



2022 ESG Report

Working For A Better World

PAYCHEX[®]

HR | Payroll | Benefits | Insurance

FISCAL YEAR 2022 | JUNE 1, 2021 – MAY 31, 2022

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This Environmental, Social, Governance (ESG) report is for fiscal year 2022 (FY22). It was prepared using the GRI Standards as a GRI-referenced report. GRI and SASB Indices can be found at paychex.com/corporate/corporate-responsibility.

Some metrics included in this report are provided for international operations, others for United States (U.S.) operations only.

A Letter from the Chairman and CEO



Ever since our founding more than 50 years ago, we've been focused on doing business the right way for our clients, our employees, our owners, our community and, in recent years, our planet.

As proud as we are of our efforts to hold ourselves to the highest standards of integrity, responsibility, and accountability, working for a better world is a business imperative that always brings opportunities to improve.

Just as we've expanded and evolved our product offerings since 1971 to align with the changing needs of our clients, our success for the next 50 years and beyond demands that we do the same for everything that impacts – and is impacted by – our business: the strength of the communities where we live and work, the well-being and inclusion of our employees, and the sustainability of our planet.

In this year's ESG Report and in the accompanying information on our corporate website, you'll learn how we're moving the needle in several key areas of focus: ethics, governance, privacy and security, DEI, employees, environment, community, empowering businesses, and occupational safety.

As we work to be the very best version of our company, we hope you'll join us on our journey toward a better world.

Thank you,

Martin Mucci

Chairman of the Board and Chief Executive Officer
Paychex, Inc.

As you'll see throughout this report, Paychex stakeholders are everything to us. Our employees have made Paychex successful for more than **50** years.

Our **clients** fuel our purpose.

Our **shareholders** believe in our future.

Our **communities** support us.

Our **employees** power our business.

In return, we're committed to delivering value to these stakeholders—not just because it's the right thing to do, but because it's intricately aligned with our values, which guide how we interact with our various stakeholders.

Our Values

We conduct our business with integrity, knowing our clients trust us with their most sensitive employee information.

We are accountable for our impact on the planet, and in doing our part to ensure environmental stewardship.

We drive innovation in our products and services that respond to our clients' evolving needs while delivering value to our investors.

We work in partnership with each other to create outstanding products and a positive culture, with our clients to deliver a strong service experience, and with our communities to support the greater good through hands-on volunteering and philanthropy.

We treat our employees with respect by listening to their feedback, creating a culture of inclusion and diversity, providing opportunities for continued development, and offering world-class benefits that address all the dimensions of well-being.

We provide outstanding service, building trusted relationships through ongoing dialogue with our clients, partners, and fellow employees and providing the foundation for continued success.

Each and every day, we're working for a better world.



Champions in Action

Nearly 10% of our employees—representing every Paychex location around the world—serve as volunteer culture champions, living the Paychex values by example and keeping them top-of-mind for their co-workers.

Ethics



We hold ourselves to the highest ethical standards: doing business the right way and conducting ourselves with integrity.

A Letter from the Chief Ethics Officer



What does it mean to work for a better world? At Paychex, it's something we've been doing since we first opened our doors for business in 1971. Back then, it meant helping a segment of the B2B market that had been overlooked – small businesses – with payroll processing services geared to their unique needs.

As we've grown to the company we are today, with nearly 16,000 employees serving 730,000 clients, we've remained steadfast in holding ourselves to the highest standards of ethics. After all, our clients trust us with their most confidential data about their employees and their business.

That integrity is foundational – and is felt in every area of our business. Our employees live and breathe our integrity value, our processes and policies revolve around it, and we're known for our commitment to doing business the right way.

So while ethical behavior will always be table stakes for us, ESG is about applying that integrity across everything that touches our business – from how we use energy in our operations; to how we contribute to the quality of life in the communities we serve; to how we establish our governance framework; to how our workplace is a place of diversity, equity, and inclusion.

As chief ethics officer, I'm incredibly proud of what we've accomplished since beginning our official corporate social responsibility journey just a few years ago. With business, social, and geopolitical environments facing tremendous challenges as we emerge from the pandemic, working for a better world has never been more important.

Thank you,

Stephanie Schaeffer

Chief Legal and Ethics Officer
Paychex, Inc.

When we say we hold ourselves to the highest ethical standards, it means integrity is infused into everything we do, and so much of what you'll see throughout this report.

From governance to policies, to how we care for our employees and communities, to how we help our clients succeed while protecting their confidential information, ethical behavior is table stakes for all of us at Paychex.



In FY22, we celebrated our 14th appearance on the World's Most Ethical Companies list, which honors organizations that demonstrate exceptional leadership and a commitment to business integrity through best-in-class ethics, compliance, and governance practices.

Anti-Corruption

Free and Fair Competition

We have incurred no monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations in FY22.

Freedom of Expression

We do not operate in any country where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring.

Government Relations

Lobbying

While there is no formal policy against the company making contributions, we have not made any political contributions to candidates in the last five years. We do not disclose the recipients of our political advocacy, but specific issues lobbied on are disclosed in our quarterly Form LD-2.

- IRS electronic filing and services related issues:
H.R.4345/S.3179, Financial Services and General Government Appropriations Act
Public Law 117-103, Consolidated Appropriations Act
- Telehealth related issues:
Public Law 117-103, Consolidated Appropriations Act
- Health Savings Account and Flexible Spending Account related issues:
H.R.2121/S.897, Improving Child Care for Working Families Act of 2021
H.R.725, Personalized Care Act of 2021
- Retirement related issues:
H.R.2954, Securing a Strong Retirement Act of 2021
- Employee Retention Tax Credit related issues:
Backlog of tax returns and tax payments due to COVID-19 office closures
- Professional Employer Organizations (PEOs) related issues:
IRS electronic filing and services related issues

Financial Assistance Received from the Government

During FY22, we continued to execute on our plan to reduce the company's brick and mortar footprint. As part of this project and other real estate and labor decisions, we evaluate the impact that potential geographic shifts in our investment in capital and labor may have on legacy and future incentive programs. In addition, risks to achieving incentives are monitored and evaluated on a regular basis. For FY22, there were no material amounts received for any such economic incentives.

Governance



Corporate Governance guides us as we strive to deliver long-term success and maximize shareholder value.

Paychex recognizes the fundamental principle that good corporate governance is critical to organizational success and the protection of stockholder value.

Highlights of our FY22 ESG Governance efforts:

- We have expanded our ESG strategic framework from four to nine pillars as we believe pursuing a robust ESG strategy is critical for the continued success of Paychex. These pillars are: Ethics; Governance; Privacy and Security; Diversity, Equity, and Inclusion; Employees; Environment; Community; Empowering Businesses; and Occupational Safety.
- Our Board of Directors remains focused on the long-term sustainability of our business. Effective in the fourth quarter of FY22, the Board divided the responsibilities of the Governance and Compensation Committee into two separate Board committees: The Compensation and Leadership (C&L) Committee and the Nominating & ESG (N&E) Committee.
- The C&L Committee assists the Board by providing oversight of the design and administration of the company's executive and director compensation plans; and evaluates and determines compensation of members of the Board, Chief Executive Officer, and senior executive officers. The N&E Committee provides oversight of the company's risks, reporting and disclosures with respect to ESG matters, including an update on the annual assessment of environmental or climate-related risks facing the company. The N&E Committee also oversees policies and programs related to environmental sustainability and philanthropic and political activities. In addition, the N&E Committee assists the Board with attracting, developing, promoting, and retaining directors and executives from diverse backgrounds with the talents and skills critical to the long-term success of the company.
- In FY22, a portion of the CEO's qualitative goals was based on DEI and ESG program improvements. Going forward in FY23, DEI and ESG program improvement goals have been included as a qualitative component to cash incentive plan metrics for all executives.

In FY22, our MSCI ESG
Rating **improved from**

BBB to A

and our FTSE Russell ESG
Rating **improved from**

2.8 to 3.3

**Paychex is included
in FTSE4GOOD
Index Series.**



FTSE4Good

Privacy and Security



Privacy and security of personal and account information are among our top priorities.

Cyber Security

Our clients' and employees' privacy and the privacy of their information is important to us. We keep personal and account information secure by adhering to top-rated security protocols.

Data Security—Breaches

Paychex has established policies and procedures to comply in a timely fashion with applicable federal and state legal requirements related to privacy, data security, and incident notification.

Paychex will provide notification to clients with no undue delay and in compliance with individual state and federal regulations surrounding the exposure of personally identifiable information (PII) and/or individual or protected health information (IHI/PHI). Paychex would also share data breaches that meet these requirements and/or that have material impact to the company via the annual report. At this time, there are no disclosed breaches that meet those criteria.

For FY22, our average
Security Scorecard
score was

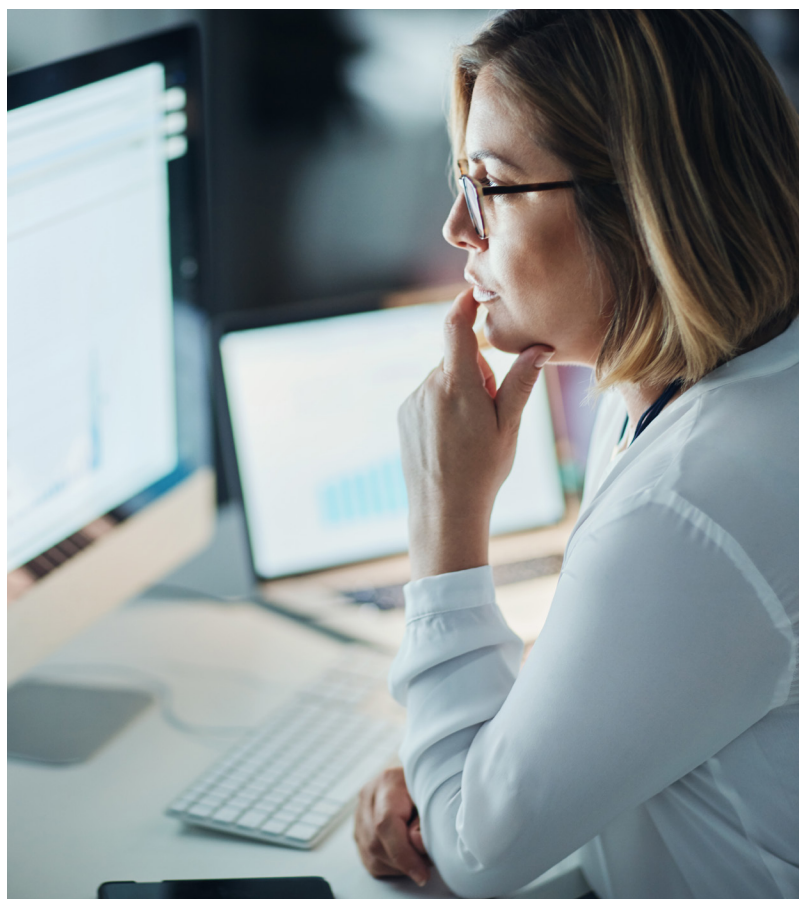
95^{*}

*Measured on a quarterly basis. Score is 95 out of 100.

