Paycor

ESG Report

Fiscal Year 2023

Overview

Environmental, Social and Governance ("ESG") at Paycor

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

Paycor uses the Sustainability Accounting Standards Board ("SASB") Standards for IT & Software Services to communicate certain important sustainability information about our business activities to stakeholders. Unless otherwise stated, data and activity reported relates to our fiscal year, ending June 30, 2023.

What's Inside:

A Message from our CEO
Raul Villar, Jr.

At Paycor, Doing the Right Thing and Taking Care of Each Other are guiding principles which continue to drive our outlook and strategy. Last year, we released our inaugural ESG report that described our commitment to sustainability and the pragmatic steps we are taking to advance critical ESG topics. While there is always much to do, we are proud of the strides our team has made as we continue to take steps to minimize environmental impact, cultivate a diverse, equitable and inclusive culture, support our communities, and promote sound governance. In fiscal 2023, our ESG Committee further developed our long-term ESG strategy and built momentum in new and existing ESG initiatives across the company.

Environment
We continued efforts to minimize our environmental footprint, reducing Scope 1 and 2 greenhouse gas emissions by 37% this fiscal year. Aligned with our virtual first philosophy, the decrease was primarily driven by further facilities consolidation. In the last two years, we have streamlined the number of locations from eighteen to just five and nearly halved our annual Scope 1 and 2 emissions.

We leverage industry-leading Cloud providers who share our sustainability goals to host our modern Software as a Service (SaaS) offerings. Our data center strategy benefits from a scalable, consumption-based model that provides the organization flexibility, minimizes waste, captures economies of scale and provides state-of-the-art security.

We also have several green initiatives to recycle and reduce waste and promote digital processes that reduce clients' paper consumption and shipping, such as electronic W-2's.

Social
Our culture is guided by principles that encourage associates to thrive and bring their whole selves to work. We focus on developing our associates and providing meaningful professional experiences in a flexible, virtual-first work environment. As a result, 82% of our associates would recommend working at Paycor and 85% believe Paycor motivates them to give their best. Our best-in-class benefits and learning and development opportunities continued to expand to attract and retain top talent.

As a human capital management company, we know first-hand how important leaders and culture are in driving business performance and employee engagement. Over the last year, we prioritized team engagement and employee development, which has enabled our business to reach new heights. This August we introduced a premier culture event, Playcor, which enables our associates to meaningfully connect with each other, celebrate our culture, and Have Some Fun Along the Way. We are proud to have earned a Top Workplaces USA award for the third consecutive year by Energage, an organization with a 15-year history of surveying more than 20 million employees to help build and brand Top Workplaces. This award exemplifies our commitment to live the cultural best practices we advocate to our clients, which we believe drive employee engagement and business performance.

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

We also launched two new initiatives to support our supplier diversity. In conjunction with the Cincinnati Minority Business Accelerator, we established a Paycor Empowerment Program to support minority-owned business leaders in growing their organizations through Paycor's vast Marketplace network. Nine new minority-owned businesses were selected to join our growing Marketplace of partners. In partnership with the Cincinnati Bengals NFL franchise, we also launched the first annual local, minority-owned small business contest, "Earn Your Stripes." The winning company received a sponsorship package at Paycor Stadium to promote their business to a considerable audience and other participants are being onboarded as Paycor vendors to enable us to do business with them in the future.

Paycor's mission is to empower leaders to build winning teams. With more than 2.5 million employees on our platform across the country, we recognize the far-reaching role we can play in helping small and medium-sized businesses find and retain talent, promote employee health and wellness, foster diversity and inclusion, and build better workplaces. Using our unrivaled talent tools, frontline leaders are improving employee engagement, which is increasing employee retention by 10%, and helping drive better business outcomes. This fiscal year we introduced the Paycor Wallet to support financial wellness and acquired Verb to provide best-in-class workplace training.

Since our founding, Paycor has had a strong tradition of giving back to the communities in which we live and work. We empower our associates to make a difference by providing opportunities to volunteer and donate to charitable causes that are meaningful to them. To date, we have raised approximately $2.5 million and donated more than 62,000 volunteer hours to approximately 2,000 philanthropic events.

Governance
We continued to progress our governance model while following our rigorous compliance standards, including ethical business practices, best-in-class security and data privacy, and responsible management of our clients' funds. This year our Board of Directors established fully independent committees and we are pleased to have added a new Director with extensive software, technology and cybersecurity expertise.

Artificial intelligence (AI) has profound opportunities to drive innovation, streamline operations and enhance decision-making. Paycor is committed to integrating this technology into our products and services in an accountable and secure manner. In fiscal 2023, we formally established dedicated teams and frameworks to oversee the ethical and responsible use of AI within the organization and introduced valuable new AI innovations to our clients, such as the ability to generate compelling job descriptions with the click of a button and to quicky source qualified candidates for open roles.

We are proud of the progress our team has made in ESG initiatives over the last year and are committed to continuing our journey towards a more sustainable future.

Raul Villar, Jr.
Chief Executive Officer

Award-winning Software and Culture

About Paycor

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

WORKFORCE MANAGEMENT

TALENT MANAGEMENT

EMPLOYEE EXPERIENCE

Workforce Management

TIME SCHEDULING

Talent Management

RECRUITING
TALENT DEVELOPMENT
LEARNING MANAGEMENT
CAREER MANAGEMENT

HCM Cor for **Leaders**

ONBOARDING • HR • WALLET
PAYROLL • ACA • REPORT BUILDER
ANALYTICS • MOBILE
PULSE • COMPENSATION
EXPENSES • DEVELOPER PORTAL

Benefits Administration

BENEFITS ADVISOR

BENEFITS ADMINISTRATION

GUIDING PRINCIPLES

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

Take Care of Customers First

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

Take Care of Each Other

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

Do the Right Thing

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

Think Big, Dream Big

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

Compete to Win

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

Have Fun Along the Way

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

Take Care of Customers First
Our customers are our heroes. When they win, we win.
• Own the Experience
• Crush Silos

Think Big, Dream Big
Never say never! Solve problems, invent a better way, disrupt the status quo.
• Envision the Future
• Decide Quickly

Take Care of Each Other
There's nothing better than working with friends who look out for you.
• Develop Leaders
• Be Resilient

Compete to Win
We embody the spirit of success in everything we do, in our habits and routines, our relationships, and in the energy and accountability we bring to the game.
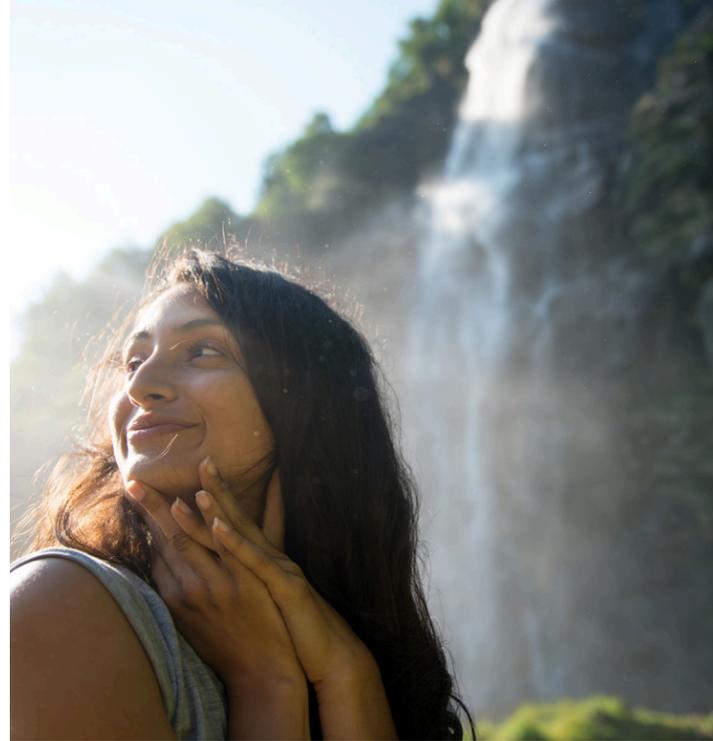• Make it Happen
• Scale for Growth

Do the Right Thing
It's not always the easy way—but it's what really matters.
• Be Inclusive
• Be Courageous

Have Fun Along the Way
Buckle up, it's a fast-paced business! That's why we celebrate the wins, laugh in the face of adversity, and enjoy the ride.
• Build Community
• Celebrate Each Other

Paycor
Leadership Expectations

Our Guiding Principles are brought to life through our Leadership Model, which defines what successful leadership looks like at every level of the organization.

