

2023 ESG Report

AvidXchange Holdings, Inc.

Environmental, Social, and Governance



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Forward-Looking Statements

This report may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements generally relate to future events or our future financial or operating performance and often contain words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “future,” “likely,” “may,” “should,” “will” and similar words and phrases indicating future results. The information presented in this report related to our expectations, including future initiatives and continuing commitments to current initiatives, and other statements that are not purely statements of historical fact, are forward-looking in nature. These forward-looking statements are made on the basis of management’s current expectations, assumptions, estimates and projections and are subject to significant risks and uncertainties that could cause actual outcomes and results to differ materially and adversely from those anticipated in such forward-looking statements. We therefore cannot guarantee future results, performance or achievements. Factors which could cause actual results or effects to differ materially and adversely from those reflected in forward-looking statements include, but are not limited to, the risk factors and other cautionary statements described, from time to time, in AvidXchange’s filings with the Securities and Exchange Commission (“SEC”), including, without limitation, AvidXchange’s Annual Report on Form 10-K and other documents filed with the SEC, which may be obtained on the investor relations section of our website (<https://ir.avidxchange.com/>) and on the SEC website at www.sec.gov. Any forward-looking statements made by us in this report are based only on information currently available to us and speak only as of the date they are made, and we assume no, and expressly disclaim any, obligation to

update any of these statements in light of new information, future events or otherwise unless required under the federal securities laws. Readers are cautioned not to place undue reliance on any forward-looking statements, and are encouraged to review all risk and cautionary language in our filings and disclosures.

Additionally, our discussion of matters herein is informed by various stakeholder interests that, while significant, may differ from, and should not be read as necessarily rising to, the level of “materiality” under federal securities laws for SEC reporting purposes, even if we use “material” or similar language. In addition, some of this information is based on assumptions, methodological considerations, third-party information, or other material that is still evolving or uncertain and subject to change. For example, we note that methodologies for measuring and reporting on impact measures and ESG metrics continues to evolve. Similarly, while we are not aware of any material issues, except to the extent disclosed, with any information that we have used in connection with our disclosures, we have not necessarily independently reviewed this information for accuracy. Our methodologies and disclosures may continue to evolve as well, for factors which may be in or out of our control, and we cannot guarantee that our approach will align with the expectations of any particular stakeholders.

As a final note, web page and document references are provided for convenience only; neither such materials, nor their contents, are incorporated by reference, absent an express indication to the contrary.

A Letter from Our CEO

As I reflect on more than two decades of growth for AvidXchange since we founded the company in 2000, some of our proudest milestones have been not only the positive impact we've had on our customers, but also the impact we've made in the communities where we work and live.

With more than 1,600 teammates, our team is committed to making a positive impact in everything we do. This report shows our commitment to Environmental, Social & Governance efforts. Innovation is in our DNA, and we put that to work by developing new Environmental strategies to continue reducing the carbon footprints of our customers' businesses as well as our own. The AvidXchange Foundation drives our Social engagement and community support. As a leading FinTech company, robust Governance is fundamental to our operations, with a steadfast focus on compliance, data privacy, security, and risk management.

I invite you to explore how our ESG commitments are woven into the fabric of our business and the culture of AvidXchange, along with how they create value for our stakeholders. Together, we are working to make a meaningful impact for today and for tomorrow.

Thank you for your continued support and interest in AvidXchange's journey.

Michael Praeger
CEO and Co-Founder, AvidXchange





Our Mission

Transform how middle market businesses receive, manage, and pay their bills.

Our Purpose

To realize potential, fulfill dreams and win big together for our customers, teammates, shareholders and the communities of our teammates.