Our BitSight
Security
Rating was

780^{}**
for the month of August 2022

**Out of 900.



Diversity, Equity, and Inclusion



We believe we must be intentional about diversity, equity, and inclusion.

Approach

Being intentional with our commitment to Diversity, Equity, and Inclusion (DEI) at Paychex is a commitment we must adhere to for our employees, clients, and stakeholders.

Our Chairman and CEO, Martin Mucci, continues to be a signatory to the CEO Action for Diversity & Inclusion pledge, demonstrating that DEI is a top priority at Paychex and exemplifying the support from Paychex leadership.

By acting with Integrity, the support shown by leadership for DEI is shared with transparency, and we continue on our journey to building a strong and sustainable Culture of Inclusion.

Targeted Recruitment and Internships

- Created a new DEI leadership position, which was filled early in FY23.
- Early Talent and DEI Program Manager was hired in late FY22.
- Created our first internship programs across many different business areas. Members of the cohorts are located throughout the U.S. and come from 14 colleges and universities, including two historically Black colleges and universities (HBCUs).

Action Plan

Operationalizing DEI

- All organizational units' leadership align DEI initiatives to their business goals.
- Monthly internal awareness campaigns for various DEI-related topics.
- Creating an Executive Council to direct DEI efforts via strategic task forces to move DEI initiatives throughout the organization.

Building an Inclusive Culture

- Created Return to Work resources with a DEI lens to support leaders as employees were coming back to the office.
- Established training curriculum for our Culture Champions and Inclusion & Diversity Ambassadors to learn more about other ethical principles (beneficence, nonmaleficence, autonomy, and justice) to align our values to DEI.
- Created foundational platforms for all employees to connect and learn more about others with diverse backgrounds in and outside of their primary organizational unit.

In a FY22, Fortay Behavioral Assessment administered to 88 Paychex leaders,

81%

of them scored as inclusive leaders.

In a FY23 engagement survey,

86.6%


of employees agreed with the statement

"At Paychex, diversity is valued" – exceeding the benchmark when compared to 500 other organizations.


Employee Resource Groups

In FY22, Paychex strengthened its DEI community by creating Employee Resources Groups that **actively work to support our three Diversity Strategy Pillars: Education & Awareness; Community, Culture, and Engagement; and Growing a Diverse Workforce.** By hosting live panel events for our employees that create safe spaces for them to engage and learn from each other, we support our Respect value by being curious about each others' unique backgrounds and experiences.

Monthly Inclusion & Diversity Book Club sessions and virtual employee panel events create unique and focused learning opportunities for our employee community.



The I&D book club challenges me in so many ways! I feel invited into communities and issues I have never been exposed to, and the book club creates a safe space to ask questions that help me really understand different perspectives. When I go beyond my comfort zone, I always come away with a little more insight that will help me be a better colleague, friend, and ally.



– Kari Hill, Client HR Business Partner

Leadership

Mentorship Programs

Our DEI-focused mentoring programs, outlined below, helped support a **3% increase from FY21** of promotions within our racially diverse employee community. **30% of our DEI-focused** mentoring program participants experienced career progression. The details of those programs are outlined below:

DEI Sales Mentoring program pilot that had mentors and mentees from racially diverse groups, paired mentees with senior leaders to create a successful learning opportunity for everyone involved, and will become part of our ongoing talent development initiatives.

Emerging Women In Leadership (eWIL) mentoring program connects women from all backgrounds with leaders, mentors, and promotional opportunities by creating an environment where they learn how to find their own 'brand' to move them along their desired career path.

Bridge program is a sponsor and advocacy program focused on providing connection and promotional opportunities to women and people of color.

“My experience with eWIL was invaluable to my success in landing a leadership role. The facilitators, other members of the group, and my mentor were AMAZING! eWIL and my mentor really prepared me for the Paychex interview process. I felt confident in my ability to communicate all relevant experiences when meeting with the hiring manager and during the panel interview. I highly recommend any aspiring leader to take the opportunity to go through the great leadership programs offered at Paychex!”

– Dondi Kuhn, HR Services Area Manager

Training

Training Catalog Expansion Regarding Diversity

99.1% of employees hired during FY22 completed our four-part DEI training curriculum. This training is incorporated into every new employee's on-boarding program and is revisited often by all employees. The training introduces employees to DEI concepts and the company's commitment to growing and retaining a workforce that represents the diversity of our clients.

We have partnered with leaders in DEI training to provide additional learning opportunities to our employees, including selections from Skillsoft, Percipio, Blue Ocean Brain®, and more. This training is designed to help our employees have more meaningful conversations around DEI topics such as Using a Growth Mindset and The Need for Inclusion.

Performance

In FY22,

62%

of Paychex hires were female,
compared to 50% in FY2021.

In FY22,

44.4%

of Paychex hires were racially diverse,
compared to 29.9% in FY2021.

Pay Equity

At Paychex, it's important that we are leading the way when it comes to pay equity. We recently engaged a third-party vendor to conduct a regression analysis related to gender and racial pay equity, and the results confirmed that the actions taken by Paychex to ensure pay parity continue to be effective. We have achieved 100% gender pay equity in our U.S. operations. That is, women are paid dollar for dollar what men are paid for the same job. Racial minorities as a group are paid 99 cents for every dollar that Caucasians are paid for the same job in our U.S. operations.

Culture Day

Paychex Culture Day, launched in 2022, gives employees an additional day off to celebrate and recognize any holiday that's significant to them. Whether an employee uses it for Diwali, Juneteenth, Ramadan, Yom Kippur, MLK Day, or any other holiday meaningful to them and their family, it's their choice.



Forbes 2022 Best Employers For Diversity

Paychex was included on Forbes magazine's 2022 list of the Best Employers for Diversity. To determine the ranking, Forbes partnered with Statista and surveyed 60,000 Americans working for businesses with at least 1,000 employees to pinpoint the companies they identified as most dedicated to diversity, equity, and inclusion.



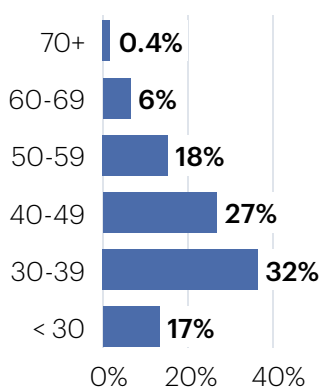
Forbes Best Employers for Women 2022

Paychex was included on Forbes magazine's list of the **Best Employers for Women 2022.**

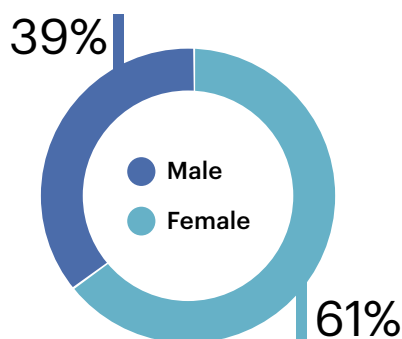


To compile the list, Forbes partnered with Statista and surveyed 50,000 Americans—30,000 women and 20,000 men—working for businesses with at least 1,000 employees to share their thoughts on working conditions, diversity, and how likely they'd be to recommend their employer to others. Statista then asked female respondents to rate their employers on factors such as parental leave, discrimination, and pay equity and to nominate organizations in industries outside their own. The final list ranks the 400 employers that received the most recommendations.

Employee by Age Categories

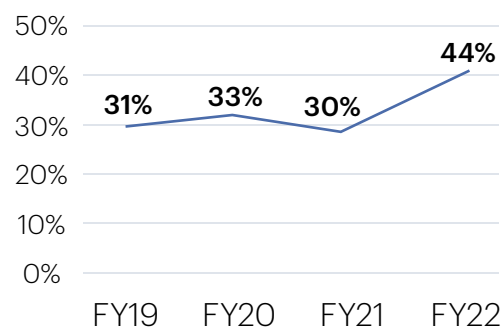


Employees by Gender



53% of leadership roles within Paychex are held by women

% Racially Diverse Hires



Increased racially diverse hires by **13 percentage points** since FY19 (31% to 44%)

Employees



Our programs support our employees' total well-being, professional growth, and sense of community.

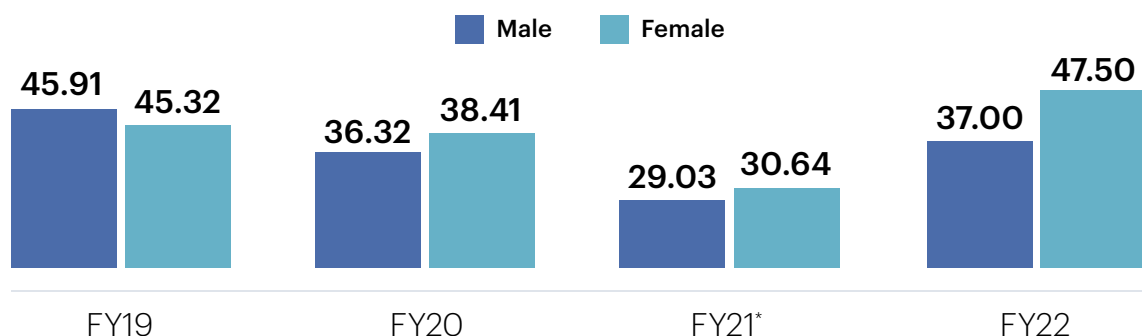
Employee Training and Development

World Class Training

Throughout our company's more than 50-year history, we've been committed to providing our employees with the training needed to excel at their jobs. From functional training for payroll specialist and sales roles, to personal and professional development, to leadership development programs, our world-class training has earned us the distinction of being named to Training Magazine's APEX award list of the Top Training Organizations 21 consecutive times. Most recently, we ranked No. 5 on the 2022 list.

In FY22, we provided over 5,800 workforce training, skills, and leadership development programs through in-person, virtual classroom, or online self-paced modules. New Paychex employees for our service organizations attend multiple sessions where they learn job knowledge, skills to be efficient, and expectations for quality and key performance indicators. New hires in sales roles attend programs that enhance skills such as discovery, presenting, negotiation, and closing a sale. All employees are offered ongoing personal and professional programs on topics such as emotional intelligence, career development, and technical programs on Microsoft Excel and Microsoft Office.