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

Materiality Assessment

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

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

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

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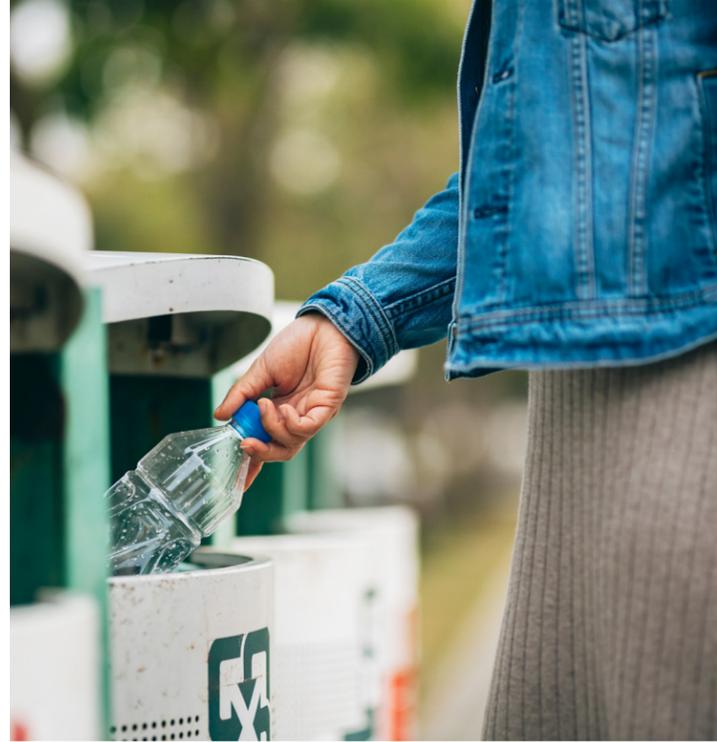
ENERGY & EMISSIONS

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

Environment
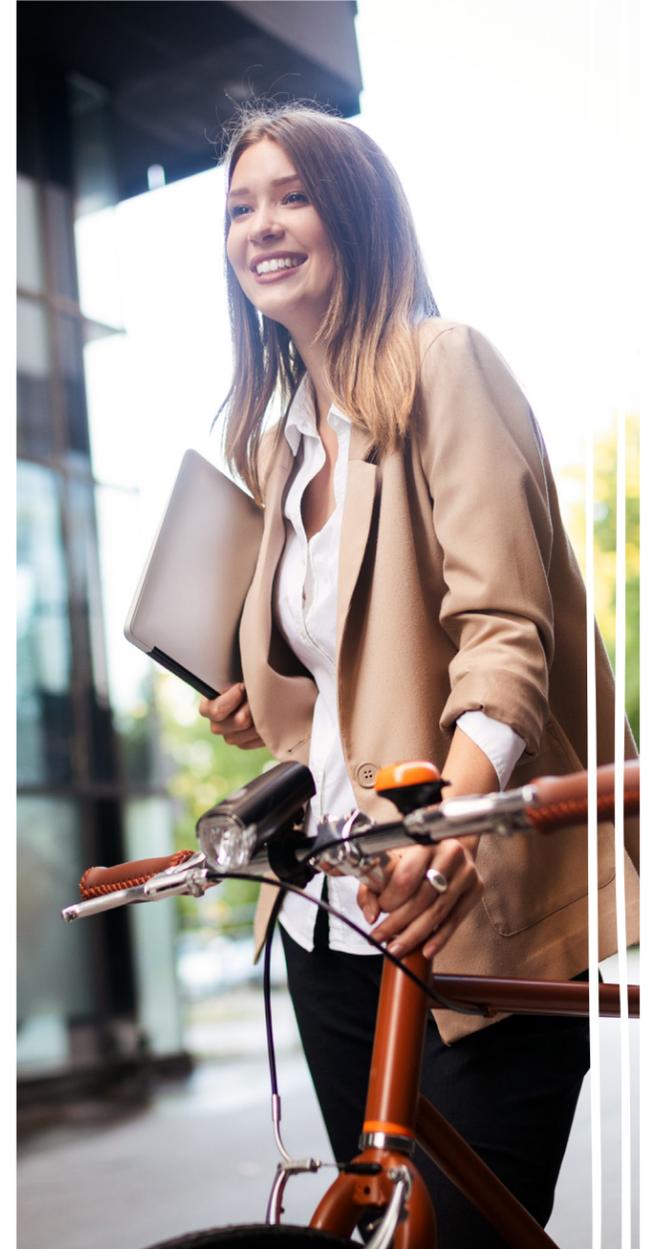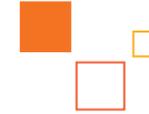
VIRTUAL FIRST

Our virtual first approach of working remotely limits our office footprint and associate commuting. The vast majority of our associates worked remotely during fiscal 2023. In the last year, we further reduced the number of facilities from 8 to 5. Over the last two years, we reduced the number of facilities by more than 70%, from 18 to 5. We plan to retain our Cincinnati headquarters, Serbian office, two U.S. colocation data centers, and a second distribution facility in Texas to provide faster, more cost-effective options for our customers as we expand West. We have also invested in remote technologies that reduce the need for business travel and we support our associates' virtual employment experience with information, stipends for technical hardware essentials, and in various other ways to remain connected to each other in a remote community.

SUSTAINABLE PROCUREMENT

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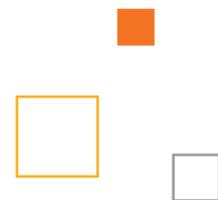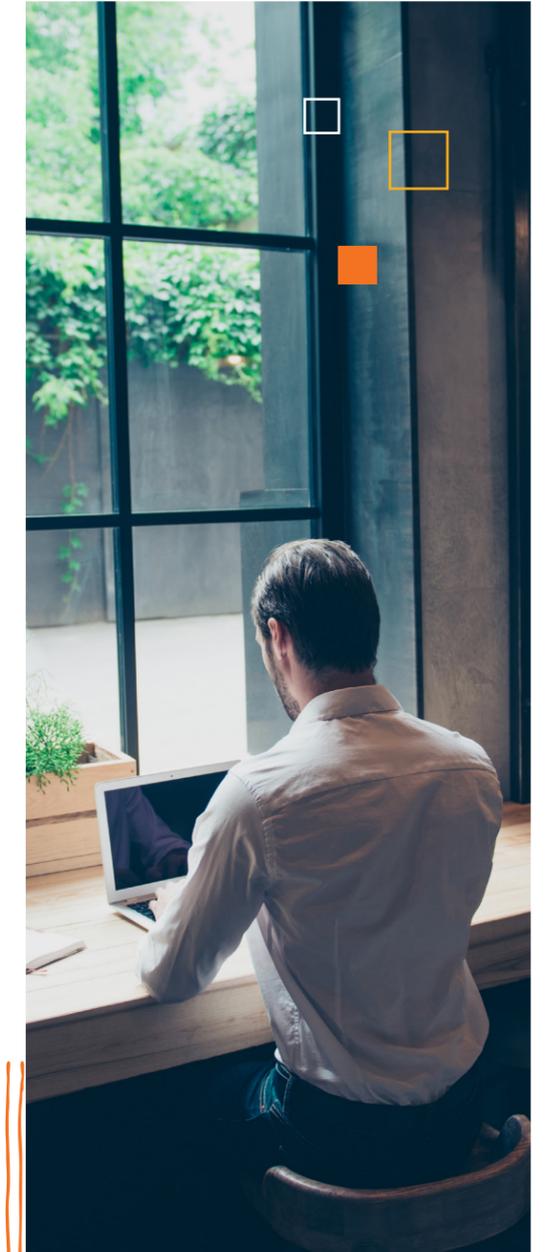
DATA CENTERS

Paycor's data center strategy leverages scalable, consumption-based hardware that provides the organization flexibility, uses just enough hardware, and minimizes waste.

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

Our hybrid architecture also makes use of leading public cloud providers including Microsoft Azure and Amazon Web Services. These organizations are independently committed to sustainability through carbon offsetting, waste reduction, eliminating water use, and reducing impact through reforestation. Both Microsoft Azure and Amazon Web Services have committed to 100% renewable energy by 2025.

ENERGY USAGE

The majority of our direct greenhouse gas ("GHG") emissions are driven by purchased electricity usage in our 5 facilities. Company-specific data was available in one of our two colocation data centers, which was used to estimate the second based on square footage from the same vendor.

