

2020 GLOBAL IMPACT REPORT

*Powering an equitable &
inclusive global economy*



PayPal

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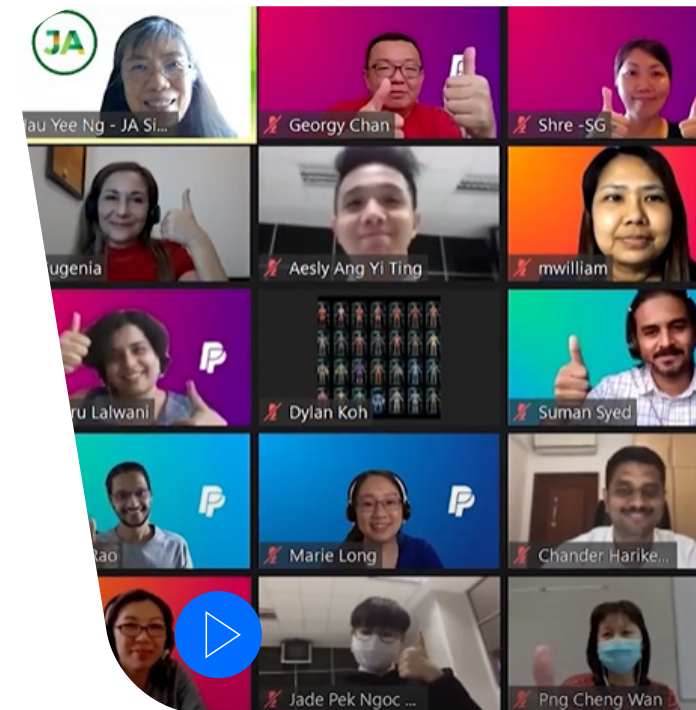
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2020 was a pivotal year for PayPal to take action

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Message from Our President & CEO

Dear Colleagues, Customers and Partners,

When we published last year's [Global Impact Report](#), the world was still in the early stages of the COVID-19 pandemic. While it was impossible then to fully understand the difficulty and scope of the challenges that lay ahead, it quickly became clear that the business community had a critical role to play in addressing the needs of employees, customers and communities. At PayPal, we have consistently taken action to live our values and fulfill our mission. I am proud of the resilience and commitment of our employees and the measures we took as a company to support our stakeholders during this challenging and unprecedented time.

Among the many trends that have accelerated as a result of the pandemic, the shift to multi-stakeholder capitalism stands out as among the most significant. As you will see in the following pages, our 2020 Global Impact Report summarizes all the ways PayPal continued to lead through the pandemic and highlights our progress on several new and long-term Environmental, Social and Governance (ESG) initiatives. These include our work to:

- **Improve the financial wellness of our employees** by offering equity grants, one-on-one financial coaching, wellness stipends to offset remote working costs for eligible employees during the pandemic, earned wage access (access to earned income before pay date) for U.S. employees and enhancements to retirement plans. These initiatives build on our earlier efforts, including raising wages, expanding and reducing costs of benefits and giving every employee an ownership stake in PayPal.
- **Support the economic empowerment of small businesses** as they navigated the extraordinary challenges of the pandemic. We are particularly proud of our work with the U.S. Small Business Administration to provide more than \$2 billion in loans in 2020 through the Paycheck Protection Program to small businesses in need. We also moved quickly to offer flexibility to our merchants by waiving fees, deferring repayments, extending customer dispute timing and doubling cash back rewards for

PayPal Business Debit Mastercard holders. And we accelerated our product innovation to help our merchant community meet the evolving needs of their customers through the rollout of QR codes in 28 markets and the expansion of our Global Pay Later solutions.

- **Advance racial equity and social justice** through our \$535 million commitment to help address the economic underpinnings of racial injustice. As detailed on page 18, we have already deployed more than \$300 million of these funds through Empowerment Grants to Black-owned businesses; partnerships with, and donations to, local and national non-profit economic empowerment organizations; investments in Black and LatinX-led venture funds; investments in Black-led banks and an economic development fund; and increased support for PayPal's Diversity, Inclusion, Equity and Belonging programming.
- **Expand opportunities for people to give and for causes to raise mission-critical funds.** We witnessed an incredible outpouring of generosity from our PayPal community during a year when it was needed more than ever before. Our platform enabled more than 50 million donors to contribute nearly \$17 billion to more than one million organizations for important causes such as COVID recovery and disaster relief for the Australian bushfires. We have been so inspired by the kindness of the global PayPal community. Our employees volunteered more than 50,000 hours to support charities around the world, while we contributed over \$30 million in donations, matching gifts, grants and in-kind donations to assist our communities.
- **Take ambitious climate action** through our new net-zero emissions goal by 2040 and science-based targets. We are already making progress toward these targets – in 2020, we matched 98% of the energy in our data centers with renewable generation.



Dan Schulman's TED Talk on what COVID-19 means for the future of commerce, capitalism and cash

In a year unlike any other, we have moved quickly to advance the various ESG efforts summarized in this report. We now have the opportunity – and responsibility – to build on this foundation and do even more in the months and years ahead. And we are more committed than ever to identify additional opportunities to accelerate our impact.

Prioritizing a Multi-Stakeholder Approach

Consumers expect more from the businesses they support, and people want their employers to take a leading role in addressing the important environmental and social issues confronting the world today. Business leaders can no longer claim that profit and purpose are at odds with each other – the reality is that they are mutually reinforcing, and a multi-stakeholder approach is increasingly essential to scale innovation and impact. No single company or sector can do it all alone. We must work together and develop new opportunities to collaborate across the public, private and nonprofit sectors to advance our shared ESG priorities. This sense of collaboration and purpose informs all our actions at PayPal, including our commitment to align our efforts to the [United Nations' Sustainable Development Goals as a member of the U.N. Global Compact \(UNGC\)](#).

Message from Our President & CEO (continued)

For us, the most important stakeholder group we serve is our employees. When they are financially secure, feel comfortable bringing their whole selves to work and are inspired by our shared mission and values, they are even more passionate and committed to the work we do. In turn, our customers and the rest of our stakeholders benefit. There is no question in my mind that PayPal employees were better prepared to handle and address the challenges of the pandemic because of the financial wellness initiatives we rolled out in 2019. These initiatives helped raise the PayPal-defined estimated net disposable income (or the discretionary income remaining for our employees after taxes and typical living expenses are paid) from as low as 4-6% for some of our U.S.-based hourly and entry-level employees to at least 18%, making significant progress towards our goal of at least 20% for all employees globally.

This commitment to wellness extends to all the ways we are working to build a diverse and inclusive culture – one where everyone belongs and feels empowered to do the best work of their careers. Building on a strong foundation of values-led actions, we have continued this year to address issues impacting our employees – from standing up to address racial inequities and discrimination, to speaking up against violence directed toward Asian and Pacific Islander communities, to advocating for the protection of voting rights. The overall health and well-being of our employees, and all the diverse communities we are a part of and serve, will always remain a top priority. These actions to support and build our PayPal community will continue to be a critical enabler of our success going forward.

Building an Inclusive Digital Economy for the Future

2020 was a turning point in the rise of digital payments. In the space of one year, we have seen a level of innovation and adoption that many expected to see in five. The financial system and the way we conduct commerce is transforming, and PayPal will continue to drive this shift to the digital economy in a responsible manner and with a continued focus on protecting our customers, their data and our platform. I outlined what

we believe the future will look like and how PayPal is shaping these trends in my [Annual Letter to Stockholders](#) earlier this month. It is essential that we lead an inclusive transition to the new digital economy and that we do so in partnership with all of our stakeholders across the ecosystem.

Together, we must upgrade the financial system so that it works for more people and businesses around the world, especially the most vulnerable and underserved. We need to be intentional in our efforts and make sure that no one is left behind. PayPal’s mission and vision are fundamentally inclusive, and they will continue to guide our actions as we drive this transition. Our \$535 million racial equity and social justice commitment and ongoing partnerships with leaders across the public and social sectors are key examples of how we are actively working to realize our vision of economic opportunity and financial health for all.

The decisions that business leaders make in the year ahead will be critical to ensuring an inclusive recovery from the COVID-19 pandemic. At PayPal, we will continue to devote our time and energy to build on the progress we made in 2020 and to look for ways to accelerate and expand our impact. I hope you will join us in these efforts. We have enormous opportunity ahead and, if we work together, I am confident that we have the power to make lasting and sustainable change for the better.

Thank you.

Dan Schulman

President and CEO, PayPal Holdings, Inc.

Over the past year, PayPal’s global employees have consistently showed flexibility, resilience and determination to maintain business continuity for our global customers. Driven by our mission and in response to the evolving needs of our community, our colleagues have developed and rolled-out innovative product solutions to bolster the financial health of those most impacted by the pandemic. And while most transitioned to remote work and adopted a new operating rhythm, our essential employees were onsite to maintain the availability and reliability of our platform at a time when our customers needed us most. We are grateful for the continued contributions of all our colleagues, and particularly those who have kept our facilities secure and our operations running smoothly in service of our more than 377 million customers.



PayPal continued to be a force for good in 2020 and beyond

Message from Our President & CEO

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About PayPal

PayPal Holdings, Inc. ("PayPal" or "the company"; NASDAQ: PYPL) is a leading technology platform and digital payments company headquartered in San Jose, California, that enables digital and mobile payments on behalf of merchants and consumers worldwide. For more than 20 years, we have leveraged technology to make financial services and commerce more convenient, affordable and secure.

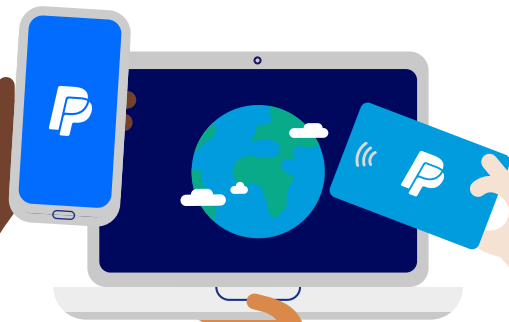
PayPal is committed to democratizing financial services to improve the financial health of individuals and to increase equitable economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world, anytime, on any platform and using any device when sending payments or getting paid.

Our combined payment solutions, including our core PayPal, PayPal Credit, Braintree, Hyperwallet, Zettle, Venmo and Xoom products and services, comprise our proprietary Payments Platform. We also simplify and personalize shopping experiences for our consumers through our Honey Platform.

We operate a global, two-sided network at scale that connects merchants and consumers with more than 377 million active accounts – consisting of 348 million active consumer accounts and 29 million active merchant accounts – across more than 200 markets.

The COVID-19 pandemic has dramatically altered customer behavior and accelerated the shift from traditional in-store shopping to digital and contextual commerce experiences. We believe PayPal is uniquely positioned to enable a responsible and inclusive shift for our merchants and consumers to the digital economy, through our products and services that allow safer, contactless payment solutions.

We aspire to serve **one billion daily users, including 100 million merchants**, by continuing to scale our global platforms, accelerate our speed of innovation and invest to be at the center of our customers' commercial and financial lives. We are committed to providing a comprehensive platform that helps customers navigate an increasingly digital landscape through the expansion of our digital wallet capabilities, services for small- and medium-sized businesses (SMBs), marketplaces and large enterprises and support for digital currencies. Our goal is that PayPal becomes a trusted, everyday app for consumers and an essential tool for merchants worldwide.



A Message from Our Chief Business Affairs & Legal Officer

As we navigated the extraordinary circumstances of the past year, PayPal continued to embrace responsible innovation to deliver meaningful impact for our stakeholders. At a time when our products and services are needed more than ever, we remain intently focused on bolstering the financial health and wellness of our customers, communities and importantly, our colleagues.

For PayPal, our most important stakeholders are our employees, and we have consistently taken steps to ensure our commitment is backed by action. Since the onset of COVID-19 in March 2020, we have implemented new measures and evolved our programs to address the dynamic and fluid needs of our global workforce. Our approach to addressing total wellness has contributed to greater employee resilience and enabled our teams to pursue our mission even more passionately.

Over the past year, we have advanced critical innovations and further embraced cross-sector collaboration to deliver impact at a global scale. From rolling out QR code payments in 28 markets worldwide to helping business owners safely resume operations, to launching the Generosity Network to enable customized giving campaigns, our employees have contributed to the introduction of new products and services to help our customers withstand the economic hardship of the pandemic.

This commitment to advancing our mission and values also translated to Environmental, Social and Governance (ESG) impact initiatives for our communities. In 2020, we announced a comprehensive \$535M commitment to support advancements in social justice and racial equity and have already deployed over half of that capital to support Black-owned small businesses and underserved communities.

This year's Global Impact Report underscores our long-term commitment to transparency and disclosure, and highlights the significant progress we have made over the past year to improve the financial health of individuals and businesses around the world, reduce inequality, drive sustainability and expand economic opportunity. As PayPal plays an increasingly essential role in our customers' lives, we have the opportunity – and responsibility – to continue to stand up for our values and advance purpose-led innovation.



Louise Pentland on how PayPal is rethinking capitalism

Louise Pentland
EVP, Chief Business Affairs and Legal Officer
Executive Leader for PayPal's ESG program

Supporting Our Employees, Customers & Communities during COVID-19

The COVID-19 pandemic continues to have profound impacts on the world, including the resulting economic hardships affecting millions of individuals and businesses. Across PayPal, we came together to support our employees, customers and communities through the global crisis. Leveraging the strength and scale of our platform, resources and leadership and drawing on our mission, vision and values, we launched key products and initiatives to make a difference in the lives of those affected. Visit our website to read more about [our response to COVID-19](#).

EMPLOYEES

As lockdown mandates and shelter-in-place orders were implemented, we **mobilized nearly 100% of our global workforce to work remotely** and enabled flexible work arrangements. To support employees mentally, financially and physically, we expanded our Employee Assistance Program benefits to provide additional access, tools and resources, provided a stipend for remote working office supplies and equipment and increased family support and flexibility for employees caring for children or relatives at home.



We also launched a global Crisis Leave Program to **provide up to two additional weeks of paid time off** due to challenges resulting from COVID-19, removed 2020 individual performance ratings and pledged to continue paying any employee who could not work because their location was temporarily closed due to impacts of the pandemic. We enacted a global internal communications channel, *Stay Informed*, for employees to share their concerns and hear directly from the company on critical issues.



Stuart Hill
Sr. Manager, Information Technology
Dublin, Ireland

"I make sure all PayPal employees have the IT assets to do what they do best. Here at PayPal, regardless of where we live or what our culture is, we all adhere to our PayPal values."



Click the play button to hear more from our employees

COMMUNITIES

We believe we have an important role to play in contributing to strong, inclusive communities in the places where we live and work. This year those contributions were especially critical. In 2020, we enabled the PayPal community to donate **nearly \$17 billion to nonprofits and causes** with PayPal's Giving Platform, COVID-19 fundraising campaigns, employee giving campaigns, donations at checkout, corporate matching and partner fundraising with other companies. The generosity of the PayPal community was remarkable, and we will continue supporting more organizations in 2021. For example, we recently made a \$5 million commitment to fund free or discounted rides to vaccination sites in underserved communities through a coalition that includes Uber and Walgreens.



Supporting the Atlanta creative scene with Cam Kirk Studios

CUSTOMERS

Many of our customers are small businesses that are deeply distressed by the economic fallout of the pandemic. To support this population, we worked with the U.S. Small Business Administration to provide access to more than **\$2 billion in loans through the Paycheck Protection Program (PPP) in 2020**, with an average loan size of \$28,000. As one of the first non-bank institutions approved to participate in the Program, we facilitated loans to more than 75,000 businesses, positively impacting more than 300,000 jobs in 2020 across the U.S.¹ In 2021, we are continuing to support additional PPP loan disbursements.



We also offered flexibility to our small business merchants by waiving chargeback and instant fund transfer fees and by extending customer dispute timing and doubling cash back rewards for PayPal Business Debit Mastercard holders. In addition, we provided approximately **\$15 million in targeted grants to ~1,400 Black-owned small businesses** disproportionately impacted by the pandemic and civil unrest through our partnership with the Association for Enterprise Opportunity.

For individuals, we supported the U.S. Treasury's stimulus check distribution through direct deposit into PayPal and Venmo accounts and waived check-cashing fees for government stimulus paper check recipients, enabling access to their funds within minutes, free of charge. We also launched new products and services, such as QR codes, to enable safe, touch-free payments for in-person purchases.

¹ PayPal Begins Taking Applications for Renewed Paycheck Protection Program.

About this Report

Our 2020 Global Impact Report features environmental, social and governance (ESG) strategies, activities, progress, metrics and performance in calendar year 2020, unless otherwise noted. The information included reflects feedback drawn from a diverse set of internal and external stakeholders, peer company best practices and industry standards. We also continue to enhance the quality of our non-financial data by improving internal systems and obtaining external assurance on select metrics.²

As we continue to make progress on our overall strategy, we have also evaluated various standardized reporting frameworks. This year, we have aligned our reporting to the [Sustainable Accounting Standards Board \(SASB\)](#), [Global Reporting Initiative \(GRI\)](#) and a separate index based on the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) recommendations that reflect our strategy, approach and key metrics related to climate change.

