives. For example, in 2022, we introduced cloud-based Print by Agency (PBA) functionality, which enables Paycor associates to print only the required documents for tax agency filings, rather than every client's complete tax package. This reduced the amount of printed paper forms by about 70%, saving approximately 11 tons of paper on an annualized basis. We also adopted the SEC's "Notice and Access" rule, sending a one-page notice that proxy materials are available electronically instead of printing and mailing a proxy card, annual report and proxy statement.

In fiscal 2023, we started encouraging clients to use digital instead of printed forms to reduce paper and shipping waste and increase the speed by which their employees receive tax forms. We built toolkits to help clients drive the adoption of electronic W-2s for easy upload and faster delivery. Fiscal 2023 was the first year the Affordable Care Act forms were available digitally, and we were fast to market with the ability for our customers' employees to consent to digital forms via the platform and mobile app.

In fiscal 2024, we expanded our Thrive Account employee benefit personalization program to include information technology in addition to associate well-being. Our TechWallet empowers associates to select only the technology they need, reducing duplicate hardware and shipping waste. In fiscal 2024, Paycor shipped nearly 50% fewer keyboards and mice while empowering associates to select other non-standard peripheral technology to enhance virtual collaboration.

In addition, our Cincinnati headquarters employs modern, low flow plumbing fixtures to conserve water.



In fiscal 2024, Paycor recycled over 1,000 devices and over 13,000 pounds of assorted equipment.





Social



ASSOCIATES

CULTURE AND ASSOCIATE EXPERIENCE

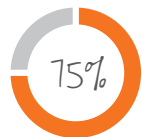
People are at the heart of everything we do. As we grow, our company culture is anchored in the guiding principles that led us here. We're an inclusive and flexible organization that empowers associates to live their lives and be who they are at work. We have fun and give back. We support associates with personally meaningful career paths and open, honest communication. We're a fast-paced company with an insatiable appetite to outperform and overdeliver.



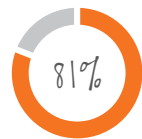
As a human capital management company, we know first-hand how important leaders and culture are in driving business performance and employee engagement. We are creating an irresistible associate experience and our associates continue to recognize us for it. For four consecutive years, Energage has named Paycor a Top Workplace USA based solely on feedback from our associates. Paycor also received the 2023 Top Workplaces Culture Excellence award for DE&I Practices for the third consecutive year and was named in the Top Ten for DE&I Practices in the U.S. by Top Workplaces. In addition, we were recognized with eight additional cultural excellence awards including Compensation & Benefits, Innovation, Leadership, Purpose & Values, Work-Life Flexibility, Employee Appreciation, Employee Well-being and Professional Development.



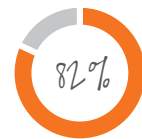
An engagement survey, which gathered feedback from 65% of our team in fiscal 2024, found that:



of associates are engaged, which is exceptionally high among leading industry benchmarks, and has earned us recognition year-after-year as a Top Workplace.



of associates would highly recommend working at Paycor to others



of associates believe Paycor motivates them to give their best work





BRINGING OUR CULTURE TO LIFE

At Paycor, we celebrate our wins to inspire and empower our talented associates to progress towards audacious goals. Within our HCM platform, Paycor associates recognized each other over 24,000 times during fiscal 2024 for demonstrating our Guiding Principles or Empowering Leaders.

As a virtual-first company, we seek creative ways to engage our people, celebrate accomplishments and showcase how our culture comes to life. We award our associates through various experiences and events, including recognition through client and sponsorship organizations. In the last fiscal year, over 50 associates were awarded unique experiences with the Cincinnati Reds, Cincinnati Bengals, FC Cincinnati and other major league teams.





In August, we hosted our second annual virtual culture experience, *Playcor*, that brings together all of our associates to celebrate our culture, unite around our guiding principles, enable meaningful connection, and Have Some Fun Along the Way. This year's event theme, *Hack the Status Quo*, highlighted the unique ways our associates are delivering the customer experience, bringing new ideas to the workplace, and provided thought-provoking ways to invest in one's knowledge and skills. Over 1,100 associates participated in Playcor and our post-event survey showed 85% felt more connected to their colleagues and 85% felt more energized by our culture.

In fiscal 2024 we established a new **Culture Champion Network** to create a network of culture ambassadors spanning diverse geographies and functional business areas. This group of 21 associates cultivate and shape positive and engaging associate and culture experiences at Playcor, such as championing and advocating for specific programs and activities, activating surprise and delight experiences, and acting as a Playcor brand ambassador and voice for their peers. Since its inception in November 2023, the Culture Champion Network has hosted 30+ events, which includes five Playcor It Forward events. Playcor It Forward events demonstrate to our communities how we Take Care of Each Other and Have Fun Along the Way.

L: Nearly 60 Cincinnati associates packed boxes of meal kits for the local community at the Freestore Foodbank.



Top: The team in Dallas donated time to Bonton Farms, harvesting produce and caring for animals. Bottom L to R: Associates in Serbia planted trees, bushes and flowers at a school for children with special needs. Orlando-based associates spent time with kids in need at the Orlando Union Rescue Mission, doing arts and crafts, playing games and being positive role models. Associates in Dallas assembled coping kits for children in need at the Children's Advocacy Center of Collin County.





BENEFITS THAT DRIVE ASSOCIATE ENGAGEMENT AND WELLBEING

Paycor strives to offer exceptional benefits, performance rewards, and career development opportunities to attract, retain, engage, and empower top talent. We have intentionally expanded our leave support programs, associate well-being opportunities, and voluntary benefit offerings to align with our core values, diversity, equity and inclusion commitments, and the interests of our associates. We recently added Pet Insurance and expanded our Employee Assistance Program to include our global workforce. Additionally, we provide a one-time new hire equity grant to all eligible associates that vests over time, an opportunity to participate in an Employee Stock Purchase Program, and a highly competitive 401(k) program. These initiatives aim to invest in our associates' financial future, enhance associate engagement, and align their interests with shareholders' objectives.





Health and Wellness

We offer three medical plans, including a \$0 cost option. Every year, we proactively evaluate our plans and programs through the lens of fiscal responsibility and associates' needs.

Wellness in the workplace is a grounding tenet of our culture, and we recognize the importance of providing our associates with resources, time, and support to foster well-being in both their professional and personal lives. Throughout the year, Paycor hosts industry-leading speakers and events to share information and opportunities addressing mental, physical, and financial well-being, prioritizing flexibility and balance in a virtual-first work environment.



Wellbeing

Our Thrive Account contributes annual funds to a personalized virtual wallet for associates to spend on wellness activities as well as technology needs. We offer free programs for weight loss and diabetic medication is covered at 100% with no cost. Associates also have 24/7 access to an Employee Assistance Program for confidential emotional support, free counseling, mental health resources and legal and financial guidance.



401k

We match \$0.65 for every dollar contributed up to 6% of eligible pay. 93% of Paycor associates are saving for their future through our 401(k) with an average contribution rate of 7%.



Vacation and Flexibility

Paycor encourages associates to take time off to relax and recharge. Everyone gets paid time off (PTO), and as a virtual first company, most managers can offer flextime to their teams. Annually, Paycor assesses time away from work against market trends, including PTO and holiday time. We continue to be competitively positioned in the market with rich time off offerings. Annually, Paycor offers 22 PTO days, nine holidays, and “Your Holiday”, a day associates’ hold special, which can include a birthday or simply a day to kick back and relax.

We have also established out of office message options for our associates, which support a culture of self-care, wellbeing, and respect for the need to recharge.

At the end of the calendar year, associates that have not used all of their PTO may rollover up to five days to be used through March 31st of the next calendar year*. This policy was created in consideration of associate flexibility and our high year-end business volume. PTO rollover is a simple, yet meaningful way to demonstrate Paycor’s commitment to personal well-being and flexibility.

* Where required by local law, associates roll over their entire PTO balance at the end of the year.



Family Support

Paycor’s Paid Parental Leave, Maternity, Infertility Support and Adoption Assistance programs are at the forefront of family-friendly benefits in our industry. We also offer military support, elder care leave, and sabbatical for associates who have achieved tenure milestones. Paycor’s Benefits microsite is publicly available, providing easy access and information about our benefit plans to associates and their families.



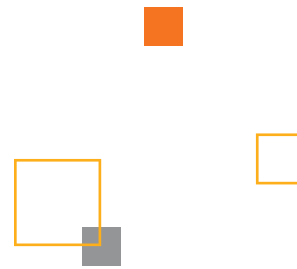
Paycor Stock

Associates can purchase Paycor stock at a 15% discount through our Employee Stock Purchase Plan (ESPP). Nearly half of eligible associates participate in the ESPP. In addition, every eligible associate receives an equity award that vests over time.

TALENT MANAGEMENT AND ORGANIZATIONAL EFFECTIVENESS

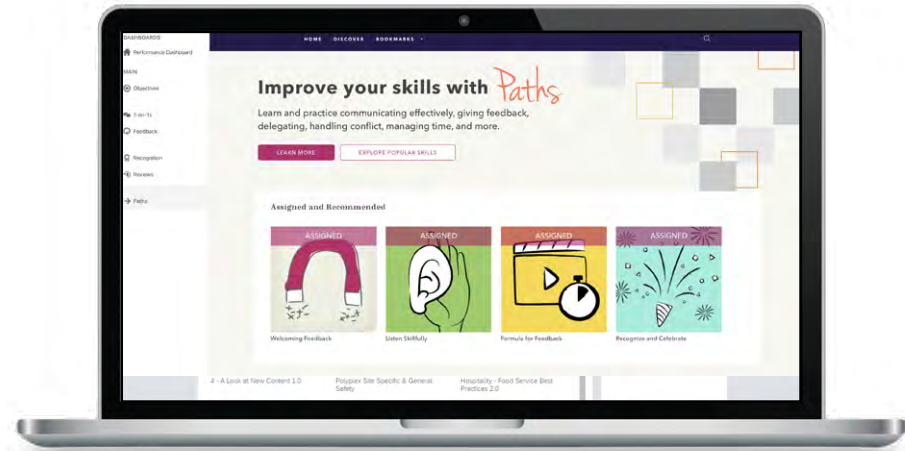
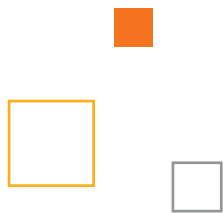
Paycor develops organizational capability through talent development initiatives that support our mission to empower leaders. As part of Paycor's talent management strategy, associates are provided opportunities through an ecosystem of classes, live events, workshops, and leadership programs that develop technical, leadership, professional, and health and wellness skills. Tuition, certification, and conference reimbursement are also available to enable associates to develop their skills, personal and professional wellness, and industry expertise. Paycor's development programs are designed to be inclusive and offer resources for all associates, including allyship for women, veterans, people within minority or protected status, and those actively transitioning into new careers.