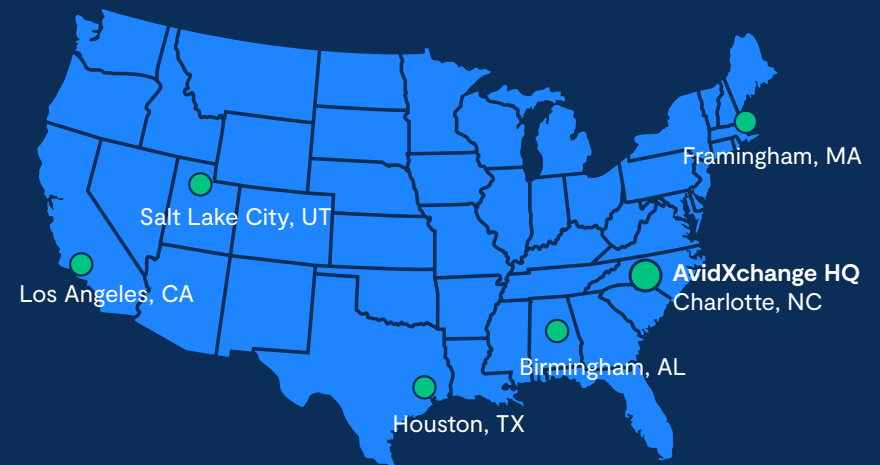
Our Products and Solutions

AvidXchange stands at the forefront as a premier provider of accounts payable (“AP”) automation software and payment solutions tailored to middle market businesses and their suppliers. Leveraging a software-as-a-service model, our end-to-end platform digitizes and streamlines AP workflows for over 8,000 businesses. Over the course of the last five years, AvidXchange has facilitated payments to 1.2 million supplier customers of its buyers, showcasing our commitment to efficiency and excellence in the realm of financial operations.

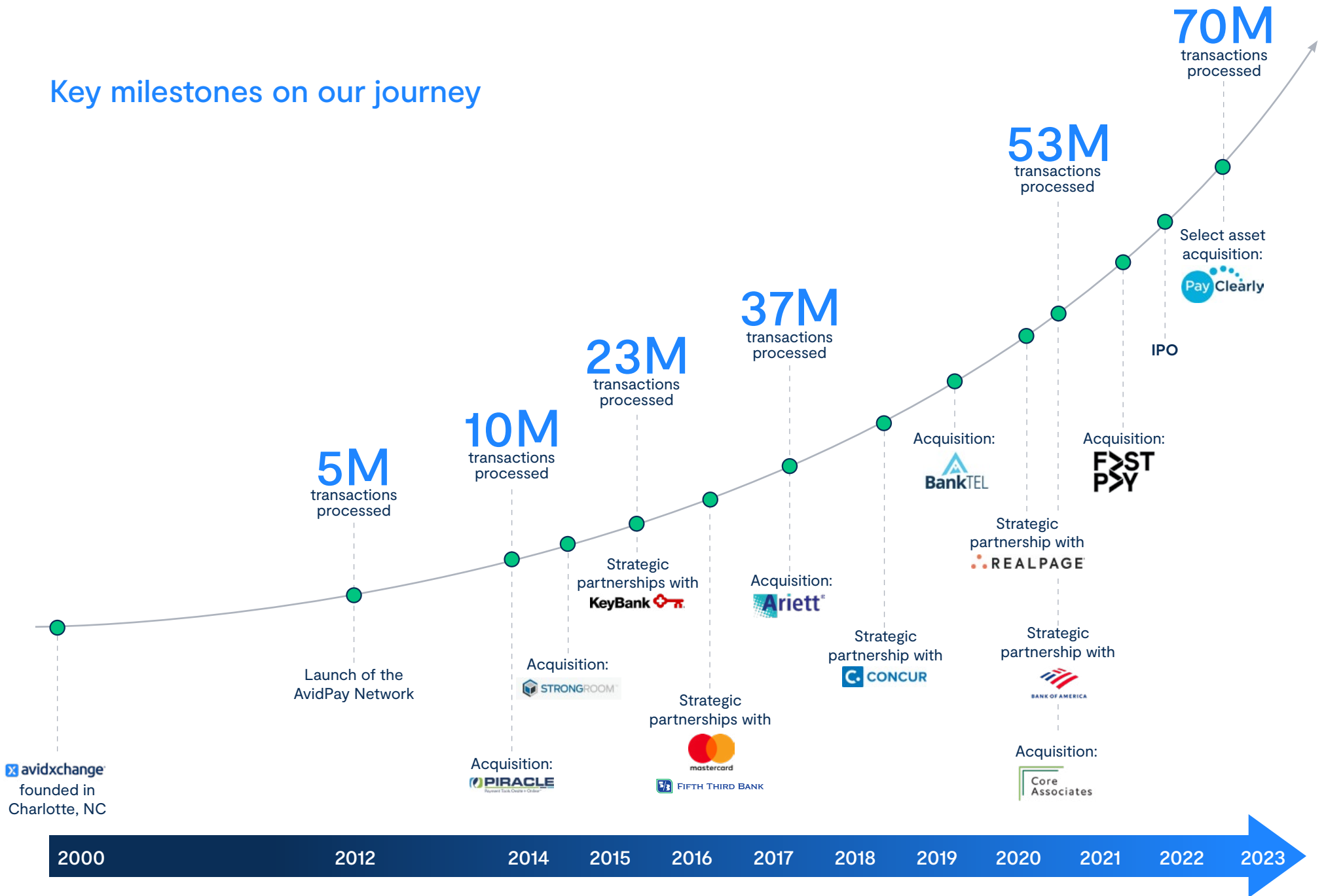
AvidXchange combines three critical business processes in one platform offering a complete solution for AP automation, payment services and payment acceleration. With AvidXchange products, AP departments and CFOs can increase efficiency, reduce processing costs and reduce paper with more visibility and control over cash flow.