Total Electricity

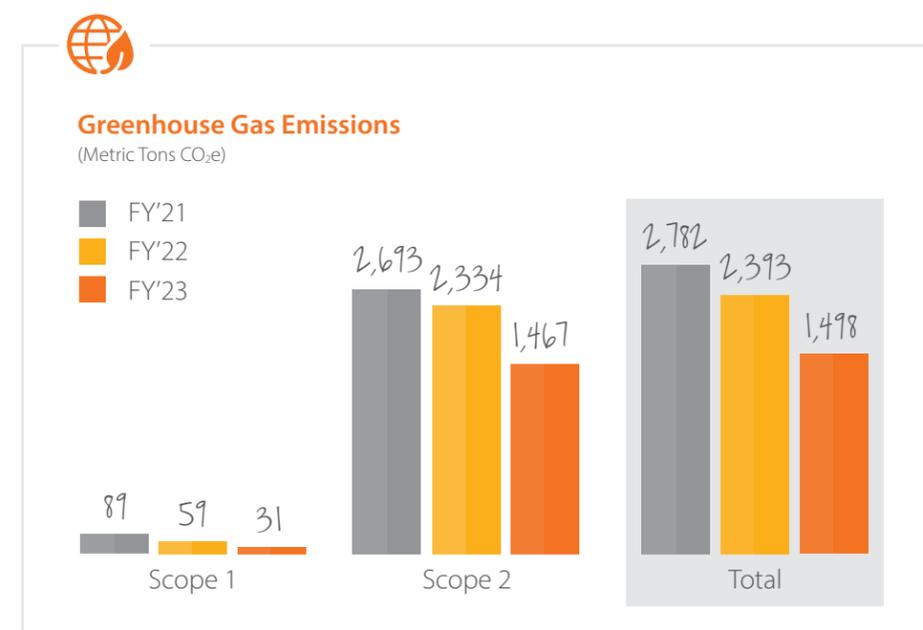|		
FY'21		5,227,869 kWh
FY'22		4,899,244 kWh
FY'23	-33% YoY	3,265,631 kWh
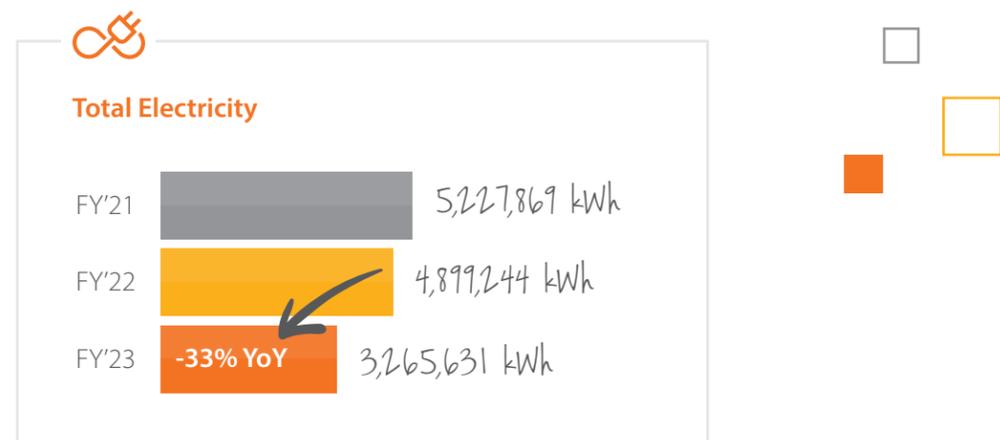
We aim to minimize our energy consumption at our headquarters by utilizing:

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

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

EMISSIONS

The majority of our direct GHG emissions stem from purchased electricity consumption in our facilities consisting of offices and data centers. Fiscal 2023 Scope 1 and 2 emissions dropped 37% year-over-year primarily due to consolidation of our facilities as well as decreased energy usage at our facilities. We commissioned an external third party to assist in calculating our GHG emissions.

Greenhouse Gas Emissions
(Metric Tons CO_2e)

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

	Scope 1	Scope 2	Total
FY'21	89	2,693	2,782
FY'22	59	2,334	2,393
FY'23	31	1,467	1,498

Paycor follows the Greenhouse Gas Protocol Initiative to define and calculate its GHG emissions. Scope 1, "Direct Emissions," represent emissions from combustible fuels and other sources that occur directly on sites (e.g., burning of natural gas for heating) and mobile emissions sources, including onsite or company owned vehicles and corporate jet emissions. Scope 2, "Indirect Emissions," represent emissions that occur off-site to produce electricity or steam purchased for use at corporate locations. Paycor is reporting Scope 2 emissions using the location-based method only.

WATER & WASTE MANAGEMENT

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

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

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

In addition, our Cincinnati headquarters employs modern, low flow plumbing fixtures to conserve water.
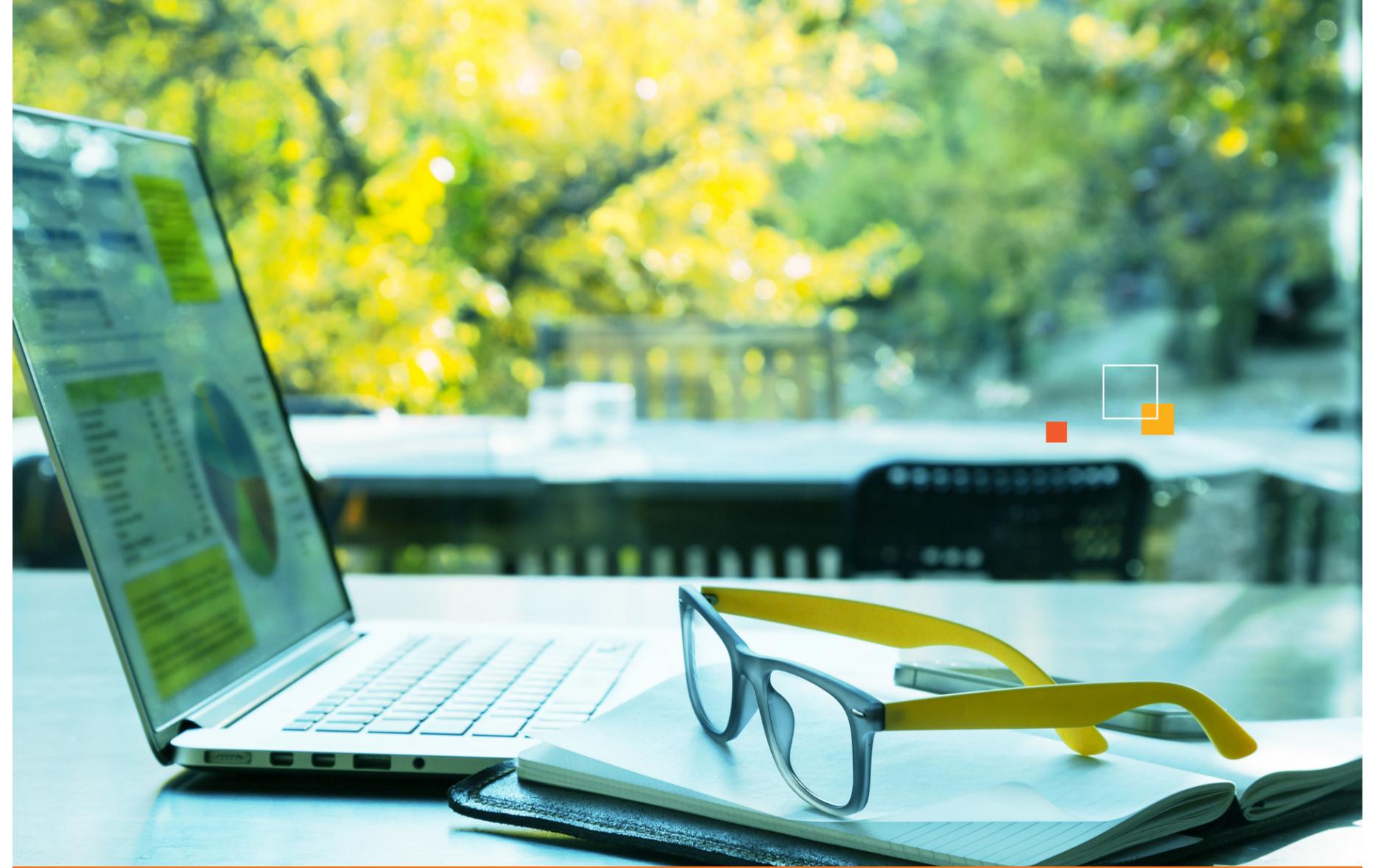
In fiscal 2023, Paycor recycled over 1,000 devices and over 10,000 pounds of assorted equipment.

Social
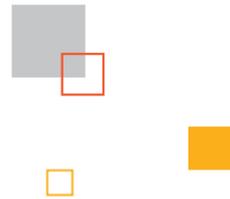
ASSOCIATES

CULTURE AND ASSOCIATE EXPERIENCE

People are at the heart of everything we do. As we grow, our company culture is anchored in the guiding principles that led us here. We're an inclusive and flexible organization that empowers associates to live their lives and be who they are at work. We have fun and give back. We support associates with personally meaningful career paths and open, honest communication. We're a fast-paced company with an insatiable appetite to outperform and overdeliver.
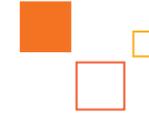
As a human capital management company, we know first-hand how important leaders and culture are in driving business performance and employee engagement. Paycor earned a Top Workplaces USA award in 2021, 2022 and 2023 by Energage. Paycor also received the 2022 Top Workplaces DE&I Practices award for the second consecutive year, the results of which have not been announced for 2023. In addition, we were recognized with two additional cultural excellence awards in Innovation and Compensation & Benefits this year.