Our Leadership Model sets the standard for exceptional leadership at every level of our organization and brings our Guiding Principles to life. Aligned with Paycor's mission to empower leaders, the Leadership Model defines the specific characteristics we seek in our leaders, enabling them to inspire, guide, and drive teams towards these behaviors with unwavering confidence and purpose. This model is deeply embedded in Paycor's Talent Management practices including Quarterly Connect sessions, development programs, and 360 feedback.





Paycor offers programs including keynotes, panel events, structured training, and team building to develop current and future leaders. For those interested and ready to pursue more, programs such as Paycor Leaders, Chamber of Commerce and community programs, and Bonfire (focused on women leader development) are available. People leaders are provided with content to support the unique skills required to manage and develop others through inflection point training, foundations of management, and support when managing through annual people management cadences. Rising executive leaders participate in coaching, the Executive Leadership program and opportunities positioned to their personal growth opportunity areas and backgrounds. With an average participation of ~25% of the Paycor population engaged in programs each month, and over 150 programs offered throughout a calendar year, the resources available to associates are purposefully planned to engage, enrich and deliver results they can carry with them through their careers and assist them in reaching their full potential.



As a high-performance organization, Paycor is committed to holding regular performance conversations with 100% of associates every quarter. To ensure associates have clear expectations, Paycor facilitates quarterly review discussions, called Connect sessions. The frequency and simplicity of the Connect process encourages a discussion where constructive feedback, recognition and coaching are normalized as part of everyday activity. During Connect conversations, people leaders and associates conduct a healthy dialogue that elevates accomplishments, areas of focus and priorities for the following quarter. Results are alignment on work, recognition for accomplishments and career development conversations supporting long-term engagement and development.



DIVERSITY, EQUITY & INCLUSION

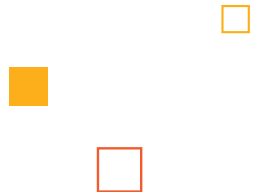
Diversity, equity and inclusion (“DE&I”) is a priority at Paycor, and we strive to create a culture of inclusion and belonging for all. For us, that means committing to DE&I education, transparency of our data, equity of pay and treatment of all, and purpose for our work.



DE&I STRATEGY

Paycor established a formal [Diversity, Equity & Inclusion Policy](#) in August 2021, which was updated in September 2022 and 2023. In fiscal 2021, we hired a DE&I leader to create and execute a strategic DE&I plan, and our CEO signed the CEO Action Pledge for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. Additionally, we have won the Energage Top Workplace DE&I Practices Award each fiscal year since 2021, and in fiscal 2024 Paycor was proud to be placed in their Top Ten Companies for DE&I Practices in the United States.

Our DE&I strategy is guided by four pillars that outline the foundation of our action steps as they relate to the goals of the entire organization. The strategy helps ensure that we implement initiatives and action steps that impact our leaders, environment, our associates, practices and procedures to make strides in serving all stakeholders.

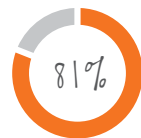




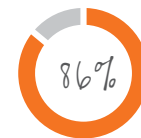
We established enterprise-wide goals to support the inclusion, belonging, and representation of all associates, including those from underrepresented groups and will evolve these goals over time to improve diversity of thought across the organization. In developing these goals, we conducted an internal needs assessment and concluded that our opportunities are to focus on supporting supplier diversity, driving accountability using data, creating a mentoring and sponsorship program, and recruiting, retaining and promoting talent across the Company.

We work to create a culture that supports and embraces the rich mosaic of diversity in our associates, customers and partners. We are passionate about encouraging individuality and authenticity. We regularly review our workforce's compensation to help ensure everyone is paid equally for equal work and address any unexplained gaps. We incorporate our DE&I strategy and learning into associate onboarding courses, including introducing anti-biased practices and education into our hiring manager compliance training, and conduct ongoing leader training as our associates play a key role in fostering a culture of inclusion.

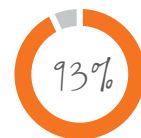
An internal pulse survey, which gathered feedback from 65% of our team in fiscal 2024, found that:



of associates feel a sense of inclusion at Paycor



of associates feel their manager creates a psychologically safe work environment



of associates say their managers provide support with family and work life balance

EMPLOYEE RESOURCE GROUPS

Additionally, our commitment to DE&I is reflected through our seven thriving Employee Resource Groups (“ERGs”), consisting of CARE (Caregivers Assistance & Resources for Employees), Colorful Connections, MAP (Mental Health Awareness Project), PRISM (Pride, Raising Awareness, Involvement, Support and Mentoring Alliance), VALOR (Veterans & Loved Ones Resource), WIN (Women’s Inspiration Network), and Young Professionals. We believe our ERGs create a community of inclusion and belonging and create a safe space for learning and dialogue around the celebrations and challenges that diverse communities face. Our ERGs are a vital part of our associate and business success. Each ERG is open to all employees (including allies), has an executive sponsor and is supported by our DE&I team and senior leaders across the Company.

We are proud of the impact our ERGs had on associates this fiscal year through the variety and breadth of support and awareness opportunities. CARE provided parenting connections with quarterly coffee chats, PRISM led Paycor in the Cincinnati Pride parade, Colorful Connections highlighted all cultural heritage months with unique events, and MAP held a senior leadership panel to open discussions about overcoming mental health challenges to enhance professional performance. This is only a small sample of the amazing work our ERGs do every day to foster inclusion and belonging with our associates.



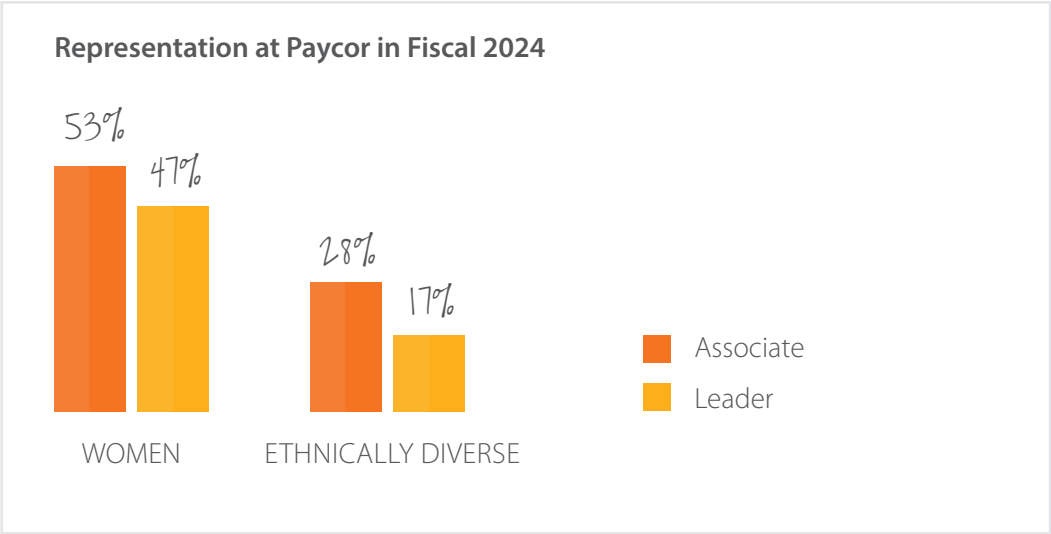


PAYCOR DIVERSITY

As of June 30, 2024, we had approximately 2,900 associates, nearly all of whom are full-time, with the vast majority working virtually. Less than 5% of our associates reside internationally.

This year we continued to make progress against our DE&I strategic pillars and priorities. We have been focused on continuing to strengthen diversity across our organization, including the representation of women in leadership and ethnic diversity among our associates*. The representation of women in leadership and ethnic diversity amongst associates increased for the third consecutive fiscal year.

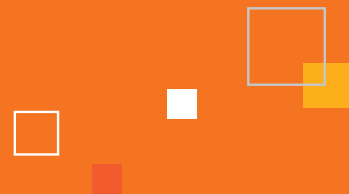
DE&I at Paycor	FY'22	FY'23	FY'24
Ethnic Diversity Among Associates	25%	26%	28%
Women in Leadership	41%	45%	47%



*Paycor defines "leadership" and "leaders" as associates at the level of Manager and above. "Ethnic diversity" refers to associates who identify as non-white. Reported data on associate gender and ethnicity is self-identified.