Average Training Hours by Gender



**Note: FY21 training hours were lower than normal due to increased employee use of both Online Knowledge Center articles and bite-sized learning modules that provide in-the-moment training in lieu of a structured program. Additionally, fewer new-hire trainings occurred during FY21 due to COVID-19.*

Average Hours of Training by Job Level

| Job Level | FY22 |
|---------------------------|------|
| Individual Contributor | 63.6 |
| Sr Individual Contributor | 13 |
| Sales | 39.5 |
| Supervisor | 32.8 |
| Manager | 19.6 |
| Sr. Manager | 12.4 |
| Sr. Management | 6.4 |

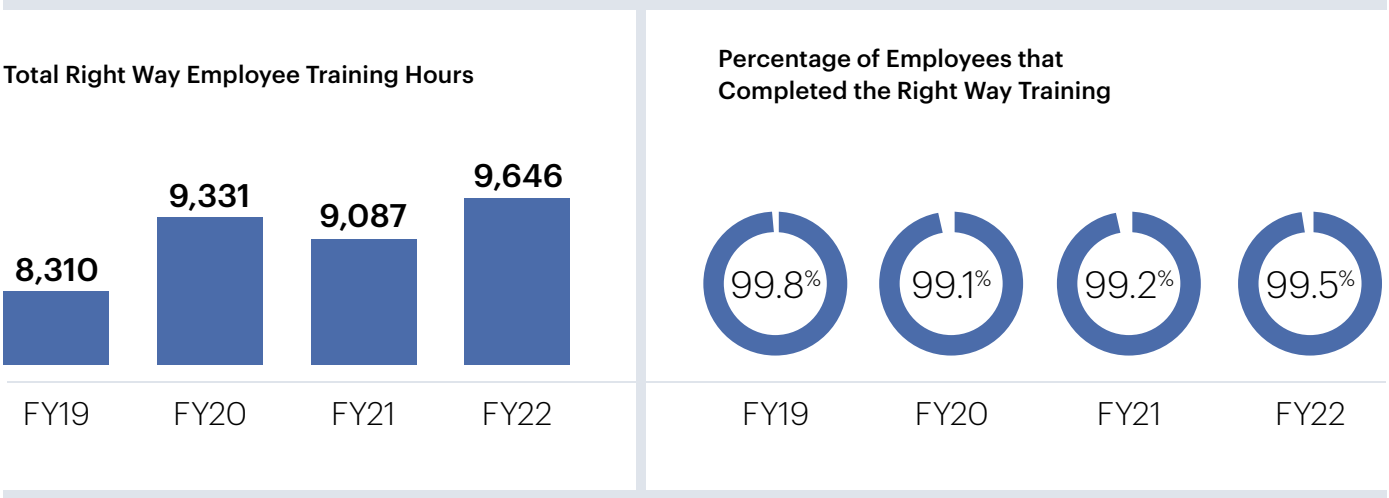
In FY22,
407 employees participated
in our mentoring program

with a
96% satisfaction rate
among mentors/mentees.

298 employees received
tuition reimbursement
totaling \$1.2 million.

The Right Way Training

Each year, all Paychex employees complete an engaging and informative training on doing business “the right way”. The training, which is an extension of our Paychex core values, includes cyber security and identifying malicious software, protecting our confidential information, avoiding conflicts of interest, and an escalation path for all employees for problem resolution including the confidential Paychex Ethics Hotline hosted by EthicsPoint.



Employee Development

95.5%

of active and eligible U.S. employees received a performance review from their manager for FY22.





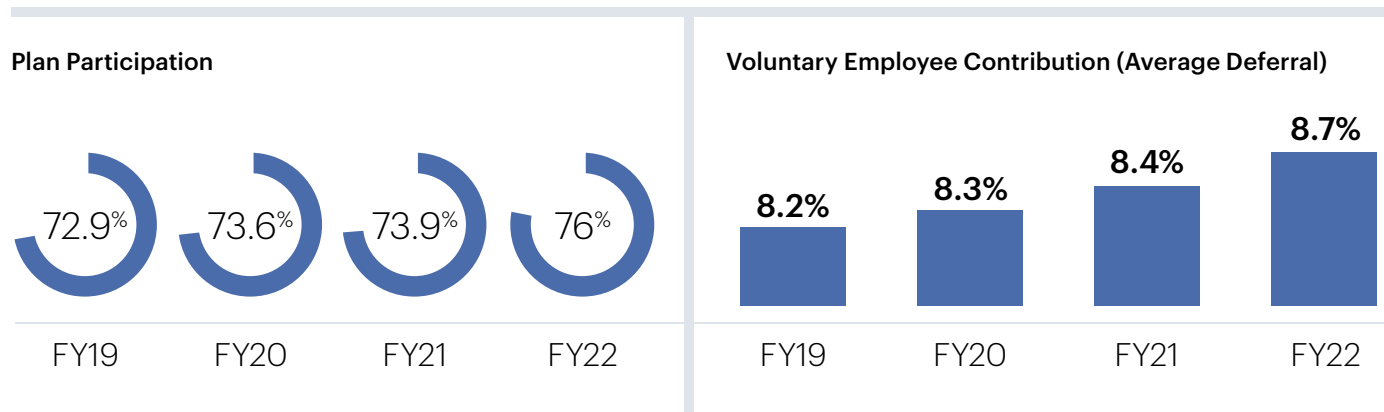
99.9%

of active and eligible U.S. employees received a performance rating for FY22.

Benefits and Well-Being

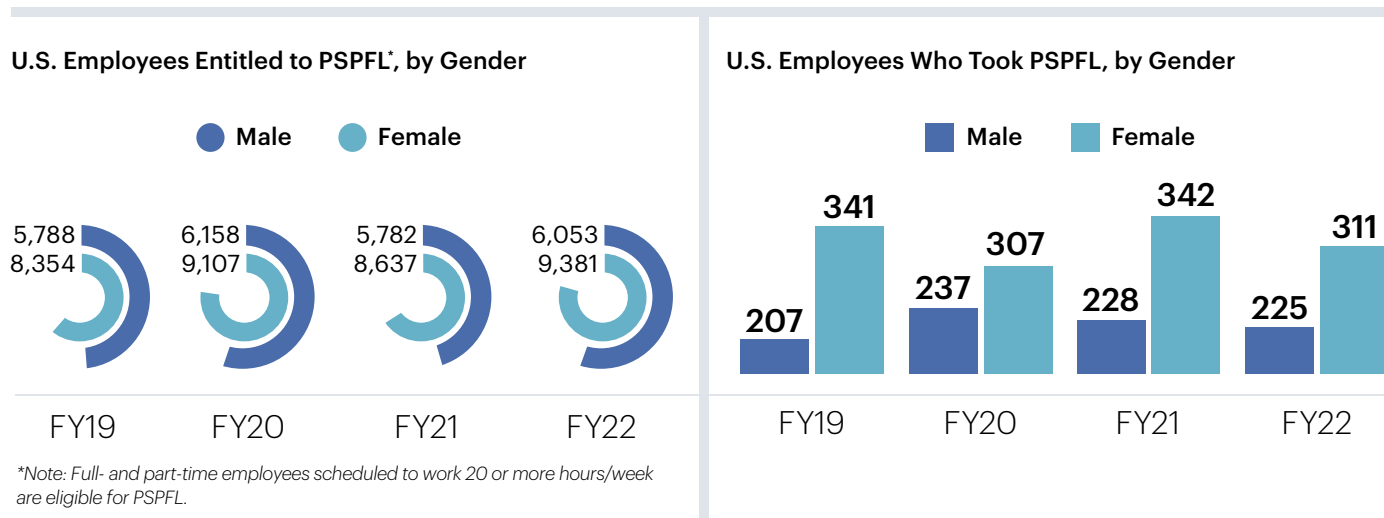
Paychex provides holistic employee benefits focused on the well-being of the entire person. From comprehensive medical and dental insurance, to financial benefits such as retirement savings with a company match, to extended mental, emotional, and physical resources such as the Employee Assistance Program (EAP), these benefits are designed to ensure our employees feel healthy, engaged, and fully supported by their company.

Paychex 401(k) Plan

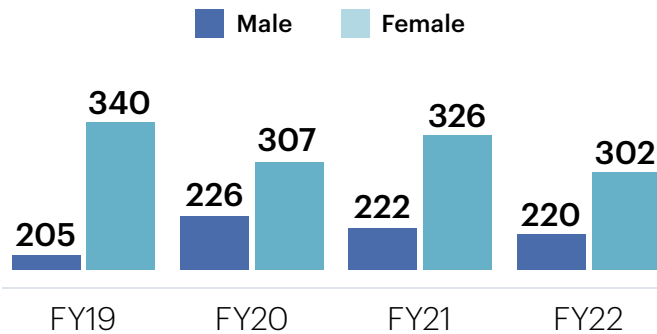


Paid Family Leave

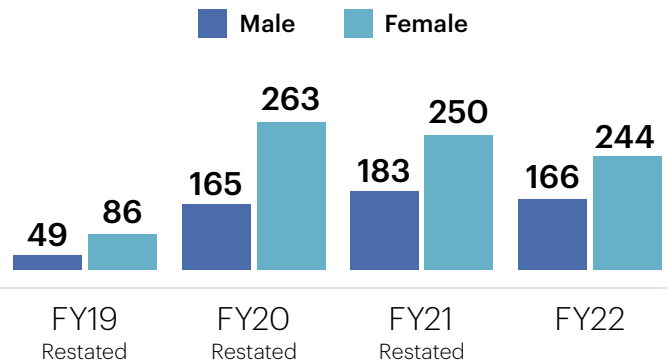
The Paychex Supplemental Paid Family Leave (PSPFL) program is paid time away from work for employees using approved Family and Medical Leave Act (FMLA) time for baby bonding, to care for a sick family member, or for military/exigency/military caregiver leave. The company-provided benefit is offset by any state or local benefits an employee is entitled to.



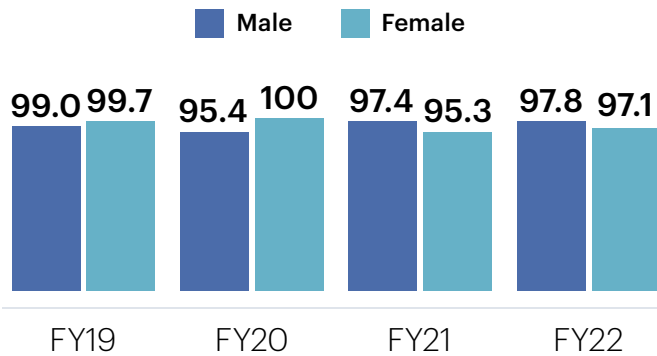
U.S. Employees Who Returned to Work After PSPFL Ended, by Gender



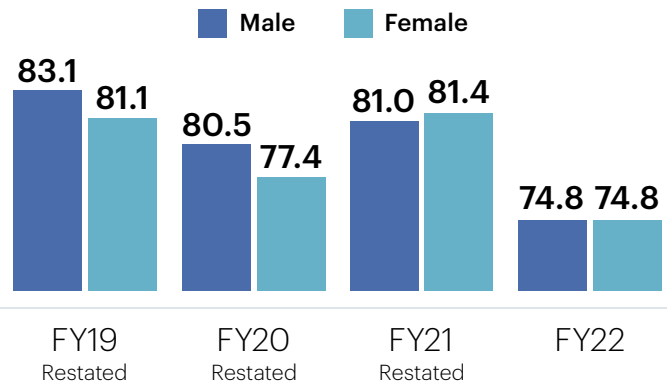
U.S. Employees Who Returned to Work After PSPFL Ended and Were Still Employed 12 Months After Their Return to Work, by Gender



Return-to-Work Percentage Rate of U.S. Employees Who Took PSPFL, by Gender



Retention Percentage Rate of U.S. Employees Who Took PSPFL, by Gender



Taking Care of Employees in the COVID-19 Environment

As the COVID-19 pandemic continued throughout FY22, Paychex retained the policy adjustments we rolled out in the early days of the pandemic, helping our employees and their families receive the benefits and care they might need.