An engagement survey, which gathered feedback from 72% of our team in fiscal 2023, found that:

77% of associates are engaged

82% of associates would highly recommend working at Paycor to others

85% of associates believe Paycor motivates them to give their best work

TOP WORK PLACES 2023 USA

TOP WORK PLACES 2022 USA

TOP WORK PLACES 2021 USA

TOP WORK PLACES 2022 DE&I PRACTICES

TOP WORK PLACES 2022-2023 INNOVATION

TOP WORK PLACES 2022-2023 COMPENSATION & BENEFITS

playcor *seriously fun.*

At Paycor, we celebrate our wins to inspire and empower our talented associates to progress towards audacious goals. Within our HCM platform, Paycor associates recognized each other over 17,000 times during fiscal 2023. Recognitions in the HCM platform are based on associates that are demonstrating our Guiding Principles as well as how they are Empowering Leaders.

We award our associates through various experiences and events, including recognition through client and sponsorship organizations. In August we also introduced our premier culture event, Playcor, which enables our associates to meaningfully connect with each other, celebrate our culture and Have Some Fun Along the Way.

PEOPLE *rewards*

BENEFITS THAT DRIVE ASSOCIATE ENGAGEMENT & WELLBEING

Paycor strives to provide best-in-class benefits, performance rewards, and career development opportunities to attract and retain top talent. Paycor recently expanded family leave benefit options to include Elder Caregiver Leave, Sabbatical Program Leave, Military Support Leave and Enhanced Bereavement Leave. Paycor also implemented a new, more inclusive Employee Assistance Program, expanded medical plan coverage and enhanced our well-being benefit. In an effort to further invest in our associates, bolster associate engagement and align our associates' interests with shareholders' objectives, Paycor provides a one-time, new hire equity grant to all eligible associates that vests over time.

Health & Wellness

We offer three medical plans, including a $0 cost option. Associates have 24/7 access to an Employee Assistance Program (EAP) for confidential emotional support, free counseling, mental health resources and legal and financial guidance.

This year, we brought health and wellness live support to all associates through our first Health and Wellness Program, which delivered live sessions, resources, and knowledge sharing focused on mental, physical and financial wellbeing. The program delivered monthly sessions featuring experts from academia, financial institutions, and multiple wellness resources from around the globe and covered topics including investment, financial planning and budgeting, boundaries, stress management, sleep, functional fitness, nutrition, the mental state of happiness and the sober curious movement.

Wellbeing

Our Thrive Account contributes annual funds to a personalized virtual wallet for associates to spend on wellness activities as well as technology needs. We also offer free programs for weight loss and diabetic medication is covered at 100% with no cost.

Family Support

Paycor's Paid Parental Leave, Maternity, Infertility Support and Adoption Assistance programs are at the forefront of family-friendly benefits in our industry.

401k

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

Paycor Stock

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

Vacation and Flexibility

Paycor encourages associates to take time off to relax and recharge. Everyone gets paid time off, and as a virtual first company, most managers can offer flextime to their teams.

Paid Time Off (PTO) Rollover

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

Enterprise learning

LEARNING AND DEVELOPMENT

Paycor has a dedicated Enterprise Learning and Experience team focused on delivering skilling opportunities for all associates through an ecosystem of classes, live events, workshops, and leadership program cohorts throughout the year. Associates have ready access to technical, leadership, professional, and health and wellness learning and development. Tuition, certification obtainment and renewals, and conference reimbursement are available pursuant to the enterprise strategy for delivering a comprehensive ecosystem where employees develop their skills, personal and professional wellness, and industry expertise during their employee experience at Paycor. Support for specific demographics is enhanced through programs designed to offer resources and allyship for women, veterans, people within minority or protected status, and people actively transitioning into new careers.

Enterprise learning opportunities are built to develop employees at all ranges of seniority, tenure and experience. With an intense focus on empowering leaders, and a belief that all employees lead within their sphere of influence, Paycor offers programs including keynotes, panel events, structured training, and team building to everyone to develop leadership awareness. For those interested and ready to pursue more, programs like Paycor Leaders, Chamber of Commerce and community programs, and Bonfire (focused on women leader development) are available. There are unique cross-functional opportunities, such as job shadowing or partnerships, where employees can develop as a more visible leader. People leaders are provided with content to support the unique skills required to manage and develop others through inflection point training, foundations of management, and support when managing through annual people management cadences. Rising executive leaders participate in coaching, the Executive Leadership program and opportunities positioned to their personal growth opportunity areas and backgrounds. All employees have opportunities to request programs and work with their managers and the learning teams to consume valuable training content. With an average participation of 25% of the Paycor population engaged in programs each month, and over 150 programs offered throughout a calendar year, the resources available to associates are purposefully planned to engage, enrich and deliver results associates can carry with them through their careers and which assist them in reaching their full potential.

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

DIVERSITY, EQUITY & INCLUSION

Diversity, equity and inclusion ("DE&I") is a priority at Paycor and we strive to create a culture of inclusion and belonging for all. For us, that means committing to strategic education, transparency, equity and equality, and purpose for the work.

DE&I STRATEGY

Paycor established a formal Diversity, Equity & Inclusion Policy in August 2021, which was expanded upon in September 2022 and 2023. In fiscal 2021, we hired a DE&I leader to create and execute a strategic DE&I plan, and our CEO signed the CEO Action Pledge for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace.

Our DE&I strategy is guided by four pillars that outline the foundation of our action steps as they relate to the goals of the entire organization. More recently, we have aligned that strategy to a framework that guides how we implement action steps in our Leadership, Environment, Associates and Practices (LEAP). Through the foundational strategy and connection to LEAP, we have made additional strides in serving all stakeholders.

TOP WORK PLACES 2022

DE&I PRACTICES

EQUITY
Equity of pay, hiring and treatment for underrepresented populations

PURPOSE
Purpose and perspective

STEP
Paycor is taking the right STEP towards inclusion and belonging.

STRATEGY
Strategic education and awareness for all

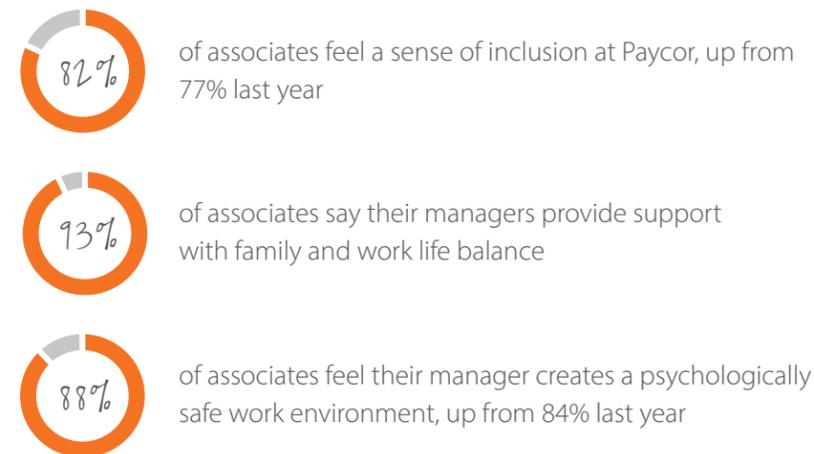**TRANSPARENCY**
Transparency in our data

We established enterprise-wide goals to support the inclusion and belonging of and the representation of associates and leaders from underrepresented groups and plan to continue to evolve these goals over time to improve diversity of thought across the organization. In developing these goals, we conducted an internal needs assessment and concluded that our opportunities are to focus on educating associates, enhancing supplier diversity, providing transparency to our stakeholders, and recruiting, retaining and promoting diverse leadership and perspectives across the Company.

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

Based on an internal pulse survey in fiscal 2023:

82% of associates feel a sense of inclusion at Paycor, up from 77% last year

93% of associates say their managers provide support with family and work life balance

88% of associates feel their manager creates a psychologically safe work environment, up from 84% last year

EMPLOYEE RESOURCE GROUPS

Additionally, our commitment to DE&I is reflected through our seven thriving Employee Resource Groups ("ERGs"), consisting of Colorful Connections, PRISM (Pride, Raising Awareness, Involvement, Support and Mentoring Alliance), VALOR (Veterans & Loved Ones Resource), Women's Inspiration Network (WIN), Young Professionals, Mental Health Awareness Project and our newest addition, Caregivers Assistance & Resources for Employees (CARE). Our associate survey and listening sessions indicated that parents and caregivers of children and adults were in need of additional support at work, especially in light of increased elder care needs as the large Baby Boomer generation ages combined with an aversion to long-term care post-pandemic.