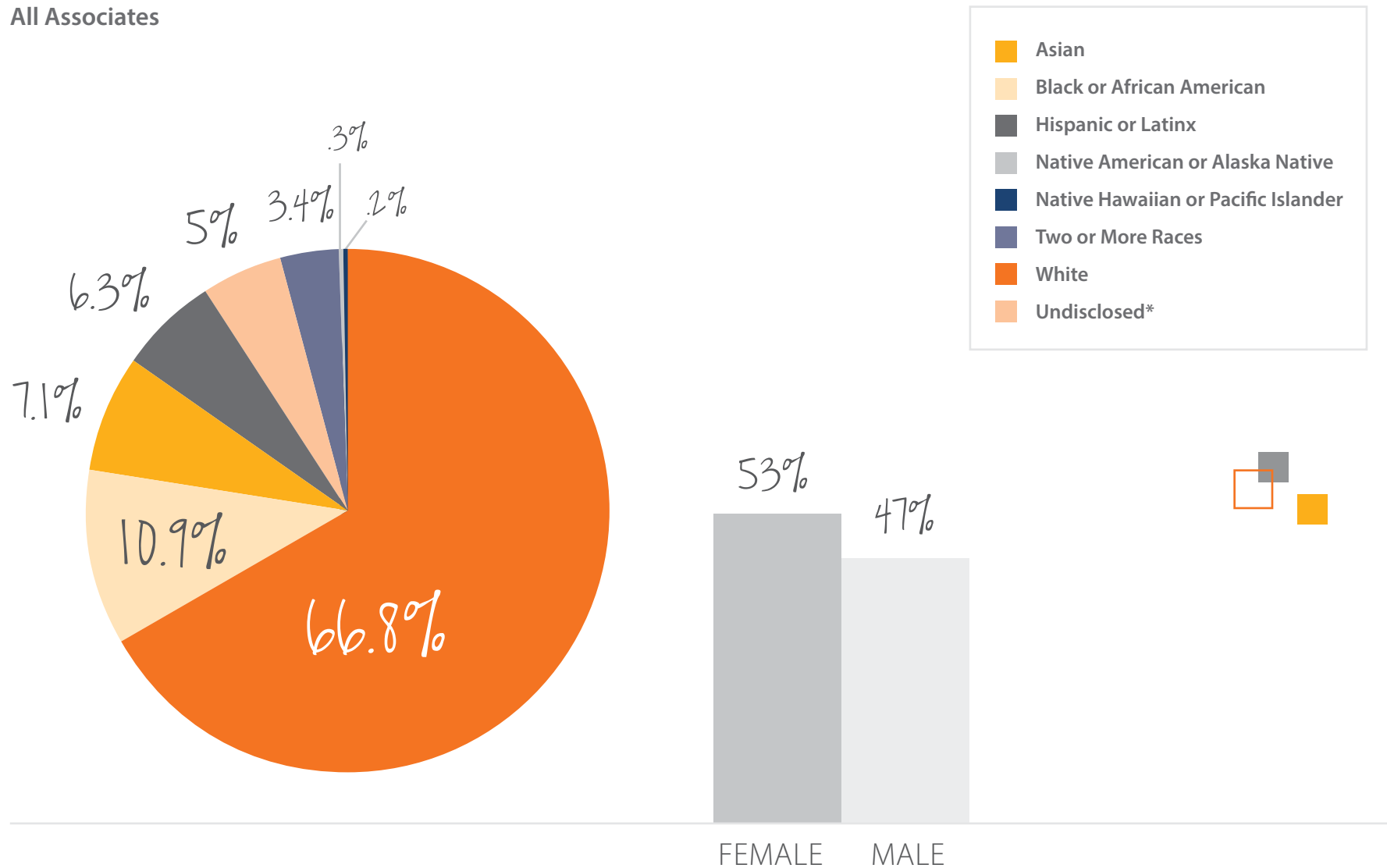


Approximately 7% of our associates self-identified as LGBTQ+ in fiscal 2024.



Associate Demographics

All Associates



*Associates either elected not to disclose their ethnicity or are part of the Company's global workforce outside of the U.S. where ethnicity data is not collected.

The demographic workforce data aligns with the 2022 EEO-1 Component 1 data collection reporting requirements outlined by the U.S. Equal Employment Opportunity Commission, including the applicable workforce categories tracked and reported by Paycor.

Associate Demographics

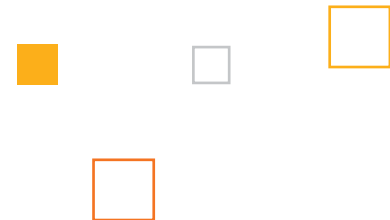


	Executive/Senior Level Officials and Managers	First/Mid Level Officials and Managers	Technical Staff	Other Employees
Asian	13.3%	5.0%	24.9%	2.7%
Black or African American	0.0%	5.0%	4.0%	14.4%
Hispanic or Latinx	4.4%	4.4%	1.8%	8.0%
Native American or Alaska Native	0.0%	0.2%	0.2%	0.4%
Native Hawaiian or Pacific Islander	0.0%	0.2%	0.0%	0.3%
Two or More Races	0.0%	2.5%	1.4%	4.3%
White	75.6%	80.1%	45.1%	69.2%
Undisclosed*	6.7%	2.5%	22.6%	0.7%
Female	35.6%	48.6%	30.5%	60.4%
Male	64.4%	51.4%	69.5%	39.6%



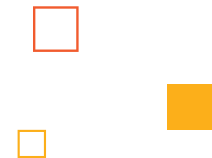
SUPPLIER DIVERSITY

As outlined in our [Supplier Conduct Guidelines](#), we are committed to the development and growth of a strong and diverse supplier network. Paycor expects suppliers to be active in the inclusion of goods and services provided by minority, women, small disadvantaged, HUBZone (Historically Underutilized Business Zones) and service-disabled veteran-owned businesses in their own procurement processes. Paycor encourages suppliers to share our core value of diversity by establishing and supporting their own diversity programs.



In fiscal 2023, we established the Paycor Empowerment Program in conjunction with the Cincinnati Minority Business Accelerator (MBA) to enhance our technology partner diversity. The Paycor Empowerment Program was started with the goal to support minority-owned business leaders in growing their organizations through Paycor’s vast Marketplace network and provide equitable opportunities for all. Entrants were evaluated on a series of criteria by both the Cincinnati MBA and Paycor teams, including strategic alignment, customer focus, capacity for growth and culture, employee experience, and diversity, equity, and inclusion (DE&I). Ultimately nine new minority-owned businesses were selected to join as partners. During fiscal 2024, we worked to onboard these partners into our Marketplace as well as grow and foster those relationships with Paycor.

In partnership with the Cincinnati Bengals NFL franchise, we continued the annual local, minority-owned small business contest, “Earn Your Stripes” launched in fiscal 2023. The competition is an opportunity for local, minority-owned business leaders throughout the Tri-State area to share their innovative and remarkable business ventures to a panel of judges. The winning company, Mixicles, received a sponsorship package at Paycor Stadium for the 2024 NFL season, which provides the opportunity to promote their business to a considerable audience. In addition, some participants are being registered as potential Paycor suppliers, providing the opportunity to do business with Paycor in the future.





CLIENTS

Paycor's mission is to empower leaders to develop winning teams. With approximately 2.7 million employees on our platform in all 50 states and US territories, we recognize the far-reaching role we play in helping businesses find and retain talent, promote employee health and financial wellness, elevate equality at work, foster inclusive leaders and experiences, and build better workplaces. Through our clients, Paycor contributes to developing great places to work, impacting millions of employees and their families.





Paycor has been recognized through various awards for product investments that support environmental, social, and governance (ESG) factors. These accolades highlight our dedication to fostering a positive workplace culture, promoting diversity and inclusion, and supporting our community. In fiscal 2024, Paycor received over 20 awards and industry analyst placements. Notably, Paycor was recognized with multiple HR Tech Awards, winning in the following categories:

- **Best Midsize Business-Focused Solution (Core HR/Workforce):** This award highlights Paycor’s commitment to providing comprehensive HR solutions that cater to the specific needs of midsize businesses, enabling them to foster a positive work environment and manage their workforce effectively.
- **Best Comprehensive Solution (Core HR/Workforce):** This recognition underscores Paycor’s ability to streamline and automate HR processes, improve efficiency, and enhance employee experiences, promoting fair and transparent practices.
- **Best Comprehensive Solution (Talent Management):** By offering a robust talent management suite, Paycor enables companies to attract, develop, and retain top talent, contributing to a skilled and engaged workforce.
- **Best Talent Intelligence Solution:** This award emphasizes Paycor’s data-driven approach to talent management, providing insights that enable companies to make informed decisions about hiring, development, and retention, ultimately helping foster a more inclusive and equitable workplace.

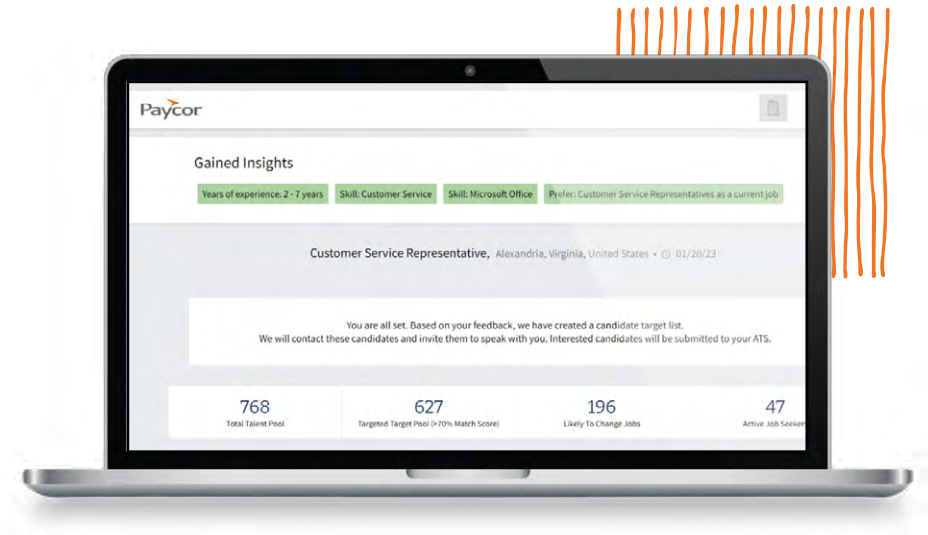


FINDING AND ATTRACTING TALENT

Paycor helps employers find and attract talent to achieve organizational objectives. In fiscal 2024, Paycor supported over 475,000 job postings to help employers connect with those seeking employment, up more than 50% from the previous year, and with 70%+ of hires being hourly, deskless or front-line workers. Additionally, Paycor supported its customers in drafting over 20,000 job descriptions using Paycor's AI-enabled job description generator, helping employers attract talent while maintaining a focus on compliance, equity, and inclusion in their recruitment processes.