In January 2021, PayPal also committed to report on the [Stakeholder Capitalism Metrics \(SCM\)](#) framework developed and released by the [World Economic Forum](#) and its International Business Council. It is intended to help measure the long-term enterprise value creation for all stakeholders, encourage companies to integrate sustainability into their core strategy and promote the convergence of corporate non-financial disclosure standards. See Appendix for our [ESG Performance Metrics](#).

Please visit our [Global Impact website](#) and [Additional Resources section](#) for further public information beyond the material highlighted in this report. We are committed to regular and transparent communication and welcome ongoing feedback as we continue to improve our ESG performance and enhance our disclosures.

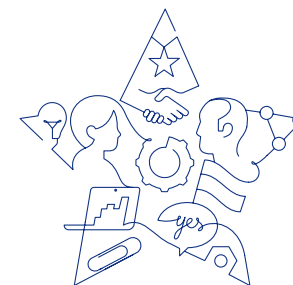
Questions or requests for additional information on our ESG strategy and program can be submitted to ESG@paypal.com.

Our Mission, Vision & Values

At no other time has our mission to create a more inclusive global economy been more important. Despite the continued uncertainty surrounding the public health situation and global economic implications, we remain committed to empowering people and businesses through access to affordable, convenient and secure financial services.

Our core values of Collaboration, Inclusion, Innovation and Wellness are the driving forces behind this mission and form the foundation of our operating philosophy. They fuel the creativity and engagement of our workforce to develop new products and are the guiding principles for ensuring an equitable and inclusive culture of belonging for all employees.

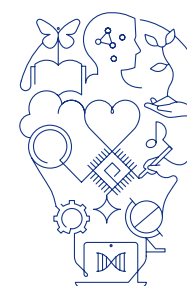
COLLABORATION



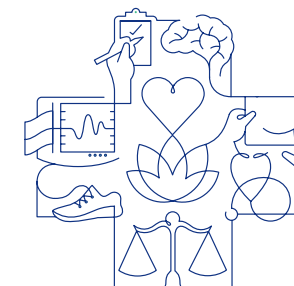
INCLUSION



INNOVATION



WELLNESS

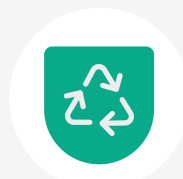


Our ESG strategy is focused on four key pillars:



SOCIAL INNOVATION

Our work to create a more inclusive global economy



ENVIRONMENTAL SUSTAINABILITY

Our efforts to responsibly manage and advance sustainability



EMPLOYEES & CULTURE

Our embodiment of our core values from the inside out



RESPONSIBLE BUSINESS PRACTICES

Our approach to operating our business ethically and responsibly while demonstrating strong corporate governance

² We obtained an independent limited assurance opinion from Bureau Veritas UK on select key metrics relating to Social Innovation, Employees & Culture and Environmental Sustainability for the first time. A full verification statement including limitations and exclusions can be found in the [Appendix](#).

Stakeholder Engagement & ESG Materiality

At PayPal, we believe profit and purpose are inextricably linked and that both are essential in serving all of our stakeholders as we advance our business and ESG priorities. The PayPal leadership team respects and considers perspectives from our employees, customers, stockholders, regulators and partners in key business decisions.

In 2020, we were featured in a new Harvard Business School case study³ on purpose and profit that demonstrates how we successfully merged these two objectives. This fundamental belief is an essential aspect of how we center our ESG strategy on the key non-financial risks and opportunities most important to our business and our diverse stakeholders.



Franz Paasche
SVP, Chief Corporate Affairs Officer

Franz Paasche in discussion with Connie Evans, CEO of AEO, and Yusuf George, Managing Director of Corporate Engagement at JUST Capital, on PayPal's support of Black-owned businesses

Stakeholder Engagement

Stakeholder feedback and engagement are vital as we consider enhancements to our products, workplace, operations and impact strategies. In 2020, it became even more important to foster an open and transparent dialogue as we reprioritized initiatives and resources to respond to complex challenges stemming from the global pandemic, racial injustice, burgeoning inequality and climate change.

We regularly engage with our diverse stakeholders through a variety of channels, including internal employee surveys and team conversations, roundtable sessions with a cross-section of stakeholders (such as investors, suppliers and partners), convenings of other private sector and non-governmental partners, direct investor dialogues and other virtual engagement opportunities. Additionally, we solicited feedback on last year's [Global Impact Report](#) to identify opportunities for improvement, which are reflected throughout this Report.

These ongoing discussions help us gather valuable insights on a variety of ESG matters important to our strategy. They were also an important input into our 2021 materiality assessment refresh. We welcome further opportunities to solicit new ideas and feedback on existing programs to continue delivering on our mission and nurturing an inclusive workplace.

"The complex challenges facing the world today require companies to adopt a multi-stakeholder approach and reorient focus on creating meaningful value that includes, but also expands beyond, financial performance. PayPal remains committed to collaborating across sectors to advance this critical work to create a more equitable global economy. By operating with this sense of purpose and guided by our values, we leverage our platform, brand and voice to advance matters of societal importance and are well-positioned to deliver against our inclusive mission for our colleagues, customers and communities around the world."

Franz Paasche
SVP, Chief Corporate Affairs Officer

Civic Action at PayPal

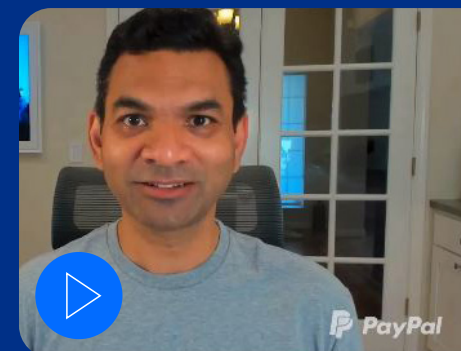
At PayPal, we believe in fostering a transparent culture where all voices can be heard and where everyone can participate. Unfortunately, many individuals regularly decline or are unable to vote due to competing professional and personal demands. In an attempt to find a solution to this challenge, in 2018, we co-founded [Time To Vote](#), a business-led, nonpartisan coalition focused on ensuring all U.S. employees have the time and opportunity to vote. In 2020, this coalition grew to nearly 2,000 companies (from ~400 in 2018), representing 9.5 million American workers.

Acknowledging the critical nature of the 2020 U.S. election and the extraordinary circumstances brought about by COVID-19, we intensified our commitment to Time To Vote by giving all of our U.S.-based employees four hours off on Election Day. **Under this program, nearly half of our U.S.-based hourly wage employees took time off to vote on Election Day.**



We also created PayPal Votes, a non-partisan civic engagement initiative designed to empower our employees and customers to vote in the November 2020 U.S. elections. Activities included raising funds through Venmo to supply state and local governments with personal protective equipment to safely carry out their elections, employee volunteer opportunities (e.g., letter writing and poll worker campaigns) and conversations with national leaders on civic participation and voter education. We were also a premier partner of the first ever National Vote Early Day, an initiative focused on informing voters of early voting options to encourage safe participation in the U.S. election.

We plan to renew our commitment to Time To Vote for the 2022 U.S. midterm elections and will explore expanding the PayPal Votes program to other global offices to ensure that all of our employees have the ability to participate in civic engagement.



Our PayPal Votes program empowers employees and customers to engage in their civic duties

Time To Vote

TIME TO VOTE GREW TO NEARLY 2,000 COMPANIES

³ Harvard Business School, [PayPal: The Next Chapter](#).

Refreshed ESG Materiality Assessment

In early 2020, we completed our first comprehensive ESG materiality and prioritization assessment, which identified the 19 key ESG topics and seven priority issues critical for PayPal to manage to drive long-term business performance and societal impact. The process included a full landscape assessment, engagement with 130 internal and external stakeholders and an in-depth internal topic analysis and prioritization. The results were published in our [2019 Global Impact Report](#). We plan to conduct thorough assessments every few years.

Given the importance of reflecting current and emerging trends, we undertook a high-level review of the ESG materiality map earlier this year. This review accounted for new feedback from internal and external stakeholders, shifting global economic and ESG trends and priorities, our current business strategy and other standard updates. While reaffirming the importance of our previously designated priority issues, the exercise also led to select changes to simplify and reprioritize some key ESG topics illustrated in the updated materiality matrix.

2021 Materiality Assessment Updates

- Increasing prioritization from internal and external stakeholders on employee wellness, support for small businesses, advancement of an equitable and inclusive society and community engagement
- Streamlining of certain topics to better reflect key issues (i.e., water and waste management consolidated under natural resource management)
- Emerging trends and opportunities regarding climate change, product innovation, human rights and supply chain management

KEY ENGAGEMENT TOPICS

COVID-19 business impacts and response

Opportunities to continue empowering Diversity, Inclusion, Equity & Belonging (DIE&B) and employee wellness

Risk oversight of data privacy, protection and security matters

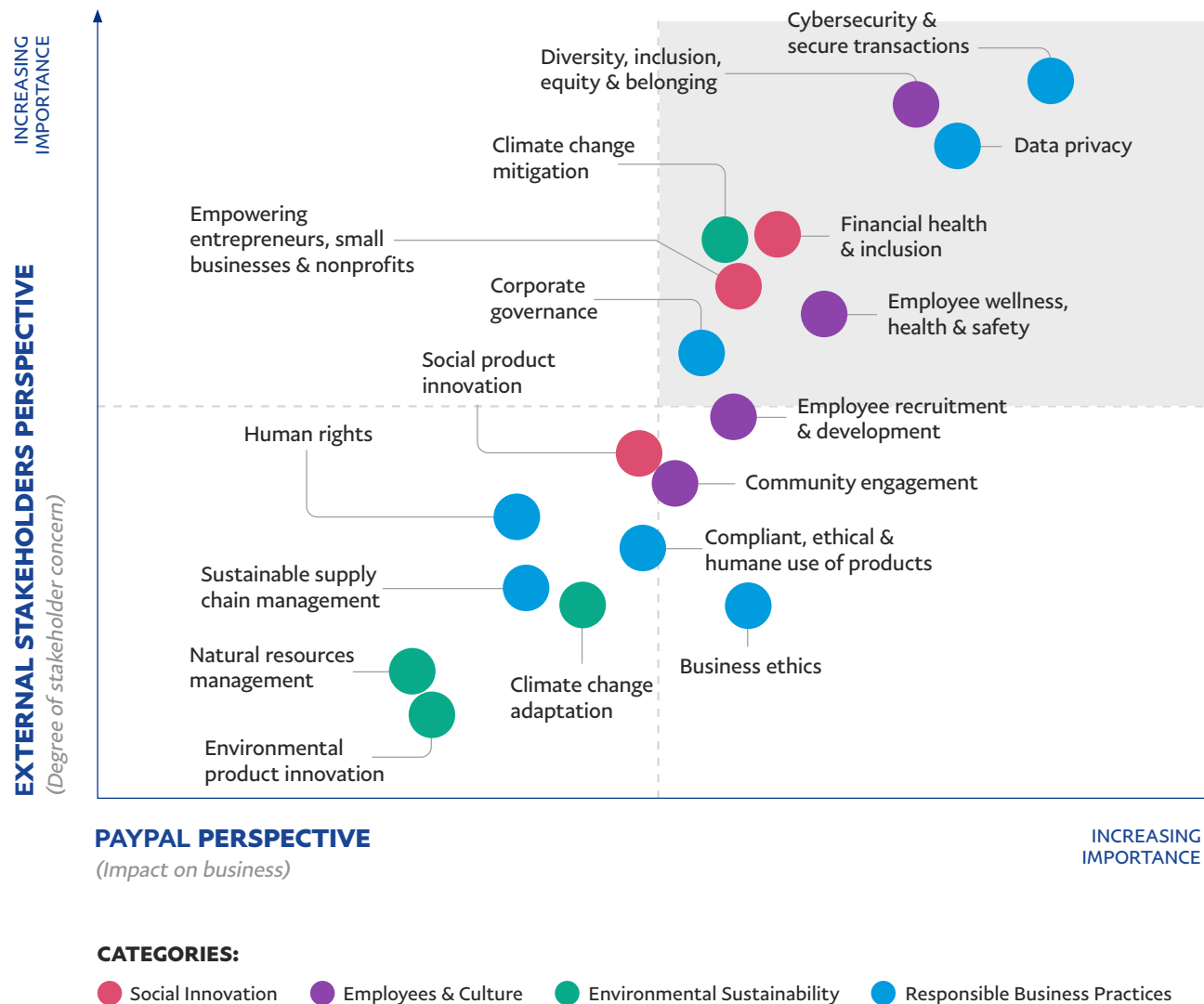
Human capital (global talent) approach and measurement

Strategy and progress on addressing climate change

ESG disclosure improvements and approach to stakeholder capitalism

2021 ESG Materiality Map

The revised map identifies 18 key ESG topics, eight of which are designated priority issues for PayPal's ESG strategy.⁴ This year, we ascribed increased importance to employee wellness, health and safety, given the current and future impacts of the pandemic. The findings from this assessment continue to serve as a key input as we refine our programs, disclosures and resources.




⁴ As designated by those topics located in the shaded, upper right-hand quadrant of our materiality map.

Our Support of the U.N. Sustainable Development Goals

The [United Nations' Sustainable Development Goals \(SDGs\)](#) are a collaborative, global effort to achieve a better and more sustainable future for all. Represented by 17 Global Goals and 189 targets, the SDGs address challenges of poverty, inequality, climate change, environmental degradation, peace and justice. Throughout PayPal, we consider opportunities to align our business activities and key priority areas with these important goals.

Through our U.N. SDG contribution mapping efforts in 2019, we identified key areas where we have the greatest influence and impact through our business strategy, products and services. We revisited this mapping exercise and found that PayPal makes a direct, positive contribution to 11 of the 17 SDGs (with the greatest impact on the six goals listed below). Nonetheless, we remain committed to responsibly managing our operations and supporting our communities consistent with all of the Global Goals.

In 2020, we became a member of the [U.N. Global Compact \(UNGC\)](#), an initiative that encourages businesses to adopt sustainable and socially responsible policies in alignment with the U.N. SDGs. The UNGC's Ten Principles are deeply connected to PayPal's mission, values and enterprise-wide ESG strategy, and we believe we have a responsibility to our stakeholders to operate our business in alignment with these tenets. For our complete set of ESG metrics that align to UNGC, please see the [Appendix](#).



In early 2021, we announced our participation in the [U.N. Generation Equality Forum](#), where PayPal was selected as a private sector lead for the Economic Justice and Rights Action Coalition. Promoting women's economic empowerment is essential for an inclusive global economy and we look forward to collaborating with others over the next five years to drive meaningful progress.



GOAL 1
Target 1.4: *Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources*

- PayPal continues to support its global customers, particularly those underserved by today's financial system, by introducing new products, services and initiatives.
- We provided \$15 million in targeted grants to Black-owned small businesses, expanded Instant Transfer across PayPal, Venmo and Xoom for real-time access to funds and enabled 50 million donors to contribute to more than 1 million nonprofits and personal causes.

GOAL 5
Target 5.5: *Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life*

- We remain focused on cultivating an inclusive culture of equal opportunities for all, including maintaining global gender pay equity, developing women-focused sponsorship programs and advocating for public policies aligned with our values, such as the Pregnant Workers Fairness Act.
- We recently submitted our application to join the [U.N. Women's Empowerment Principles](#) and are committed to the ongoing disclosure of transparent workforce representation metrics.

GOAL 8
Target 8.10: *Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all*

- We leveraged our partnerships to expand global financial access, working towards our goal of serving one billion daily users.
- We joined the Tech for Good partnership to support millions in Latin America and the Caribbean, supported the Buy from the Bush program in Australia and worked with Banco Azteca in Mexico to connect their digital customers with our nearly 30 million global merchants.

GOAL 9
Target 9.3: *Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit*

- Since 2013, we've provided over \$20 billion in capital through more than 1 million loans to small and medium-sized businesses (SMBs).
- In 2020, PayPal facilitated more than \$2 billion in loans through the U.S. SBA Paycheck Protection Program to businesses struggling through the pandemic, launched Venmo business profiles, joined with Captalys to offer financing solutions to SMBs in Brazil and invested in global fintech startups, such as Hey in Japan.

GOAL 10
Target 10.C: *Reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%*

- We continued to provide low-cost money transfer services through Xoom, where our average remittance costs remained below 3% globally in 2020.
- We also expanded our services to allow for secure remittances from customers in U.S., U.K., Canada and Europe directly to mobile wallets in 12 markets in Africa.

GOAL 17
Target 17.17: *Encourage and promote effective public, public-private and civil society partnerships*

- We've continued our close collaborations with leading groups, including the World Economic Forum, the U.N. Secretary-General's Special Advocate for Inclusive Finance for Development and Northeastern University.
- We've also begun new partnerships with the U.N. Generation Equality Forum, UNGC, World Resources Institute, Australian Research Council and JUST Capital, among others.