To learn more about how AvidXchange, and its publicly traded parent AvidXchange Holdings, Inc. (NASDAQ: AVDX), visit: [AvidXchange.com](https://www.AvidXchange.com).

Geographic Footprint

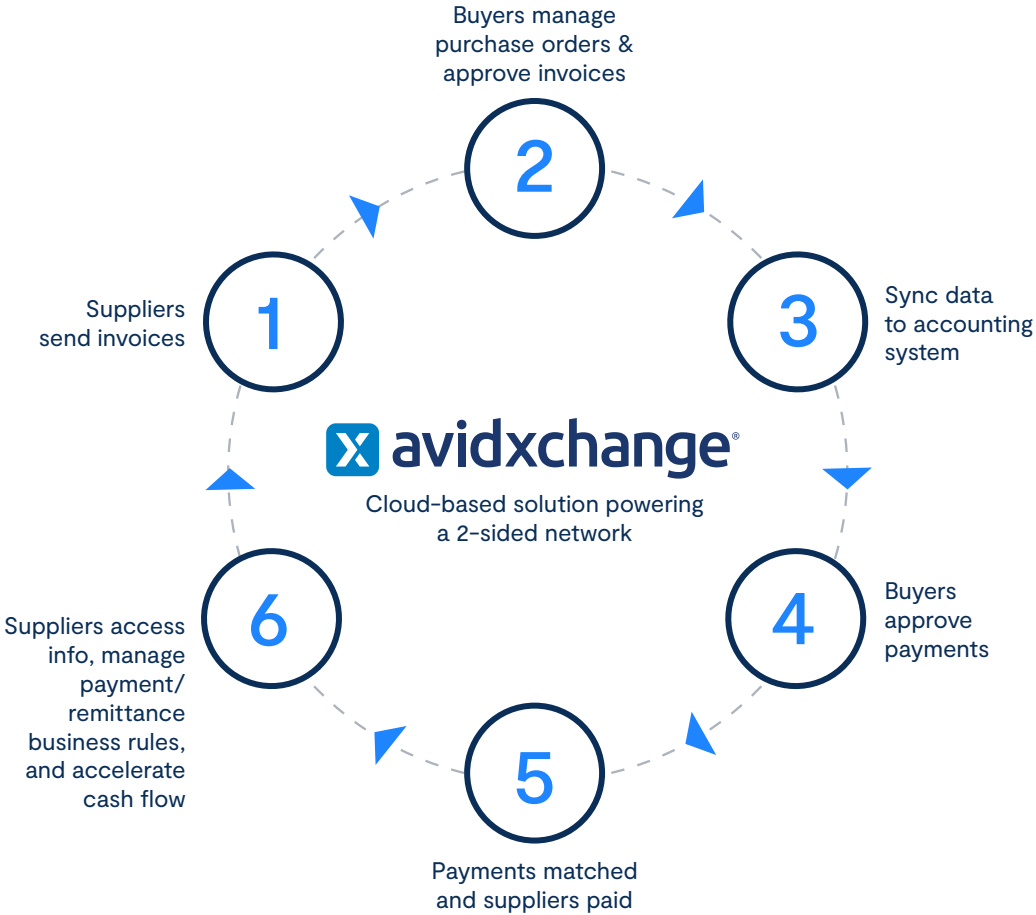


Key milestones on our journey



AvidXchange automates the entire AP and payment workflow

Traditional AP and payment workflows are slow, manual and expensive. AvidXchange automates the entire AP and payment workflow, and provides a deep integration layer that supports unique business processes across the middle market. This, paired with our two-sided network, enables our buyers to have more visibility, reduce their manual data entry, and control their spend.