Additionally, Paycor Recruiting supports integration with diversity job boards and offers features that empower organizations to track and measure their progress towards building a diverse workforce. Customizable workflows, structured interview guides, and blind resume reviews help further mitigate bias in the hiring process, enabling employers to evaluate candidates based solely on their qualifications. This holistic approach to equitable talent acquisition aligns with Paycor's commitment to fostering inclusive workplaces.

Paycor Smart Sourcing, an AI-powered talent acquisition solution, accelerates the hiring process by enabling companies to allocate resources to other initiatives that may help them create fair, equitable, and high value hiring processes. Instead of focusing on the time-consuming task of manually calling, e-mailing and sourcing candidates, leaders can focus on creating an excellent candidate experience that makes their sourcing efforts highly successful and efficient.



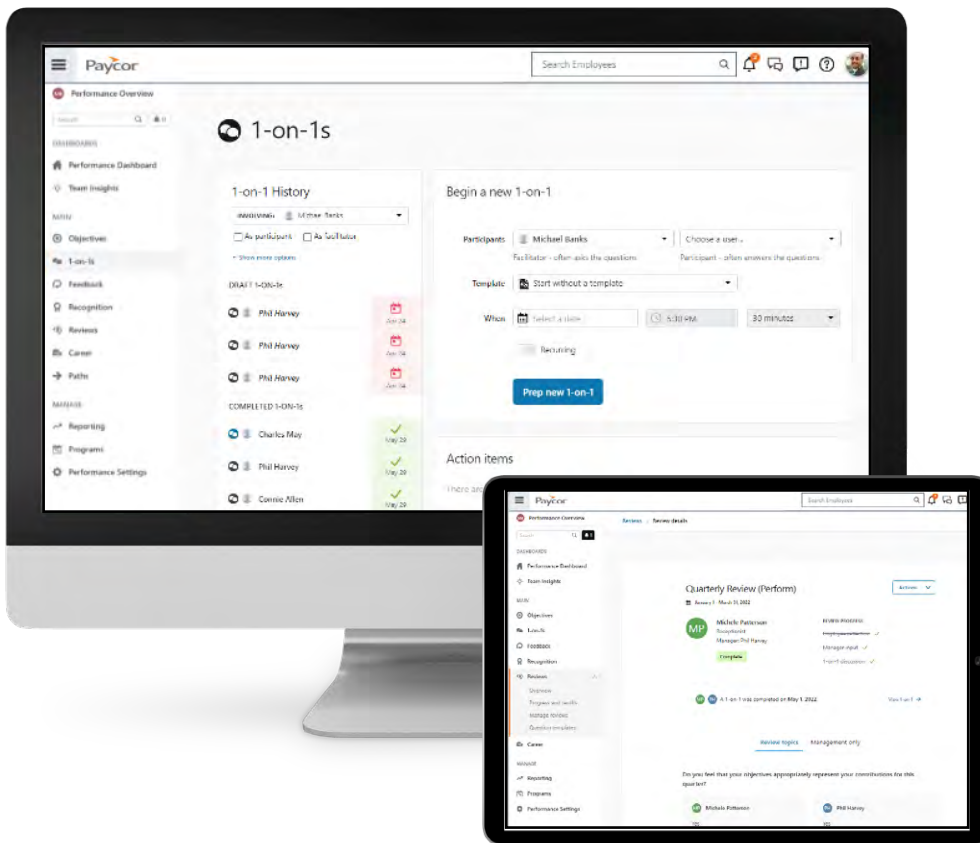


DEVELOPING AND RETAINING TALENT EQUITABLY

Paycor understands that fostering an equitable workplace isn't just a moral imperative; it's a strategic advantage. Our comprehensive suite of HCM solutions empowers businesses to develop and retain talent equitably through:

- **Targeted Learning & Development:** We provide personalized development paths and skill-building opportunities to ensure all employees have the resources to reach their full potential.
- **Transparent Performance Management:** Our performance management tools promote fair and objective evaluations, ensuring all employees receive constructive feedback and equal opportunities for growth.
- **Data-Driven Compensation Insights:** Our Paycor Benchmarking tool provides real-time market data to help organizations ensure fair and competitive compensation across their workforce.

Paycor is committed to creating a more equitable workplace, where all employees have the tools and opportunities to thrive.

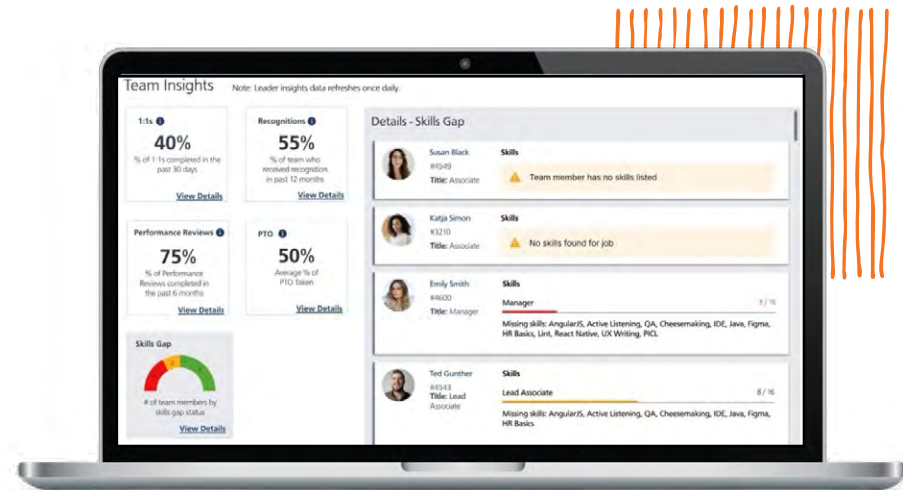


Given the disproportionate impact direct managers have on employee engagement and retention, we enable HR leaders to automate the talent process so frontline leaders can directly access insights and tools to optimally coach and develop their associates. We are seeing increasing engagement with these tools as the number of annual performance reviews completed increased by more than 40% and recognitions given increased by 25% year-over-year on our platform. Clients who use Paycor's essential talent tools have 10% better retention on average than those that do not.

Paycor also empowers frontline leaders to create a culture of continuous improvement and coaching, which is crucial for employee retention and business performance. Paycor's talent solutions powered more than 300,000 one-on-one coaching sessions between frontline managers and their associates in fiscal 2024, up 20% from the previous year, demonstrating that our platform is helping leaders to connect more with their teams.

In fiscal 2024, we introduced Paycor Skills, an AI-powered skills development platform, reinforcing Paycor's commitment to employee development. By automating the identification and tracking of employee skills, leaders of employees are empowered to enhance their skill sets and advance their careers, contributing to a more engaged workforce. Furthermore, by identifying and addressing skills gaps within the organization, Paycor Skills helps support diversity, equity, and inclusion by helping to ensure all employees have equal access to learning and development opportunities, regardless of their background or current skill level.

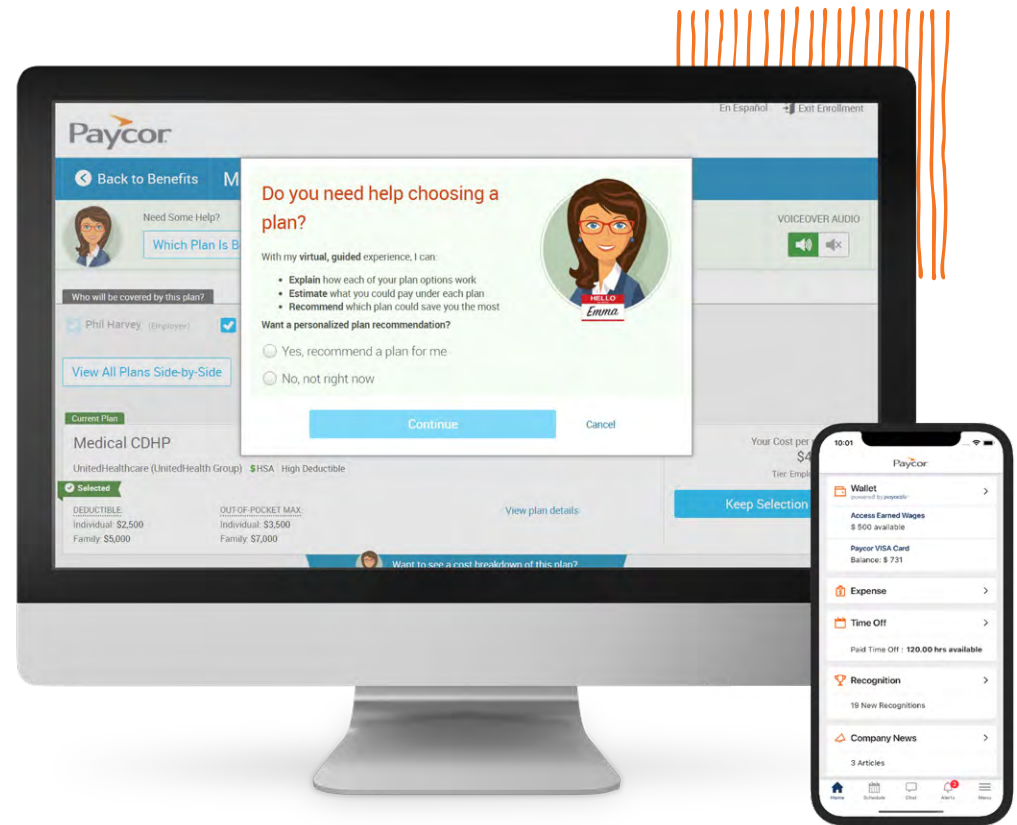
Paycor Skills Automatically Building Job and Skill Model for Objective Measurement & Development



EMPLOYEE HEALTH AND FINANCIAL WELLNESS

Paycor's Benefits Advisor is designed to reduce administrative burden so that employers can focus on putting together meaningful, affordable health insurance packages and making the enrollment experience simple to understand for employees. Decision support tools, such as Ask Emma, help employees choose the best benefit plans for their healthcare needs. The number of employees leveraging decision support to help make the right benefits decision for themselves and their families increased by more than 20% this fiscal year. Paycor is proud to power the benefits enrollment experience for many employees, helping people to take care of their families and live healthier lives.