We believe our ERGs create a community of inclusion and belonging and create a safe space for learning and dialogue around the celebrations and challenges that diverse communities face. Our ERGs are a vital part of our associate and business success. Each ERG has an executive sponsor and is supported by our DE&I team and senior leaders across the Company. This fiscal year, our DE&I team enhanced structural supports for our ERGs with succession planning of leadership and added a requirement that at least one of their objectives for the fiscal year align to Paycor's strategic goals to ensure ERGs not only support our associates, but also the business.

Colorful CONNECTIONS · PRISM Paycor · VALOR Veterans & Loved Ones Resource · WIN women's inspirational network · YP young professionals · Mental Health Awareness PROJECT · CARE Caregivers Assistance & Resources for Employees

PAYCOR DIVERSITY

As of June 30, 2023, we had approximately 2,800 associates, nearly all of whom are full-time, with the vast majority working virtually. Less than 5% of our associates reside internationally.

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

- Ethnic diversity among associates improved from 25% to 26% this fiscal year
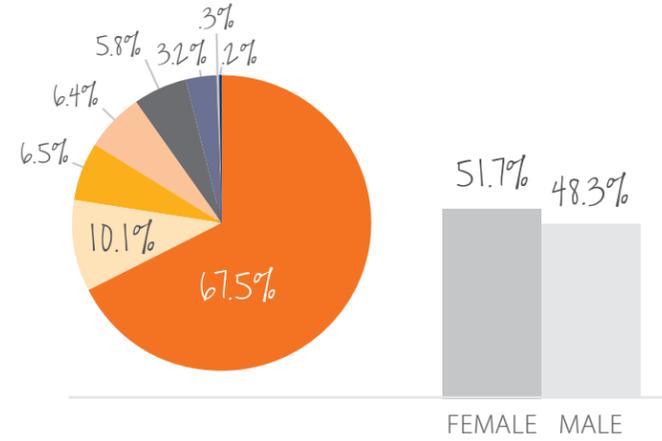- Women in leadership improved from 41% to 45% this fiscal year
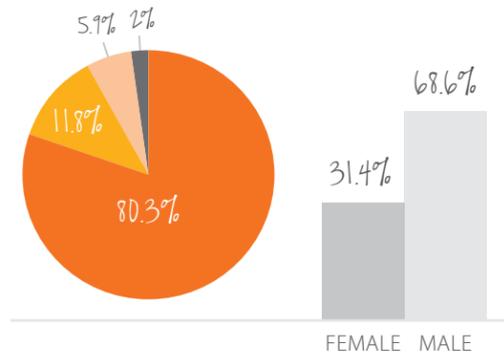

Representation at Paycor in Fiscal 2023

52%
45%
26%
17%

WOMEN   PEOPLE OF COLOR

■ Associate
■ Leader (Manager and above)
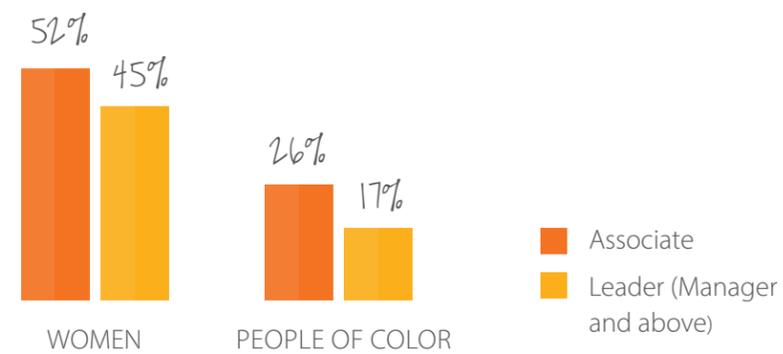
Approximately 6% of our associates self-identified as LGBTQ+ in fiscal 2023.

Associate Demographics

All Associates

3%
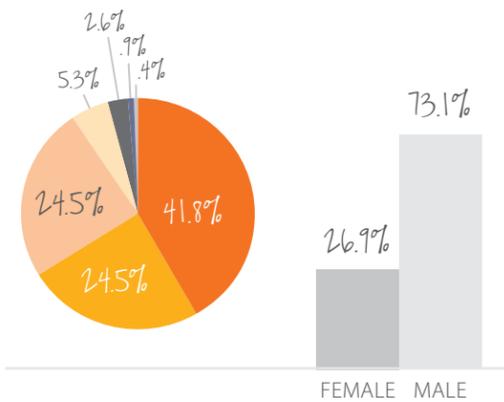5.8% 3.2% 2%
6.4%
6.5%
10.1%
67.5%

51.7% 48.3%

FEMALE MALE

Executive/Senior Level Officials and Managers

5.9% 2%
11.8%
80.3%

31.4% 68.6%

FEMALE MALE

First/Mid Level Officials and Managers

2.5%
4.2% 2.7% 3% 1.2%
4.5%
5.2%
80.4%

46.7% 53.3%

FEMALE MALE

Technical Staff

2.6% 1.9%
5.3% 1.4%
24.5% 41.8%
24.5%

26.9% 73.1%

FEMALE MALE

Other Employees

2.1%
2.6% 3%
3.9% 1.3% 3%
7.2%
12.8%
70.8%

59.6% 40.4%

FEMALE MALE
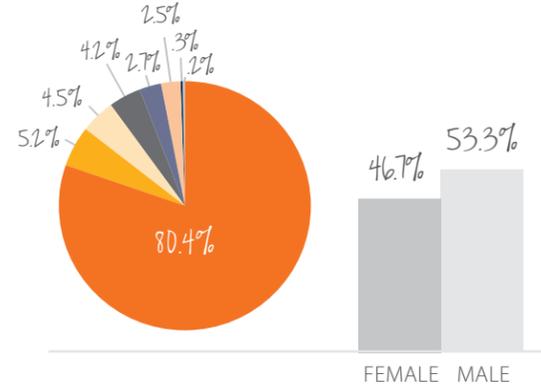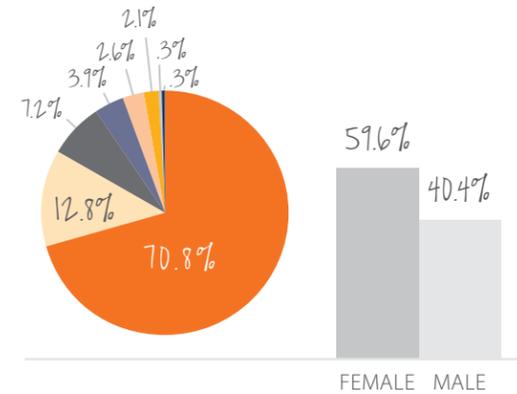
Legend:
- Asian
- Black or African American
- Hispanic or Latinx
- Native American or Alaska Native
- Native Hawaiian or Pacific Islander
- Two or More Races
- White
- Undisclosed*

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

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

SUPPLIER DIVERSITY

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

This fiscal year we established a new Paycor Empowerment Program in conjunction with the Cincinnati Minority Business Accelerator to enhance our technology partner diversity. The Paycor Empowerment Program was started with the goal to support minority-owned business leaders in growing their organizations through Paycor's vast Marketplace network and provide equitable opportunities for all. Entrants were evaluated on a series of criteria by both the Cincinnati MBA and Paycor teams, including strategic alignment, customer focus, capacity for growth and culture, employee experience, and diversity, equity, and inclusion (DE&I). Ultimately nine new minority-owned businesses were selected to join our growing Marketplace of partners. Based on the program's success, we plan to expand the competition nationally next year.

Paycor & Bengals Present: earn your **stripes**

In partnership with the Cincinnati Bengals NFL franchise, we also launched the first annual local, minority-owned small business contest, "Earn Your Stripes." The competition is an opportunity for local, minority-owned business leaders throughout the Tri-State area to share their innovative and remarkable business ventures to a panel of judges. The winning company, Magnificent Morsels Catering, received a sponsorship package at Paycor Stadium for the 2023 NFL season, which provides the opportunity to promote their business to a considerable audience. In addition, some of the participants that didn't win are being onboarded as Paycor vendors so we can do business with them in the future.

CLIENTS

Paycor's mission is to empower leaders to develop winning teams. With more than 2.5 million employees on our platform in all 50 states, we recognize the far-reaching role we play in helping businesses find and retain talent, promote employee health and financial wellness, elevate equality at work, foster inclusive leaders and experiences, and build better workplaces. Through our clients, Paycor contributes to developing great places to work, impacting millions of employees and their families.