Our Culture

Our mindsets reflect who we are at AvidXchange – our DNA. We look to hire, develop, and reward these mindsets in our teammates as essential ingredients for driving results.



Connected as people

Because we're more than a Tech company, we're a People company.



Growth minded

Because we're all entrepreneurs who love to innovate and win, together.



Customer obsessed

Because our customers are who we're passionate about and why we do what we do.

Our Awards

AvidXchange has ranked among the “50 to Know” list by Spend Matters and has been named to the 2022 Disruptor Award list. AvidXchange is also Certified™ as a Great Place to Work® for the third consecutive year.

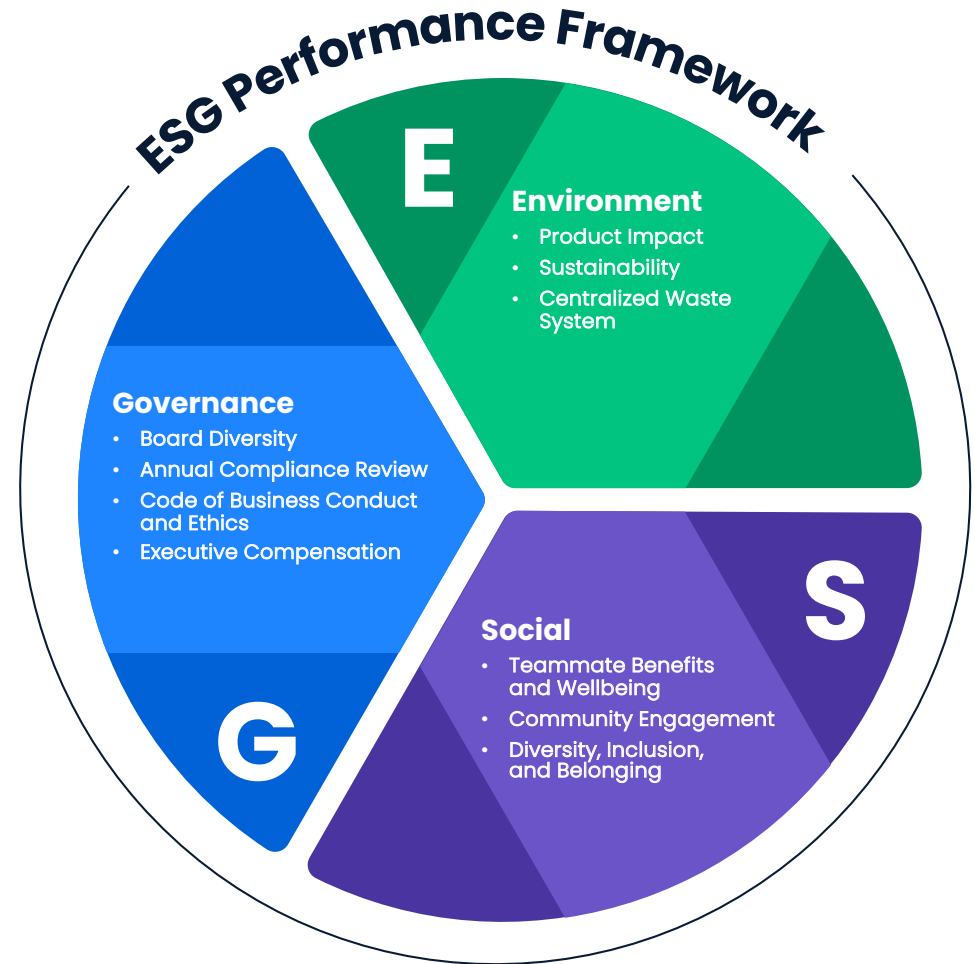
For the fifth consecutive year, our company was named on Women Tech Council’s (WTC) Shatter List in recognition of the impactful measures we have adopted in an effort to break the glass ceiling for women in technology.



