Code of Business
Ethics and Conduct

Mission

We will be the leading provider of payroll, human resource, and employee benefit services by being an essential partner with America's businesses.
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Dear Paychex Employees:

Our commitment to the highest ethical standards is a proud tradition at Paychex and a cornerstone of our success. Each of us is responsible for continuing to build on this foundation of integrity.

To continue to grow our company and drive optimal financial performance, we must create an atmosphere where personal and professional achievement thrives. At the same time, we must deliver best-in-class service to our clients, cultivate trusted relationships with our fellow employees and valued partners, and produce exceptional value for our shareholders. The Paychex Code of Business Ethics and Conduct outlines the guidelines and standards for how we do business and accomplish our objectives.

Our reputation is one of our most important and valuable assets. Each one of us is responsible for protecting it. I am proud of the integrity that has been part of our great company since it was founded more than 40 years ago, and I expect you and your colleagues to uphold the principles that guide our ethical excellence.

Please read our Code of Business Ethics and Conduct and make your personal pledge to abide by these very important values.

Sincerely,

Martin Mucci
President and CEO
Paychex, Inc.
PAYCHEX CODE OF BUSINESS ETHICS AND CONDUCT

The Paychex Code of Business Ethics and Conduct organizes a set of company standards for proper business conduct so you can gain a better understanding of the way Paychex wishes to conduct business. Paychex maintains a strong belief in the value of ethical behavior. The trust and confidence of the public, our stockholders, our clients, and each of us as employees is a critical asset that benefits all.

All members of the Paychex board of directors, all officers, and all Paychex employees (collectively referred to as “employees” throughout this code), are expected to read and understand this Code of Business Ethics and Conduct. Each of us is personally responsible for making sure that our business decisions and actions comply at all times with the letter and spirit of this Code.

In addition, each of us has a duty to report behavior on the part of others that appears to violate this Code or any other compliance policy or procedure of Paychex. Ethical concerns, questions, or complaints may be raised with your immediate supervisor or Human Resources, or submitted directly to the Audit Committee as outlined within this Code. All concerns, questions, and complaints will be taken seriously and handled promptly and confidentially. No retaliation will be taken for raising any concern, question, or complaint in good faith.

If at any time you have any questions about the Paychex Code of Business Ethics and Conduct, or your own application of these ethics, contact your supervisor, manager, or Human Resources for further assistance.
RESPONSIBILITIES TO OUR SHAREHOLDERS AND FELLOW EMPLOYEES

CONFLICT OF INTEREST

A conflict of interest occurs whenever our private interests interfere with the interests of our company as a whole. Paychex recognizes and respects that employees may take part in legitimate financial, business, and other activities outside their jobs. However, those activities must be lawful and free of conflicts with your responsibilities as a Paychex employee. Even relationships that give the appearance of a conflict of interest should be avoided.

To clarify what we mean, we have set out below our general standards of conduct for avoiding the most common types of conflict of interest.

**General Standards:**

- **Sales:** Sales deemed by the company in its sole discretion to be made in the exclusive or nearly exclusive interest of an employee violate this policy and are not permitted. Proposed sales to be made by employees to themselves, co-workers, or their close relatives may raise the possibility of a conflict of interest in violation of this policy. Such sales must be reviewed in advance for compliance with this policy and approved in writing by a vice president. If the company concludes that a sale violates this policy, no credits for commissions, bonus, units, revenue, awards, rewards, or similar benefits are earned.

- **Employment/Outside Employment:** Employees may not work for or receive compensation for services from any competitor, customer, or supplier if they directly provide payroll-related services. Employees are expected to devote their full attention to the business interests of Paychex.

- **Outside Directorships:** Employees may not serve on the board of directors of another company in competition with Paychex.

- **Business Interests:** Employees may not have significant financial interests in any competitor, customer, or supplier.

- **Using the Company’s Time and Assets for Personal Benefit:** Employees may not perform or solicit non-company work while working on the company’s time (this includes any paid leave you are granted by Paychex). Also, employees are not permitted to use the company’s assets for any non-business-related reason.