FINDING AND RETAINING TALENT

Paycor helps employers find and retain talent to achieve organizational objectives. We also empower our clients to build winning teams and great places to work, resulting in better employee retention.
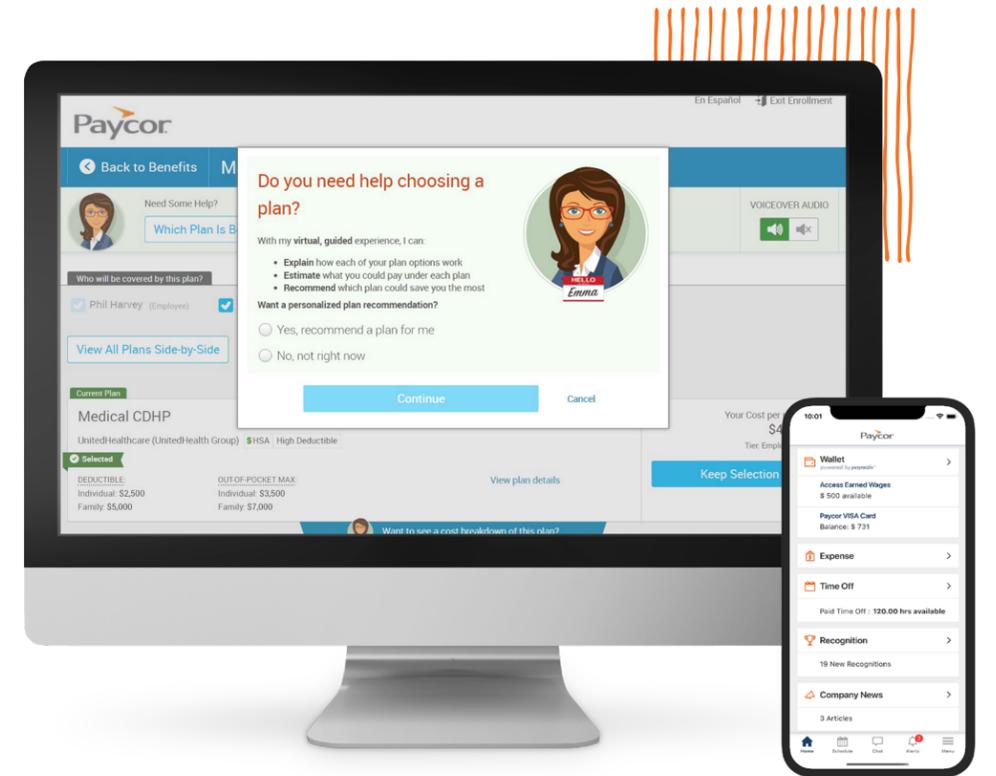
Paycor Smart Sourcing provides an AI-based recruiting function that automates sourcing and increases candidate diversity. The tool sources and matches passive job seekers and candidates from a database of approximately 1.5 billion profiles, delivering a wider array of candidates for consideration.

Given the disproportionate impact direct managers have on employee engagement and retention, we enable HR leaders to automate the talent process so frontline leaders can directly access insights and tools to optimally coach and develop their associates. We are seeing increasing engagement with these tools as the number of performance reviews completed annually increased by more than 100% and recognitions given annually increased by more than 25% on our platform year-over-year. Clients who use Paycor's essential talent tools have 10% better retention on average than those that do not.

EMPLOYEE HEALTH AND FINANCIAL WELLNESS

Benefit Advisor Pro is designed to reduce administrative burden so that employers can focus on putting together meaningful, affordable health insurance packages and making the enrollment experience simple to understand for employees with decision support tools like Ask Emma. This helps employees choose the best benefit plans for their healthcare needs. The number of employees leveraging decision support to help make the right benefits decision for themselves and their families increased 37% this fiscal year. Of those employees using decision support tools, 65% move forward with the recommended plan.

With approximately 60% of Americans living paycheck-to-paycheck, many employees can benefit from early access to wages as well as helpful financial wellness education. Paycor provides access to financial wellness resources, early wage access to up to 50% of earned wages, and a flexible, fully digital wallet at no additional cost to employers or employees.

How does the percentage of women
compare by location and department?

Are women significantly underrepresented in certain locations
or parts of your organization? How does that compare to the
Visier Benchmark?

Comparison of female ratio to the Visier Benchmark by location
Jul 2023 | My permissions

Comparison of female ratio to the Visier Benchmark by organization
Jul 2023 | My permissions

Women Ratio (*) - Overall Visier
Benchmark™ - Report
● **50.2**%

Employee Ratio for Women
● **75.6**%

Women Ratio (*) - Overall Visier
Benchmark™ - Report
● **50.2**%

Employee Ratio for Women
● **75.6**%

EQUALITY AT WORK

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

Additionally, in Paycor Recruiting, clients can set and share pay ranges with candidates on job postings. Pay transparency for candidates seeking employment builds an environment of trust and increases candidate confidence on what to expect. Approximately 200,000 jobs in Paycor's platform include public-facing pay ranges. Pay transparency as an employer has shown to foster employee engagement and retention, as well as provide a foundational step in closing the gap in pay equity by making the rate of pay more transparent to everyone.

INCLUSIVE LEADERS AND EXPERIENCES

Paycor Learning provides opportunities for clients to engage in live webinars and obtain other resources through the HR Center of Excellence. We provide access to a variety of topics including the many ways in which DE&I intersects and overlaps with the various aspects of business and the workforce community.

Paycor Paths helps organizations inspire positive and sustainable behavioral change within their frontline leaders through a series of personalized micro-learning development journeys. To accelerate the development of Paycor Paths, in May 2023, Paycor acquired Verb, a people development platform incorporating behavioral science and microlearning to create best-in-class workplace training. Verb enables HR and Learning & Development leaders to launch pre-built learning programs, such as manager training, leadership development, and DE&I learning. Central to leader and manager effectiveness is the ability to lead inclusively. Paycor Paths learning experiences enable leaders and employees to build skills such as building trust, creating psychological safety, fostering belonging and breaking down bias. Paycor understands the importance of these skill sets and is committed to offering learning that builds the knowledge, understanding and behaviors that people need to drive effective DE&I efforts. Over 1,000 learners have engaged with Paycor's DE&I Paths and have applied it to more than 400 real life applications to support DE&I.

Paycor is committed to ensuring digital accessibility for people with disabilities and our support path will be a multi-year journey. Paycor is partially conformant with Web Content Accessibility Guidelines (WCAG) 2.1 level AA. In fiscal 2023, we delivered the following enhancements in support of WCAG:

- Visual improvements related to font size and color accessibility to enhance the experience for low visibility users
- Navigation menus function with screen reader technology, allowing the user to navigate through the Paycor product
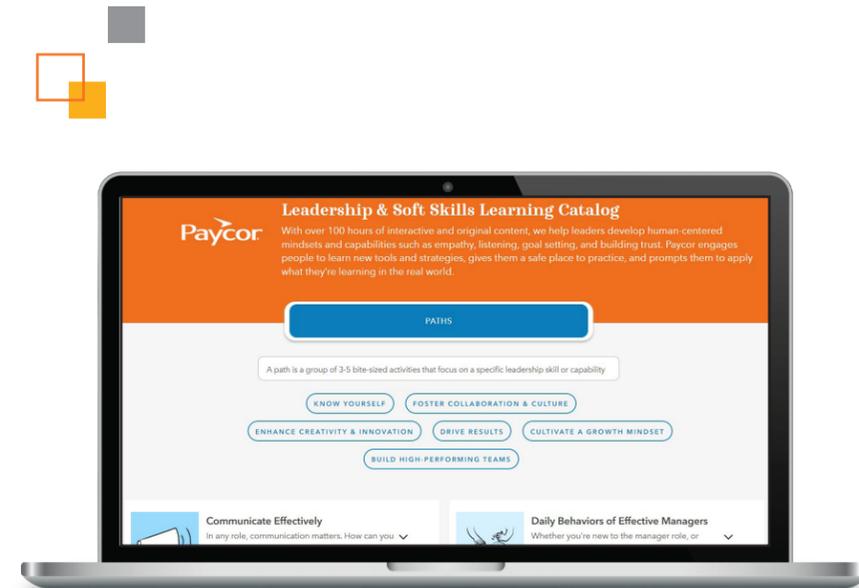
BUILDING BETTER WORKPLACES

Employee listening helps employers identify opportunities to improve culture and workplaces. Paycor Pulse, our employee survey tool, gives leaders an accurate way to gather and convert employee feedback into insights for actionable plans. Designed to help leaders regularly gauge what employees are thinking and feeling in real time, the tool facilitates both light-weight pulse surveys and in-depth engagement surveys through a combination of quantitative and qualitative questions. The number of surveys launched in Paycor Pulse grew 100% this fiscal year.