2020 Highlights

KEY FINANCIAL AND OPERATIONAL METRICS

REVENUE OF \$21.45B growing 21% on a spot basis and 22% FXN⁵

377M ACTIVE ACCOUNTS, UP 24%⁶ 72.7M net new active accounts, an increase of 95% year over year

\$936B TOTAL PAYMENT VOLUME An increase of 31% year over year on a spot and FXN basis

MORE THAN 1K TRANSACTIONS PER SECOND During the busiest moments of the holiday shopping season, PayPal processed more than 1K transactions per second

26.5K GLOBAL EMPLOYEES including approximately 12.3K located in the U.S.⁶

Recent Corporate Awards



Fortune's Blue Ribbon Companies of 2021



Newsweek's Most Trusted Awards 2021



Engage for Good Golden Halo for Business Award



Glassdoor Best Places To Work



Financial Times "Diversity Leaders 2021"

KEY ESG METRICS

SOCIAL INNOVATION

\$4.6B IN ACCESS TO CAPITAL

Provided more than \$4.6B in access to capital to small and medium-businesses (SMBs), including more than \$2B in Paycheck Protection Program (PPP) loans through the U.S. Small Business Administration

Supported over 15M SMBs on our platform, accounting for nearly 50% of our total revenue⁷

ASSISTED OVER 15M GLOBAL SMBs

\$300M+ TO ADDRESS ECONOMIC INEQUALITY

Deployed over \$300M of our \$535M commitment to help address economic inequality and bolster internal programs to drive transformative social change

The PayPal community donated nearly \$17B to nonprofits and causes, including over \$2M raised for 40K campaigns through the Generosity Network, our new crowdfunding platform

\$17B TO NONPROFITS AND CAUSES

2.76% AVERAGE REMITTANCE RATE

Continued to offer affordable global remittance services below 3% and expanded Xoom for customers to receive secure remittances to their mobile wallets in 12 new markets in Africa

EMPLOYEES & CULTURE

84 OVERALL ENGAGEMENT SCORE

Increased overall Engagement score among employees to 84, up 4 points from last year, putting PayPal in the top 5% of our benchmark⁸

Reached at least 18% PayPal-defined estimated net disposable income (NDI) for our U.S. employees, making significant progress towards our goal of 20% globally as part of our Employee Financial Wellness initiative

18% PYPAL-DEFINED ESTIMATED NDI⁹

56% DIVERSE WORKFORCE REPRESENTATION¹⁰

Maintained majority diverse workforce representation, including 43% women globally and 52% U.S. ethnic diversity¹¹

Employees volunteered a total of 51.2K hours to support charities and other nonprofits around the world

50K+ HOURS TO SUPPORT NONPROFITS

10.5% ANNUAL TURNOVER RATE

Our annual turnover rate fell to 10.5%, continuing to demonstrate levels below industry trends¹²

ENVIRONMENTAL SUSTAINABILITY

Set a goal to reach net-zero greenhouse gas (GHG) emissions across our operations and value chain by 2040

2040 NET-ZERO EMISSIONS GOAL

25% SCIENCE-BASED GHG TARGET BY 2025

Set our science-based targets to achieve 25% operational emissions reduction (from 2019 baseline) and a 75% vendor engagement target by 2025

Matched 98% of the energy from our data center operations with renewable generation, well on track to achieve our goal of reaching 100% by 2023

98% RENEWABLE ENERGY ACROSS OUR DATA CENTERS



Invested in four high-impact projects that are creating climate transition opportunities in financially underserved communities around the world

Thousands of employees engaged during Earth Day and Climate Week to learn about remote work sustainability and zero-waste living



RESPONSIBLE BUSINESS PRACTICES



Hosted PayPal's first Privacy Awareness Week across 11 global sites to continue building our privacy-first culture, and refined PayPal's Data Management Principles

Improved our transaction loss rate to 0.12% through programmatic initiatives such as the creation of the Fraud Detection Command Center

0.12% TRANSACTION LOSS RATE¹³

45% DIVERSE BOARD DIRECTORS

45% of our Board of Directors are women or from diverse ethnic groups

Committed to incorporating the management of critical ESG topics into our executive annual incentive program and performance evaluations in 2021



48% U.S. HOURLY EMPLOYEES TOOK TIME OFF TO VOTE

48% of U.S. hourly employees took advantage of company-provided time off for voting in the 2020 U.S. election as part of PayPal Votes

⁵ Foreign exchange rate neutral.
⁶ As of December 31, 2020.

⁷ Global SMBs as defined by the OECD definition of small and medium enterprises that utilize our core PayPal platform, Zettle products and PayPal Credit products. Excludes marketplaces and eBay-related revenue and merchants.

⁸ Engagement score includes whether they would recommend PayPal to their peers and/or are happy at PayPal. Our benchmark includes top technology companies.

⁹ The PayPal-defined net disposable income is the discretionary income remaining for our employees after taxes and typical living expenses are paid.

¹⁰ Global women or U.S. ethnically diverse men.
¹¹ U.S. ethnic diversity includes those employees identifying as Black, LatinX, Asian or Other.

¹² Industry trends based on U.S. Bureau of Labor Statistics.
¹³ Transaction loss rate represents transaction losses (including expensing associated with buyer and seller protection programs, fraud and chargebacks) divided by our TPV (Total Payment Volume).

Message from Our President & CEO

About PayPal

2020 Highlights

Social Innovation

- Economic Empowerment
- Financial Health
- Powering Giving

Taking Action for Racial Equity & Justice

Employees & Culture

Environmental Sustainability

Responsible Business Practices

Appendix

Social Innovation

We are on a mission to create a world where everyone has the opportunity to participate and thrive in an inclusive economy. We believe it is our responsibility to extend our capabilities, resources and expertise to democratize financial services and drive economic inclusion and financial wellness throughout the world.

Our Social Innovation strategy guides this global mission by empowering individuals and small businesses to achieve economic prosperity, promoting widespread financial health and facilitating the growth of charitable giving. In 2020, this mission was put to the test as more people than ever before relied on our products and services to meet their daily challenges.

PayPal Ventures for Social Innovation

We believe PayPal is uniquely positioned to help develop and grow financial technology startups. Through [PayPal Ventures](#), we invest in companies bringing innovative solutions to market that support our mission to democratize financial health and empower economic success. Below are just a few examples of strategic investments we made in 2020:

Even responsible on-demand pay platform provides earned wage access (access to earned income before pay date) to support short- and long-term financial wellness for employees.

Neon, a Brazilian fintech, offers digital banking to under-banked populations.

Divvy provides expense management, digital accounting tools, enhanced user experience and Paycheck Protection Program (PPP) loan distribution to SMBs.

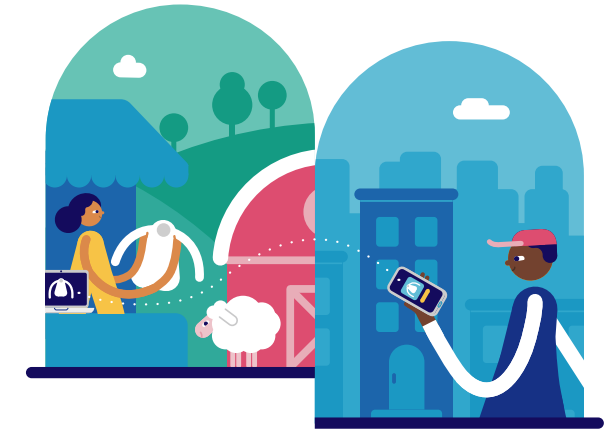
hey helps small businesses in Japan set up online retail footprints and process digital payments.

¹⁴ Read more in the reports published on programs in [Latin America](#), [Europe](#) and the [U.S.](#)

Economic Empowerment

Serving our customers – particularly Black and underrepresented communities and small businesses facing extreme hardship through COVID-19, racial injustices and worsening climate events – has and will continue to be critical to advancing our mission.

Powered by our ongoing commitment to innovation, throughout 2020 we continued to use our platform, products, services and partnerships to empower our most impacted consumers, merchants and communities around the world.



400
SMALL RURAL
BUSINESSES
SUPPORTED

Buy from the Bush (BFTB) program in Australia

- Supported [BFTB](#), an online marketplace enabling more than **400 small businesses** in rural areas to reach customers in urban areas, delivering economic support in regions hardest hit by drought, bushfires and COVID-19 restrictions. BFTB champions regional Australian women, with **97% of businesses female-owned**.

Banco Azteca partnership in Mexico

- Provided **10M digital customers** of Banco Azteca access to PayPal's network of nearly 30M merchants around the world and wide range of products, as well as supporting the overall digitization of the Mexican economy.

ENABLED
10M
DIGITAL
CUSTOMERS

Tech for Good Partnership in Latin America

- Joined Mastercard, Bancolombia, Banco Galicia, Citibanamex and MercadoLibre to launch a first-of-its-kind private sector agreement to accelerate digital and financial inclusion for millions in the Latin American and Caribbean region.

Canada Indigenous Peoples Project

- Hosted a workshop of Indigenous business leaders and experts from the First Nations community to learn about the barriers for Indigenous business owners as they tackle e-commerce, including lack of connectivity and credit.
- Published a [white paper](#) to help educate the public and private sectors on how to unlock the full potential of Indigenous entrepreneurship in Canada.

Finance Forward with Village Capital

- Since 2019, supported nearly **90 early-stage businesses** building tech-enabled solutions to improve the financial health of over **1M individuals** and **100K small businesses** around the world.¹⁴

REACHED
1M
INDIVIDUALS

100K
SMALL
BUSINESSES

Enabling E-Commerce Growth in China

We acquired the remaining equity stake in GoPay, expanding our ownership of the payments platform and allowing us to further contribute to the growth of China's e-commerce and payments ecosystem.



Equipping Small- and Medium-Sized Businesses (SMBs)

Throughout 2020, small businesses around the world were overwhelmingly impacted by the challenges of managing through the global pandemic. Integral to our ability to support SMBs are our efforts to assess and understand the unique challenges and opportunities they face, which enables us to promote opportunities, best practices and training to help them succeed. Recognizing their hardships, we worked swiftly to harness our scale and innovation to prioritize the needs of SMBs.

PRODUCTS & PARTNERSHIPS

Since 2013, PayPal provided over \$20B in capital through more than 1M loans

\$4.6B
IN CAPITAL
TO SMBs

In 2020, PayPal provided \$4.6B in capital to SMBs, through our PayPal Working Capital and PayPal Business Loans products, as well as access to loans through the U.S. Small Business Administration Paycheck Protection Program (PPP), providing a lifeline as many struggled under the economic pressures of COVID-19.

For PPP loans facilitated by PayPal that were below \$150K, 54% were disbursed to areas where **minorities made up more than 25%** of the population, while only 39% of total U.S. PPP loans were disbursed to the same ZIP codes.¹⁵

54%
OF PPP LOANS TO
MINORITY AREAS

\$15M in grant funding to Black-owned businesses

1.4K
BLACK-OWNED
SMBs

Supported nearly 1.4K Black-owned small businesses, 62% of which were women-owned, with immediate cash grants.¹⁶ For more information on how we supported Black-owned businesses and individuals, see [Taking Action for Racial Equity & Justice](#) section.

62%
WOMEN-OWNED

QR code rollout in 28 markets around the globe

To help business owners safely resume operations during the pandemic, we rolled out QR code payments on PayPal, Venmo and Zettle (U.K. and Germany only). PayPal QR codes are accepted by over 600K small businesses and will be available across hundreds of stores from **29 large global businesses**, including CVS, Foot Locker, Nike, Levi's, Bloomingdale's and Macy's.

ACCEPTED
BY OVER
600K
SMBs

Supporting micro & small business merchants in Latin America through our merchant lending program



Teamed up with **Captalys and Konfio** to offer financing lines in Brazil and Mexico, respectively, to facilitate access to cash and liquidity for micro and small businesses facing the dual challenges of the pandemic and difficulties receiving credit approval from traditional financial institutions.

Since 2019, we facilitated over 1K loans to local businesses and expect continued growth.

OVER
1K
LOANS TO LOCAL
BUSINESSES

Supporting restaurants during COVID-19 through Ritual partnership

OVER
\$2M
IN DISCOUNT
PURCHASES

Partnered with **Ritual** to provide restaurants in Los Angeles and New York with commission-free access to its online ordering platform. This included waiving subscription and processing fees and providing \$1M in each market toward discounted purchases for customers of participating businesses at PayPal's expense.

Giving businesses more visibility with Venmo business profiles

Launched Venmo business profiles to help small businesses and sole proprietors organize their business transactions, easily accept payments from customers touch-free and get discovered by their communities. Since the service launched in July 2020, more than **150K businesses** have signed up.

150K+
VENMO BUSINESS
PROFILES

15M+
SMBs ON OUR
PLATFORM IN
2020¹⁷

SMBs
ACCOUNT FOR
49.7%
OF TOTAL
REVENUE¹⁸



Lone Stone Farm Grows with QR Codes

Supporting SMBs throughout COVID-19

To help the small business community more broadly access critical, business sustaining funds throughout COVID-19, PayPal facilitated more than \$2B in PPP loans to SMBs across the U.S., with 75% of the loan portfolio consisting of loans under \$25K and an average loan size of \$28K.

\$2B+
IN PPP LOANS
TO SMBs

75%
OF PPP LOANS
UNDER 25K

AVERAGE LOAN
SIZE OF
\$28K

¹⁵ These findings are based on a PayPal research study released in October 2020 utilizing transaction data of U.S. businesses [Resilience and Growth During the COVID-19 Pandemic]. The study analyzed the SMB recipients of PayPal-facilitated PPP loans, which showed that most loans went to the most underserved SMBs and most businesses grew after receiving the funding.

¹⁶ For more information on who is eligible to receive the grants, visit <https://aeoworks.org/paypal-faq/>.

¹⁷ SMBs as defined by the OECD definition of small and medium enterprises. See the OECD Glossary of Statistical Terms available at <https://stats.oecd.org/glossary/detail.asp?ID=3123>. Only includes SMBs from our core PayPal platform, excluding eBay merchants.

¹⁸ Estimated revenues from global small and medium-sized businesses as defined by the OECD that utilize our core PayPal platform, Zettle products and PayPal Credit products in proportion to our 2020 total revenue. Excludes marketplaces and eBay-related revenue. We will continue to evaluate opportunities to improve our methodology.



Empowering Bronx Native in the U.S. & Big Bakes in England

THOUGHT LEADERSHIP & ADVOCACY

Understanding the importance of digitization & capital access for SMBs during the pandemic



SMBs in the U.S. that incorporated digital commerce tools (digital SMBs) have been better able to navigate the pandemic and, in many instances, even grow.¹⁹

Digital SMBs saw 25% year-over-year growth in Q2 of 2020, compared to a publicly reported drop in revenue for overall SMBs¹⁹. This underscores the importance of digitization for SMBs and how online commerce offers a path to recovery and growth in a post-pandemic world.

25%
DIGITAL SMB
YOY REVENUE
GROWTH

Empowering Black-owned SMBs in a digital economy

Provided training on e-commerce skills and best practices for achieving entrepreneurial success.

220+
BLACK SMALL
BUSINESS OWNERS
RECEIVED TRAINING

95%
NOTED POSITIVE
IMPACT

Over 200 Black small business owners were connected to custom webinars on positioning their business for success during digital retail moments, like Black Friday and Cyber Monday, and ways to get paid offline and online.

95% of participants said they learned something that would have a positive impact on their business.

Shining a light on international SMBs impacted by COVID-19



Harnessed the power of our two-sided network in a targeted marketing campaign to encourage immediate financial support of 120 SMBs in [Mexico](#), [Japan](#), [Singapore](#), [India](#) and [Brazil](#) by spotlighting what sales and support would mean to these businesses during this time.

The campaign, **#SupportLocal by PayPal**, is providing these businesses with direct financial relief and extra exposure to a consumer base of more than 25M people per region.

120
INTERNATIONAL
SMBs SUPPORTED

EXPANDING
EXPOSURE TO
25M+
CONSUMERS

Small Business Month takes on new meaning

Coordinated the third annual **PayPal Small Business Month** in May, aimed at empowering small businesses and promoting the benefits of digitization for entrepreneurs to survive and thrive. As the COVID-19 crisis progressed, the campaign quickly shifted to partnering with organizations like Small Business Roundtable and government stakeholders to advocate for immediate support to underserved small businesses across the U.S.



Manie Schweigert
Sr. Product Manager, Checkout & Beyond
San Jose, CA, U.S.

"During this pandemic, many of our small business merchants, entrepreneurs and gig workers have struggled to stay afloat. As we emerge from this pandemic, I am so proud to be part of PayPal as we come alongside our small business merchants to help them transition into the digital economy."

Our Continued Work in 2021 to Sustain Global SMBs

- Launching a new lending solution in India in partnership with Flexiloans, and integrating Zettle Advance offerings in Germany and U.K. into [PayPal Working Capital](#). These offerings will help small- and medium-sized merchants and freelancers access collateral free loans unavailable through traditional financial institutions.
- The American Chamber of Commerce (AmCham) launched the [PayPal Center of Excellence for Small Business \(COEX\)](#) in February 2021 to provide information and resources on business intelligence and trends for SMBs in Hong Kong. Through the platform, SMBs can access curated offerings to meet business needs and connect with multinational corporations (MNCs) to develop commercial partnerships. In Q1 2021, COEX launched an SMB survey to understand different needs and obstacles that SMBs face, as well as kicked off a series of pitch competitions for startups to showcase inspiration, connect with MNCs and build a successful, sustainable innovation community in Hong Kong.

Lami Ibrahim
Sr. Marketing Manager, Merchant Lifecycle
London, U.K.