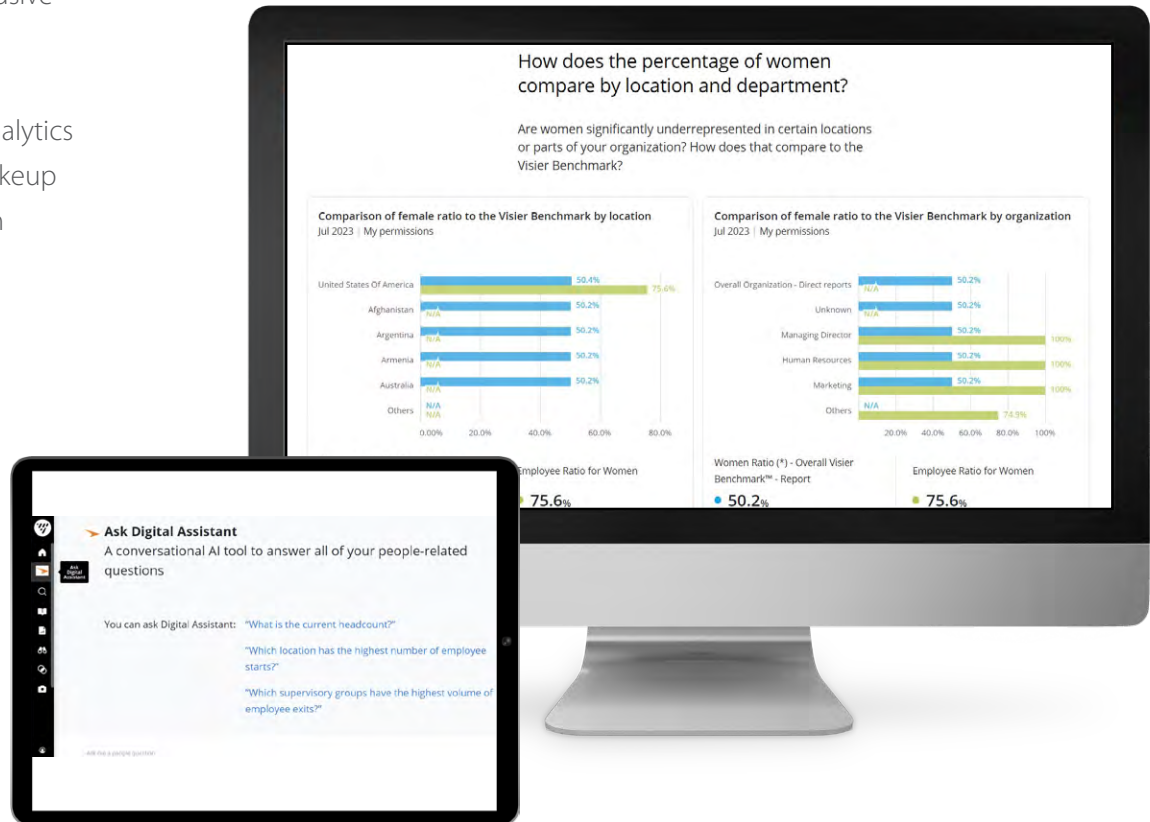
Paycor also provides access to financial wellness resources, including early wage access of up to 50% of earned wages, and a flexible, fully digital wallet at no additional cost to employers or employees. In fiscal 2024, Paycor provided employees early access to over \$128 million in earned wages. With many Americans living paycheck-to-paycheck, employees can benefit from early access to wages as well as helpful financial wellness education.



EQUALITY AT WORK

Paycor's AI-powered Analytics Digital Assistant is part of our commitment to empowering leaders with equitable access to information. By enabling leaders—configurable across all levels and functions—to easily access and analyze workforce data through natural language queries, the assistant democratizes data-driven decision-making. This functionality promotes transparency, fosters a data-informed culture, and empowers leaders to make more equitable and inclusive decisions based on accurate insights.

Paycor Analytics also has a system-delivered DE&I analytics guidebook that provides leaders insight into the makeup of staff by age, gender and ethnicity. Companies can benchmark their diversity data against 30,000 other Paycor customers as well as government data. This knowledge empowers companies to create and maintain programs to promote equality in their workplaces.

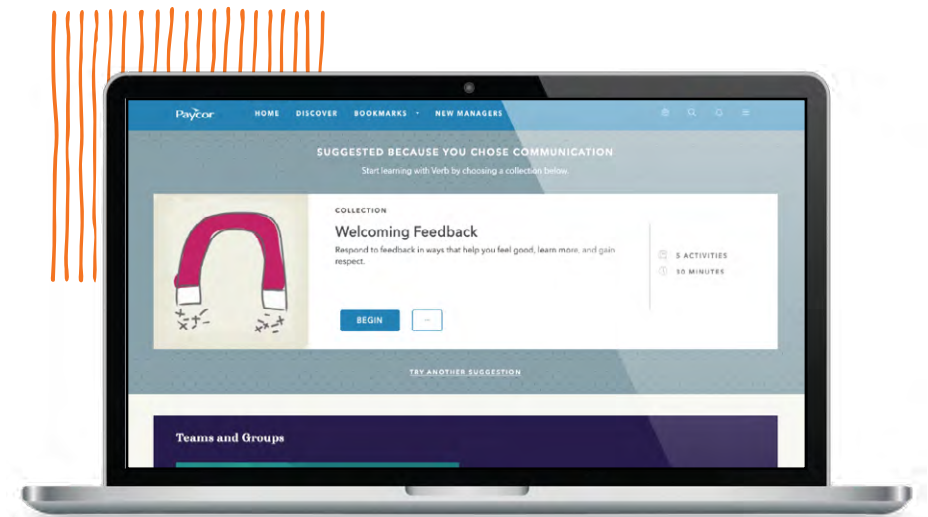


INCLUSIVE LEADERSHIP DEVELOPMENT

In fiscal 2024, Paycor continued to invest in Paycor Paths, a people development platform designed to inspire positive behavioral change within frontline leaders. It offers personalized micro-learning journeys and pre-built programs focusing on key areas, such as manager training, leadership development, and DE&I learning. Paycor is expanding the library of available Paths and further integrating behavioral science insights to maximize learning impact. New features have been introduced to enhance personalization, track learner progress, and measure training program effectiveness.

Paycor Paths emphasizes the importance of inclusive leadership skills, such as building trust, fostering belonging, and mitigating bias. The platform's efficacy is evident in the thousands of learners who have engaged with its DE&I Paths and applied the knowledge to more than 400 real-life scenarios, underscoring Paycor's commitment to driving effective DE&I efforts.

As an investment that we make in our clients' personal development through our products, Paycor Learning provides opportunities for clients to engage in live webinars and obtain best practice resources through the HR Center of Excellence. We provide access to a variety of topics, including the many ways in which DE&I intersects and overlaps with the various aspects of business and the workforce community.





ACCESSIBILITY

Paycor is committed to ensuring digital accessibility for people with disabilities and our support path will be a multi-year journey. Paycor is partially conformant with Web Content Accessibility Guidelines (WCAG) 2.1 level AA and is continuing to invest in advancements. In fiscal 2024, we delivered the following enhancements in support of WCAG:

- Updates to our payroll application, including font size and color contrast improvements, adhering to accessibility best practices.
- Enhancements to our user interface design system, making it easier for users with low vision to navigate and interact.



As greater than 70% of associates on our platform are hourly and/or deskless, most frontline employees prefer to access Paycor on a mobile device. Paycor's commitment to inclusivity extends to its mobile app, which leverages the robust accessibility features of iOS and Android operating systems and meets users where they are.

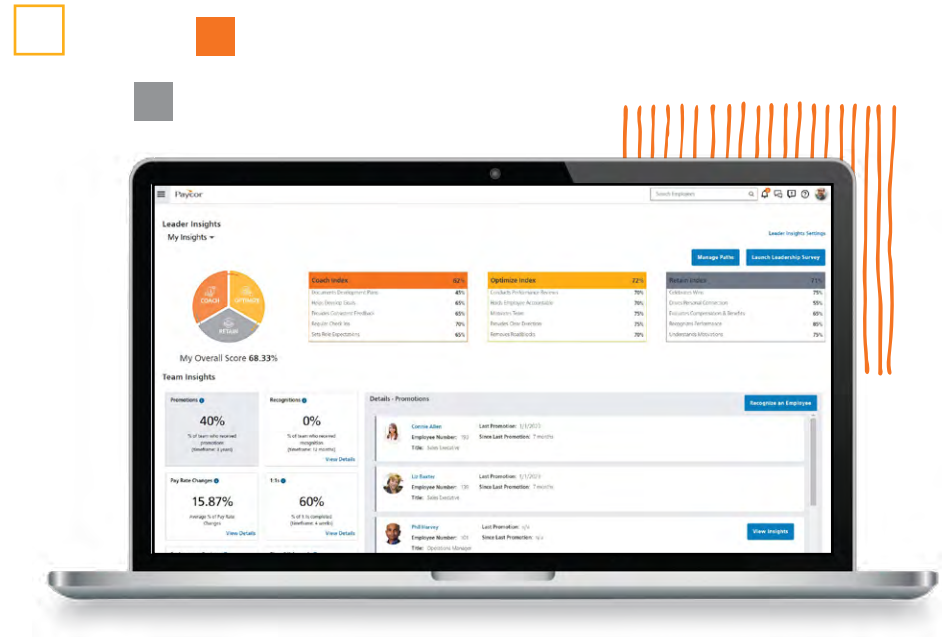
- **VoiceOver:** Built-in screen reader for users with visual impairments.
- **Dynamic Text:** Adjustable font sizes for users with low vision or reading difficulties.
- **Color Contrast:** High contrast for text and interactive elements, benefiting users with color vision deficiencies.
- **Touch Accommodations:** Customizable gestures and single-tap actions for users with motor impairments.
- **Switch Control:** Device control using switches for individuals with limited mobility.