These adjustments included:

- Continuing the new Paychex Supplemental Pandemic Personal Leave program.
- Starting January 2022, our pharmacy plan covers FDA-authorized at-home COVID-19 test kits at no cost, up to \$12 per test.
- As more employees began returning to our offices and the pandemic showed signs of moving behind us, we wanted to continue to ensure employees felt safe and supported. While we encouraged being vaccinated against COVID-19, we decided to also make testing convenient and affordable for our employees, so we provided test kits to our offices around the country.

Supporting Employee Emotional and Mental Well-Being through the Employee Assistance Program (EAP)

In FY22, an average of **21.5% of Paychex employees utilized EAP services** and 17.6% of eligible household members used the EAP services.

Studies have shown that while many companies offer an EAP, the median program utilization is around 5.5%.



Leadership and Emotional Well-Being Learning Series

We created a new three-part training in our learning management system to help leaders support their employees as well as their own emotional and social well-being.

Specifically, the training provides:

- Ways to recognize the signs of emotional discomfort and distress - using the 5 Signs of Emotional Suffering educational material
- Tools and resources to support and guide employees with any challenges
- Practice scenarios for planning quality discussions
- Questions that could be incorporated into 1:1 or team meetings to proactively check in with employees

Physical Well Being

Thousands of employees participate in our award-winning well-being programs that include walking challenges with subsidized Fitbit devices. **In FY22, employees walked or ran nearly 2 million miles** in these challenges, while also participating in stress management, resiliency programs, and health coaching.

Influenza Vaccine Clinics

In FY22, Paychex provided the flu vaccine to Paychex employees and spouses through drive through clinics in Rochester, New York; Phoenix, Arizona; Allentown, Pennsylvania; Baton Rouge, Louisiana; Albuquerque, New Mexico and Denver, Colorado.

The Paychex Scholarship Program for Children of Employees

192

children of Paychex employees have received **over \$665,000 toward college tuition** since the program's inception.



Environment



We are committed to managing our environmental impact as an integral part of our operations.

Climate

We are committed to reducing the environmental impact from our operations and strive for continuous improvement in all key areas. We revise our [Environmental Policy](#) at a minimum annually, to align with this commitment.

Climate-related Risks and Opportunities

Paychex performs an enterprise-wide risk assessment, at least annually, including an environmental-focused risk assessment to identify climate-related risks and opportunities. Climate-related risks are monitored as needed and formalized, at least annually, in a risk assessment. The Board of Directors exercises oversight of environmental risk through the Nominating and ESG Committee.

Paychex is exposed to climate-related risks and opportunities. Currently, based on our risk assessments and evaluation of potential risks and opportunities individually for materiality, climate-related risks and opportunities do not have the potential to have a substantive financial impact on our business.

Paychex is committed to **managing and reducing** its energy consumption and Greenhouse Gas (GHG) emissions. In recent years, we have undertaken several initiatives to reduce our direct and indirect GHG emissions.

Net-Zero GHG by 2050 and Interim Targets

Previously, we announced our ambition to achieve net-zero GHG emissions by 2050. Net-zero GHG emissions by 2050 is widely viewed as necessary to prevent the 2 degrees Celsius warming scenario that would result in catastrophic climate change and is a key element of the Paris Climate Accord. It is understood that achieving net-zero GHG emissions by 2050 will limit warming to 1.5 degrees Celsius above pre-industrial levels and avoid the worst damage to the environment, infrastructure, and livelihoods. In support of our ambition to achieve net-zero GHG emissions by 2050, we've established interim reduction targets:

Interim GHG Emissions Reduction Targets

All our GHG emissions reduction targets use FY19 as baseline year

Scope 1 Emissions Reduction Targets

50% Reduction in Scope 1 Emissions **by 2030** and **70% reduction by 2040**

Scope 1 GHG emissions are emissions from fuel consumption activities on-site in our owned facilities.

Scope 2 Emissions Reduction Targets

50% Reduction in Scope 2 Emissions **by 2030** and **70% reduction by 2040**

Scope 2 GHG emissions are emissions from generation of electricity purchased for our owned facilities and leased (co-lo data centers).

Scope 3 Emissions Reduction Targets

50% Reduction in Scope 3 category Business Travel **by 2030** and **70% reduction by 2040**

50% Reduction in Scope 3 category Upstream Leased Assets Emissions **by 2030** and **70% reduction by 2040**

50% Reduction in Scope 3 category Employee Commuting **by 2030** and **70% reduction by 2040**

50% Reduction in Scope 3 category Downstream transportation and Distribution Emissions **by 2030** and **70% reduction by 2040**

Scope 3 GHG emissions are emissions from the upstream and downstream activities within our value chain.



Environmental Footprint of Data Center Infrastructure

We are not currently designing any additional data centers. We continuously look for ways to conserve energy, including regularly decommissioning old equipment, migrating to energy efficient high-density computers, optimizing airflow, and converting to LED lighting in our data centers to improve Power Usage Effectiveness (PUE) scores. We are actively exploring ways to retrofit green technology for our data centers to further reduce carbon footprint and improve PUE scores. The average PUE score for our data centers in the United States was 1.9 in FY22.



Work from Home program

Our work-from-home program leads to energy and cost savings, plus reduced emissions and fuel usage by employees who no longer drive to work or visit clients and prospects every day. Only 8% of our United States employee base was designated as permanent work-from-home at the end of FY20 (May 31, 2020). Since establishing a formal work-from-home program early in fiscal 2022, two-thirds of our 15,500 employees (63%) work from home on a full-time basis, while another 10% commute into the office only two or three days per week. Less than a third (27%) of our employees are now expending fuel and emissions by commuting to the office every day.



Energy Usage Reduction

Our facilities are designed considering the principles of green buildings, such as maximizing the use of daylight, utilizing interior finishes with recycled content and paint with low-volatile organic compounds (VOC) content, and other furnishings with similar properties.

To decrease our use of natural gas for heating, a geothermal HVAC system was installed at three buildings at our Rochester campus. We are also replacing the lighting in our existing facilities in Rochester with LED light fixtures. In addition, we install LED light fixtures, occupancy sensors and dimmers, and other energy-efficient fixtures (lighting, HVAC, plumbing, hand dryers) as a standard practice in all new facilities. We have installed, and are continuing to install, electric car changing stations at some of our facilities.

Historical Energy Consumption

The following figures reflect energy consumption data for our owned facilities across the company, including operations in the United States, Denmark, Germany, and India.

Figure 1:
Total Electrical Power consumption within the organization

| Year | Total Electrical Power (GJ) |
|---------------|-----------------------------|
| FY19 Restated | 114720.03 |
| FY20 Restated | 107302.27 |
| FY21 Restated | 98852.61 |
| FY22 | 100369.82 |

Figure 2:
Total Energy consumption within the organization

| Year | Total Energy Consumption (GJ) |
|---------------|-------------------------------|
| FY19 Restated | 177534.49 |
| FY20 Restated | 168690.26 |
| FY21 Restated | 153700.81 |
| FY22 | 154046.08 |

Figure 3:
Percentage grid electricity consumption within the organization

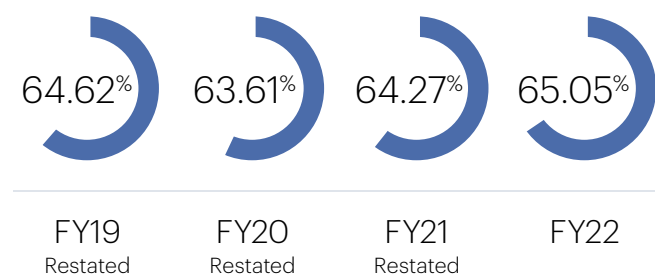
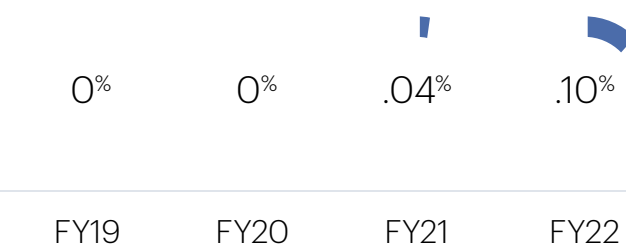


Figure 4:
Percentage renewable electricity in energy consumption within the organization



Numbers are being restated because of change in methodology - energy usage for leased (co-lo) data centers is now reported under energy consumed within the organization.

Figure 5:
Energy intensity ratio* for energy used within the organization

| Year | Total Energy per \$ of Revenue (GJ/\$) |
|---------------|---|
| FY19 Restated | 0.000047 |
| FY20 Restated | 0.000042 |
| FY21 Restated | 0.000038 |
| FY22 | 0.000033 |

*The energy intensity ratio was calculated using energy consumption within the organization and includes fuel and electricity used in the company.

Figure 6:
Normalized electrical power use for electricity used within the organization

| Year | Total Electricity per \$ of Revenue (GJ/\$) |
|---------------|--|
| FY19 Restated | 0.000030 |
| FY20 Restated | 0.000027 |
| FY21 Restated | 0.000024 |
| FY22 | 0.000022 |

Numbers are being restated because of change in methodology - energy usage for leased (co-lo) data centers is now reported under energy consumed within the organization.



GHG Emissions Reporting

We determined the Scope 1 and Scope 2 GHG emissions in FY22 from our owned facilities across the company, including those located across the U.S., Denmark, Germany, and India. Scope 1 GHG emissions from these facilities are reported in Figure 7. Scope 2 GHG emissions from these facilities, calculated using location- and market-based methods, are reported in Figure 8.

The reported numbers include emissions of carbon dioxide, methane, and nitrous oxide. GHG emissions were calculated following the guidelines in The Greenhouse Gas Protocol—A Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance—an amendment to the GHG Protocol Corporate Standard, IEA 2020 Emission Factors, U.S. EPA Center for Corporate Climate Leadership standards, and using U.S. EPA emission factors and IPCC Fourth Assessment Report 100-year Global Warming Potential values. The emissions were consolidated using the Financial Control approach. As a result, emissions for the facilities that we leased are being reported under Scope 3 Upstream Leased Assets.

As noted in Figures 7 and 8 below, our Scope 1 and Scope 2 GHG emissions calculated using location- and market-based methods have been decreasing since FY19.