"We shared stories in our virtual town halls, ERGs' events and partnered with site leaders to really embed the mission into our U.K. culture. I'm most proud of our exciting partnership with Kwanda and our U.K. [business] investment into the Black SMB community."

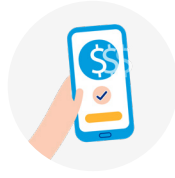
¹⁹ These findings are based on a PayPal research study released in October 2020 utilizing transaction data of U.S. businesses [[Resilience and Growth During the COVID-19 Pandemic](#)]. The study analyzed the SMB recipients of PayPal-facilitated PPP loans, which showed that most loans went to the most underserved SMBs and most businesses grew after receiving the funding.

Financial Health

We believe that managing money should be simple, straightforward and affordable for everyone so that all individuals have an opportunity to participate and thrive in the global economy. Given this belief, we are committed to improving financial health for people around the world to better manage their financial lives and pursue their dreams.

Providing Quick Access to Funds

- Working with the U.S. Treasury, PayPal helped provide free options for people to receive their **stimulus funds quickly and safely** through direct deposit and check capture capabilities. PayPal and Venmo processed over **\$342 million** in stimulus payments to individuals in 2020, **waiving check-cashing fees** to ensure they could access and use their stimulus funds as quickly as possible.
- In 2020, we launched **Direct Deposit on Venmo**, allowing eligible customers to access paychecks and stimulus payouts sooner – up to two days early compared to standard banking practice.²⁰ We also introduced a new **Cash a Check feature**, offering Venmo customers a quick, seamless and secure way to cash paper checks directly from the Venmo app.
- We expanded our popular **Instant Transfer** service through our global partnership with Visa to provide real-time access to funds for consumers and small businesses sending or receiving money via PayPal, Venmo or Xoom.



Enabling Flexible Payments

- In 2020, we introduced **Buy Now, Pay Later** – “Pay in 3” (U.K.) and “Pay in 4” (U.S. and France) – short-term installment payment options that give consumers additional choice and flexibility in how and when they pay for major purchases without additional costs, while helping merchants drive sales in a challenging retail and economic environment.
- We saw tremendous and growing demand for the product – after launching in October 2020, PayPal had almost **3 million customers** using Buy Now, Pay Later at **hundreds of thousands of merchants** by the end of the year.

Helping People Make the Most of their Money

- We **expanded our Xoom** money transfer service to allow customers in the U.S., U.K., Canada and Europe to send secure money transfers directly to mobile wallets in **12 markets in Africa**. The average cost to send remittances with Xoom continually remains **below 3% globally** (2.76% in 2020) and **3.70% to Africa**, well below the average 8.2% via traditional channels.²¹
- Following the successful completion of our acquisition of **Honey**, we **expanded the service into the U.K. and Australia**, providing shoppers in these key markets access to Honey’s price-watching and coupon code tracking capabilities to enable smarter purchasing decisions.

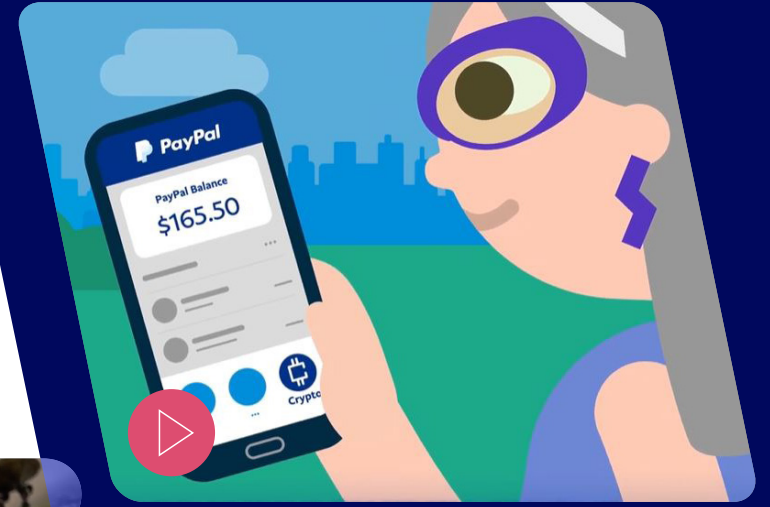


Expanding secure money transfer services through Xoom



Julian King
VP, GM Consumer
San Francisco, CA, U.S.

“In 2020, PayPal’s Xoom team doubled down on the core strategies of speed, convenience, value and accessibility. Each transfer we were able to support meant food on the table, medicine when needed and maybe even a tablet to support education.”



Crypto with PayPal

Investing in the Future of Digital Financial Services

As the new digital economy comes into focus, we must accelerate our efforts to shape the next generation of digital currencies and corresponding financial infrastructure so that they prioritize financial inclusion and access. We’ve taken positive steps in the cryptocurrency space to build new sources of value for our customers. In 2020, we began allowing PayPal users in the U.S. to buy, sell and hold select cryptocurrencies directly through PayPal, and supported responsible financial decision-making by implementing consumer protections, such as weekly purchase limits and providing educational resources explaining the benefits and risks of cryptocurrencies.²²

Our ongoing efforts will aim to open global commerce for whole new segments, and bring the opportunity of digital commerce to hundreds of millions of people worldwide. We are also working with central banks and regulators to help shape the future of digital currencies. We’ve created a new business unit, Blockchain, Crypto and Digital Currencies, to help drive these efforts.

²⁰ Early access compared to standard banking practice of posting funds at settlement. Venmo will post funds as soon as notice is received from employer. Certain employers and payroll providers may send funds 1-2 days in advance of payday. It is up to the employer to submit paycheck information early. Exact arrival time of funds can vary.

²¹ According to the World Bank Remittance Prices Worldwide Quarterly, available at https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q42020.pdf.

²² https://www.paypal.com/us/webapps/mpp/crypto?utm_medium=hpmod&utm_source=paypal&utm_campaign=crypto.

Powering Giving

In a year that saw a global pandemic, an increased call to action against racial injustice and multiple natural disasters, the need for mission-driven organizations and charities was greater than ever. Throughout 2020, we used our technology and scale to support organizations and provide customers with new ways to directly connect with and give to the causes close to their hearts.

PayPal's Giving Platform enabled **more than 50 million donors to contribute approximately \$17 billion to more than one million** nonprofits, schools, campaigns and crowdfunders, including \$12 billion to charities. This includes our **Give at Checkout** feature, which allows consumers to give \$1 when they check out with PayPal, as well as set their favorite charity so they have the option to donate each time they check out. In a year after launch, Give at Checkout converted more than one million users into first-time donors and engaged more than five million donors in total.²³

Giving looked very different in 2020, as consumers utilized virtual networks to safely give from their homes during the pandemic. We supported over 4.4 million individuals, up 30% from 2019, to contribute close to \$400 million to personal fundraising campaigns. After seeing the growth in peer-to-peer fundraising following the COVID-19 outbreak, we launched the

Generosity Network, enabling customers in the U.S. to create customized campaigns to raise money for individuals and organizations in need. Introduced in September 2020, PayPal users have raised funds for disaster relief, funeral and medical expenses, community efforts and other causes, with nearly 40,000 campaigns raising over \$2 million by the end of 2020.

We also helped our local communities support small businesses through direct contributions, and amplified their fundraising reach through our corporate partners. For example, we worked with Google, Facebook and Spotify to allow businesses and artists to accept donations on their platforms and make it easier for customers to support their favorite businesses through the pandemic.

We launched global campaigns in 13 countries to support racial justice, disaster relief and pandemic recovery. PayPal also donated AU\$500,000 to support charities providing emergency relief and recovery in Australia after bushfires ravaged the country throughout 2020. Through our campaign, we were able to raise an additional AU\$2 million in donations through PayPal thanks to the generosity of millions of individuals around the world and helped raise nearly AU\$100 million through partnerships with Facebook, GoFundMe and Humble Bundle.

LAUNCHED GLOBAL GIVING CAMPAIGNS IN
13
COUNTRIES

5M+
DONORS ENGAGED THROUGH GIVE AT CHECKOUT

4M+
PEOPLE CONTRIBUTED TO CAUSES VIA PERSONAL FUNDRAISING CAMPAIGNS

\$2M+
RAISED VIA GENEROSITY NETWORK

\$64
AVERAGE CONTRIBUTION TO NONPROFITS OR CAUSES

DONATED
AU\$500K
TO AID IN AUSTRALIAN BUSHFIRE RECOVERY

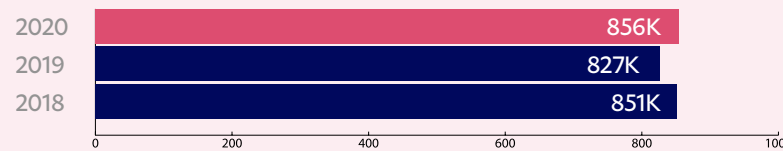


Paola Fuentes
Enterprise Sales Executive
Mexico City, Mexico

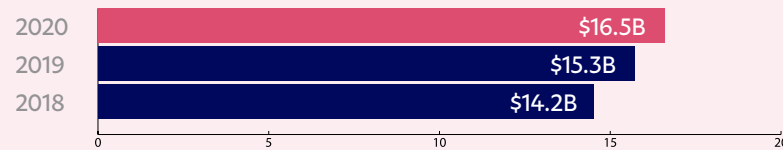
"To get employees onboard to support different activities in a virtual environment, it's important to speak to the impact these efforts have within PayPal and also in our local communities."

Powering Giving: By the Numbers²⁴

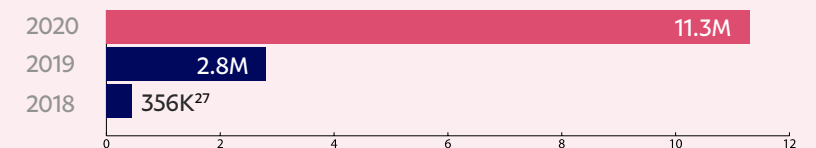
NUMBER OF NONPROFITS SUPPORTED^{25,26}



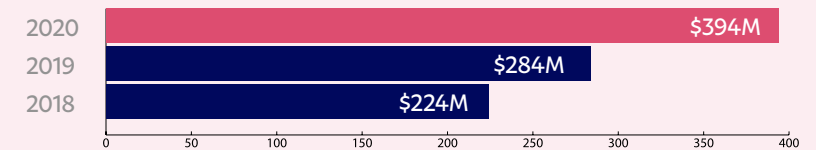
DONATIONS RAISED FOR NONPROFITS²⁶



DONATIONS MADE TO SUPPORT NONPROFITS THROUGH GIVE AT CHECKOUT



RAISED FOR CAUSES THROUGH PERSONAL OR BUSINESS FUNDRAISING



²³ PayPal internal data, July 2019 – June 2020.

²⁴ Our giving methodology presents a comprehensive view of our Powering Giving impact. The data consist of funds processed by PayPal and Braintree to all nonprofits, which include organizations identified as charities, other nonprofits and elementary/secondary schools and universities, as well as donations to individuals and businesses from personal fundraising campaigns.

²⁵ Represents the total number of nonprofit accounts supported each year.

²⁶ Does not include funds raised through personal fundraising.

²⁷ Give at Checkout feature launched late 2018.



CEO Letter

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Appendix

Holiday Giving & Giving Tuesday(s)

Each year, we are humbled by the generosity of the PayPal community, and this year was no different. We saw an unprecedented level of giving through our annual Giving Tuesday and Holiday Giving campaigns in 2020.

PayPal partners with GivingTuesday, the global generosity movement that inspires millions of individuals and organizations around the world to give back to their communities in meaningful ways. Normally a yearly event, the urgent need created by the COVID-19 pandemic prompted the launch of the #GivingTuesdayNow event on May 5, 2020, in addition to the annual moment celebrated on the Tuesday after U.S. Thanksgiving (December 1, 2020). This new event in May helped raise an additional **\$70 million** in contributions.



This year, PayPal processed a record-breaking **\$185 million** globally on Giving Tuesday, the largest amount raised on the platform for the global day of giving since its inception in 2012. This represented a **40%** increase over the previous year, with more than **1.75 million PayPal customers** across **198 markets** donating to causes they care about.

\$70M
CONTRIBUTIONS ON
#GIVINGTUESDAYNOW

\$185M
RAISED GLOBALLY ON
GIVING TUESDAY

DONORS IN
198
MARKETS
PARTICIPATED

New PayPal Giving Fund Partners

In 2020, we saw tremendous growth for the PayPal Giving Fund, the 501(c)(3) public charity that leverages PayPal technology and financial support to fundraise for causes, without charging donors or charities for our services. In total, PayPal Giving Fund enrolled **75,000 charities** and supported our partners in raising **\$500 million** across **14 countries**.

We worked with PayPal Giving Fund to bring on new partners to help us continue making giving a part of everyday life, including:



Working with **Nextdoor** to power Sell for Good, which allows Nextdoor users to choose from thousands of local organizations to help support their neighborhoods, transforming the sale of an old bicycle into a charitable donation.



Partnering with **Give Bkck** to elevate Black nonprofits in the U.S. and advance racial equity in giving.



Providing **Deed** with a global donation delivery system to support their innovative corporate social impact platform.



Supporting **LiveNation** through the pandemic by launching a donation site to collect funds for their furloughed event employees. This was a special project for their CEO called "Crew Nation" and the ability to donate with PayPal was launched within two days, raising over \$10M.

Our goal in 2021 is to add **50,000 charities** to the platform and expand even further globally to benefit charities in **30 countries**.



HOLIDAY GIVING IMPACT²⁸

4%
INCREASE IN
AVERAGE DONATION

**35% INCREASE IN TOTAL
DONATIONS TO OVER
\$2.6B**

13.6M
PAYPAL CUSTOMERS IN OVER 230 MARKETS
DONATED TO CHARITABLE CAUSES

For information on how we harnessed the power of our collective workforce to positively impact local communities around the world, see our [Employees & Culture section](#) of this report.

²⁸ Holiday Giving includes donations made from November 24, 2020 to December 31, 2020.

Taking Action for Racial Equity & Justice

As a company committed to democratizing financial services and leading with purpose, we knew we had a unique opportunity and responsibility to do our part to address the economic underpinnings that fuel the ongoing racial tensions afflicting the U.S.

In 2020, we introduced a \$535 million commitment designed to help address economic inequality, particularly for those hit hardest by the pandemic, as well as bolster our own internal programs and drive transformative change.

Since the announcement, we have deployed over \$300 million to support Black and underserved businesses, strengthen nonprofit partners, invest in Black and LatinX-led community banks, credit unions and early-stage investment funds and deepen our commitment internally to equity.

To find more information on our commitment, please visit our [website](#).

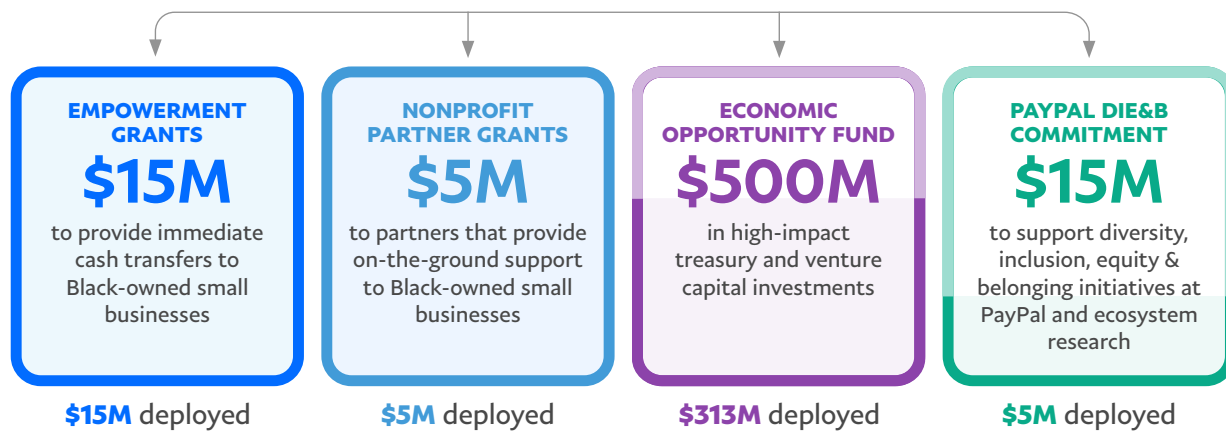


In 2021, we are also standing up to support our Asian and Pacific Islander (API) workforce and community in response to the increase of hate-crimes and anti-API rhetoric. We worked with **Rise Together Against Discrimination**, our API employee resource group, to host workshops on bystander intervention, safe space discussions with senior leaders, counseling sessions and more. We also partnered with **Asian Americans Advancing Justice (AAJC)** to help promote civil rights and legal advocacy for the API community.



\$535M

OVER \$300M DEPLOYED



EMPOWERMENT GRANTS

\$15M fund, in partnership with the Association for Enterprise Opportunity (AEO) to award grants of up to \$10K to approximately 1.4K Black-owned businesses impacted by COVID-19 and civil unrest.

1,391
TOTAL
AWARDEES

62%
WOMEN

53%
SOLE PROPRIETORS

90%
STILL OPERATING
IN Q1 2021



The top five locations of awardees were Atlanta, GA; Philadelphia, PA; New York, NY; Houston, TX; and Chicago, IL

Majority of businesses used the grants to support reopening efforts and/or pay employee wages.