BUILDING BETTER WORKPLACES

Soliciting employee feedback helps employers identify opportunities to improve culture and workplaces. Paycor Pulse, our employee survey tool, gives leaders an accurate way to gather and convert employee feedback into insights for actionable plans. Designed to help leaders regularly gauge what employees are thinking and feeling in real time, the tool facilitates both light-weight pulse surveys and in-depth engagement surveys through a combination of quantitative and qualitative questions. The number of surveys launched in Paycor Pulse grew 55% this fiscal year.

Employee engagement is a key driver of business performance, so organizational leaders who have the right tools to inspire loyalty and active participation from employees are critical in today's workforce. In fiscal 2024, we introduced Paycor Engage to empower frontline leaders to elevate how they communicate and motivate their teams with a one-stop-shop to share company news, communicate with teams and recognize employees across mobile and web applications. Paycor Engage also enables social collaboration for cross-functional groups across the organization. Since its launch, approximately 40% of frontline managers used Engage to collaborate with their teams through 45,000 posts. The mobile-first design enables managers to reach their employees where they are at, as more than 50% of employees use Paycor on their phone.

Paycor's COR Leadership Framework is a testament to the company's dedication to fostering a positive and empowering workplace culture. This framework, which stands for Coach, Optimize, and Retain, equips leaders with the tools and knowledge to effectively guide their teams, optimize performance, and cultivate a motivated workforce. By promoting a culture of continuous learning and development, open communication, and recognition, the COR Leadership Framework contributes to employee engagement and satisfaction, key drivers of business performance.

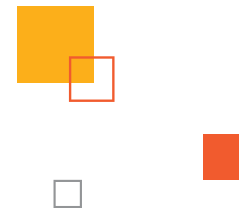




COMMUNITY

COMMUNITY GIVING

Giving back to the communities in which we live and work is in our DNA. We empower our associates to make a difference in a way that we believe is meaningful to them. To date, we've raised approximately \$2.6 million and donated more than 62,000 volunteer hours to approximately 2,000 philanthropic events.





COMMUNITY PARTNERS

Paycor's Community Partners program is a grassroots organization funded by associates who choose to give their own time and resources to serve non-profit organizations across the country. Through the support of the program, associates are empowered to lead a Community Partners event with the goal of broad-reaching impacts for the communities in which we live and work. Since its inception in 2010, Community Partners has hosted nearly 1,600 events benefitting 501(c)(3) organizations, including the American Heart Association, Adopt A Class, CancerFree KIDS, and March of Dimes.





PAYCOR IT FORWARD

In addition to associate-led opportunities through Community Partners, Paycor's Culture Champions spearhead Paycor It Forward events as a way for teams, departments, or locations to serve our communities, Take Care of Each Other, and Have Fun Along the Way. These events provide associates the opportunity to put the power of Paycor behind a cause they believe in while building team collaboration and connection.





Community Impact Fund



COMMUNITY IMPACT FUND

The Paycor Community Impact Fund (“PCIF”) is a 501(c)(3) charitable investment account that provides project grants to philanthropic organizations associates care about nationwide. To date, PCIF has provided over 80 grants and more than \$500,000 in funding. PCIF established a goal in 2021 to ensure at least 25% of funds are allocated to organizations that are minority-led or serving marginalized communities, which we have consistently exceeded.

We proudly support organizations that:



Improve education and workforce readiness



Stimulate a healthy environment and conservation



Promote inclusion and independence for people with disabilities



Encourage health and provide human services

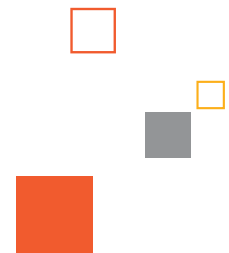


Enable the arts and culture





Governance



CORPORATE GOVERNANCE

Paycor is dedicated to conducting business effectively, fairly and with a high degree of integrity and encourages behavior that will maintain the public's confidence and trust in its operations. Following our IPO in 2021, we focused on creating a Board of Directors and executive management structure that provides leadership and oversight over our business activities, including issues related to sustainability. We maintain a [Code of Ethics](#) that applies to all of our employees, officers and directors, with additional policies relevant to our public company obligations, as well as the critical nature of our human capital management software to our clients.



ESG Oversight

Paycor has an ESG Committee that consists of a cross-functional group of leaders and associates from departments including information technology, investor relations, human resources, legal, finance, and facilities. This Committee assists our Board of Directors and executive management team in developing our ESG strategy; identifying ESG risks and opportunities, including regulatory changes and compliance; setting initiatives; and tracking our performance. Among our Board Committees, the Audit Committee assists with ESG oversight from an external reporting perspective, and the Nominating and Governance Committee assists with ESG strategy, communication, and shareholder engagement.



ESG Policy

We recognize the importance of ESG issues and consider ESG factors in connection with our business operations and investment practices. Therefore, we have an [ESG Policy](#) that provides a broad framework for our approach to considering ESG impacts on our business and the environment; our relationships with associates, customers and the communities in which we operate; and our governance of ESG issues.





BOARD OF DIRECTORS

Our Board of Directors operates according to our Corporate Governance Guidelines, which set forth the Board of Directors' responsibilities to the Company and our stockholders. These Guidelines serve as a flexible framework within which our Board of Directors may conduct its business. Our Board of Directors has established three standing committees: the Audit Committee, the Compensation and Benefits Committee, and the Nominating and Governance Committee, and has adopted charters that outline each committee's membership and leadership structure, operations and duties and responsibilities.

	Audit Committee	Compensation and Benefits Committee	Nominating and Governance Committee
Whit Bouck	👤		👤
Katie Burke		👤	👤
Steve Collins	👤	👤	
Jonathan Corr	👤		👤
Scott Miller		👤	
Jeremy Rishel	👤		

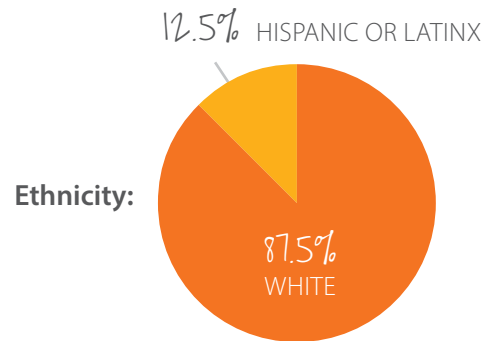
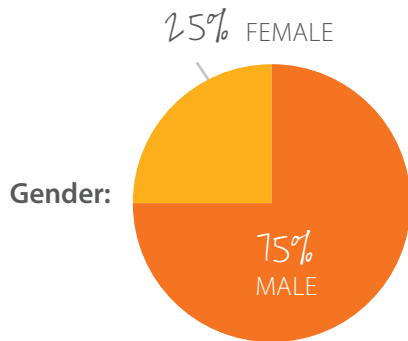
👤 Chairperson 👤 Member



BOARD OF DIRECTORS' DEMOGRAPHICS

When identifying and evaluating candidates for director nominees, we consider a combination of factors, including the diverse attributes of each nominee—such as difference in background, qualifications and personal characteristics, and strive to achieve a diverse set of perspectives and experiences, aligned with our DE&I strategy. Nearly 40% of our Board of Directors identifies as a member of one or more diverse groups.

Nearly 40% of our Board of Directors identifies as one or more diverse groups.



BOARD OF DIRECTORS' SKILLS

The table below highlights the key skills and experiences that the individuals currently serving on our Board of Directors have developed through education, direct experience, and oversight responsibilities. We believe these collective attributes are essential to the Board of Directors' ability to exercise its oversight function and to guide Paycor's future performance. If an individual is not listed as having a particular attribute, it does not signify a director's lack of ability to contribute in that specific area. Rather, it is intended to depict notable areas of focus.

Director	Whit Bouck	Katie Burke	Steve Collins	Jonathan Corr	Scott Miller	Jeremy Rishel	Raul Villar, Jr.	Jason Wright
Public Company Governance	✓	✓	✓	✓	✓	✓	✓	✓
Software Industry	✓	✓	✓	✓	✓	✓	✓	✓
Executive Management	✓	✓	✓	✓	✓	✓	✓	✓
International	✓	✓						✓
Human Capital Management		✓		✓	✓		✓	
Executive Compensation		✓	✓	✓	✓			
Accounting and Finance	✓		✓	✓	✓			✓
Marketing and Sales	✓	✓			✓		✓	
Environmental and Sustainability		✓						✓
Technology and Cybersecurity	✓	✓	✓	✓	✓	✓	✓	✓
Mergers and Acquisitions	✓		✓	✓		✓	✓	✓

For additional information regarding our Board of Directors and its committees or members, please refer to our Definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be held on October 23, 2024, which was filed with the SEC on September 26, 2024 and the Governance section of our [Investor Relations website](#).









ETHICS & COMPLIANCE

Paycor has a culture of integrity, honesty and ethical behavior. Paycor maintains a [Code of Ethics](#) that applies to all of its associates, officers and directors, with an additional policy for senior officers responsible for financial reporting.

Every Paycor associate completes comprehensive compliance training and agrees to abide by our associate code of conduct included within our Code of Ethics when hired and annually thereafter. This compliance training includes our code of conduct and ethics, anti-bribery, discrimination and harassment prevention, privacy, security, fraud, and related internal controls.

As required in our [Whistleblower Policy](#), associates can anonymously submit concerns to a third-party Associate Voice Line managed by our internal audit department, which reports into the Audit Committee, without fear of reprisal for any matters reported in good faith.

Our [Supplier Conduct Guidelines](#) are designed to help ensure that our partners adhere to the same high standards of integrity and ethics. In addition, many of our solutions are designed to assist clients with their compliance to certain U.S. federal, state and local laws and regulations.

Our [Related Party Transactions Policy](#) requires our Audit Committee to review and approve all related person transactions. Pursuant to this policy, the Audit Committee has governance oversight of transactions that may give rise to a conflict of interest to ensure we are acting in the company's best interests. In addition, under our Code of Ethics, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

AI ETHICS & COMPLIANCE

At Paycor, we place great importance on the responsible and ethical use of AI, and we are committed to upholding these guiding principles. Paycor views AI as a tool to augment human capabilities and empower our associates and customers to dedicate focus on higher-value work. We prioritize a human-centered approach, choosing AI solutions that enhance and support human decision-making processes rather than making autonomous decisions. By fostering collaboration between humans and AI, Paycor empowers our customers to make informed decisions, leveraging the benefits of AI while maintaining human oversight.