Paycor's COR Leadership Framework empowers organizations to transform frontline managers into effective leaders through soft skills training on how to coach and develop employees, optimize associate performance to achieve organizational objectives and recognize and reward employees to retain top talent. The COR Leadership Dashboard surfaces real-time insights on relevant employee data trends and uses direct employee feedback to evaluate and improve leadership effectiveness. Better leaders build better workplaces, impacting the lives of millions of employees.
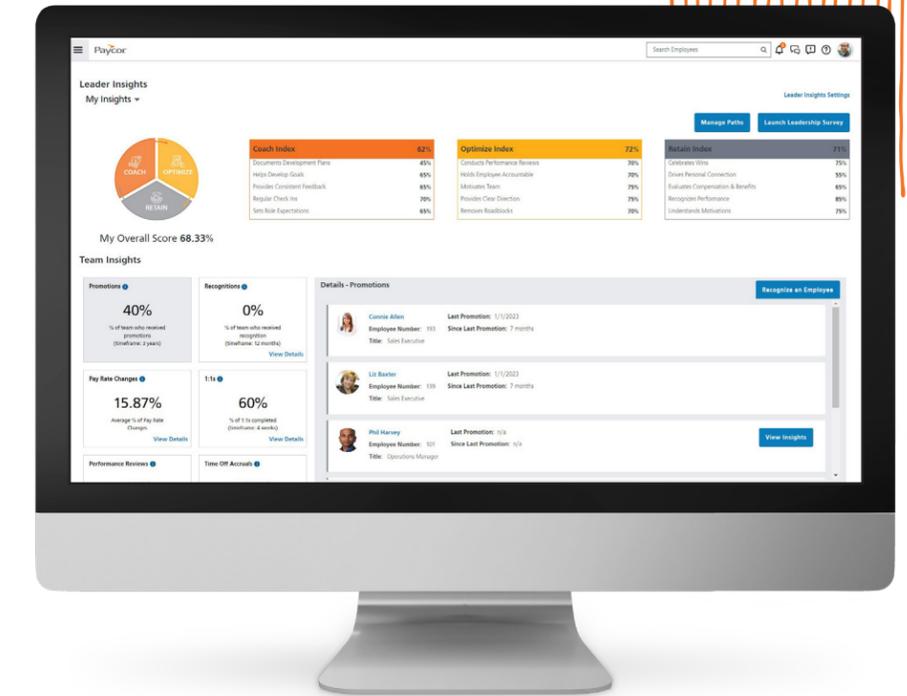
COMMUNITY

COMMUNITY GIVING

Giving back is in our DNA. We give back to the communities in which we live and work. We empower our associates to make a difference in a way that we believe is meaningful to them. To date, we've raised approximately $2.5 million and donated more than 62,000 volunteer hours to approximately 2,000 philanthropic events.

PAYCOR IT FORWARD

We dedicate several days each year for Paycor It Forward, which provides associates the opportunity to put the power of Paycor behind a cause they believe in.

COMMUNITY PARTNERS

Our Community Partners program is a grassroots organization funded by associates who choose to give their own time and resources to serve non-profit organizations across the country.

community partners
Paycor

Community Impact Fund
Paycor

COMMUNITY IMPACT FUND

The Paycor Community Impact Fund ("PCIF") is a 501(c)(3) charitable investment account that provides project grants to philanthropic organizations associates care about nationwide. To date, PCIF has provided 70 grants and over $400,000 in funding. PCIF established a goal in 2021 to ensure at least 25% of funds are allocated to organizations that are minority-led or serving marginalized communities, which we have consistently exceeded.

We proudly support organizations that:

Improve education and workforce readiness

Stimulate a healthy environment and conservation

Promote inclusion and independence for people with disabilities
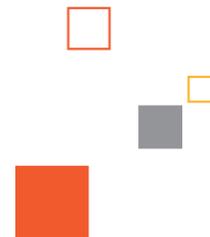
Encourage health and provide human services

Enable the arts and culture

CORPORATE GOVERNANCE

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

ESG OVERSIGHT

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

ESG POLICY

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

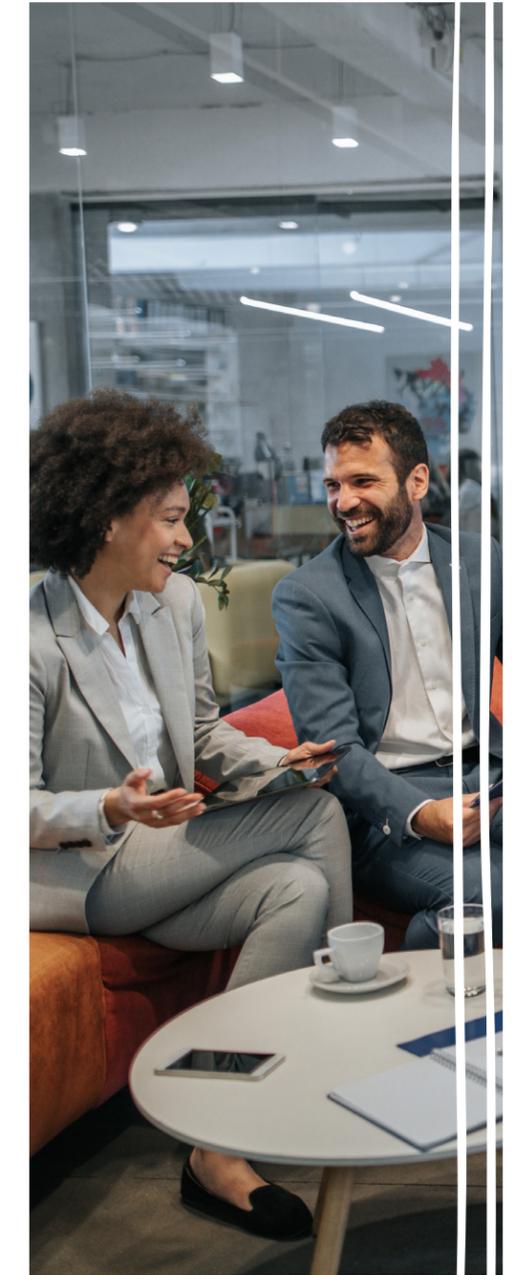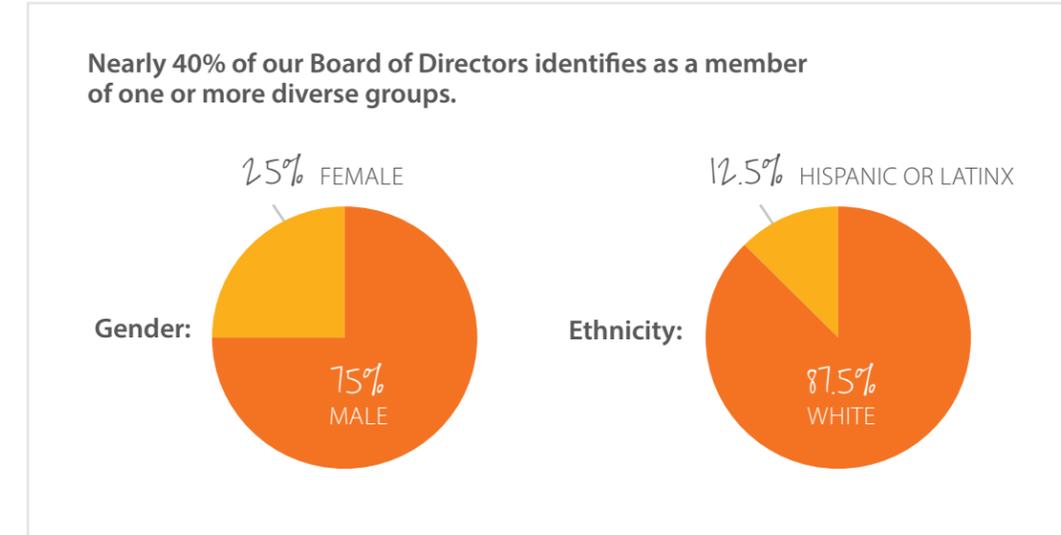*Governance*

BOARD OF DIRECTORS

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

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

Chairperson   Member

BOARD OF DIRECTORS' DEMOGRAPHICS

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

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

Gender:
- 25% FEMALE
- 75% MALE

Ethnicity:
- 12.5% HISPANIC OR LATINX
- 87.5% WHITE

BOARD OF DIRECTORS' SKILLS

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

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

For additional information regarding our Board of Directors and its committees or members, please refer to our Definitive Proxy Statement for our 2023 Annual Meeting of Stockholders to be held on October 31, 2023, which was filed with the SEC on September 14, 2023 and the Governance section of our Investor Relations website.