58%
TO PURCHASE NEW
MATERIALS TO
REOPEN

65%+
TO MAINTAIN
PAYROLL OR REPA
OBLIGATIONS

PayPal and AEO also partnered with Deloitte, Facebook, Guidehouse, Adobe, Mastercard and Qualtrics to offer all awardees access to [Resili](#), an online platform for free capacity-building programming, featuring business education webinars, coaching and networking opportunities.

- More than 100 businesses are participating in a business health assessment administered by Guidehouse and Deloitte.



27th St. Bakery, Los Angeles, CA

- Nearly one-third of companies have joined the Facebook group to collaborate and learn.
- All businesses are offered access to webinars and trainings on PayPal's services, Adobe Creative Cloud and through the Mastercard Digital Doors initiative.

"Now, more than ever, it is critical to invest in Black-owned businesses, create a more equitable system and break through the barriers that have historically challenged Black business ownership and wealth creation."

Connie Evans
President and CEO, Association for Enterprise Opportunity

NONPROFIT PARTNER GRANTS

\$5M fund for grants to PayPal's nonprofit community partners that support Black businesses. The program aims to help businesses with COVID-19 recovery, enable organizations to prioritize underserved populations and foster peer-to-peer learning and collaboration.

Funded [20 nonprofit partners](#), including:

- **Black Girl Ventures** to advance over 100 Black and Brown women founders by providing access to community, capital and capacity.
- **Grameen America** to support their microfinance program, which sustains and empowers the Black women entrepreneurs that they serve.
- **Start Small Think Big** to help scale the organization nationally and support Black-owned businesses by providing emergency relief funding and mobilizing a national network of volunteers.



PayPal's grants and contributions have helped nonprofit partners 3:1 to provide mentorship, training, capital and other services

6,900+
BLACK-OWNED
BUSINESSES
SERVED²⁹

8,300+
HOURS of financial education provided by nonprofit partners

70%+ are maintaining or have grown payroll

80%+
ARE STILL
OPERATING^{29,30}

Businesses served have predominantly been in low-income and underserved communities in metropolitan areas including Chicago, IL; New York, NY; Baltimore, MD; Philadelphia, PA; and within California.

Through the #MakeTheCommitment campaign, **140+ PayPal employees** contributed **\$40K** to support Black-owned businesses. This was on top of the **160+ employees** that donated **\$60K** to our racial justice fundraising campaign. We also matched \$2 for every \$1 employees donated and \$20 for every volunteer hour contributed to the organizations, up to \$500K.

- **200+ employees** have contributed **600+ hours** (with a total commitment of **2K+ hours**), leveraging their expertise to support Black-owned businesses through pro bono coaching and mentoring.
 - **20 employees** kicked off the **1863 Ventures** mentorship program, where employees leverage their expertise, network and knowledge of PayPal products to help Black small business owners scale.
 - **30 legal and marketing employees** contributed **425 pro bono hours** to help Black small businesses draft website terms of use agreements.

"At a time when underserved communities of color are disproportionately affected by the current crisis and our vital commitment to racial equity is more important than ever, PayPal's investment in our program will elevate and strengthen an inclusive economic recovery at this critical moment."

Andrea Jung
President and CEO, Grameen America

²⁹ Based on our initial 6-month impact survey of 20 nonprofit partners, of which 18 nonprofit partners reported output data on total number of businesses served and total hours of financial education provided. Twelve nonprofit partners reported outcome data on the number of businesses survived or stabilized and number of businesses able to maintain payroll, reporting on 2,809 and 3,100 of businesses served, respectively.
³⁰ Percentage of Black-owned businesses served with reported outcomes that are still operating as of March 2021.

ECONOMIC OPPORTUNITY FUND

\$500M commitment to target high-impact treasury investments and create generational wealth gap-closing opportunities across the venture capital ecosystem.

- PayPal Ventures committed **\$63M** to nine Black and LatinX-led venture funds, including:
 - **Fearless Fund**, which invests in women of color-led businesses.
 - **Harlem Capital**, which aims to change the face of entrepreneurship by investing in 1K diverse founders over the next 20 years.
 - **Zeal Capital Partners**, which makes inclusive investments in financial services and future of work sectors.
- Invested **\$50M** in the **Local Initiatives Support Corporation (LISC)** – its largest investment – for their Black Economic Development Fund, an impact investment fund built specifically to address economic challenges in the Black community and to help close the racial wealth gap.
- Deposited **\$50M** with **Optus Bank**, which works to dismantle structural racism and the disparities it causes by providing equal access to financial services and asset building opportunities.
- Moved **\$150M** to an underrepresented minority share class of Northern Trust Institutional Government Fund as an interim step as we work to deploy the remaining funds. This directly benefits the firm of **Siebert, Williams, Shank & Co**, a leading minority-owned broker dealer.

"Now more than ever, it's abundantly clear that we need more businesses delivering solutions to bridge the wealth and skills gap at scale."

Nasir Qadree
Founder and Managing Partner, Zeal Capital Partners

DEEPENING OUR DIVERSITY, INCLUSION, EQUITY & BELONGING (DIE&B) COMMITMENT

\$15M commitment to strengthen internal DIE&B programs and promote thought leadership to foster greater awareness, build equity and support recruiting, hiring and career advancement of Black and minority employees.

- Established **dedicated funding sources** to broaden diverse talent pipelines; educate, inspire and engage our employees; and advance advocacy and partnerships to support racial and social justice.
- Embarked on multi-year partnerships with **CodeHouse**, **INROADS** and the **National Association of Black Accountants (NABA)** to develop and hire underrepresented talent. These partnerships will expand PayPal's pipeline of talent and provide development, mentoring and skill building opportunities.
- Driving **thought leadership and partnerships** to understand specific aspects of financial health in the Black community, foster opportunities for public policy advancements to support entrepreneurship and racial equity and promote efforts to bridge the racial wealth gap with SMBs.
 - Partnering with two historically black colleges and universities (HBCUs), **Dillard University** and **Wiley College**, on first of its kind research to understand the specific financial needs and product gaps for the Black community.



Message from Our President & CEO

About PayPal

2020 Highlights

Social Innovation

Taking Action for Racial Equity & Justice

Employees & Culture

Approach to Global Talent Management

Diversity, Inclusion, Equity & Belonging (DIE&B) Strategy

Employee Experience & Community Impact

Environmental Sustainability

Responsible Business Practices

Appendix

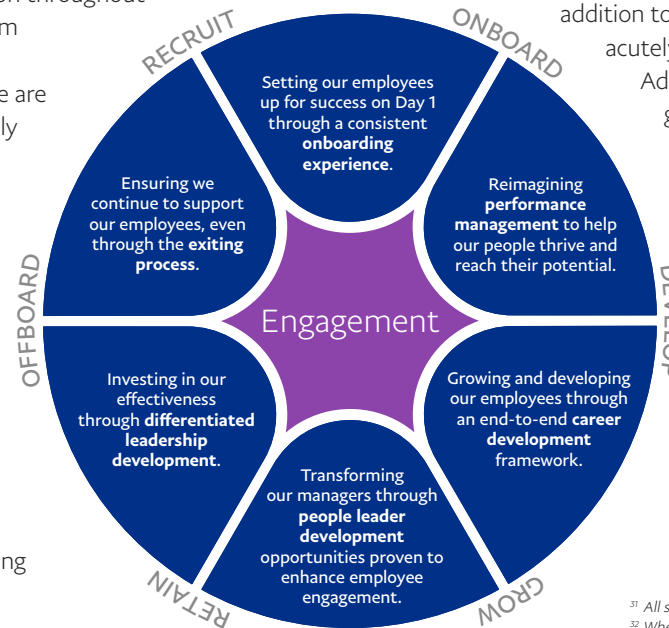
Employees & Culture

We understand that to create innovative products for our customers and provide value to our stockholders, we must attract, develop and retain diverse talent globally by fostering a culture based on our core values of Collaboration, Inclusion, Innovation and Wellness. Our focus on employee total wellness has never been more important than during 2020, when our communities around the world faced unprecedented challenges relating to the COVID-19 global pandemic, the fight for racial justice and equality and the increasing demands on our personal and professional lives.

We responded to these hardships by listening to our employees, introducing new employee wellness resources, identifying opportunities to enhance the employee experience and supporting the local communities where we live and work. We remain steadfast in our mission and continue to find ways to promote a global society that values everyone's authentic selves.

Approach to Global Talent Management

Our global talent (human capital) strategy is deliberately focused on inclusion throughout the full employee lifecycle. From attracting and hiring, through development and retention, we are committed to a culture of highly engaged, thriving individuals with diverse backgrounds and perspectives who feel a sense of pride and belonging at PayPal. We nurture a strong culture of Customer Champions by reinforcing our core values throughout the employee lifecycle, expanding global employee engagement, investing in employee learning and development and promoting workforce wellness.



Employee Engagement Survey

The global pandemic has changed how we collaborate and interact with one another. Throughout 2020, we continued to enrich our employee survey and communication strategies to stay informed on individual working situations and provide support where needed.

This included administering regular global wellness surveys, in addition to our annual survey, to stay attuned to the issues acutely affecting our employees during the pandemic.

Additionally, we added new questions to the survey to gauge employee opinion on our culture of inclusion and belonging, which will serve as a baseline for future programs. Feedback from these employee surveys informed our development of new employee tools and resources, and delivered insights directly to managers across the business to fuel ongoing conversations. Many of these key learnings and newly launched resources will be available to support our global employees going forward.

ANNUAL GLOBAL EMPLOYEE SURVEY HIGHLIGHTS³¹

AT LEAST **85%** OF EMPLOYEES

participated in our annual engagement survey for the second consecutive year.

84 ENGAGEMENT SCORE (+4 POINTS)

Our overall Engagement Score increased 4 points compared to last year's results – placing PayPal in the top 5% of our benchmark.³²

85+ INSPIRATION SCORES

Employees noted they are overwhelmingly inspired and proud to work at the company, reflecting scores of 85 and 88, respectively.³³

82 INTENT TO STAY SCORE

Increasing 4 points from 2019, our employees noted their intention of staying at PayPal in two years, 6 points above our benchmark.

84% OF EMPLOYEES

agreed that diverse perspectives are valued at PayPal.

We also saw improvements in our scores with respect to our ability to take action and remove barriers to execution, up 4 and 6 points respectively.³⁴ The company was focused on improving scores on these two topics based on last year's survey. This year we noted a decline of 2 points in our score for work-life balance and we plan to introduce additional resources as part of our wellness strategy in 2021 to help address this concern and to assist with stress management.

³¹ All scores benchmarked against top technology peers.

³² Whether the employee is happy at PayPal or would recommend PayPal to their friend.

³³ Our new pride score is 7 points above our benchmark and inspiration score is up 5 points from last year.

³⁴ Both scores are 5 points above benchmark.

Talent Acquisition & Development

In 2020, PayPal continued to attract and acquire top talent amid a global pandemic. Once individuals join PayPal, we endeavor to provide opportunities for their continued development and advancement. This includes direct learning opportunities through LinkedIn Learning and other platforms, manager training on how to direct feedback and growth and various initiatives on career development, including networking, mentorship and mobility. To support our employees during the pandemic, we also removed individual performance ratings for 2020 to reduce employee stress and promoted wellness-focused training opportunities.

RECRUITMENT & ONBOARDING

To adjust to the new challenges of remote working, we pivoted our hiring approach to virtual recruitment and onboarding experiences for all new employees. In tandem, we also focused our recruitment efforts on attracting underrepresented talent by deepening our strategic partnerships with historically black colleges and universities (HBCUs), with a focus on expanding our pool of talent in technical fields such as computer science. Furthermore, our PayPal Ventures team established a new Lighthouse Fellowship to coach, train and mentor Black and LatinX business school students interested in venture finance. We are expecting our first cohorts for both programs in 2021. Moving forward, we will continue to focus on early career programs as a key part of our talent attraction strategy.

We also streamlined the onboarding process for new employees, both direct hires and integration of recently acquired talent. In 2020, PayPal completed the acquisition of Honey, a tool that helps consumers save time and money while shopping online. Through this acquisition, we successfully integrated hundreds of new teammates through onboarding and training, systems and tools migration and team alignment.

We shifted our 2020 internship program to a completely virtual environment and successfully onboarded 400+ interns remotely. We worked to create a meaningful experience for each intern, including collaboration on projects that directly impact our customers, such as supporting PayPal's SMBs as they transition operations to accommodate digital-first commerce amid the pandemic. We typically hire approximately three-quarters of our interns following their placement.

LEARNING & DEVELOPMENT

PayPal employees leveraged LinkedIn Learning, which includes a library of more than 16,000 courses, more than ever during the first months of the pandemic (usage of this online resource increased 43% during March and April 2020). In 2020, more than 10,000 employees globally took advantage of this free resource and completed over 550 courses weekly on average (up from 300 in 2019). We also launched the Leadership in Action program for our global customer operations employees, providing five separate learning tracks for differentiated leadership development. In its first year, more than 2,500 leaders globally attended more than 100 sessions. These learning opportunities complement other team or site-based training available to our employees. For example, in Germany, we provide language classes for our non-native speaking German and English employees, and in Singapore we continue to champion skill development and were recently recognized by the Government of Singapore in their 2020 SkillsFuture Employer Awards.

The global pandemic and shift to remote work put new demands on how we lead our teams. We collaborated with a third-party agency to develop targeted people manager workshops focused on "Effective Feedback in Time of Disruption and Distraction" to sharpen their skills for performance conversations that focus on career, development and ongoing feedback without ratings. Over 30 sessions were delivered to our people managers. We are planning to use this module as the first in an ongoing series of workshops offered in 2021 with a special focus on goal setting, ongoing coaching, monitoring and correcting performance.

In 2020, we piloted our new career development experience to over 5,000 employees across 15 global teams, in addition to two site-wide roll outs. These 60-minute live webinars have been made available to both people leaders and individual contributors with additional 30-minute plug-in options available for specific areas of development such as Internal Mobility, Personal Brand and Women in Leadership. Based on positive feedback, we are expanding the pilot program in 2021 with over 30 sessions confirmed ahead of our enterprise-wide launch.

10K
EMPLOYEES LEVERAGED
LINKEDIN LEARNING

COMPLETED
550
COURSES WEEKLY
ON AVERAGE

5K
EMPLOYEES PILOTED NEW
DEVELOPMENT PROGRAM

Developing Purpose-Driven Leaders with Fortune CONNECT

In partnership with Fortune and several other leading companies, PayPal was a founding sponsor of a new membership community focused on developing high-potential, emerging leaders with the skills necessary to lead in the new stakeholder capitalism context. Called [Fortune CONNECT](#), the leadership development program identifies mid-career/executive track professionals and helps them build new knowledge, leadership skills and networks to drive profit and purpose. In early 2021, PayPal selected 25 Fellows to participate in the program and we plan to grow our cohort to 100 by the end of the year.



Arthur Taylor
Sr. Director, Global Head of
Compliance Investigations
Chandler, AZ, U.S.

"We've worked to ensure that even though we're in a remote environment, our employees don't lose any traction for their professional development and for their career development and aspirations."



26.5K
(12.3K U.S.)
TOTAL EMPLOYEES³⁵



150
TOTAL
NATIONALITIES



10.5%
ANNUAL
TURNOVER RATE³⁶



30+
TOTAL COUNTRIES



~50
OFFICE LOCATIONS

³⁵ As of December 31, 2020.

³⁶ PayPal annual turnover rate continues to be below U.S. industry trends based on [U.S. Bureau of Labor Statistics](#).

Employee Wellness

As our employees do their best to manage their ever-intersecting lives between work and home, we continue to champion their financial, physical and mental health by leading with empathy and compassion, promoting flexibility, offering needed benefits and resources and adjusting our approach to reflect ongoing feedback.

PRIORITIZING EMPLOYEE FINANCIAL WELLNESS

In 2019, we launched our Employee Financial Wellness initiative to strengthen the financial security of our global employees. Through this program, we raised wages (where appropriate), expanded benefits, reduced healthcare costs and gave every employee an ownership stake in the company. In 2020, we continued to build out this program by providing one-on-one, no-fee financial education and coaching globally, targeted wellness grants and stipends to offset the costs of remote working for eligible employees, earned wage access (access to earned income before pay date) for our U.S. employees through our partnership with [Even](#) and enhancements to our retirement and pension plans in the U.S. and Singapore, including plans including managed account support and targeted communications and resources to promote savings.

Our initiative to improve employee financial wellness helped lift the minimum PayPal-defined estimated net disposable income for hourly and entry-level U.S. employees to 18%, making significant progress to reaching our target of at least 20% for all employees.³⁷

MINIMUM
ESTIMATED
NDI
18%

As of January 2021, our hourly and entry-level employees also increasingly utilized our available financial wellness resources, including nearly half participating in the Employee Stock Purchase Plan and over two-thirds enrolling in the PayPal 401(k) plan (5% year-over-year improvement). Our global employees are also increasingly utilizing CompView, a new financial planning tool that provides estimated current and hypothetical future values of each employee's total compensation.



Griselda Zhou
Sr. Manager, Business Operations,
Finance & Global Customer Operations
San Francisco, CA, U.S.