AI Guiding Principles

H.E.A.R.T.



Human-centered

Our vision of AI places humans squarely in the center and our design of AI solutions are intuitive and easy to use.



Ethical

We are guided by our code of conduct, overall company Guiding Principles, and ESG Initiatives.



Accountable

We rely on governance frameworks to oversee the ethical and responsible use of AI.



Reliable

We use reasonable precaution to safeguard customer data from loss, misuse, unauthorized access, disclosure, alteration, or destruction.



Transparent

Our approach to AI innovation fosters transparency. While flawless explainability is an aspirational goal and not always a reality, it remains our guiding principle.



Paycor's commitment to responsible AI extends to our internal governance practices. We have established dedicated teams and frameworks to oversee the ethical and responsible use of AI within the organization. These teams are responsible for enforcing compliance with ethical guidelines and industry best practices, promoting a culture of responsible AI implementation throughout the company. By regularly monitoring and updating our AI models as well as the underlying data used to train them, Paycor strives to eliminate biases and support diversity and inclusion in our AI-powered products.

Paycor's AI strategy is to leverage AI to fuel the unique power of people both for its customers and associates to improve the user experience, increase efficiency, expand product offerings and enhance domain expertise.



Where we're focused:

Using AI to fuel the unique power of people

Experience

Using AI to make the client experience more **intuitive, streamlined** and **error-proof**



Efficiency

Providing employees the tools to **crush business outcomes, improve efficiencies** and **scale operations** across the entire business



Expansion

Using new technologies to **expand Paycor product offerings**



Expertise

Delivering information and data at the right time, in the right place to **position customers as experts in their field**

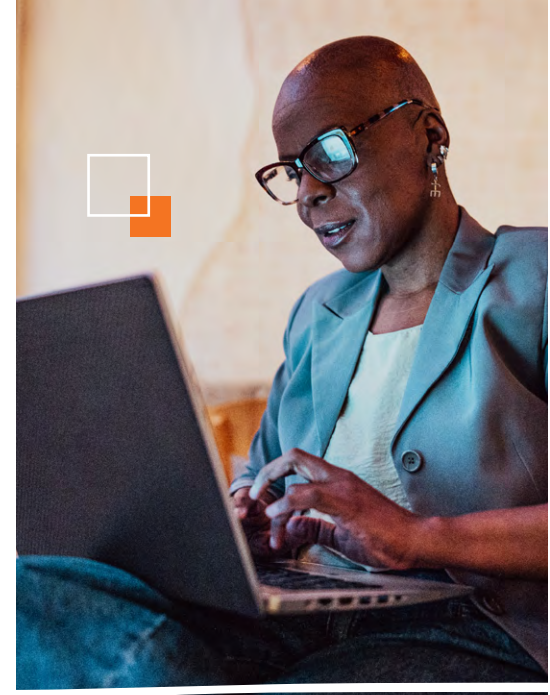




As the demand for responsible and ethical AI continues to grow, Paycor strives to lead by example in integrating AI into our products, services and internal practices in an accountable and secure manner. We are enthusiastic about the value AI adds within our products to further empower leaders to develop winning teams. Today, Recruiters and Hiring Managers can generate compelling job descriptions with the click of a button, saving potentially hours of time. Paycor Smart Sourcing serves to improve the quantity and quality of candidates for job postings, helping to quickly identify qualified candidates and shortening the hiring cycle time. To help retain talent, Paycor's Predictive Resignation functionality provides forecasting and early warning indicators of potential employee turnover. Finally, Sentiment Analysis in our Surveys and Performance Management products equips leaders with richer insights about their teams and refines their messaging in performance reviews. All of these capabilities are designed and built to protect the integrity of the underlying data, minimize bias in the results and comply with applicable regulations.



In addition, we also deploy AI in our own operations to improve our domain expertise and increase efficiency. For example, in our Customer Experience organization, we deployed AI Agent Assist technology, which empowers advocates to resolve customer inquiries faster and ensure consistent, high-quality experiences as we scale. Our development team is using AI to expedite product testing and code development while our Sales and Implementation teams are using AI listening tools to enable leaders to coach against best practices at scale. We are excited about upcoming AI features that will provide an even more compelling and enriching experience for our clients.



DATA GOVERNANCE



Paycor takes a comprehensive approach to governance based on established and well-respected frameworks regarding data and systems security, data privacy, and fraud. Dedicated Paycor team members focus on the design, implementation, and assurance activities related to a sound and mature governance ecosystem. Paycor carries formal certifications and attestations under various control frameworks, including those listed below.

Paycor is dedicated to protecting the privacy and security of our clients' information and has implemented mechanisms necessary to do so across our organization. We align to internationally recognized frameworks that demonstrate this commitment, including the AICPA's SOC 1 Type 2, SOC 2 Type 2, the EU General Data Protection Regulation (GDPR), and The Financial Crimes Enforcement Network (FinCEN).



SOC Audits

Paycor undergoes regular assessments of our processes and controls as part of our annual SSAE 18 audit for SOC 1 and SOC 2 by a reputable independent accounting firm. The controls identified in these audits are examined and the results are reviewed by senior management.



Privacy Regulations

As a cloud-based human capital management company that processes the personal data of associates on our clients' behalf, Paycor understands the obligations employers need to navigate. Paycor supports our clients' privacy obligations and has aligned its policies, practices, and procedures with applicable international, federal, and state compliance requirements, including the General Data Protection Regulation ("GDPR"). Moreover, Paycor regularly monitors the regulatory landscape to stay abreast of any new or pending regulations that may impact our clients.



The Financial Crimes Enforcement Network (FinCEN)

FinCEN is a bureau of the U.S. Department of the Treasury whose mission is to safeguard the financial system from illicit use, combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. Paycor, through its FinCEN registration, coordinates with law enforcement investigators to protect Paycor and Paycor clients in the context of financial fraud.



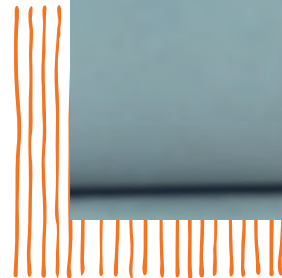
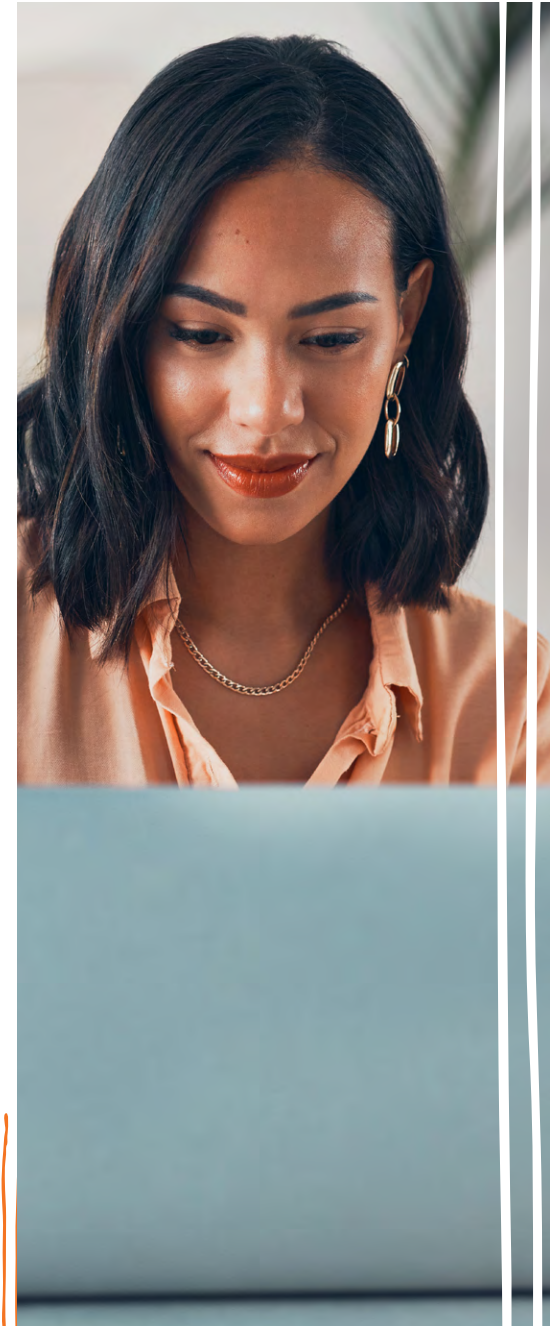
DATA SECURITY

Our platform is designed with security as a top consideration and employs a defense-in-depth strategy through administrative, physical, and technical safeguards to ensure the protection, confidentiality, and integrity of our customers' data. Paycor is NACHA certified, a voluntary accreditation program from the National Automated Clearing House Association, which governs the United States' automated clearing house ("ACH") network and payment system.

Paycor undergoes regular assessments of our processes and controls as part of our annual audit for SOC 1 and SOC 2 by an independent accounting firm. The results of which are regularly reported out to the Information Security Steering Committee, which has Executive Committee representation. The SOC 2 Type 2 helps to ensure implementation of an information security management system under the Trust Principles of Security, Availability, Processing Integrity, and Confidentiality.

We continuously monitor our network and endpoint-based security threats along with antivirus software to guard against trojans, worms, viruses, and other malware. Paycor has a dedicated security team that performs vulnerability scans and penetration tests across our networks as well as our software-based product offerings.

In addition, we offer product features to empower our clients to protect their data, including IP filtering, multi-factor authentication, direct deposit change notifications, security questions, and password requirements. Learn more about [Paycor's Security practices](#).



DEFENSE-IN-DEPTH CONTROLS



Multi-Factor Authentication

Remote access to Paycor's network requires Multi-Factor Authentication from a corporate device.



Company Controlled Laptops

We require employees to use secure, encrypted, company-controlled laptops to protect data from hackers. These systems are additionally monitored by a Managed Detection and Response company.