- **Loans to Employees:** Employees may not accept or request a personal loan from Paychex.

- **Acceptance of Gifts and Entertainment:** Employees and their relatives may not give or receive gifts from Paychex clients and vendors of anything other than nominal value. Refer to the Payments to or Gifts from Others section of this Code for further standards.

- **Family Members:** Employees are prohibited from being in the position of supervising, reviewing, or having any influence on the job evaluation or salary of their close relatives.

- **Public Service:** Employees may not make any political contribution or participate in lobbying activities as a representative of the Company.

- **Other Conflicts:** Employees may not compete against Paychex. Additionally, employees should not be affiliated with companies that sell products or services to Paychex.

Paychex employees may access additional conflict of interest information in the employee handbook, which is available on the Paychex intranet site.

FINANCIAL REPORTING RESPONSIBILITIES

Accurate and reliable financial records and information are necessary to meet reporting and legal obligations.

**General Standards:**

- Employees must maintain complete, accurate, and timely financial records and information in accordance with all applicable laws and regulations. False and misleading entries are strictly prohibited.

- Employees must use full, fair, accurate, timely, and understandable disclosure in reports and documents submitted to the SEC.
• Employees must follow all established policies and procedures to maintain a strong control environment.

• Employees are expected to cooperate fully with our internal and independent auditors.

**CONFIDENTIAL INFORMATION**

Paychex is committed to protecting personal and proprietary information about our clients, their employees, and their business, as well as information about Paychex and our employees. Proprietary information is any information not available to the public, including information that pertains to our clients and to Paychex products, services, business processes, business plans, or financial condition.

Employees may not disclose personal or proprietary information to any competitors, financial analysts, members of the media, or any other individual or company not bound by a duty of confidentiality to Paychex. The duty to preserve the company’s personal and proprietary information is not limited to our employees’ period of employment, but continues even after they have left the company.

Paychex employees may access additional guidance on confidential information in the employee handbook, which is available on the Paychex intranet site.

**SCENARIO: CAN I CLAIM EXPENSES FOR A PROVIDED DINNER?**

Kelly and Jose, two co-workers, were traveling on business to a two-day seminar where all meals were provided for the attendees. The following week Kelly tells Jose that she plans to submit an expense report for her dinner. *If she does, would it violate our policy?*

Yes. All company records must be accurate. Since the dinner was provided, it would be a falsification of records to enter the dinner as an expense.

**APPLICABLE LAWS AND REGULATIONS**

Each employee should understand and comply with all applicable laws and regulations. Criminal and civil penalties exist for noncompliance with certain laws and may be severe in terms of both imprisonment and fines.

**INSIDER TRADING POLICY**

Employees of the company shall not purchase or sell, or engage in any other transactions with respect to the company’s securities, except in strict accordance with the company’s insider trading policy. Company employees are directed to the company’s insider trading policy within the company’s employee handbook if they have questions regarding the applicability of such insider trading prohibitions.

Paychex employees may access additional insider trading policy information in the employee handbook, which is available on the Paychex intranet site.

**SCENARIO: CAN I BUY OR SELL PAYCHEX STOCK BASED ON WHAT I LEARN AT WORK?**

John mentions to his co-worker that he possesses “… some pretty cool information about the quarterly financial results coming out Thursday.” He continues, “Can’t tell you how I got it, but one thing’s for certain: Earnings are above expectation. I don’t know about you, but I’m transferring some of my 401(k) funds into the Paychex stock fund today. It’s a sure thing, and if I were you, I’d jump on it.” *Does this violate company policy?*

Yes. John divulged material, nonpublic information by stating that earnings are above expectation, and he might benefit financially based on insider trading information. If the coworker also transfers 401(k) funds based on this information, that employee too would be in violation of the Paychex Code of Business Ethics and Conduct.
USE OF PAYCHEX ASSETS

Employees must safeguard assets against unauthorized use or removal, as well as against loss by criminal act. Assets include equipment, supplies, real estate, computers, software, computer data, records or reports, intellectual property or other sensitive information, voice-mail or e-mail communications, and company funds in any form.

