

## **PAYCHEX, INC.**

### **GOVERNANCE AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS CHARTER**

#### **I. PURPOSES**

The primary purposes of the Governance and Compensation Committee (the “Committee”) are to assist the Board of Directors (the “Board”) in discharging its responsibilities with respect to the following:

1. Evaluating and determining compensation of members of the Board, Chief Executive Officer, and senior executive officers;
2. Providing general oversight with respect to the governance of the Board to ensure that the Board meets its fiduciary obligations to the Company and its stockholders; and
3. Identifying, evaluating and recommending to the Board candidates for nomination for election to the Board.

#### **II. COMPOSITION**

The Committee shall be comprised of three or more external directors, each of whom satisfies applicable committee composition requirements, including the independence and experience requirements of The NASDAQ Stock Market<sup>®</sup>. The Committee members shall be appointed and removed by the Board. The Board will designate a Committee Chair who will also be the primary contact to management.

#### **III. MEETINGS**

The Committee shall meet at least three times per year. Additional meetings may occur as the Committee or its Chair deems advisable. Attendance and participation may be in person or telephonic.

#### **IV. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Committee shall:

1. Review and recommend the Company’s goals and objectives relevant to CEO and senior executive officer compensation, evaluate the performance of the CEO and senior executive officers in light of those goals and objectives, and set the annual compensation level for the CEO and senior executive officers based on performance evaluations and compensation principles.
2. Annually report on the CEO’s performance and compensation to the Board.
3. Annually evaluate the appropriate level and form of compensation for Board and committee service by non-employee members of the Board and recommend changes to the Board when appropriate.
4. Approve and make recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans, including amendments (“Plans”).
5. Administer Plans and grant or ratify awards under such plans as provided in the Plan documents.
6. Review executive compensation disclosures and report on executive compensation in the Company’s proxy statements.
7. Review with management plans for the orderly development and the succession of senior executive officers.

8. Assist the Board in evaluating the current composition, organization and governance of the Board and its Committees and in determining future requirements.
9. Assist the Board in the evaluation and selection of members of Board committees and the selection of Board Committee chairs.
10. Generally advise the Board on corporate governance matters.
11. Assist the Board in identifying and evaluating nominees for election to the Board in accordance with the Board of Directors Nomination Policy attached hereto.
12. Assist the Board in the evaluation and termination of membership of individual directors for cause or for other appropriate reasons.
13. Assist the Board in conducting an annual review on succession planning, and work with the Board in evaluating potential successors to executive management positions.
14. Annually review and make recommendations about changes to the charters of other Board Committees after consultation with the respective committee chairs.
15. Make regular reports to the Board.
16. Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
17. Annually review and evaluate its own performance.
18. Perform such other duties and exercise such other authority as the Board may from time to time determine.

## **V. OUTSIDE ADVISORS**

The Committee has the authority, at the Company's expense, to retain, to determine the fees and other terms of engagement, and to terminate the engagement of consultants and advisors, which assist it in the discharge of its duties. At least once every three years the Governance and Compensation Committee will retain a compensation consultant to give a report on whether the current compensation programs and agreements provide an appropriate level of compensation to senior executive officers and Board and whether they provide sufficient retention incentive.

## **PAYCHEX, INC.**

### **BOARD OF DIRECTORS NOMINATION POLICY**

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The Board of Directors of Paychex, Inc. (the “Company”) has determined that it is necessary for the continued success of the Company to ensure that the Board is composed of individuals having a variety of complementary experience, education, training and relationships relevant to the needs of the Board and the Company. Accordingly, the Board has adopted the following policies for the Governance and Compensation Committee (the “Committee”) in identifying and recommending to the Board candidates for nomination for election to the Board:

1. The Committee shall consider candidates for nomination recommended by any reasonable source, including the Company’s officers and incumbent directors, as well as recommendations by stockholders submitted in accordance with the Company’s policies for stockholder communications with the Board.
2. In identifying candidates for nomination to fill vacancies created by the expiration of the term of any incumbent director, the Committee shall determine whether such incumbent director is willing to stand for re-election to the Board and, if so, shall take into consideration the value to the Board and to the Company of continuity and familiarity with the Company’s business inherent in nominating the incumbent director.
3. In evaluating any candidate for nomination to the Board, the Committee shall consider the contribution that such candidate would be expected to make to the Board and the Company based upon the current composition and needs of the Board and such candidate’s demonstrated business judgment, leadership abilities, integrity, prior experience, education, training, relationships and other factors that the Board determines relevant.