Policy-backed Vulnerability Management Program

A mature vulnerability management program sets firm requirements with regards to the identification and remediation of technology vulnerabilities.



User Education and Training

Paycor employs a multi-pronged approach to creating a sound security culture through user dynamic education and training exercises. Security training is required for all associates and contractors and includes ongoing social engineering testing.



Dedicated Risk Assessment Team

Cybersecurity threats and other risks are constantly evolving and becoming increasingly complex. It takes dedicated teams to implement and test new security protocols and prevent secure data from falling into the wrong hands.



Data Encryption

Transferring sensitive data across platforms can pose great risk. Most companies and HCM providers encrypt their data in transit to thwart data breach attempts, but sensitive data could still be compromised while at rest on computer servers. Paycor has a defense-in-depth encryption model, including database and storage encryption, to protect information.



Data Loss Prevention

Integrated data loss prevention capabilities work to detect and prevent the inappropriate movement of data within our ecosystem.



Disaster Recovery Capabilities

In the event we experience a significant disruption to our data centers, Paycor utilizes documented, tested, and audited Disaster Recovery capabilities to support quick restoration of services.

PRODUCT SECURITY FEATURES

We are committed to ensuring that our industry-leading products are highly secure and contain the right features to enable our clients to configure security components to meet their risk appetite.



Multi-Factor Authentication

Multi-factor authentication to Paycor’s platform is offered at no charge to all users, helping our clients further protect the security of their accounts through defense-in-depth controls. This safeguard helps to protect employees who have recycled the same password on multiple platforms. Users are required to enter their username and password and complete a variety of authentication requirements such as email, text message, phone call, or biometric identification.



Workflows and Notifications

Workflows can require secondary approvals and notifications alert users to key changes, such as direct deposit or password changes.



Fraud Detection Capabilities

Algorithms integrated into our products actively work to detect potentially fraudulent activity.



IP Blocking

Paycor’s product suite supports the ability to explicitly dictate permissible IP addresses when accessing our products.



Single Sign-On Support

Paycor’s suite supports industry-standard Single Sign-On capabilities, enabling our clients to leverage their secured infrastructure when authenticating to our products.



Security Code Scanning and Continuous Independent Testing

Automated security code scanning is integrated into our deployment pipeline, ensuring a highly secure code base that provides our products to clients. Our products are tested for security vulnerabilities internally and externally.



Auditing and Data Masking

In-built auditing and data masking capabilities provide security controls for sensitive data elements.





CUSTOMER PRIVACY

Privacy is a priority for Paycor, for clients, and individuals visiting our website. We have a publicly available [Privacy Policy](#) and [Cookie Policy](#) that describe the information we collect, store and process. We do not sell, rent, loan, transfer or otherwise disclose any personal information to third parties except as set forth in our Privacy Policy, with our clients' consent, or as otherwise disclosed at the time of personal information collection. We use reasonable care to protect data from unauthorized use, disclosure, alteration, and destruction. We do not operate in any country where our products or services are subject to any form of government-required monitoring or censoring and we do not grant access to personal information except when required by law.

Paycor has processes in place to comply with applicable requirements regarding data protection, including data retention and incident notification. These processes include comprehensive security procedures that are systematically evaluated and revised as appropriate to reflect regulatory or similar developments. Our security controls include encryption, regularly reviewing, updating, and testing recovery plans as well as using advanced monitoring technologies through our applications and infrastructure.

We support our clients' privacy obligations and have aligned our policies, practices and procedures with applicable international, federal and state compliance requirements, including the General Data Protection Regulation ("GDPR"). Moreover, Paycor regularly monitors the legal and regulatory landscape to stay abreast of any new or pending requirements that may impact our clients.

ENTERPRISE RISK MANAGEMENT

Paycor has an enterprise-wide approach to risk management designed to support the achievement of organizational objectives, improve long-term organizational performance and enhance stockholder value. The Board of Directors has overall responsibility for risk oversight, and management provides the Board of Directors periodic reports on our compliance programs, including data privacy. While the full Board of Directors is committed to the prevention, timely detection, and mitigation of the effects of cybersecurity threats or incidents to the Company, it has delegated oversight of certain risks to its committees, including, but not limited to, financial and security risks, compliance risks, and corporate governance risks, as appropriate given the applicable level of risk tolerance. This approach informs the organization’s prioritization of risks and the controls designed to mitigate them. As part of this approach, Paycor also has a Disaster Recovery & Business Continuity strategy and Third-Party Risk Management (“TPRM”) procedures. Paycor’s TPRM program works to ensure that the organizations we partner with for material services have a level of Information Security and Operations maturity commensurate with the services to which they are entrusted. All new third-party relationships undergo the TPRM processes when the relationship is established. Material vendors undergo annual re-assessments to ensure they are maintaining the appropriate processes.

BUSINESS CONTINUITY

Paycor has a robust Business Continuity Policy and Plan in place with dedicated staff focused on inventorying critical processes, technologies and people. Business Impact Analyses, which identify potential business continuity risks to Paycor, are performed on an ongoing basis to understand process criticality, helping drive restoration prioritization as well as identifying key areas where workarounds during a continuity event may be required. We also have an Incident Response plan aligned to the National Institute of Standards and Technology (NIST) guidelines. We have tested disaster recovery processes and technologies and regularly conduct tabletop business continuity exercises.

Paycor has a Business Continuity Program that describes the identification, monitoring and escalation procedures necessary to address material business or operational issues in the case of a crisis. This program is supported by our Business Continuity Plans and insurance. For example, the Distribution Business Continuity Plan aims to address material supply chain risks and includes specific provisions for the loss of key vendors that affect the physical delivery of client documents and Paycor’s insurance covers commercial losses resulting from third-party cyber incidents and from property damage.



SASB INDEX

The following SASB Index maps our disclosures to certain SASB indicators for the “IT & Software Services” industry.

TOPIC	ACCOUNTING METRIC	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 Environment: Energy & Emissions section of this report. Colocation data centers were unable to provide the percentage of grid electricity and the percentage of renewable energy.
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Colocation data centers do not have the ability to measure water consumption on a client-level. Our Ohio facility is located in an area of low regional water stress, and while the Illinois data center is located in an area of high regional water stress, it uses a closed-loop cooling system that doesn't consume any water to cool the facility.
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Please refer to the Environment: Energy & Emissions section of this report.
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Please refer to the Customer Privacy section of this report as well as our Privacy Policy and Cookie Policy . We do not sell, rent, loan, transfer, or otherwise disclose any personal information to third parties except as set forth in our Privacy Policy, with our clients' consent, or as otherwise disclosed at the time of personal information collection.
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Paycor had no material losses associated with user privacy legal proceedings during fiscal 2024. If and when we have material losses, they will be reported in our Annual Report on Form 10-K.
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	We do not operate in any country where our products or services are subject to any form of government-required monitoring or censoring.
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 Security section of this report.
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that require a work visa	TC-SI-330a.1	Less than 5% of our associates require a work visa. Paycor proactively monitors changes in immigration policies and regulations by staying updated on legislative developments, engaging with legal partners, and participating in relevant forums. Our distributed workforce enables business continuity and contingency plans to address potential disruptions caused by visa-related risks.
	Employee engagement as a percentage	TC-SI-330a.2	An engagement survey, which gathered feedback from 65% of our team in fiscal 2024, found that 75% of associates are engaged, which is exceptionally high among leading industry benchmarks.
	Percentage of (1) gender and (2) diversity group representation for executive management, non-executive management, technical employees, and all other employees	TC-SI-330a.3	Please refer to the Associate section of this report.
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulation	TC-SI-520a.1	Paycor had no material losses related to anti-competitive behavior regulations during fiscal 2024. If and when we have material losses, they will be reported in our Annual Report on Form 10-K.
Managing Systemic Risks from Technology Disruptions	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Please refer to the Data Governance section and our Annual Report on Form 10-K.



IMPORTANT INFORMATION

This ESG Report (this “Report”) contains certain forward-looking statements with respect to, among other things, Paycor’s ESG goals, commitments, incentives and initiatives. The inclusion of these forward-looking statements should not be regarded as representations by the Company, or any other person, that the future goals, commitments, strategies or initiatives set by the Company will be achieved. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those set forth in our Annual Report on Form 10-K filed with the SEC on August 22, 2024 and accordingly, there are, or will be, important factors that cause our actual results to differ materially from those indicated in these statements, and there is no assurance that the Company will realize any of its ESG goals, commitments, incentives and initiatives or that they will result in the consequences or affect the Company in the way it expects. The Company undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events, or otherwise, except as required by law.

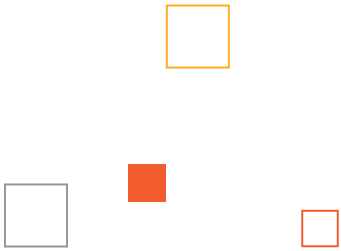
Terms such as “ESG,” “impact” and “sustainability” can be subjective in nature, and may not reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular stakeholder, third-party or broader market or industry trends. Any ESG goals, commitments, strategies and initiatives outlined in this Report are, unless explicitly stated otherwise in this Report, purely voluntary, and are not binding on our business and/or management. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards.

In this Report, we are not using the terms “material” or “materiality” as they are used or defined under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. These terms are used within this Report to describe issues relating to ESG goals, commitments, strategies and initiatives that we consider to be important in terms of stakeholder interest and their potential business impact. Materiality, for the purposes of this Report, should not, therefore, be read as equating to any use of the word in the Company’s financial statements or any other filings with the SEC or otherwise.

Any awards and designations presented herein are the opinion of the respective parties conferring the award or designation and not of Paycor. The full extent of the scope of companies and data included in the related awards or assessments is unknown. Paycor may have paid a fee to participate in certain of the awards or assessments. The receipt of compensation influences, and is likely to present a potential material conflict of interest, relating to any granted award or designation. There can be no assurance that other providers or surveys would reach the same conclusions.

No part of this Report shall be taken to constitute an offer or solicitation to invest in the Company.





Recruiting · HR · Talent · Time · Payroll · Analytics

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