Paychex employees may access additional information regarding the company’s policies on company assets in the employee handbook, which is available on the Paychex intranet site.

General Standards:

• If you use Paychex equipment at your home or off site, you must take precautions to protect it from theft or damage. Paychex assets must remain fully accessible to Paychex and will remain the sole exclusive property of Paychex.

• All software used by employees to conduct Paychex business must be appropriately licensed and installed by Information Technology.

• Employees may never make or use unauthorized copies of any software, since doing so may constitute copyright infringement and may expose you and Paychex to civil and criminal liability.

• Employees must utilize electronic communication devices in a legal, ethical, and appropriate manner. This includes using the Internet and e-mail for business purposes as defined in the Securing Information and Assets policy.

• Paychex reserves the right to monitor, access, and review without notification, any information kept on any media related to Paychex or any use of Paychex equipment for any reasons whatsoever including, but not limited to, measuring employee job performance and quality customer service. Employees must not have any expectation of privacy while using Paychex resources.

• If you are no longer employed by Paychex, you must immediately return all Paychex equipment.

Paychex employees may access additional information in Use of Paychex Assets in the employee handbook, which is available on the Paychex intranet site.

Paychex is committed to protecting personal and proprietary information about our clients, their employees, and their business, as well as information about Paychex and its employees.
RESPONSIBILITIES TO OUR CUSTOMERS AND SUPPLIERS

CUSTOMER RELATIONSHIPS

Paychex and its employees have provided products and services for many years and have built up significant goodwill over time. This goodwill is one of our most important assets, and Paychex employees must act to preserve and enhance our reputation.

General Standards:

• Employees must always act honestly and be clear when responding to business inquiries.

• Employees may not mislead or suggest to clients, prospective clients, outside suppliers, or fellow Paychex employees that they can make decisions or take actions that are beyond the limits of their normal responsibilities and Paychex capabilities.

• Employees may not speak on Paychex’ behalf unless they are specifically appointed by Paychex to be a spokesperson for Paychex. If you are approached for such information, it is your responsibility to decline comment and to pass the request on to your supervisor.

PAYMENTS TO OR GIFTS FROM OTHERS

The Paychex principle for doing business is to pay, and to be paid, only for services performed—in other words, “a dollar’s worth of work for every dollar paid.” Paychex employees should not accept incentives or personal rewards intended to influence the way Paychex conducts its business.

It is company policy that employees should not offer or receive any payment or promise to pay, any money, gift, or anything of value from clients, prospective clients, or vendors that is perceived as intended to influence any business decision. Inexpensive gifts, infrequent business meals, celebratory events, and entertainment, provided that they are not excessive and do not create an appearance of impropriety, do not violate this policy.

General Standards:

• Employees may not authorize gifts, favors, or benefits of anything other than nominal value financed by Paychex funds. Traditional business courtesies (inexpensive and infrequent lunches, dinners, etc.) are acceptable.

• Employees may not expect or encourage the receipt of gifts or gratuities from any organization or individual who has or seeks to have a business relationship with Paychex. Gifts in the form of cash or gifts immediately convertible to cash may not be accepted. Gifts of nominal value and gift cards/gift certificates of nominal value for goods or services may be accepted.

• Employees may not receive directly or indirectly, from our suppliers or potential suppliers, any commission, bonus, compensation, loan, advances, or anything of value except traditional business courtesies (inexpensive and infrequent lunches, dinners, etc.).

• Employees may not accept unusual or extended hospitality in any form, including entertainment at a resort or similar accommodation, or payment of personal or business expenses.

• Employees must comply with the provisions of the Foreign Corrupt Practices Act. General standards of conduct to comply with the provisions of this act include the following:

  — Employees may not make payment to, or promise to pay to, or give anything of value to, any foreign official or political party, for the purpose of influencing any act or failure to act.

SCENARIO: CAN I PROMISE FUTURE FUNCTIONALITY TO CLOSE A SALE?