Figure 7:
Paychex Global Scope 1 GHG Emissions

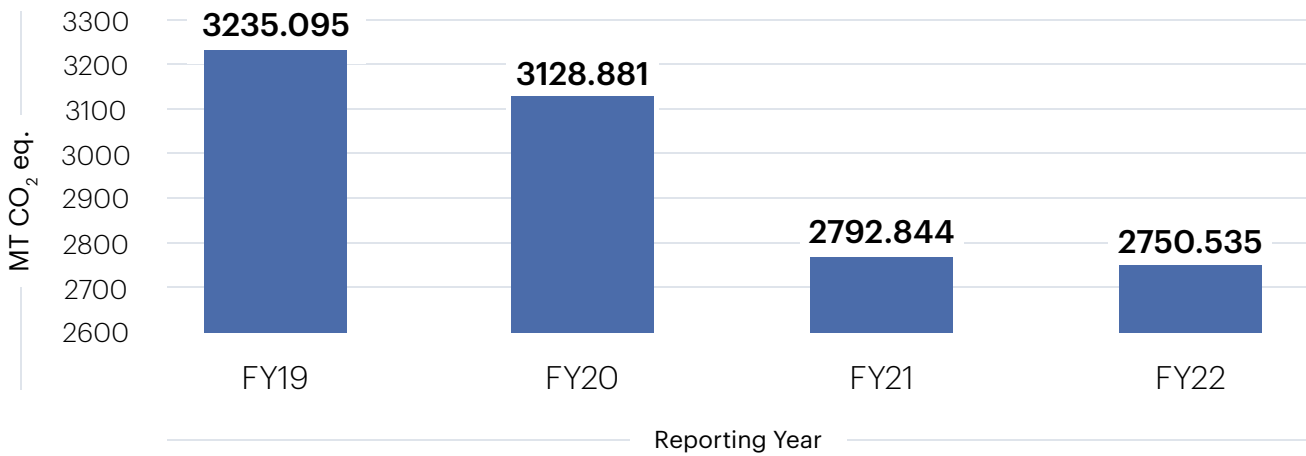
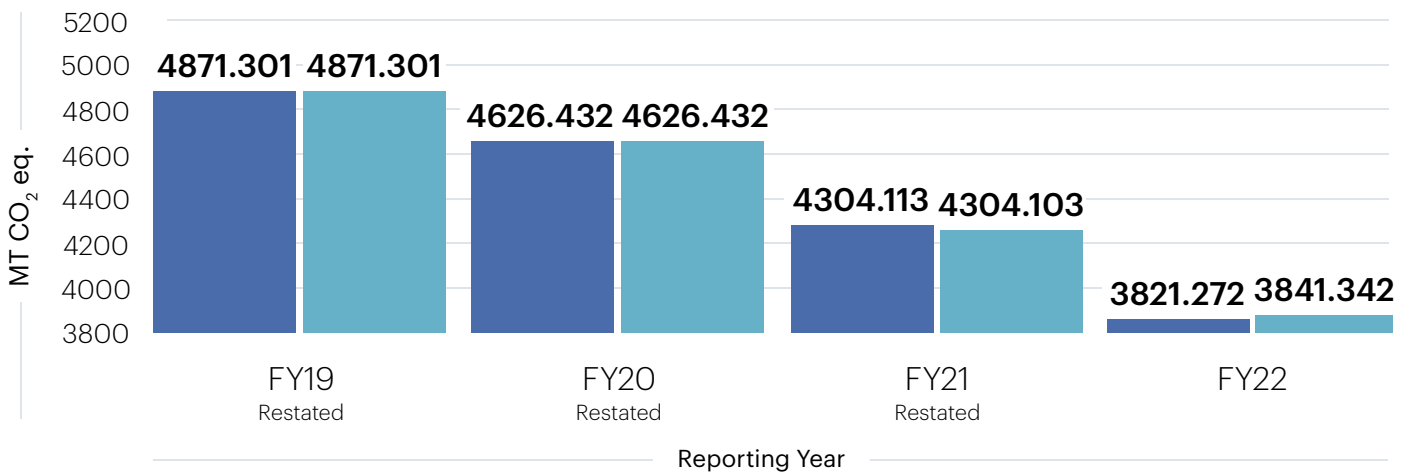


Figure 8:
Paychex Global Scope 2 GHG Emissions ■ Scope 2 Location-Based ■ Scope 2 Market-Based



Data is being restated because of change in methodology – GHG emissions from leased (co-lo) data centers are now reported under Scope 2.

Figure 9: GHG emissions intensity ratio[§]

| Year | MT Co ₂ eq per \$ of Revenue |
|---------------|---|
| FY19 Restated | 0.00000215 |
| FY20 Restated | 0.00000192 |
| FY21 Restated | 0.00000175 |
| FY22 | 0.00000142 |

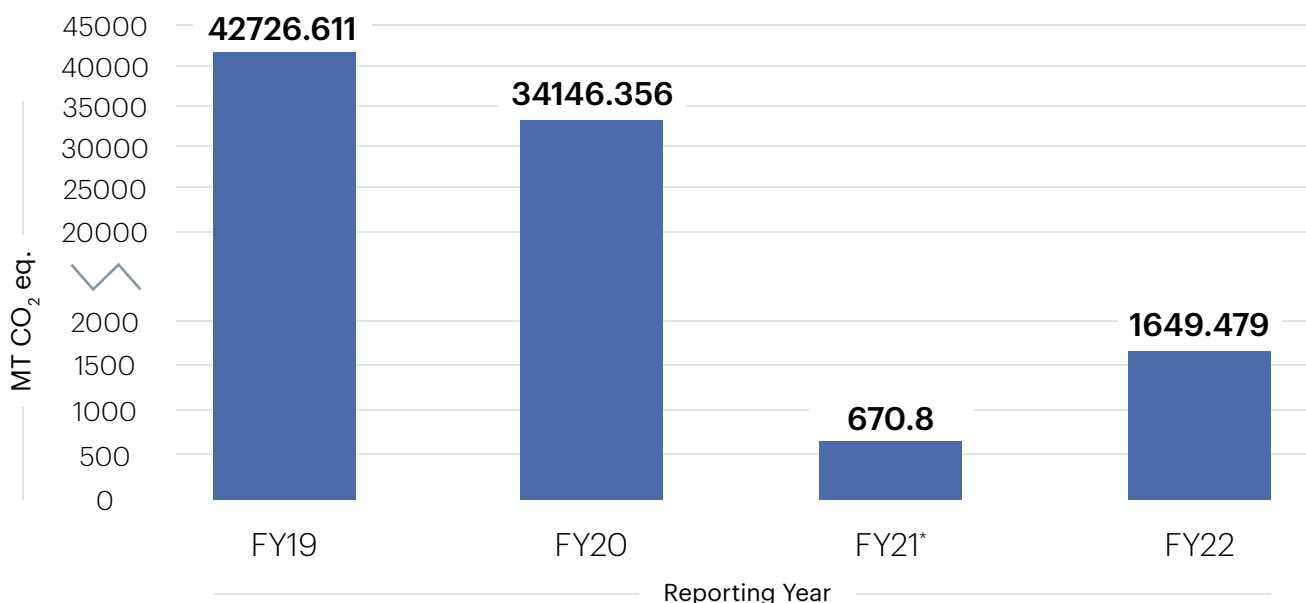
[§]Calculated using total Scope 1 and Scope 2 market-based GHG emissions, and include emissions of carbon dioxide, methane, and nitrous oxide. Data is being restated because of change in methodology – GHG emissions from leased (co-lo) data centers are now reported under Scope 2.

Paychex Scope 3 GHG Emissions

We report our Scope 3 emissions following the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, for three relevant categories: Category 6 Business Travel, Category 7 Employee Commuting, Category 8 Upstream Leased Assets and Category 9 Downstream Transportation and Distribution (refer to Figures 10-13). These include emissions of carbon dioxide, methane, and nitrous oxide. The emissions were determined using U.S. EPA's emission factors, IEA 2020 Emission Factors, and IPCC Fourth Assessment Report 100-Year Global Warming Potential values. Emissions reported under Category 8 Upstream Leased Assets include emissions from Natural Gas and Electricity usage in the facilities that we lease in our operations worldwide.

While several GHG emissions categories of the Scope 3 standard are not applicable to Paychex, we continue to expand our accounting and reporting efforts to report emissions from the remaining relevant categories.

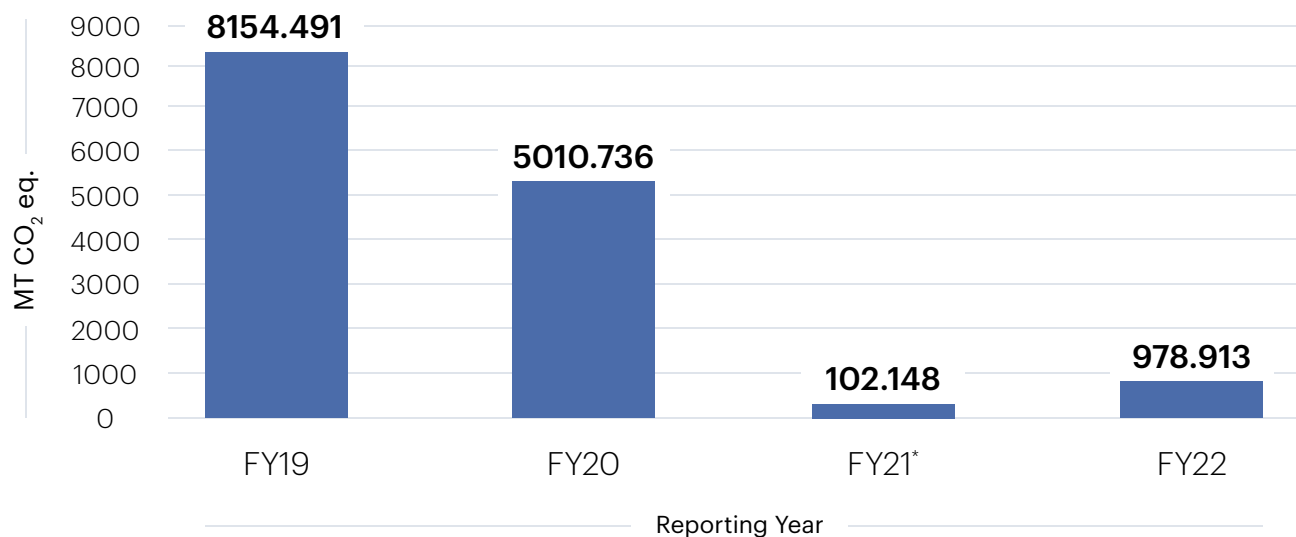
Figure 10: Scope 3 category - Employee Commuting



These emissions represent emissions for our employees in the U.S. which account for ~95% of our worldwide operations.