ETHICS & COMPLIANCE

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

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

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

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

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

AI ETHICS & COMPLIANCE

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

Paycor's commitment to responsible AI extends to our internal governance practices. We have established dedicated teams and frameworks to oversee the ethical and responsible use of AI within the organization. These teams ensure compliance with ethical guidelines and industry best practices, promoting a culture of responsible AI implementation throughout the company. Through design and testing, Paycor identifies and addresses biases in algorithms we use, seeking fair and equitable outcomes. By continually monitoring and updating our AI models as well as the underlying data used to train them, Paycor strives to eliminate biases and support diversity and inclusion in our AI-powered products.

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

DATA GOVERNANCE

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

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

SOC Audits

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

Privacy Regulations

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

The Financial Crimes Enforcement Network (FinCEN)

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

DATA SECURITY

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

Paycor undergoes regular assessments of our processes and controls as part of our annual SSAE 18 audit for SOC 1 and SOC 2 by an independent accounting firm. The results of which are regularly reported out to the Information Security Steering Committee, which has Executive Committee representation. The SOC 2 Type 2 helps to ensure implementation of an information security management system under the Trust Principles of Security, Availability, Processing Integrity, and Confidentiality.

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

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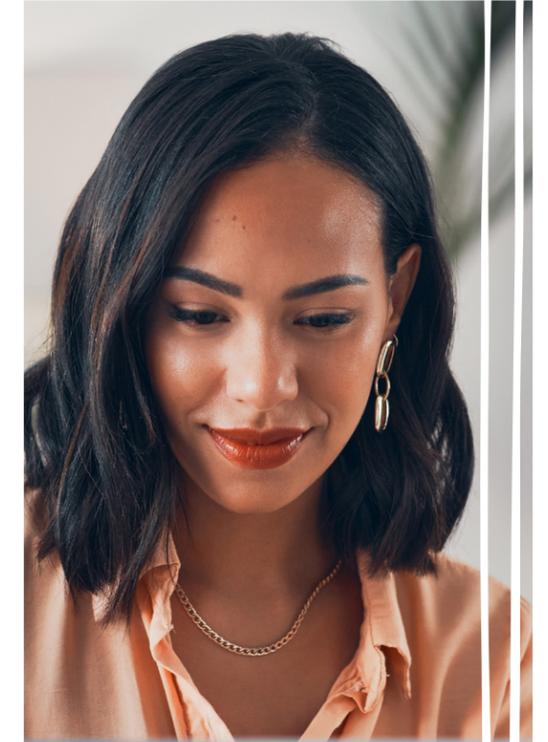
DEFENSE-IN-DEPTH CONTROLS

Multi-Factor Authentication

This safeguard helps to eliminate employees from recycling the same password on multiple platforms. To access the database, users are required to enter their username and password and complete a variety of authentication requirements like email, text message, phone call, or biometric identification.

Company Controlled Laptops

We require employees to use secure, encrypted, company-controlled laptops to protect data from hackers.

Policy-backed Vulnerability Management Program

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

User Education and Training

A multi-pronged approach to creating a sound security culture through user dynamic education and training exercises.

Dedicated Risk Assessment Team

Cybersecurity threats are constantly evolving and becoming more complex. It takes a dedicated team to implement and test new security protocols and prevent secure data from falling into the wrong hands.

Data Encryption

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

Data Loss Prevention

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

Disaster Recovery Capabilities

Documented, tested, and audited Disaster Recovery capabilities support quick restoration of services to our clients under circumstances of a technological disaster to data centers.

PRODUCT SECURITY FEATURES

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

Security Code Scanning

Automated security code scanning is integrated into our deployment pipeline, ensuring a highly secure code base that provides our products to clients.

Auditing and Data Masking

In-built auditing and data masking capabilities work to ensure visibility to platform use and provides security controls for sensitive data elements.

Fraud Detection Capabilities

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

Multi-Factor Authentication

Multi-factor authentication to Paycor's platform is offered at no charge to all users, helping our clients further protect the security of their accounts through defense-in-depth controls.
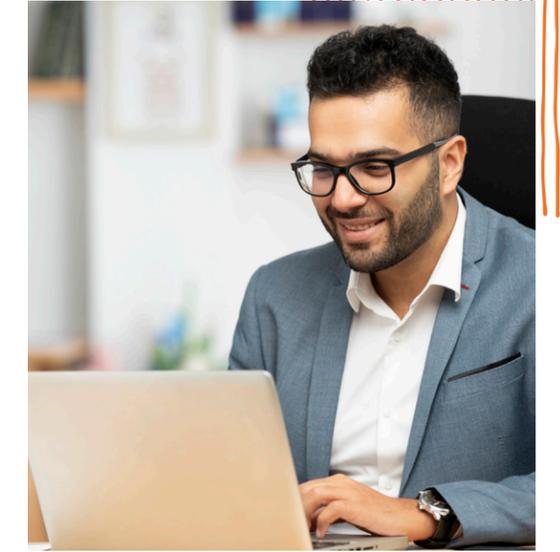
IP Blocking

Paycor's product suite supports the ability to explicitly dictate permissible IP addresses for their users when accessing our products.

Single Sign-On Support

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

CUSTOMER PRIVACY

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

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

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

ENTERPRISE RISK MANAGEMENT

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

BUSINESS CONTINUITY

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

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

SASB INDEX

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

| TOPIC	ACCOUNTING METRIC	CODE	RESPONSE
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable Quantitative Gigajoules (GJ), Percentage (%)	TC-SI-130a.1	Please refer to the Environment: Energy & Emissions section of this report. Collocated data centers were unable to provide the percentage of grid electricity and the percentage of renewable energy.
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Colocation data centers do not have the ability to measure water consumption on a client-level. However, both facilities are located in areas of low regional water stress.
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Please refer to the Environment: Energy & Emissions section of this report.
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Please refer to the Customer Privacy section of this report as well as our Privacy Policy and Cookie Policy. We do not sell, rent, loan, transfer, or otherwise disclose any personal information to third parties except as set forth in our Privacy Policy, with our clients' consent, or as otherwise disclosed at the time of personal information collection.
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Paycor had no material losses associated with user privacy legal proceedings during fiscal 2023. If and when we have material losses, they will be reported in our Annual Report on Form 10-K.
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	We do not operate in any country where our products or services are subject to any form of government-required monitoring or censoring.
Data Security	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	Please refer to the Data Security section of this report.
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1	Please refer to the Associate section of this report.
	Employee engagement as a percentage	TC-SI-330a.2	Please refer to the Associate section of this report.
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.3	Please refer to the Associate section of this report.
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulation	TC-SI-520a.1	Paycor had no material losses related to anti-competitive behavior regulations during fiscal 2023. If and when we have material losses, they will be reported in our Annual Report on Form 10-K.
Managing Systemic Risks from Technology Disruptions	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Please refer to the Data Governance section and our Annal Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

This ESG Report (this "Report") contains certain forward-looking statements with respect to, among other things, Paycor's ESG goals, commitments, incentives and initiatives. The inclusion of these forward-looking statements should not be regarded as representations by the Company, or any other person, that the future goals, commitments, strategies or initiatives set by the Company will be achieved. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those set forth in our Annual Report on Form 10-K filed with the SEC on August 28, 2023 and accordingly, there are, or will be, important factors that cause our actual results to differ materially from those indicated in these statements, and there is no assurance that the Company will realize any of its ESG goals, commitments, incentives and initiatives or that they will result in the consequences or affect the Company in the way it expects. The Company undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events, or otherwise, except as required by law.

Terms such as "ESG," "impact" and "sustainability" can be subjective in nature, and may not reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular stakeholder, third-party or broader market or industry trends. Any ESG goals, commitments, strategies and initiatives outlined in this Report are, unless explicitly stated otherwise in this Report, purely voluntary, and are not binding on our business and/or management. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards.
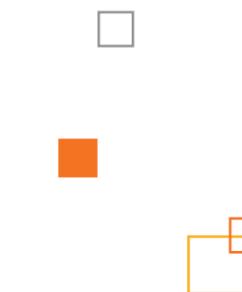
In this Report, we are not using the terms "material" or "materiality" as they are used or defined under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. These terms are used within this Report to describe issues relating to ESG goals, commitments, strategies and initiatives that we consider to be important in terms of stakeholder interest and their potential business impact. Materiality, for the purposes of this Report, should not, therefore, be read as equating to any use of the word in the Company's financial statements or any other filings with the SEC or otherwise.

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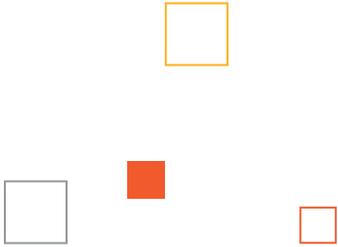
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