Alice is trying to close a sale, but the business owner is hesitant because he wants functionality that Paychex doesn't currently offer. The business owner asks Alice how long it will be before the desired functionality is offered. If she tells the potential client that Paychex will have the desired functionality in less than six months, even though she knows it is only in the research phase, would it be violating Paychex policy?

Yes. It would be inappropriate and a violation of policy for Alice to make this promise when she does not have the authority.
— Employees may not induce any foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business.

— Employees may not contract with any business in which a government official or employee holds a significant interest, without the prior approval of Paychex’ legal department.

If an employee is confronted with situations that contradict the above standards, and if you experience difficulty dealing with the situations effectively, let your supervisor know. If you are unsure how these provisions affect you, consult the Legal Department.

FREE AND FAIR COMPETITION
The company is committed to dealing fairly and honestly with its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices, customers, and suppliers. Collusion among competitors is illegal, and the consequences of a violation are severe.

General Standards
• Employees may not knowingly make false or misleading statements regarding Paychex’ competitors or the products of its competitors, customers, or suppliers.

• Employees may not enter into an agreement or understanding, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits, or costs.

• Paychex expects all employees to stress the benefits of Paychex products and services to provide our customers with the full opportunity for equal consideration.

The Paychex principle for doing business is to pay, and to be paid, only for services performed—in other words, “a dollar’s worth of work for every dollar paid.”

**SCENARIO: CAN I ACCEPT VENDOR GIFTS?**

Emma receives a gourmet food basket from a vendor that provides services to Paychex. The gift basket includes cookies, cheese, crackers, sauces, and dips. She has a family party over the weekend and would like to take the basket home, since the vendor sent it to her attention. **Would this be a violation of Paychex policy?**

Yes. It would be a violation of the Paychex Code of Business Ethics and Conduct if she takes it home for personal use. It would not be an ethics violation for the employee to accept the basket on behalf of the company and to share it at work, as long as the basket is a reasonable business courtesy and does not influence the business relationship.

**SCENARIO: IS IT ACCEPTABLE TO SHARE GOSSIP ABOUT COMPETITORS?**

Adam regularly interacts with small business owners in the course of his Paychex workday. During one of his routine conversations with a client, he discovers that the client is considering leaving Paychex to go to XYZ Payroll Company. He mentions, “I heard a rumor that XYZ Payroll is going out of business because they owe back taxes. I’ll just leave it at that.” **Did this violate Paychex policy?**

Yes, because he communicated a rumor about one of our competitors which may not be true. We compete openly and fairly using information that is truthful and not misleading.

• Paychex prohibits the unauthorized or improper solicitation of confidential data from a competitor’s employees or customers.

• Employees must comply with antitrust laws—employees may not participate in any discussion, agreement, or scheme with any competitor or potential competitor which involves prices, territories, or customers.
SELECTING SUPPLIERS

It is company policy to purchase supplies based on need, quality, service, price, terms, and conditions. Paychex policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible.

General Standards

• Employees may under no circumstance attempt to coerce suppliers in any way.

• Employees should treat the confidential information of a supplier with the same protection as that of Paychex proprietary information.

• All businesses will have an equal opportunity to participate as suppliers of Paychex.

SCENARIO: CAN I ACCEPT PERSONAL GIFTS FROM POTENTIAL VENDORS?

While at an out-of-town seminar, Ted runs into an old friend and neighbor at the hotel. His friend, James, is surprised to see Ted and mentions how he has been calling Paychex to try to come in and make a presentation. James says he would love for his company to become a vendor for Paychex. After chatting for awhile about family and mutual friends, James offers Ted two front-row tickets and backstage passes to a sold-out rock concert for that evening. James says he was planning on going but something has come up and he has to fly home. He doesn’t want the tickets to go to waste. Should Ted accept the concert tickets/backstage passes?