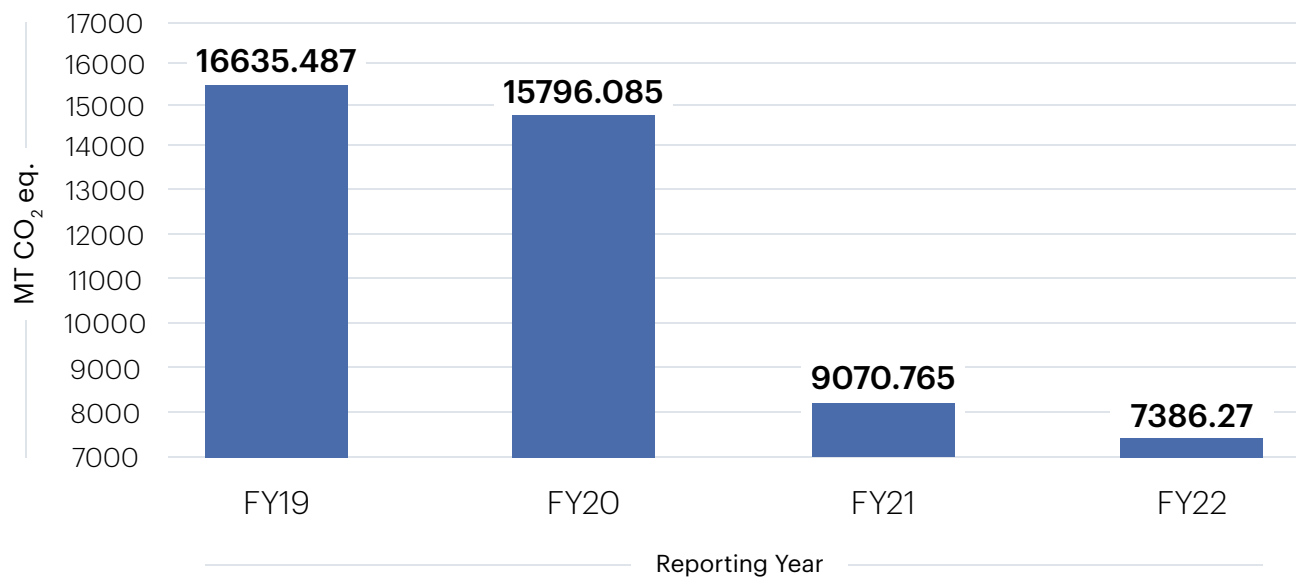
*During FY21, because of COVID-19 pandemic, only a fraction of our employees worked from the office. The emissions reported here represent commuting by those employees.

Figure 11: Scope 3 category - Business Travel



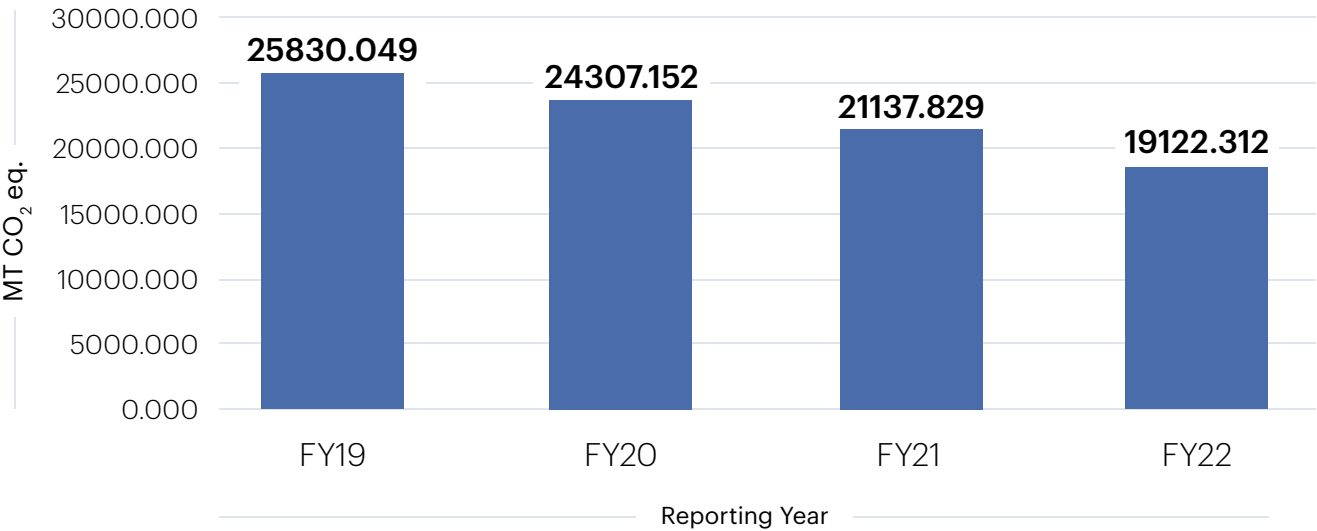
*During FY21, because of the COVID-19 pandemic, business travel was limited and much less than in pre-pandemic reporting years.

Figure 12: Scope 3 category - Upstream Leased Assets



Emissions were calculated using actual energy usage data where available, and estimated energy usage where actual usage data was not available.

Figure 13: Scope 3 category - Downstream Transportation and Distribution

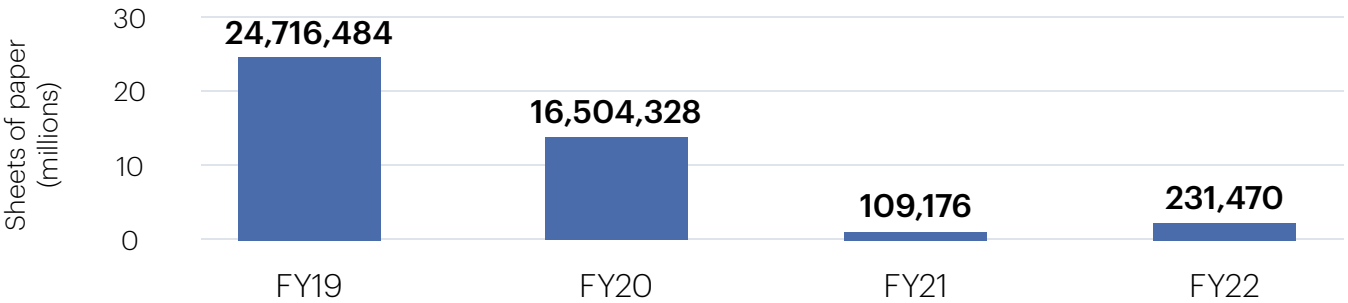


Emissions were calculated using actual energy usage data where available, and estimated energy usage where actual usage data was not available.

Resource Consumption and Waste Management

We continue to seek ways to increase our share of paperless products and services. Our “Smart Print” program enables printing to the cloud and our increased use of digital technology, remote work, and virtual meetings have helped enable a decrease in paper consumption in our offices. Figure 14 below illustrates the trend of paper consumption in Paychex offices across the United States.

Figure 14:
Paychex Paper Consumption in Paychex Offices Across U.S.



Paper usage in FY21 was much lower than previous years because a significant number of our employees worked from home and didn't have access to the printers in offices.

As part of our commitment to reducing the waste generated in our facilities that goes to landfills, FY22 waste management initiatives included:

Coffee Pod Recycling Initiative

We partner with TerraCycle® to recycle the coffee pod waste created in our offices. The spent coffee grounds from the pods are composted, and the metal and plastic components are recycled.

Electronic Waste

We work with a recycling partner to manage the electronic waste generated from our operations. Our recycling partner removes electronic data following necessary guidelines and manages the waste by resale and recycling. In FY22, we recycled 15,916 units of electronics in our operations in the U.S.

Food Waste

We collect food waste from food service operations in our facilities, and send it for composting. In FY22, our food service partner tracked 2,582 quarts of food waste. Identifying areas for reducing waste continues to be a focus.

Community



We contribute to the quality of life in the communities where our employees live and work.

Paychex Charitable Foundation

The Spirit of Giving Is Central to Our Corporate Identity

At Paychex, we believe in creating a world where people are the most important part of every business. We know that happier, healthier, and engaged teams create better businesses. And strong, local businesses support vibrant communities.

An integral piece of our commitment to corporate responsibility is charitable giving. It's ingrained in our culture and is central to our corporate identity. Inspired by the longstanding philanthropy of our founder, B. Thomas Golisano, we established the Paychex Charitable Foundation in 2014. Through the foundation, we provide funding to programs in the communities where our employees – and clients – live and work.

Contributions from the foundation support entrepreneurship and education; health and wellness; improving the economic health of the community and its workforce; and corporate citizenship. In addition, the foundation supports the significant charitable activities of Paychex employees. Employee teams that support a local nonprofit with fundraising and/or hands-on volunteering may request a foundation grant for that charity.

In FY22, Paychex made a significant investment in the Foundation, committing

\$10 million in funding.

With those contributions, nearly \$20 million dollars of funding is now available through the Paychex Charitable Foundation.

\$1,014,150

in foundation-funded grants
were awarded in FY22

Including

\$16,650

to organizations supported and nominated
by employees to supplement their team
fundraising and volunteer efforts.

Strategic Giving Framework

In FY22, the Paychex Charitable Foundation steering committee introduced an annual multimillion-dollar commitment and strategic giving framework to dramatically increase the financial support of nonprofit organizations that align with our mission.

As a national leader in HR, payroll, and benefits, Paychex has a unique vantage into the challenges facing American businesses – and workers. We use those insights to direct funding where we see the greatest need.

The impacts of the COVID-19 pandemic and the rapid acceleration and shift to hybrid and remote work have helped to focus the efforts of the Paychex Charitable Foundation to address one of the most profound challenges impacting businesses today: supporting worker well-being.

Within the strategic giving framework, the Paychex Charitable Foundation will address four critical areas of well-being:

Mental Wellness

Physical Wellness

Financial Wellness

Professional Skills
Development

The framework will direct a **\$1 million investment**, over the course of four years, to each of the components of well-being identified above for a **total investment of \$4 million**.

Organizations that meet the criteria will be national in scope but also have support in the local markets where Paychex does business.

As part of the grants that will be awarded through the strategic giving framework, Paychex will also be seeking volunteer opportunities to involve our employees, providing a powerful combination of financial support from the Paychex Charitable Foundation and the volunteer commitment of a network of nearly 16,000 Paychex employees from across the U.S.

The Paychex Charitable Foundation is one of the most significant demonstrations of our commitment to working for a better world.



Supporting Diverse Communities

Our Paychex Foundation continued its legacy of philanthropy in FY22 and our commitment to give back to the communities where our employees and clients live and work. In FY22, the program provided financial support to over 80 community organizations that support entrepreneurship and education, health and wellness, improving the economic health of the community and its workforce, and corporate citizenship such as:

Martin Luther King, Jr. Center for Nonviolent Social Change

Based in Atlanta, The King Center is a national and global resource dedicated to empowering people to create a just, humane, equitable, and peaceful world by applying Dr. King's nonviolent philosophy and methodology.