"What I love most about PayPal's commitment to employee wellness is that it supports a holistic approach to my wellness. It makes a difference knowing your company wants what's best for their employees."

EXPANDING EMPLOYEE PHYSICAL & MENTAL WELLNESS

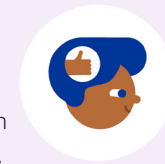
Throughout 2020, we continued to identify opportunities for additional flexibility and support as our employees navigated the impacts of COVID-19. In addition to the comprehensive leave and benefits provided prior to the pandemic, we also extended bonding/parental leave in Israel and Europe, provided back-up child and elder care support in the U.S., the U.K. and India, offered additional long-term disability benefits in the U.S. and Ireland, launched HIV/STD testing in the Philippines and lengthened sabbatical eligibility and launched [Cleo parental coaching](#) globally.

Equally important as supporting our employees' physical wellness, taking care of one's mental health has never been more critical. We have witnessed the disproportionate impact parents, women and underrepresented communities have faced during the pandemic and recognize their need for additional support. We also recognize that employees are finding it difficult to balance the demands of remote working. In response, we launched a series of company-wide Global Wellness days where employees are encouraged to take paid time off to recharge and re-energize as they see fit.

Additionally, we built upon our current resources by providing access to Sanvello, a global emotional support app available for managing stress, anxiety and depression. We also transitioned our Employee Assistance Program to a virtual format and increased the number of free counseling sessions for employees and their families, distributed well-being toolkits, developed global manager training on mental health fundamentals and introduced a global mental health campaign, MeQ, to raise awareness on this issue and share available resources. Through the campaign, we also provided a financial well-being tracker to help employees build small daily habits to reduce financial stress.

New Resources to Support Mental Wellness

In 2020, we expanded "PayPal Mind Yourself," a program focused on fostering emotional and mental well-being through trainings and workshops, and removing the stigma associated with mental health. In 2020, over 1,000 employees and people leaders attended workshops, many in a virtual setting due to COVID-19. The program is currently available in seven of our large operations sites across five countries. We plan to extend these tools to all employees, along with additional coaching and development tools focused on resiliency in 2021 led by PayPal's new Global Wellness Advocate.



Advocating for Worker Financial Wellness

Since the announcement of our Employee Financial Wellness initiative in 2019, we continue to leverage our voice and platform to educate and advocate for other private sector leaders to make the financial security of their workforce a strategic priority. Examples include Dan Schulman's TED Talk on the importance of employee financial wellness and our fall 2020 [CNN op-ed article](#).

More recently, we began a collaboration with [JUST Capital](#), [Financial Health Network](#) and [Good Jobs Institute](#) to encourage CEOs of America's largest companies to conduct Worker Financial Wellness Assessments to help understand and improve the financial security of their workforce. The initiative is focused on convening private sector leaders for in-depth discussions, mobilizing them with tools and software to complete the assessment, conducting new research to demonstrate the business case and recruiting other companies to join the initiative to highlight to executives and investors the importance of a financially healthy and secure workforce to the overall business.



Prioritizing our employee's financial wellness

³⁷ The PayPal-defined estimated net disposable income is the discretionary income remaining for our employees after taxes and typical living expenses are paid.

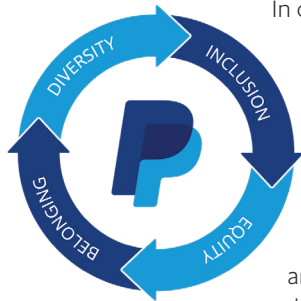
Diversity, Inclusion, Equity & Belonging (DIE&B) Strategy

The global pandemic, along with the continued movements for social justice in the U.S., gave PayPal a unique opportunity to deepen, accelerate and amplify what we mean by “living our values” throughout and beyond 2020. We introduced new products and services to address customers’ pandemic pain points, rallied to support one another throughout and beyond difficult times of injustice and demonstrated across the PayPal community our resilience and appetite to accelerate progress for all.



We continue to evolve our understanding of diversity by expanding into the true essence and purpose of *inclusion* – the creation of a culture which recognizes equity and belonging as critical components of the diversity and inclusion journey. The existence of all four dimensions is significant and enables a culture of workplace harmony for everyone. We consider harmony in the workplace as the recognition and removal of obstacles that stand in the way of individuals reaching their full potential. It does not mean similarity, nor does it imply that we are working toward a utopia devoid of the discomfort caused by authentic dialogue. Here at PayPal, each individual team member is valued.

At PayPal, our approach is driven by our [Diversity, Inclusion, Equity & Belonging \(DIE&B\) principles](#), which are not only critical to our success but also deeply embedded in our people, our culture and our business. Our DIE&B strategy is built on the strong foundation we have cultivated over time and overseen by our Global Head of DIE&B and a dedicated team to help drive progress across our global workforce and beyond.



In continued service of our mission and vision, we must remain focused on building a workforce with diverse perspectives and a unique PayPal culture that intentionally advances an inclusive and equitable agenda where everyone feels a sense of belonging. To be successful – attract top talent, develop products and services that serve the full spectrum of our customers and meet the expectations of our employees, investors and other stakeholders – this strategic philosophy is embedded in the DNA of PayPal and our mission to democratize financial services.

Throughout 2020, we continued to drive progress, including:

- Launching **PayPal’s DIE&B Roundtable** consisting of cross-functional leaders bringing a wide-range of perspectives and backgrounds to our DIE&B strategy. In addition to aligning on company-wide priorities, this group surfaces feedback, identifies potential opportunities and helps accelerate our goals and activities. The DIE&B Roundtable is a catalyst for change to enhance how we understand and measure our impact and ensures accountability as we further embed DIE&B principles in every facet of the business.
- Embarking on **Justice by Design**, our approach to designing product experiences that build equity and justice from product creation to release. We are working to identify opportunities to embed a justice lens into the product development lifecycle and create a playbook for inclusive and diverse illustrations in our branding.
- Maintaining **100% pay equity** among peers in salary and bonuses globally for women and men, as well as U.S. ethnic pay equity through assessments at least annually. We also conducted a review of median pay equity across these same cohorts. We found the median base pay of women is 101% of the median pay of men in the same job, and Black, Asian and LatinX employees have a median base pay that is at least 100% of white employees at PayPal.³⁸
- Hosting a series of **Candid Conversations**, which act as a virtual open forum for DIE&B discussions for employees across all levels and geographies to authentically share, learn and listen. Discussions have focused on factors such as the global pandemic, social justice issues and politics. We plan to continue the series in 2021 and beyond.
- Building on our Conscious Inclusion training, we are developing our **DIE&B learning journey**, *Inclusion at PayPal*, an interactive experience designed to help all employees understand DIE&B practices in a more experiential and actionable way.

- **Advocating for ongoing public policies** aligned with our mission, vision and values, including support for the Equality Act and Pregnant Workers Fairness Act, signing onto amicus briefs in support of fair immigration policies and anti-discrimination efforts and announcing our participation in the U.N. Generation Equality Forum.
- Completing the second year of our **enterprise-wide supplier diversity program** and launching a central [website](#) for interested stakeholders to learn more about our program. In 2021, we plan to continue working to expand our program with Tier 2 suppliers.
- Expanding support for our global **Employee Resource Groups (ERGs)** that connect team members across identities and experiences to drive professional development, contribute unique insights on business objectives and foster a sense of belonging for all at PayPal. We introduced a new ERG focused on our Asian community, *Rise*, and ensured each ERG is championed by an executive sponsor.

100%
GLOBAL GENDER
AND U.S. ETHNIC
PAY EQUITY

MEDIAN BASE
PAY OF WOMEN
101%
OF MEN

MEDIAN BASE PAY
OF U.S. ETHNICALLY
DIVERSE
EMPLOYEES
100%
OF WHITE
EMPLOYEES

“Building the inclusive culture of belonging we envision for our global colleagues requires consistent dedication, short- and long-term investment, and strategic focus. To realize sustainable and meaningful impact, and to fulfill our potential as a company working to expand economic opportunity for all, we must begin by embracing an inside-out approach to Diversity, Inclusion, Equity and Belonging.”



Kim Jenkins
Global Head of DIE&B

³⁸ The median difference is weighted so that jobs with more women employees are given more consideration than jobs with only a few women employees. To ensure accuracy only jobs with both men and women are included in the calculation. We use the same methodology to compare the pay of White and Black, LatinX and Asian employees.

2020 Key Highlights from our Employee Resource Groups (ERGs)

In 2020, our ERGs stepped up to encourage employee engagement, influence cultural change and connect with our underrepresented communities. We enhanced our program, which now includes eight ERGs with over 6,000 members and allies, across 115 chapters that span over 20 countries.

8 ERGS | **6K+** MEMBERS | **115** CHAPTERS | **20+** COUNTRIES



Cultivating community for LatinX employees

Aliados, our LatinX ERG, hosted numerous impactful events cultivating a sense of community and belonging, including an event with *Unity* (our women's ERG) focused on intersectionality, identity and wellness.



Providing resources for Pan Asian employees

Our newest ERG, *Rise*, focused on our Pan Asian community, hosted the "Push Pause" event, which provided guidance on how to shift behaviors and reduce stress at work and at home. In partnership with *Amplify*, *Rise* also led a financial wellness series to support PayPal's mission to democratize financial services for underrepresented communities.



Championing Black employees and communities

Due to increased momentum of social and civil unrest in 2020, *Amplify*, our Black Employee ERG, launched a pilot program to reimagine how to support members of the Black community more holistically, both internally and externally. We also established new chapter locations in the U.K., Luxembourg, Germany and Australia.



Honoring military veterans at PayPal

Serve, our veteran ERG, hosted a series of inspirational fireside chats with PayPal executives and military veterans/leaders, including the first Black woman promoted to general officer rank in the Marine Corps, the first openly transgender Navy SEAL and an Army veteran who was one of the first women to fly Apache helicopters.



Fostering interfaith community

As one of PayPal's newest ERGs, *Believe's* membership increased to 150+ members in the midst of a global pandemic. Our faith-based ERG organized several virtual awareness and educational events, such as the exploration of the "Intersection Between Faith and Social Justice."



Supporting the PayPal disability community

Thrive, our ERG that supports the PayPal disability community, continued their focus on creating safe spaces for employees with disabilities by launching a program called "Speak Your Mind" where employees could share their thoughts, concerns and best practices about working with a disability. We also expanded with new chapters in Sweden and India.



Celebrating LGBTQ+ employees

Pride, our LGBTQ+ ERG, launched local chapters in India and across Asia, provided LGBTQ+ 101 educational programs, hosted intersectional events on overcoming adversity and promoting inclusion and celebrated Pink Friday across Shanghai, Hong Kong and Singapore along with 65 multinational companies to promote LGBTQ+ inclusion.



Empowering women employees

Unity, our women's ERG, empowered and provided professional development resources for women in technology, including a sponsorship program for emerging talent that provides coaching, leadership development and advocacy for women across PayPal.



Jonah Otis
Sr. Manager, Global Talent Development
Portland, OR, U.S.

"One of the most important things we did last year was solidify our Diversity, Inclusion, Equity and Belonging strategy across the PayPal enterprise. I feel like I belong and I can bring my full self into work everyday."

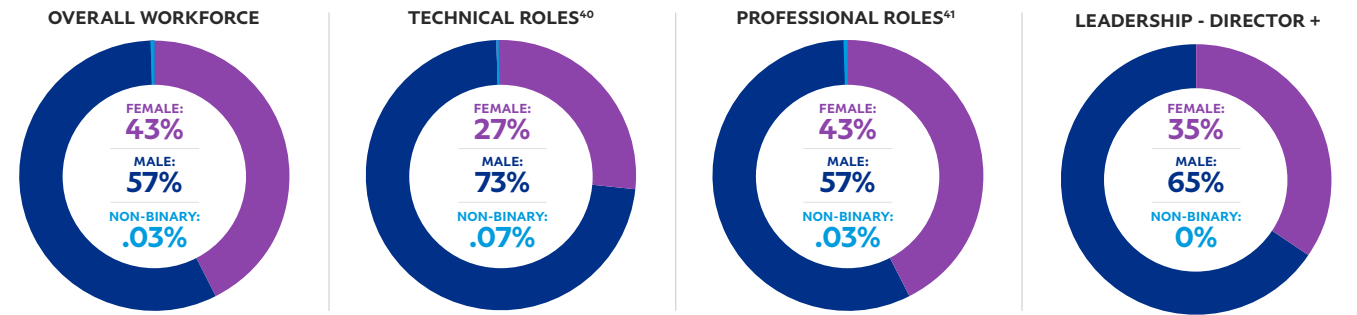


Fostering an inclusive workplace for Black employees

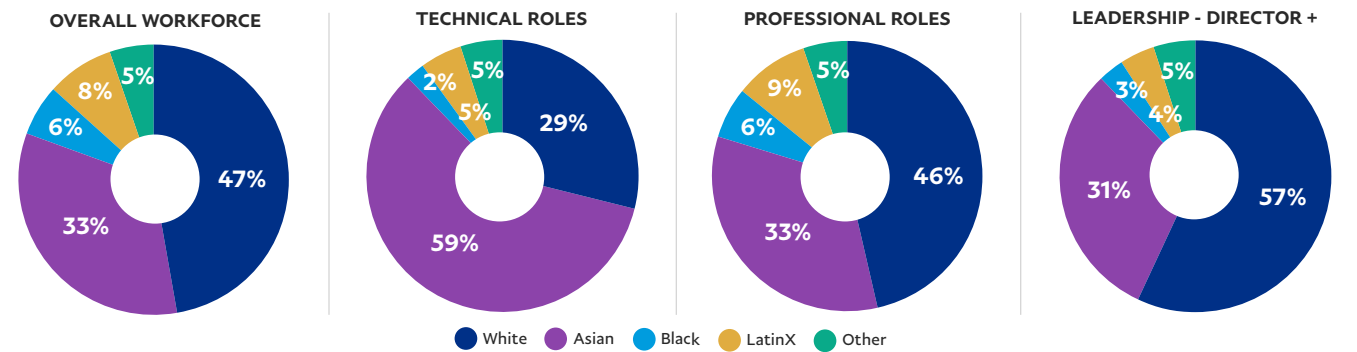
Key Representation Metrics³⁹

Our diversity data is a critical measure for how we assess our performance in building a truly inclusive workplace. This information is used to inform future program enhancements, including the development of our DIE&B Roundtable, DIE&B considerations in executive compensation and development of diverse talent pipelines and learning opportunities. In 2020, we expanded our employee self-ID options to include veteran and non-binary gender status. We regularly review best practices to ensure we provide transparent reporting and disclosures on our workforce demographics, and will continue to evaluate ways to enhance our disclosures to more accurately reflect our multi-faceted and diverse workforce.

2020 GLOBAL GENDER DIVERSITY



2020 U.S. ETHNIC DIVERSITY⁴⁴



DIVERSITY TRENDS BY THE NUMBERS

56%
2020 DIVERSE WORKFORCE REPRESENTATION⁴²



Expanded self-ID options to include veteran & non-binary gender status

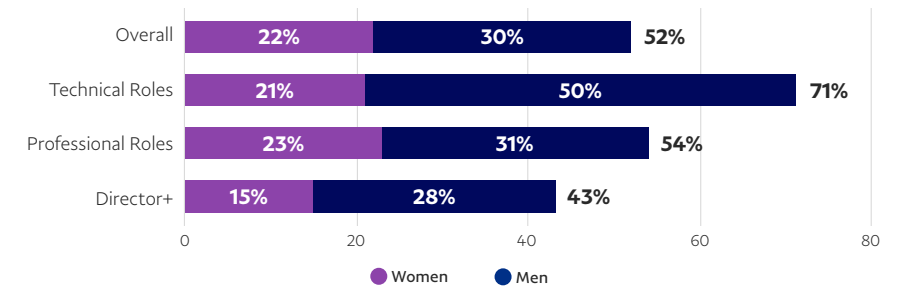
41% of U.S. women in senior leadership are ethnically diverse⁴³

2X

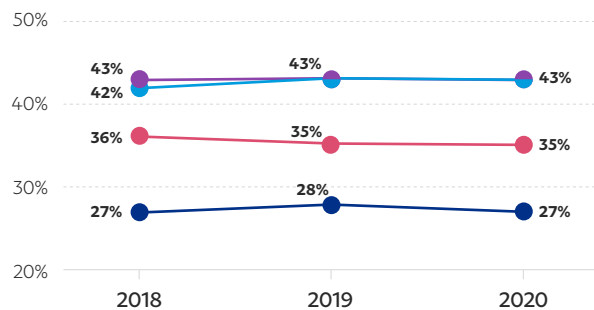
promotion rate for women to leadership roles since 2018

4% of U.S. employee workforce has veteran status

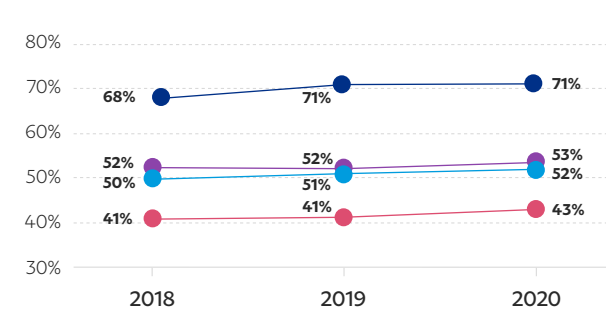
2020 U.S. ETHNIC DIVERSITY BY ROLE⁴⁴ (% OF OVERALL U.S. WORKFORCE)



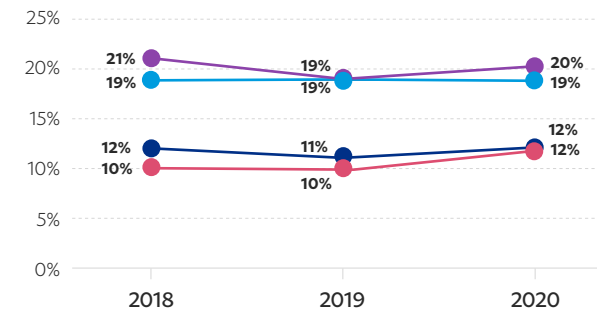
GLOBAL GENDER DIVERSITY (FEMALE % OF GLOBAL POPULATION)



U.S. ETHNIC DIVERSITY⁴⁴ (ETHNICALLY DIVERSE % OF U.S. POPULATION)



U.S. UNDERREPRESENTED MINORITIES (% BLACK, LATINX, OTHER)



Visit our [website](#) for access to our available U.S. EEO-1 reports.