No. It would appear to be inappropriate because the vendor has been seeking to have a business relationship with Paychex.
REPORTING CORPORATE MISCONDUCT, COMPLAINTS, AND CONCERNS

Anyone who has a concern about the conduct of a Paychex executive or other officer, or about the company’s accounting, internal accounting controls, or auditing matters, may communicate that concern directly to the audit committee chairman of the Paychex board of directors.

Employees may use a toll-free number or website published on the company’s website to initiate this communication. The toll-free number (1-855-753-0485) and website are established and coordinated by a confidential and independent third-party service. Prior to engaging the Audit Committee chairman, the employee should consider using the Paychex Problem Solving Policy to communicate a complaint or concern.

- The Audit Committee chairman will receive all complaints or concerns relating to corporate misconduct and internal controls or auditing matters, and may designate a person within Paychex to assist with the investigation.

- The status of all complaints will be reported on a quarterly basis to the full Audit Committee and, if the committee so directs, to the full board.

- The Audit Committee may request the retention of outside counsel or other advisors for any complaint addressed to it.

- A complaint may be submitted on an anonymous basis. However, it will be more difficult to investigate the complaint if the Audit Committee or the designee is unable to discuss the matter with the employee or employees involved.

- The Audit Committee will designate a person to maintain a confidential filing system for the retention of all complaints or concerns, as well as the final determination of the investigation. Only members of the Audit Committee and their designees have access to these files.

Any employee of the company may not directly or indirectly terminate, demote, suspend, threaten, harass, or otherwise discriminate against an employee who has provided information or otherwise assisted in any investigation regarding corporate misconduct.

All retaliation complaints relating to financial misconduct and internal control or accounting matters should be directed to the Audit Committee chairman. The chairman may notify the Internal Audit Manager or Human Resources to handle the complaint. The complaint must be true or believed to be true and must provide a sufficient amount of detail to support the claim of retaliation and proceed with an investigation. Based on all information collected, the appropriate disciplinary action will be taken, including possible termination.
ConClusion

Situations are bound to arise that are not addressed specifically in this Code of Business Ethics and Conduct. If you find yourself in such a situation, consider the basic principle that is evident throughout the Paychex Code of Business Ethics and Conduct:

The highest standards of conduct are the standards to apply to all business relationships and behavior.

Proper business behavior begins with basic honesty and integrity in everything you do. Good judgment, plus an awareness of the Paychex ethics guidelines, will certainly enhance your ability to make sound business decisions—business decisions that enhance Paychex’ reputation and its ability to compete successfully in its markets.

The highest standards of conduct are the standards to apply to all business relationships and behavior.

Proper business behavior begins with basic honesty and integrity in everything you do.

DISCIPLINARY ACTIONS AND WAIVERS

Paychex employees are expected to follow this code at all times. There shall be no waiver of any part of the code, except by the vote of the board of directors, which will ascertain if a waiver is appropriate.

After a possible known or suspected violation of this code is brought to the attention of the company, Paychex shall promptly perform an investigation to the extent the company deems necessary. If there is a violation of this code, Paychex, through its management and board of directors, shall deal with the violator swiftly in any manner it may deem necessary, which may include immediate termination of employment. Paychex may also report the conduct to the appropriate authorities.

SCENARIO: CAN I SIGN FORMS ON BEHALF OF CLIENTS?

Carol is bringing on a new client. When reviewing the paperwork, she notices that one of the setup forms was not initialed by the business owner. Carol calls the business owner to explain the issue and informs the client that the process cannot continue until the business owner initials the form. The client responds that he is on his way out of town and will be gone for two weeks, but is anxious to start the service. The business owner tells Carol that it’s OK to initial the form on his behalf. Is this really OK?

No. It is not acceptable to sign or initial a document on behalf of a client or potential client. Each form is important and it is required that the client sign all forms for setup and service.
SOLVING PROBLEMS AT PAYCHEX

Paychex policy encourages every employee, regardless of position, to bring problems, concerns, or suggestions to management’s attention. The only way we can address your issues is to know them. You may contact any of the sources above if you have a problem, concern, or suggestion. Your job will not be adversely affected in any way as a result of using this process.