ESG Journey

Our ESG journey started with the creation of the AvidXchange Foundation in 2005 with a focus on youth. Today, we continue this work with a focus on advancing economic and social mobility for under-served youth and young adults.

We believe that businesses have an ability/opportunity to not only pursue profit but also to contribute positively to the communities in which they operate and to the teammates that drive our success. To that end, we strive to be teammate-focused, environmentally conscious and operate under the highest business standards.



Environmental

AvidXchange looks to identify environmental actions and programs that can reduce our environmental footprint as well as our customers', with the goal of creating a more sustainable future for generations to come.

AvidXchange Product Impact

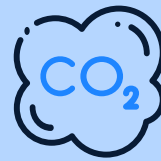
Our technology drives environmental sustainability as it can remove paper from our customers' daily work streams through the digitization of processes. With over 1.2 million supplier customers and 8,000 buyer customers, this has resulted in approximately the following savings in 2023.¹



4,510
trees saved



4.0M
gallons of
water saved



3.39M
pounds of
CO₂ avoided



222K
pounds of solid
waste avoided

¹The referenced environmental impact estimates were calculated using The Environmental Paper Network Paper Calculator™ Version 4.0. For information visit: <https://c.environmentalpaper.org>.

Environmental

Sustainability in Action

Alongside leveraging our technology, we're collaborating with our teammates to champion environmental sustainability initiatives across our headquarters. This entails fostering a collective commitment among AvidXers, emphasizing that each individual bears responsibility for sustainability in our daily operations.



Environmental

Centralized Waste System

We launched a centralized waste management program to advance our ESG values in our Charlotte HQ. The primary objective of the centralized waste program is to streamline waste management practices across all operational facets of the office.

By consolidating waste disposal processes, we aim to minimize environmental impact, reduce operational costs, and foster a culture of responsible waste management within our organization. By diverting waste from landfills and promoting recycling and composting, our centralized waste program contributes to the conservation of natural resources and reduction of greenhouse gas emissions.



Social

Teammate Benefits and Wellbeing

By trade we are a fintech company, but if you ask anyone that works here, they'll tell you we are a people company.

At AvidXchange, our teammates are at the core of who we are. Teammate wellbeing is more than a priority – it's connected to why we exist. Just as it is for our customers and communities, we exist to help our teammates realize their potential, fulfill their dreams, and win big together. Our holistic focus on teammate wellbeing drives our approach to total teammate rewards and recognition, as well as health and welfare benefits, and professional development and learning.



Benefits and Wellbeing



Learning and Development

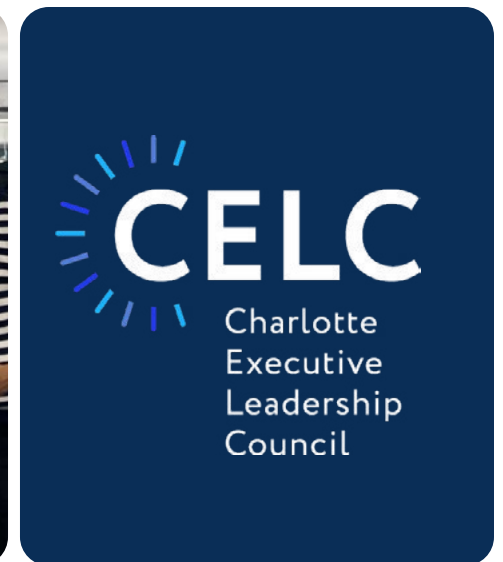


Teammate Rewards and Recognition

Social

Community Engagement

As a company deeply rooted in community values, we prioritize our commitment to giving back to the communities where we work and live. The AvidXchange Foundation serves as our conduit to community engagement, facilitating corporate sponsorships and empowering our teammates to volunteer their time through our Volunteer Time Off (VTO) program, allowing each full-time teammate up to 16 hours annually to engage in community projects and initiatives. Our senior leadership serves on boards to lift up our communities, like the Charlotte Executive Leadership Council, which aims to improve economic mobility in the Charlotte area. Our community partnerships are not accidental; they require investment both in effort and in funds. That's where our participation in Pledge 1% comes into play. Since our initial public offering in 2021, we have pledged to allocate 1% of our issued and outstanding shares of common stock over 10 years to help fund community service efforts. As we pursue success in the markets that we serve, Pledge 1% enables us to share the fruits of such success with the communities where we work and live.