³⁹ Due to rounding, numbers presented may not reflect exact totals.

⁴⁰ Technical roles include employees in engineering, information technology and technology operations.

⁴¹ Professional is defined as all employees below Director.

⁴² Total diverse workforce representation is defined as Global women and U.S. ethnically diverse men.

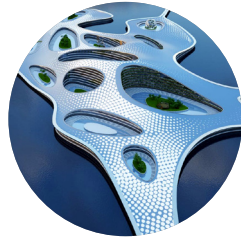
⁴³ Senior leadership is defined as Vice President and above.

⁴⁴ Ethnically diverse includes Asian, Black, LatinX and Other.

Employee Experience & Community Impact

Employee Engagement

Like many of the complexities imposed by the COVID-19 pandemic, finding ways for our employees to gather throughout 2020 was a particular challenge, especially for our volunteerism and employee engagement programs. However, our teams stayed nimble and found creative, virtual ways to support our workforce and communities. Examples throughout 2020 include:



Fully Virtual PayPal Pavilion

- **PayPal Pavilion**, first launched in late July 2020, is a fully virtual, six-floor immersive environment where employees can engage, learn and interact. Employees can access over 200 different experiences to learn about our products, services, programs and tools. We continue to add interactive experiences to increase engagement and foster connection to the PayPal culture, including a Climate Week Garbage Clean-Up, Lunar New Year celebrations and a 'Chill out' space.
- Our **2020 Global Innovation Tournament** surfaced 2,500+ ideas from employees across 45 locations, with a first-of-its-kind virtual finale event watched live by over 1,250 global employees. The winning team included four passionate employees based in San Jose, CA focused on using an artificial intelligence-powered framework that auto-sorts and auto-generates solutions for failed customer interactions in real-time.
- Developed an **interactive holiday gift guide** to drive demand towards 270 diverse SMBs. Nearly 5,000 employees purchased from SMBs in the guide and helped support Black, minority and women-owned businesses.
- In early 2021, we hosted our first **Blockchain Day**, where thousands of PayPal employees learned about new and emerging blockchain technologies like cryptocurrencies, non-fungible tokens, digital IDs and much more.
- We engaged over 10,500 employees in the **4th Annual Kiva Lending Campaign**. Since 2016, PayPal has served as Kiva's exclusive online payments processor – helping to unlock funding for entrepreneurs who wouldn't otherwise have access to affordable capital. The 2020 program resulted in \$268,000 lent to over 6,430 entrepreneurs (of which 86% were women) in 54 countries.

Charitable Donations & Volunteering

Throughout 2020, we continued our long-standing tradition of building community resilience, engaging with entrepreneurs and stepping up to help others overcome financial hardship exacerbated by the pandemic. Thousands of employees gave back to their communities through participation in events held by our PayPal Give Teams, through global grantmaking and employee matching gifts, skills-based mentoring and volunteering.

We also created new channels this year to support our values and encourage employee participation. Our new submission and recognition platform, **#PayPalitForward**, encourages employees to give thanks to the 'Unsung Heroes' in their communities who are inspiring others and impacting lives. Nearly 4,500 Unsung Heroes were recognized in 2020, resulting in approximately \$200,000 in awards.

In 2020, thousands of employees contributed a total of 51,200 hours to support charities around the world, including 16,600 volunteer hours uncovered through our #MakeltCount Campaign, generating over \$500,000 in additional donations via our \$10/volunteer hour corporate matching program for employees.⁴⁵

Supporting our Local Community COVID-19 Response

PayPal organized funding for nonprofits on the frontlines of the COVID-19 response through 26 PayPal Gives fundraising campaigns and provided \$295,000 in employee donations and \$500,000 in matching donations to 200 employee-nominated organizations. We also granted \$805,000 in direct funding to six organizations in need, including \$500,000 to [Silicon Valley Strong](#) to support the most vulnerable residents, small businesses and nonprofits of our local headquarters community in San Jose, CA. We continued our support as part of the Silicon Valley Recovery Roundtable to with a focus on creating an inclusive recovery particularly for underserved and small businesses.



Celebrating Together Through Our Virtual Global Gathering

In December 2020, we embraced the spirit of the season by hosting a **29-hour virtual global gathering** for all of our employees and their families. Designed to highlight the local character of each of our employees' locations, PayPal commissioned a custom-designed, interactive platform where attendees could watch magic shows, circus acts, cooking classes, origami tutorials and more happening all over the world. It spanned across 13 time zones, 52 cities and five continents. In addition to the virtual experiences which supported hundreds of struggling artists who have been out of work for a year, we also supported small businesses across the globe with personalized gifts to our employees.



13
TIME ZONES

5
CONTINENTS

\$30M+

in funds contributed to organizations in 2020 including donations, matching gifts, grants and in-kind donations

50K+

hours volunteered by PayPal employees

50%

of workforce engaged in social impact and innovation activities to help strengthen communities

400+

nonprofits in over 45 countries received support through PayPal grants

⁴⁵ Each employee has the opportunity to have their volunteer time and donations matched by PayPal up to \$2,500 annually.

SKILLS-BASED VOLUNTEERING

Across PayPal, employees seek opportunities to make a positive impact through our skills-based volunteering program.

- **Opportunity Hack**, founded in 2013 by two PayPal employees, hosted a virtual Hackathon in November 2020 where over 40 PayPal volunteers supported or joined hacker teams across North America, Asia, South America and Europe to create technical solutions for 10 nonprofits.
- PayPal’s Legal team provided more than 1,300 **pro bono hours** of legal and other services to nonprofits and other clients in 2020, including immigration clinics and support for underrepresented small businesses.
- More than 70 employees from around the world donated over 170 volunteer hours to support 66 early-stage entrepreneurs focused on solutions to improve financial health in **Village Capital’s Finance Forward initiative**.
- For the second year, we partnered with **WILLA Women in Fintech** to promote female entrepreneurship in Fintech through monthly business co-development workshops between incubated startups and PayPal France.
- We continued to leverage the virtual nature of **Cherie Blair Foundation for Women** engagement model to mentor 100 women entrepreneurs in India, China and other countries.
- We launched a partnership with **Black Girl Ventures** to foster community, capital and capacity building for Black women entrepreneurs. Approximately 100 PayPal employees volunteered over 200 hours to help Black women scale their businesses through mentorship and coaching.



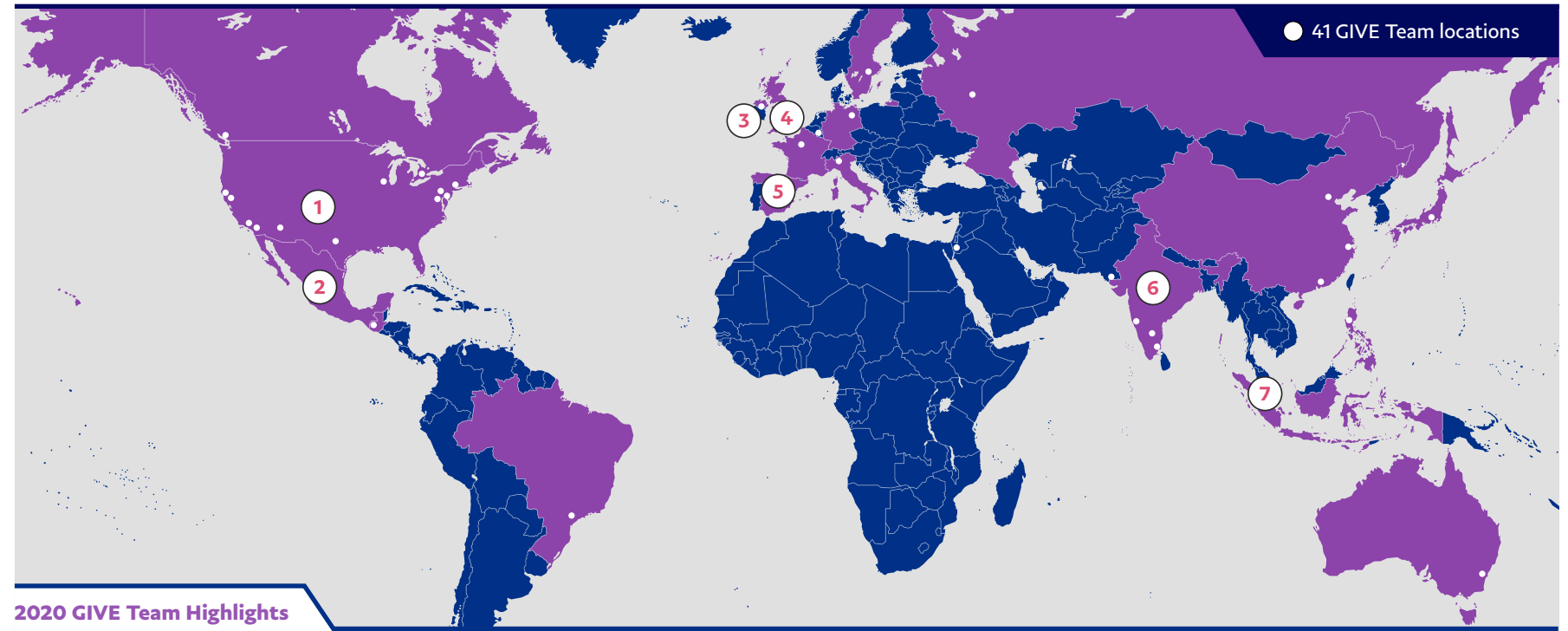
Kusum Pinto
Manager, Risk Assessment Oversight
Singapore



“We had a laser focus on matching the skills of our employee volunteers with community needs, such as economic empowerment for women and the underserved. This made our giving efforts more meaningful and rewarding.”

GIVE TEAMS AROUND THE WORLD

Our **41 PayPal GIVE Teams** are powered by employees who bring their personal passions to their communities by partnering with local nonprofits to make a positive social or environmental impact through volunteering, employee-sourced local grants and fundraising.



2020 GIVE Team Highlights

Examples of initiatives, programs and events from our 2020 Give Teams include:

- 1 **Omaha** – We supported [Habitat for Humanity’s](#) Almost Home Financial Readiness Program with a grant to provide free, one-to-one financial action planning to support homeownership for underserved and low-income clients.
- 2 **Mexico** – A team of employees supported [Junior Achievement Mexico](#) by offering financial literacy workshops to over 1K high school students on budgeting, saving, insurance and retirement plans.
- 3 **Ireland** – The Ireland Sleep Out fundraiser engaged more than 120 employees and their families to raise over €18K, with company matching, to combat homelessness.
- 4 **U.K.** – PayPal awarded a \$50K Innovation Fund Grant to [Kwanda](#) to further their mission in supporting Black small businesses and communities with financial literacy and inclusion programming.
- 5 **Spain** – PayPal awarded a \$10K Innovation Fund Grant to [Lal La Buya Madrid-Ámbar](#) to support the transgender community of Madrid, Spain, where many have lost their jobs due to COVID-19. The funds will be used for job training and employment in the textile industry.
- 6 **India** – India GIVE Teams spearheaded our regional Climate Week initiatives across Asia, which activated over 550 volunteers to contribute nearly 700 volunteer hours and raise over \$5K to support environmental sustainability. They also inspired 600 volunteers to support 15 local NGOs in recognition of Daan Utsav.⁴⁶
- 7 **Singapore** – Hundreds of employees volunteered to coach university students on interview skills and CV writing workshops to prepare them for entering the workforce. The Singapore Give Team was also awarded the AmCham CARES Award High Distinction for the second consecutive year, in recognition of their continued community engagement, including building homes for families in need, caring for foreign workers and participating in waste segregation.

⁴⁶ Daan Utsav is India’s festival of giving celebrated each October.

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Environmental Sustainability

As part of our approach to stakeholder capitalism, we manage our environmental impact and advance global environmental progress for the benefit of all, especially the most vulnerable. This includes actions focused on addressing climate change, managing natural resources and engaging partners across our value chain on environmental action. Our efforts are driven by a cross-functional working group with representatives from across the organization and overseen by senior leaders at PayPal.

In 2020, we took important steps to enhance our environmental management system (EMS), including adoption of a new ISO 14001-aligned [Environmental Sustainability Policy](#), public disclosure of our [CDP climate change questionnaire](#) and validation by the Science Based Targets initiative of our company-wide greenhouse gas emission reduction targets.

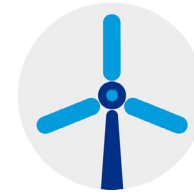
We are committed to continuously improving our environmental reporting and performance and providing specific disclosures on our climate risks and opportunities in line with the recommendations of the [Task Force on Climate-Related Financial Disclosures](#) (TCFD).



Our Approach to Climate Action

We believe that financial technology can improve the resilience of climate-vulnerable individuals, organizations and communities. The destabilizing effects of climate change, including increasingly frequent and severe storms, droughts and heatwaves, are disproportionately borne by the financially underserved.⁴⁷

We recognize the opportunity to further our financial health mission by establishing long-term, science-based commitments and helping to enable the most vulnerable adapt to a warming planet and capture income opportunities in the climate transition.



Embracing Science with Action: Net-Zero by 2040 & Science-Based Targets

Beginning in 2019, we embarked on a comprehensive process to not only set science-based climate targets, but also design and embed the requisite organizational processes and capacity to achieve our objectives. Two years later, we have established ambitious, measurable science-based emissions reduction targets informed by stakeholder consultation and validated by the [Science Based Targets initiative](#). We will transparently track progress toward our long-term goal of achieving net-zero greenhouse gas emissions across our value chain by 2040.

Our medium-term science-based targets focus on reducing company-wide greenhouse gas emissions across our operations by 25% by 2025 (from a 2019 baseline) and engaging with our supply chain so that 75% of our vendors (by spend) set science-based targets by 2025 in alignment with limiting temperature rise to no more than 1.5 degrees Celsius.

Our Science-Based Climate Goals

REACH NET-ZERO GHG EMISSIONS ACROSS OUR OPERATIONS AND VALUE CHAIN BY⁴⁸

2040

REDUCE ABSOLUTE OPERATIONAL GHG EMISSIONS BY⁴⁹

25%

BY 2025 (FROM A 2019 BASE YEAR)

ENGAGE

75%

OF OUR SUPPLIERS, BY SPEND, TO SET SCIENCE-BASED TARGETS BY 2025



Guru Bhat
VP, Customer Success Platform & Site Leader, India
Bangalore, India



"Here in India, we are steadfast in the commitment to help PayPal achieve our sustainability goals. We're partnering with local organizations, helping to address greenhouse gas emission controls and educating our employees to lead as small a footprint as possible in their daily lives."

⁴⁷ The World Bank Group's 2016 report entitled "Managing the Impacts of Climate Change on Poverty" illustrates the disproportionate impact of climate change on poor communities, which are more vulnerable to its direct and indirect impacts.

⁴⁸ Our net-zero goal will align with the forthcoming [net-zero targets standard](#) as developed by the Science-Based Targets initiative.

⁴⁹ Operational greenhouse gas emissions include those emissions sources covered by Scope 1, Scope 2 and Scope 3 fuel and energy-related activities as defined by the Greenhouse Gas Protocol and the Science Based Targets initiative.

Beyond Net-Zero: Climate Justice & Resilience

Our commitment to climate action extends beyond our net-zero goals. We are focused on mobilizing resources to reduce and abate our greenhouse gas emissions as rapidly as practicable. Consistent with a science-based approach, we will also focus on climate impacts in ways that maximize adaptation outcomes for people who are hardest hit by climate-related extreme events.

FUNDING CLIMATE JUSTICE & RESILIENCE FOR THE FINANCIALLY UNDERSERVED

In 2020, we invested in four high-impact projects that are creating climate transition opportunities in financially underserved communities around the world. This funding resulted in 9,900 metric tons of verified carbon credits, proportionate to the unavoidable climate pollution from our direct operations (2019 and 2020 Scope 1 GHG emissions). By funding these projects, we are enabling disadvantaged individuals to generate income, develop clean economy job skills and improve their financial health, while preventing deforestation and improving forest management in their local communities.