Empowering People's Independence

Empowering People's Independence offers progressive, tailored solutions to people with developmental disabilities, epilepsy, and brain injuries by adopting innovative service models that better meet the needs of the people they support to improve their health and well-being, independence, and social inclusion.

Fisher House

Fisher House Foundation builds comfort homes where military and veteran families can stay free of charge while a loved one is in the hospital. The homes are located at military and Veterans Affairs (VA) medical centers worldwide.



Girls, Inc.

Dedicated to using music as a vehicle for personal growth and positive change for girls, women, and the LGBTQ+ community.



Junior Achievement of Rochester

Junior Achievement's mission is to inspire and prepare young people to succeed. As a sponsor of the new Paychex Junior Achievement Discovery Center, Paychex will be giving middle and high school students access to opportunities that will help them learn how business works, apply for jobs, and more.



Dimitri House

A nonprofit organization built upon the belief that every human being has immeasurable value. It serves those in need by offering a range of programs, including food, shelter, and services that help them on their journey toward self-sufficiency.

Turning Point of the Lehigh Valley

Turning Point of the Lehigh Valley is a safe and supportive space for victims of domestic violence where they begin to reclaim the freedom to make their own choices, recognize their strengths and abilities, and be an active participant in the development and accomplishment of their goals.

United Way

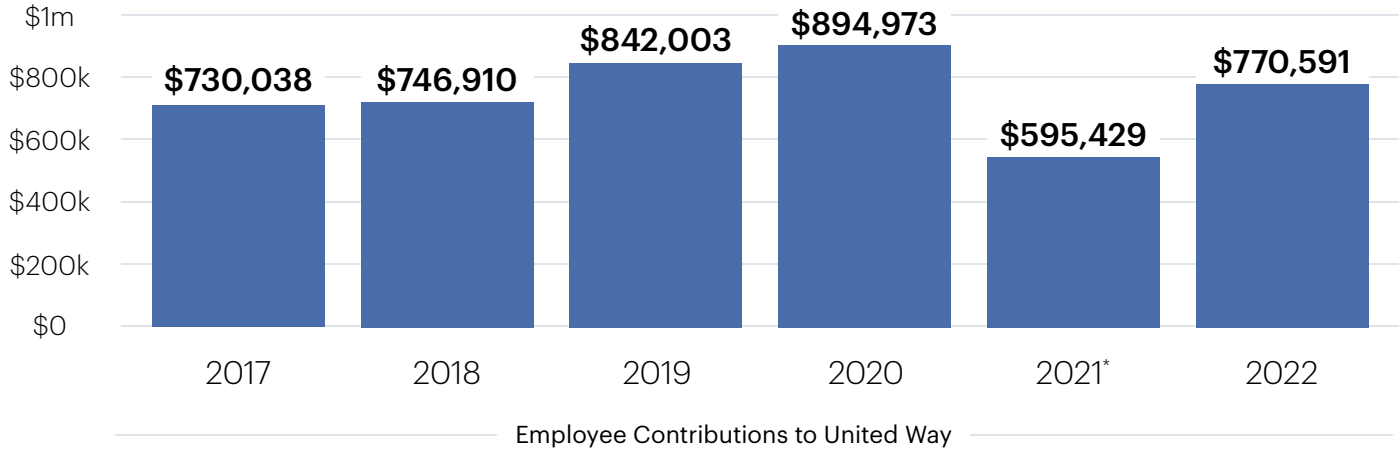
Paychex continues to support various United Way chapters across the nation in their mission to improve lives by mobilizing the caring power of communities to advance the common good.

Girls, Inc. of the Greater Capital Region

The mission of Girls, Inc. of the Greater Capital Region is to inspire young girls to be STRONG, SMART, and BOLD. By providing a safe space and educational programming, girls from all walks of life can find and develop skills and inner strength. Paychex received the honor of Corporate Partner of the Year in recognition of our employees' generosity and caring spirit.



Annual United Way Campaign at Paychex



*Combined employee donations from two FY21 rollovers while traditional campaign paused due to the pandemic.

Corporate Contributions
to United Way 2017-2022:

\$2,389,200

After a year-long hiatus in FY2021 due to COVID-19, where we encouraged employees to keep their 2020 pledge in place until the next campaign, we returned to our traditional campaign model – with a twist – in May of 2022. With fewer office locations post-pandemic and more employees working remotely or in a hybrid schedule, it gave us the opportunity to engage employees in a one-hour, nationwide virtual kickoff. The telethon-like event featured Paychex employees helped by United Way, company leaders, and community representatives who made the case for giving. It was the second-most attended virtual event in Paychex history, generated tremendous excitement, and brought in more than \$100K during the event alone.

Since 2006, **Paychex and its employees have given**

\$14 million

to United Way organizations across the U.S., keeping their support alive and well regardless of the circumstances.



Community Initiatives

#PaychexCares Spirit Shines

Across the company, our employees' caring spirit shines brightly. Whether it's hundreds of Rochester employees spreading out into the community to provide hands-on volunteer work to area non-profits as part of United Way's Day of Caring, raising funds and participating in the American Heart Association Heart Walk, holding a basket raffle to raise money for victims of domestic violence, or providing multi-year support to causes near and dear to our employees' hearts in local communities across America, our employees lead with our values to wrap their arms around people in need.



Supporting the COVID-19 Vaccination Program in the Rochester Community

Paychex partnered with other large Rochester based companies to provide financial support to United Way of Greater Rochester, creating the Finger Lakes COVID-19 Vaccination Program. The program continues its critical work to get COVID-19 vaccine information and vaccinations to underserved and hard-to-reach populations throughout the nine-county region.

United Way's Vaccine Volunteer Force supported the Finger Lakes COVID-19 Vaccination Program by connecting volunteers with a background in healthcare along with support volunteers. Vaccination sites were set up throughout the region, which also included mass vaccination sites in Monroe County.

Our collective vaccination efforts have reached a tipping point as we shift to more targeted and resource-intensive outreach. This innovative work requires fast and flexible resources to try new approaches, which are often difficult to accomplish with public resources alone in the race against time. When we requested help, without hesitation our business and philanthropic partners stepped up immediately and collectively committed \$1 million to meet this moment on behalf of our region.

– Jaime Saunders, President & CEO of United Way of Greater Rochester

#PaychexCares for Ukraine



Within days of Russia's February 2022 invasion of Ukraine, Paychex employees began preparing to help what they knew would be a humanitarian crisis.

At one Rochester office, the team rallied to organize a supply drive to support two coworkers from Ukraine who were having a hard time watching what was happening in their home country, where they still had family members. Across town another employee was leading a supply drive of her own. Other Paychex employees across the country were reaching out to their leaders and HR, asking if there was going to be a coordinated fundraising effort.



Meanwhile, the Paychex Charitable Foundation steering committee was researching the best charities to channel a donation.

One week after the invasion began, Chairman and CEO Martin Mucci, put out the call for support, pledging \$25,000 from the Foundation to match any employee donations to the Ukraine Crisis Relief Fund through the special Paychex fundraiser. In the first hour alone, more than 400 employees from across the organization had already given a total of \$20,000.

By the time the fundraiser ended on March 11, nearly 1,300 employees had generously donated more than \$55,000, prompting the company to match that generosity by increasing the Foundation gift from \$25,000 to \$55,000, resulting in \$110,000 going to the Ukraine Crisis Relief Fund.

One New York City-area sales consultant, whose family emigrated from Odessa, Ukraine in 1979, was so inspired by Paychex's response that she started a fundraiser of her own and ultimately raised \$4,500.

For Paychex employees with ties to Ukraine, it was a **meaningful and poignant** show of support.

Another employee who was born and raised in Ukraine donated the largest individual amount to the companywide fundraiser and worked with different organizations and volunteers on the ground to help people in his homeland. The two employees who inspired the supply drive mentioned above were proud to help deliver five carloads full of donated supplies. Combined with the collections of other local businesses, the items were shipped to Ukraine by Meest, a company that specializes in shipping and logistics to Eastern Europe.

Empowering Businesses



Our purpose is to be an essential partner to small and medium-sized businesses.

Help Businesses Succeed

Paychex began by offering a single, revolutionary payroll product to address the unmet needs of small businesses. As we've grown, we've rapidly evolved to become a true advocate for businesses of all sizes — from startups to corporations — by anticipating the needs of our customers with innovative products, services, and support.


Our mission is to make it simple for businesses of all sizes to pay and manage their employees. We make their payroll easy and automatic. We handle their benefits programs. We guide them through their human resources challenges. We keep them up to date with ever-changing laws and regulations. We do it all in the way our customers want – online and mobile, over the phone, in-person, or any combination thereof.

We were founded more than 50 years ago to relieve the complexity of running a business and make our customers' lives easier, so they can focus on the success of their business.


Expert Support to Navigate a New Era of Work

When the economy was at its lowest point during the COVID-19 pandemic, Paychex helped businesses persevere by sharing our extensive knowledge and expertise in HR, payroll, and benefits.

As of May 31, 2022, we helped businesses retroactively claim more than \$8 billion in Employee Retention Tax Credits by providing an expert review, full documentation, and preparation and filing of the amended returns. This builds on the success of the \$65 billion in Paycheck Protection Program loans we helped our clients secure (with a 96 percent forgiveness rate), providing them much-needed assistance at the height of the pandemic.



I knew getting a PPP loan was really the only shot we had at keeping the staff employed through all of this. Turns out, getting the loans – and getting them forgiven – ultimately comes down to providing the right payroll documentation. Paychex has all of that information right at hand – it's all right there. We got funded in the first round, and luckily, we were able to keep the whole team together. **That's what having a partner like Paychex lets me do.**



– Mike Biewer—Executive Producer, FunnelBox

As the workplace has continued to evolve, challenges are coming from many different angles — making it more difficult to run a business.

This was confirmed by new data from the Paychex 2022 Pulse of HR Report, with more than 1,000 HR leaders revealing what's happening in the marketplace:

- Only 15% of HR leaders said their companies have staff working exclusively on-site, reflecting the growing emphasis on remote and hybrid work.
- Their companies are also struggling with critical hiring and retention goals, with half of respondents admitting their organizations are not effective at hiring, onboarding, and retention.
- Sixty percent of HR leaders are concerned about employee burnout, an increase of 18% since before the COVID-19 pandemic.

Our research also revealed a clear case for how Paychex can help:

- Half of all HR decision-makers said that HR software and technology have helped to improve company efficiency.
- And nearly 40% of HR leaders said HR software and technology have made it easier to manage payroll and benefits administration.

I found out about the ERTC Service... I'm getting **50%** of the [2020] payroll income back, and then for 2021, it's up to **70%**. You look at that funding that's coming and then you can start to prepare for the future.

– Courtney Benson—Owner, Viticulture Wine Bar

Paychex is **committed to expanding our brand promise** to address the new and evolving business realities our customers face each day.