Social

Impact in Our Communities

One of the AvidXchange Foundation's 3 program areas is digital equity, which focuses on our commitment to collaborate with organizations that address digital equity and inclusion through access to devices, affordable internet and/or digital literacy training.

Through this initiative:
AvidXchange's HQ continues to be the home for the E2D - Eliminate the Digital Divide laptop refurbishment lab, enabling:

31,574

laptops refurbished and distributed since E2D joined our campus in May 2020

\$15M+

worth of computers refurbished at AvidXchange lab since May 2020

175

high school students employed in the E2D lab since May 2020





Social

Impact in Our Communities

AvidXchange and another Charlotte funding partner came together in 2022 to support a pilot program with the Young Black Leadership Alliance (YBLA). The Leadership Inside-Out program has several focus pillars: leadership development; early college and career; social capital expansion; and a service engagement program for high achieving high school freshman and sophomores. The program reduces the barriers of transportation, cost and availability by meeting inside the school walls after school.

Part of the students' experience is a visit to our HQ where they learn about the company, entrepreneurship and engage in a Lego-based planning exercise with our teammates.



Social

Diversity, Inclusion, and Belonging

We see diversity, inclusion, and belonging (DI&B) as essential to our culture and our performance. We celebrate our wins and achievements while also actively building bridges to unite our teammates, customers, and communities in feeling the power of connection and a true sense of belonging.

We expect that every AvidXer continues to grow in their engagement journey with DI&B, so we create experiences for every teammate to enable that growth, whether they are at the start of their journey or are one of our DI&B champions.



Social

Our AvidXchange Meetups

At AvidXchange, we believe people should be able to bring their whole selves to work. To enable this, we create spaces for teammates to gather, share their experiences, discuss ideas, collaborate, and learn together. We call these spaces our Meetup Groups.

We currently have 6 active Meetups and all are welcome to join regardless of how they self-identify:

Asian American
and Pacific Islander
(AAPI)

Pride

Disabilities and
Chronic Illness

Black Leadership
Alliance Council
(BLAC)

LatinX

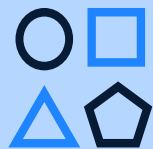
Women



Governance

AvidXchange upholds a steadfast dedication to ethical, transparent, and accountable business practices. These principles form the bedrock of our operations, fostering sustainable value creation and enabling us to fulfill our environmental and social responsibilities.

We firmly believe that sound governance is integral to business success, and this commitment begins with our Board of Directors and our Governance Team. This dedication permeates throughout our organization as our teammates collaborate across various functions to uphold our standards and propel sustained growth and performance.



Board
Diversity



Code of Business
Conduct & Ethics/Annual
Compliance Review



Executive Compensation -
Share Ownership Guidelines
and Clawback

Governance

Board Diversity

Creating a More Diverse and Inclusive Community

Having a diverse and inclusive organization is core to who we are. As of April 2024, 49% of our employee team members were women and 40% were members of an underrepresented community. Our leadership team, consisting of director-level employees and above, likewise reflects our commitment to diversity, with 37% of our leadership team being women and 28% of our leadership team being members of an underrepresented community. The following chart provides the diversity statistics for our board of directors in accordance with Nasdaq Rule 5606, as self-disclosed by our directors.

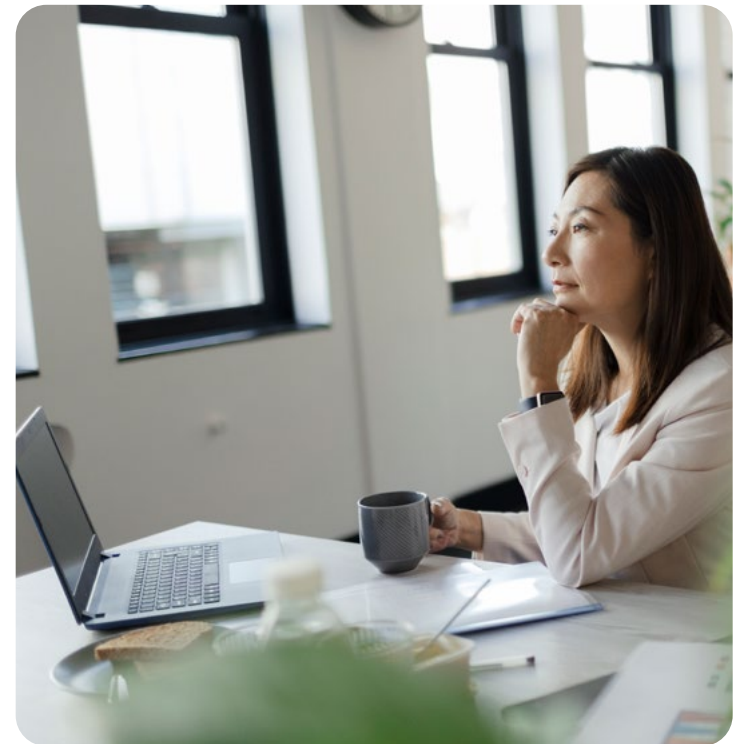
Board Diversity Matrix	As of April 22, 2024				As of April 24, 2023			
Total Number of Directors	9				9			
	Female	Male	Non-Binary	Not disclosed	Female	Male	Non-Binary	Not disclosed
Part I: Gender Identity								
Directors	2	6	1	0	3	6	0	0
Part II: Demographic Background								
African American or Black	0	2	0	0	0	1	0	0
Alaskan Native or Native American	0	0	0	0	0	0	0	0
Asian	1	1	0	0	1	1	0	0
Hispanic or Latinx	0	0	0	0	0	0	0	0
Native Hawaiian or Pacific Islander	0	0	0	0	0	0	0	0
White	1	3	1	0	2	4	0	0
Two or More Races or Ethnicities	0	0	0	0	0	0	0	0
LGBTQ	0	0	0	0	0	0	0	0
Did Not Disclose Demographic Background	0	0	0	0	0	0	0	0

Governance

Code of Business Conduct & Ethics/Annual Compliance Review

Our board of directors has adopted corporate governance guidelines that address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us in general. In addition, our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our code of business conduct and ethics is available under the “Investor Relations–Corporate Governance” section of our website at ir.avidxchange.com/corporate-governance/documents-charters.

Our code of business conduct and ethics does not just reside on a shelf. We drive home these values through a comprehensive training regimen with the keystone being our month of compliance, during which every AvidXchange employee must complete eight unique compliance modules.



Governance

Executive Compensation

Share Ownership Guidelines

In December 2023, in response to feedback from shareholder advisory firms and to align with market practices, we adopted share ownership guidelines. Under these guidelines, our named executive officers (NEOs) and Directors are required to acquire and maintain shares of our common stock having a value equal to the multiples found in the table below:

Position	Required Ownership Level
Chief Executive Officer	5x annual base salary
NEOs and Other Executive Officers	1x annual base salary
Directors	3x annual cash retainer

Clawback Policy

In 2023, NASDAQ adopted listing standards that obligated issuers to develop and implement “clawback” policies providing for the recovery of erroneously awarded incentive-based compensation received by current or former executive officers in the event of a restatement of financial statements. We have complied with the NASDAQ listing standard by adopting a clawback policy. This policy applies to erroneously awarded incentive-based compensation received on or after October 2, 2023, and during the applicable look-back period as specified in our clawback policy.

Elevating Our Impact

In 2023, AvidXchange added another year of positive impact across the areas of Environmental, Social and Governance.

In Summary:

Environmental: we helped our customers reduce their environmental impact and added more efficient waste management practices to our headquarters.

Social: we continued to invest in our teammates, and we deepened our impact in the community through the AvidXchange Foundation, community board investment, and the Pledge 1% initiative.

Governance: We maintained dedication to Compliance, Board Diversity, and Ethics and Anti-Corruption best practices.

Looking ahead, we recognize that our ESG journey is ongoing and evolving. We remain committed to continuous improvement, driven by stakeholder engagement, data-driven decision-making, and innovation. By embedding this work into our corporate mindset and collaborating with stakeholders across our business and communities, we believe we can address the complex challenges facing society and create shared value for all.

We hope this report demonstrates our dedication to transparency, accountability, and sustainable practices as we work towards our vision of a more equitable, resilient, and prosperous world for all.

Thank you for joining us on this journey.