Through our SaaS-based HR software solution, Paychex Flex®, and the expert service we deliver to our customers, Paychex has helped clients navigate challenges including recruiting and retaining talent during the Great Resignation, enhancing benefit offerings, and transitioning to a digitally-enabled distributed work environment. Our technology and services are not only helping customers meet these new business demands, they are creating business efficiencies, saving our clients time and money.

HR Technology to Drive Business Efficiency

Paychex has been focused on introducing new features and enhancements to our SaaS-based HR software solution, Paychex Flex®, to help customers meet the demands of the new era of work. From solutions to address the challenges presented by the tight labor market to supporting employee financial well-being, here is an overview of select product releases from the past fiscal year that are helping to drive business efficiency and productivity:

Retention Insights:

A predictive analytic to identify employees who may be more likely to consider leaving the organization.

Compensation Summary Report:

Provides employees access to a view of their compensation beyond their direct pay—a critical business strategy for retaining employees.

Paychex Pre-Check:

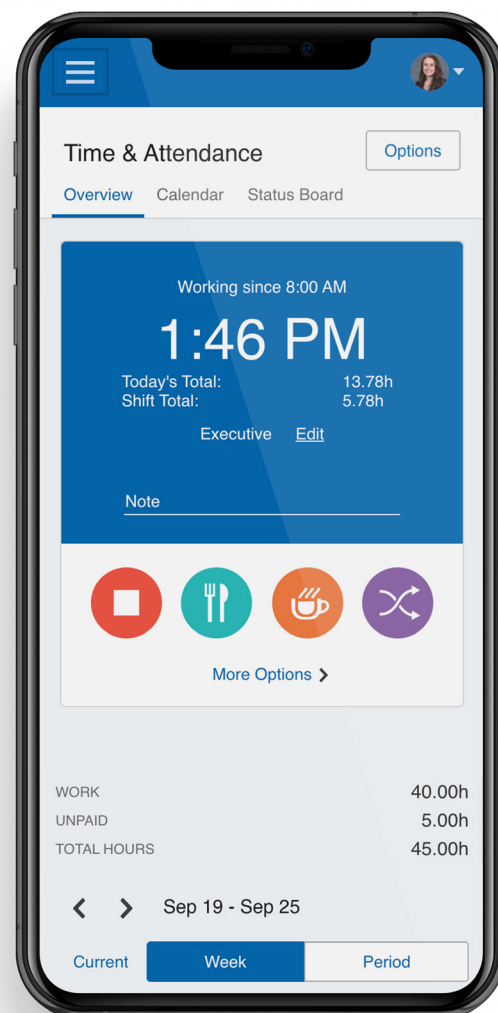
Helps supports paycheck accuracy by providing a secure review of the gross-to-net paystub in advance of payday.

Pay Benchmarking:

Allows employers to compare compensation details by position against national data provided by the Bureau of Labor Statistics.

Financial Wellness:

Offers financial wellness support for managing household budgeting, debt, taxes, and saving for the future through an integration with FinFit®.



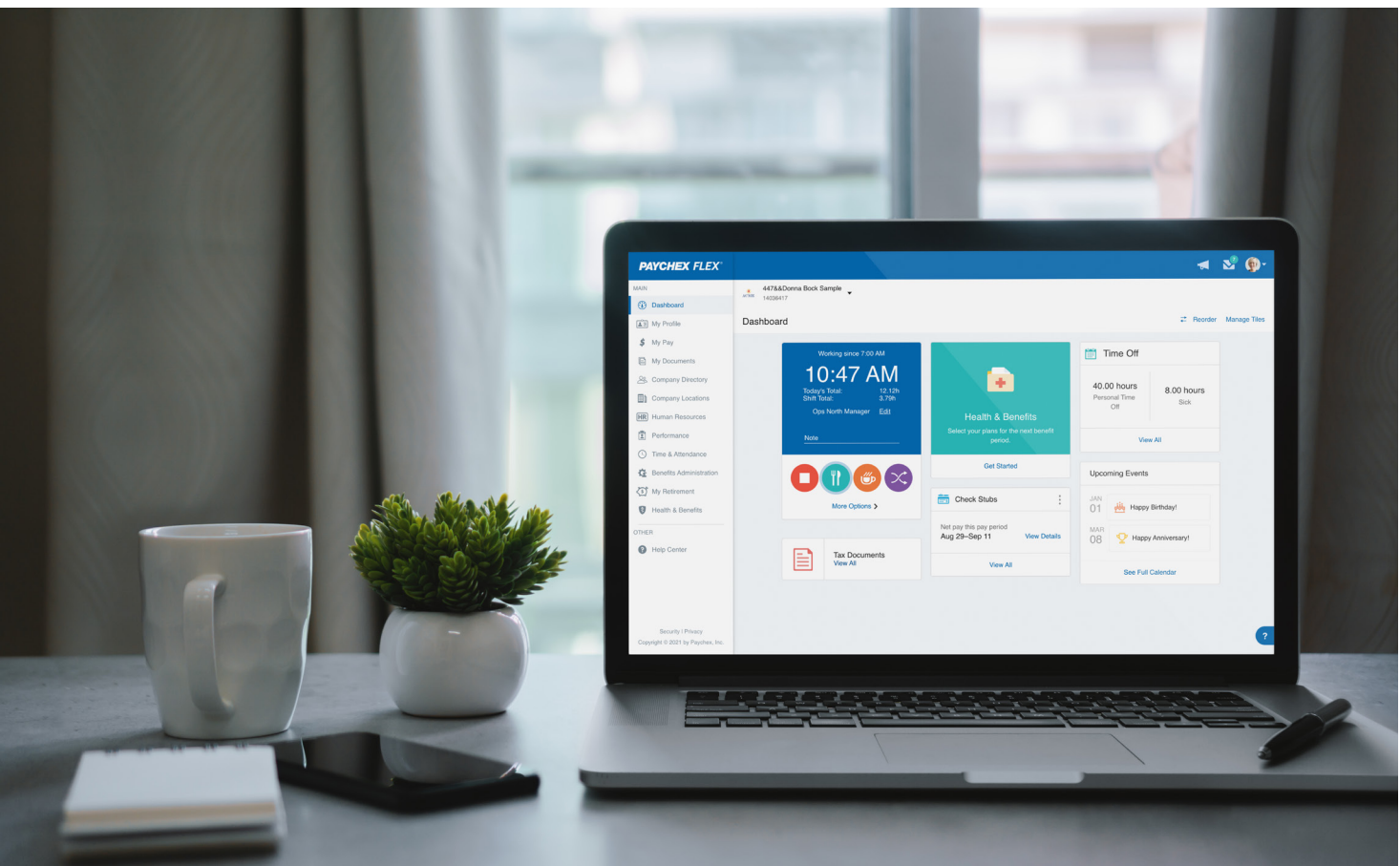
Addressing the Retirement Savings Crisis

The Federal Reserve Bank's [2021 Economic Well-Being of U.S. Households report](#) estimated that one quarter of non-retired adults in America had no retirement savings or pension.

By making retirement plans simple and affordable, Paychex makes it easy for business owners to establish a plan for themselves and their employees.

In January 2021, Paychex was among the first retirement providers in the industry to introduce a Pooled Employer Plan (PEP). The PEP helps expand plan access for businesses with reduced fiduciary liability, simplified plan management, and lower-cost plan expenses when compared to single-employer retirement plan offerings.

Paychex is also helping businesses meet the requirements of a growing number of state mandates that require employers to offer a retirement savings program for employees by state-specific deadlines or face financial penalties. States with fully implemented and active mandate programs in place include California, Illinois, Oregon, and Washington. **More are on the horizon.**



Sharing Our Business Expertise

Paychex is committed to helping businesses succeed by sharing our business expertise and our deep insights into the American business landscape.

In FY22, we held more than 70 educational webinars to help business owners navigate complex regulations and important business topics with more than 78,000 registrants.

Total number of webinars, registrants (June 1, 2021-May 25, 2022)

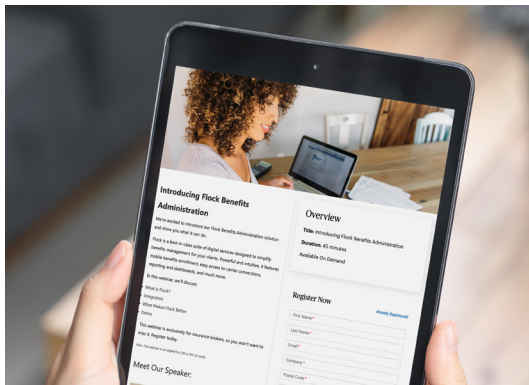
74

Webinars delivered



78,825

Total registrants



Our two podcast series, Thrive and Pulse, help inform and educate business owners and HR managers on relevant trends and insights that impact their businesses. Curating the topics and recruiting nationally renowned speakers who share important knowledge, the podcast series are available on all major podcast networks and on YouTube at no cost.

Paychex also regularly shares data insights and outside research with business owners.

Each month, we release the [Paychex | IHS Markit Small Business Employment Watch](#), drawing from the aggregated payroll data of approximately 350,000 Paychex clients. The Small Business Employment Watch gauges small business wage and employment trends on a national, regional, state, metro, and industry basis. This powerful tool offers real-time insights and analysis on the state of the U.S. economy. In addition, our annual Pulse of HR research allows HR leaders to benchmark priorities, budget, staffing and more, against the insights of more than 1,000 HR decision-makers from across the U.S.

Occupational Safety



We are committed to providing our employees with a safe and comfortable working environment.

Number of US employees covered by an occupational health and safety management system

| Fiscal Year | Number of covered employees | Number of covered employees as percentage of total work force |
|-------------|-----------------------------|---|
| FY19 | 15,153 | 100% |
| FY20 | 15,319 | 100% |
| FY21 | 14,451 | 100% |
| FY22 | 15,498 | 100% |

Performance

Due to our continued focus on employee safety, we have not had any work-related fatalities nor catastrophic injuries. In FY22, the Paychex Safety and Ergonomics Team assisted approximately 488 employees with their ergonomic issues.

In conjunction with the ongoing efforts of the Safety/Ergonomics team in providing all our employees with access to various safety information, resources, and training material, we have seen a **75% reduction** in the number of reported new workers' compensation claims in the last five years.





We'll keep working for a better world.

Just as we've done for **more than 50 years**, doing business the right way is simply the best way we know of to work toward a better world. We'll keep finding ways to improve upon the good work we've already done to be the very best version of our company – for our clients, employees, shareholders, communities, and planet.

Thank you

To learn more about Paychex's commitment to corporate social responsibility, visit [our website](#).

This report was prepared using the GRI Standards as a GRI-referenced report. GRI and SASB Indices can be found at [paychex.com/corporate/corporate-responsibility](#).

Our 2022 CDP Climate Change response and disclosures, aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), are available at [paychex.com/corporate/corporate-responsibility/environment](#).



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HR | Payroll | Benefits | Insurance