Amazon Rainforest Protection in Brazil



Clean Cookstoves for Families in Mexico



Forest Improvement in Historically Black burial grounds in Virginia, U.S.

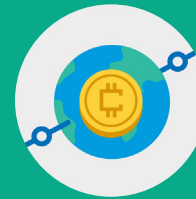


Temperate Forest Protection in Canada

Driving Climate Innovation

Innovation is a core value at PayPal and a key part of our mission-aligned approach to climate action. Digital financial services that are inclusive by design can help those with fewer means participate in and prepare for the climate transition. We are researching the intersections of digital financial inclusion and climate resilience to identify fintech solutions that will help us enable a climate-neutral and more equitable global economy.

- **Climate and Blockchain:** We believe that blockchain technology has the potential to deliver innovative, positive social and environmental impact solutions that support our mission of financial health and inclusion. PayPal is undertaking an assessment of the climate impacts associated with cryptocurrency as it relates to our business to better understand, measure and mitigate climate and energy-related impacts in this nascent field. We look forward to contributing to the much-needed emergence of related best practices and standards and are pleased to see the advent of more energy-efficient protocols such as those based on proof-of-stake vs. proof-of-work.⁵⁰
- **Climate Innovation Team:** Since winning PayPal's first Global Innovation Tournament in 2019 with an idea to promote consumer climate action, the PayPal Climate Innovation Team has taken significant steps toward bringing their concept to reality, including partnering with a merchant on a successful carbon offsetting pilot.



"We must address interlocking racial, economic and environmental injustices. Anyone concerned about environmental and climate destruction must also address the political and ideological climate and, importantly, has to be in the fight against voter suppression."

Reverend William Barber II
President & Senior Lecturer, Repairers of the Breach



Leadership through Partnerships & Advocacy

Strategic partnerships are critical to advancing our climate change strategy. In 2020, we partnered with [World Resources Institute](#), became a founding member of the [Renewable Energy Buyers Alliance](#), signed on to the [Business Ambition for 1.5°C](#) pledge and reaffirmed our support for international climate cooperation through the [America is All In](#) and [United for the Paris Agreement](#) coalitions. We also joined the [Ceres Business for Innovative Climate and Energy Policy \(BICEP\) Network](#) and engaged directly with U.S. state policymakers to advocate for clean energy legislation.

Recently, we also joined [CDP Supply Chain](#) to mobilize vendor climate efforts by collecting climate impact data, providing technical support and collaborating with vendors, peers and supply chain sustainability experts. We will continue to work closely with our partners and incorporate key learnings and best practices through memberships in leading corporate sustainability networks, such as [Ceres](#) and [BSR](#).

Global Employee Engagement

- April 22, 2020 marked the 50th anniversary of Earth Day and PayPal employees showed up in force to share how they practice environmental sustainability. PayPal leaders and employees across the planet – including from Brazil, Germany, the U.S. and India – submitted photos and shared stories of their efforts to lead a green lifestyle.



- In September 2020, more than 1.8K employees organized or joined climate change and environmental education and impact events in their local communities in honor of Climate Week. It was capped off by a virtual fireside conversation with Reverend Dr. William Barber II, President and Senior Lecturer at Repairers of the Breach, hosted by PayPal President and CEO Dan Schulman.



⁵⁰ Both of these models are called 'consensus mechanisms' and are a current requirement to confirm transactions that take place on a blockchain, without the need for a third party. Proof-of-work networks require intensive processing power and electricity, whereas proof-of-stake blockchains require less processing power and thus less electricity.

2020 Energy & Emissions Trends

Despite the significant growth of our transaction volume in 2020, we experienced only a small increase in energy use (up 5% from 2019) as our data center energy use increased 27%, while our office energy use declined 32%. However, our 2020 total greenhouse gas (GHG) emissions fell 66% compared to 2019, driven primarily by the sustained growth of our data center renewable energy procurement (reaching 98% in 2020) and the significant reduction of our business travel and office emissions due to the COVID-19 pandemic.



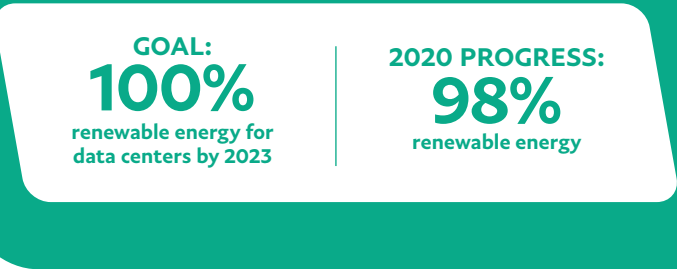
While our corporate environmental footprint has declined during the pandemic, we acknowledge that remote working results in incremental climate and environmental impacts beyond the scope of our current reporting. We are exploring ways to measure and manage the environmental impacts associated with working remotely and commuting in collaboration with environmental accounting experts and standard-setters.

In order to achieve our new science-based GHG emissions targets, we have put in place specific programmatic objectives to increase renewable energy use across our facilities, further enhance energy efficiency practices and engage landlords through green leasing efforts across our offices globally. For example, we have upgraded the lighting systems at 38 sites to high-efficiency LED.⁵² We also added a sustainability assessment to our standard leasing practice to evaluate factors like renewable energy access and efficiency standards for all prospective office locations.

We're also taking action to address GHG emissions across our value chain. In addition to direct operational emissions, we're engaging with our partners to manage the indirect emissions associated with the products and services that we procure.⁵³ We've assessed the climate maturity of our 300 largest vendors and determined that, as of year-end 2020, 25% of our annual spend is already covered by science-based climate targets, giving us a good start to achieving our 75% target by 2025.

Advancing Renewable Energy

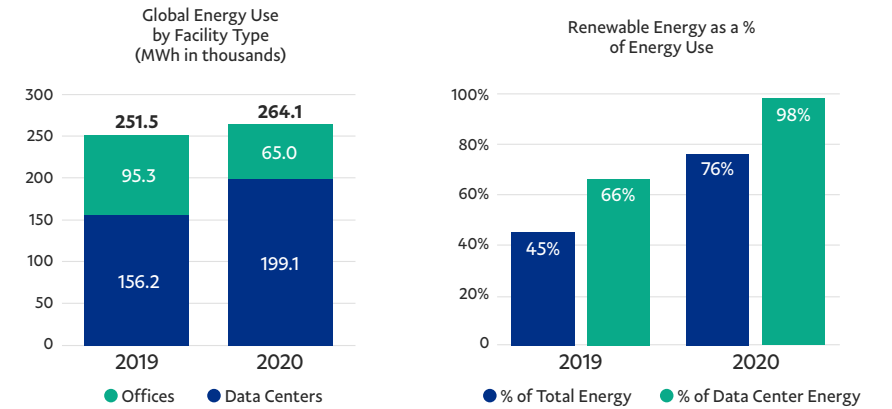
In 2020, we matched 98% of the energy from our data center operations with renewable generation and remain well on track to achieve our goal of reaching 100% by 2023. The U.S. EPA's Green Power Partnership recognized PayPal in the Top 100 largest renewable energy buyers in the country and the Solar Energy Industries Association named PayPal as one of the Top 20 largest U.S. corporate investors in solar energy.



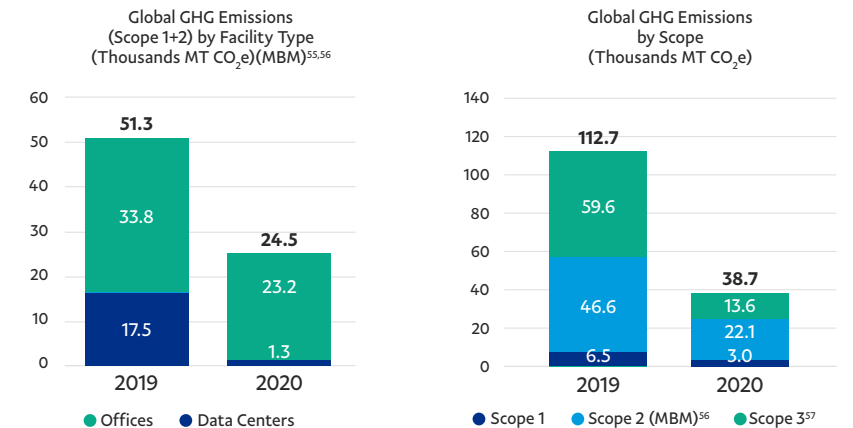
Todd Studnicka
Director, Global Professional Services
Omaha, NE, U.S.

"We've investigated, piloted and formulated a climate friendly perspective for our platform. Our team is excited to be playing one small part in helping PayPal reach the goal of net-zero greenhouse emissions by 2040."

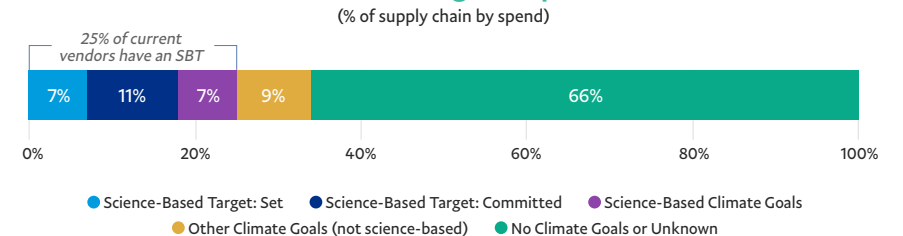
Energy Use & Renewable Energy⁵⁴



GHG Emissions⁵⁴



Vendor GHG Target Snapshot⁵⁸



⁵¹ Equivalent to charging your cellphone to 20% or driving your car 20 feet or to the end of your driveway.

⁵² 28 of those sites are effectively 100% converted and another 10 are partially converted.

⁵³ Our vendor engagement efforts cover upstream Scope 3 GHG emissions from purchased goods and services, capital goods, business travel, upstream transportation and distribution, waste generated in operations and upstream leased assets. Given the digital nature of our payment services business, downstream activities are not a relevant component of our Scope 3 emissions.

⁵⁴ We've revised prior period energy and emissions metrics based on improvements in both data quality and calculation methodology. Notably, we reassessed the application of the operational control consolidation approach to direct operational (Scope 1) emissions sources at our leased sites to ensure only emissions sources over which PayPal has operational control are counted. Emissions sources over which landlords have operational control will be addressed through our green leasing and vendor engagement initiatives.

⁵⁵ Scope 1 emissions by facility type excludes corporate jet.

⁵⁶ Scope 2 emissions data is calculated using the GHG Protocol Market-Based Method (MBM), which includes purchases of off-site renewable energy.

⁵⁷ Scope 3 inventory includes Fuel and Energy Related Activities (FERA), which includes estimates based on Scope 2 data center emissions from IT infrastructure energy use under PayPal operational control, and Business Travel emissions from air, rail, rental car and hotel lodging. Prior period Scope 3 emissions have been revised to conform to the current period presentation. Limited external assurance has been obtained for Business Travel emissions; limited external assurance for FERA emissions is under review.

⁵⁸ Vendor climate engagement metrics are based on our initial assessment of the 300 largest vendors, by spend, across PayPal's supply chain. We will continue to look for opportunities to enhance our reporting in this area as we refine our assessment methodology and vendor engagement practices.

Managing Our Natural Resources

We are committed to doing our part to be responsible stewards of our planet’s resources and ecosystems. Natural resource management means ensuring the efficient use of water throughout our global operations, diverting our office waste from landfill through sustainable sourcing, recycling and composting and implementing our zero-landfill strategy for electronic waste (e-waste).

Water Management

In 2020, we took additional steps to enhance water measurement and management across our global facilities and assess water conservation opportunities. Given the nature of our digital business, we consume relatively low volumes of water and the COVID-19 pandemic decreased our water use even further. Our Real Estate, Construction and Facilities teams took significant steps to conserve water during COVID-19. We expect our teams to continue to identify additional efficiency and conservation opportunities.

Waste Management

In 2020, the COVID-19 pandemic resulted in the near elimination of ongoing waste from our office operations. Our employee engagement efforts during Earth Day and Climate Week presented opportunities for employees to learn from one another about remote work sustainability and zero-waste living (see [Global Employee Engagement](#)).

We continue to implement our zero-landfill strategy for e-waste throughout our operations. For both data center and office electronics, our IT asset disposal service providers are certified to the R2, e-Stewards or WEEE standard for responsible e-waste management. In 2020, our IT asset management teams retired over 152 metric tons of IT hardware across our global offices and data centers, of which 38% were sold for refurbishment and reuse. The remaining 62% were transferred to our secure disposal vendors for disassembly and recycling in accordance with responsible e-waste practices.

38%
**OF RETIRED IT
HARDWARE SOLD
AND REUSED**

Protecting the Health & Safety of our Employees

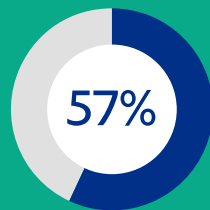
To oversee our response to the global pandemic, we established an executive steering committee to oversee the global pandemic response, with engagement from teams across the organization. The Environmental Health & Safety (EHS) Team led development and implementation of new COVID-19 safety procedures for essential workers at our sites and for the health and safety of all our employees. Moving into 2021, the team is focused on developing new procedures to ensure the continued safety of our people as we develop plans for returning to our offices.

The health and safety of employees is of paramount importance to PayPal. PayPal’s EHS Policy & Procedures are in alignment with ISO 45001 standard for environmental health and safety. The Policy & Procedures apply to all PayPal facilities and functional areas and detail the EHS program requirements, roles and responsibilities related to environmental health and safety risks, controls, monitoring, reporting and escalation. We regularly conduct reviews to ensure that our global sites comply with all relevant local and national EHS regulatory requirements. We are committed to continuous improvements of our EHS program.

We recognize that climate change will increase the frequency and severity of droughts, floods, fires and storms around the world. Consistent with the Taskforce on Climate Related Financial Disclosures (TCFD), we have identified – and prepared plans to address – climate-related water resilience risks at our physical locations. Our Global Incident Preparedness and Response and our Safety and Security Teams coordinate the development, maintenance and execution of emergency response plans, which include scenario planning and response procedures for disruptive events such as hurricanes, typhoons, inundations and wildfires.

Water Conservation

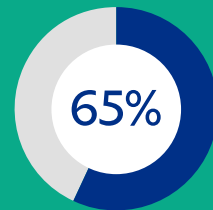
We enhanced the water efficiency and hygiene of all restrooms across our fully managed office locations globally, investing over \$250K in converting all faucets and fixtures to hands-free, low-flow technology and updating our building water efficiency standards.⁵⁹ These measures have already resulted in demonstrable improvements:



Faucet flow rate decreased⁶⁰



Toilet flow rate decreased⁶¹



Urinal flow rate decreased⁶²

This initiative, led by our Facilities team, aligns with our broader COVID-19 safety procedures and has resulted in an approximate 50% reduction in restroom water use across our fully managed offices relative to standard faucets and fixtures. We also completed a significant landscaping project in San Jose, CA that reduced the need for irrigation water throughout our campus.



Employees from our San Jose, CA Facilities Team take part in Climate Week

⁵⁹ For office locations where the landlord manages operations, we’re engaging with building management to encourage adoption of our water standards through our green leasing practices – with many sites already meeting these standards.

⁶⁰ Faucet flow rate decreased to 1.5 Gallons-Per-Minute (GPM) compared to 3.5 GPM standard.

⁶¹ Toilet flow rate decreased to 1.2 Gallons-Per-Flush (GPF) compared to 2.8 GPF standard.

⁶² Urinal flow rate decreased to 1.0 GPF compared to 2.8 GPF standard.

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Data Responsibility, Privacy & Security

Business Ethics

Appendix

Responsible Business Practices

Fundamental to building trust with our stakeholders and sustaining our success are robust and effective oversight and governance. We hold ourselves to the highest ethical standards and operate all facets of our business with integrity, from the Board of Directors and senior management to our workforce and our supply chain. We promote these values externally through a global public policy and advocacy approach that is aligned with our mission and business strategy.

Our comprehensive risk management approach ensures we remain diligently focused on key issues to preserve our customers' trust. Notably, this includes our work on data privacy and cybersecurity, acceptable use of our platform and the safety and security of our workforce. This has never been more important than in 2020, when our teams worked rapidly to ensure nearly all of our workforce could work remotely in a safe and secure environment, while delivering reliable services to our customers.

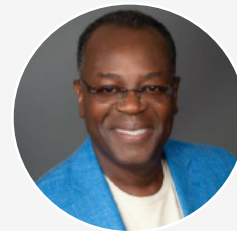
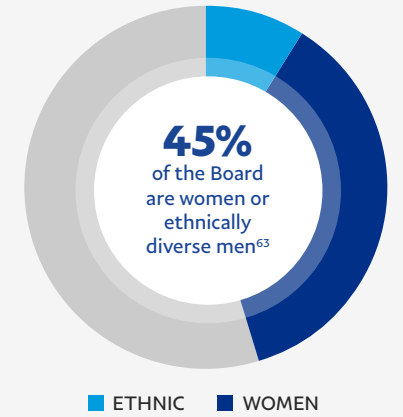


Corporate Governance & ESG Oversight

Effective corporate governance practices are critical to executing our business strategy and driving long-term, sustainable value creation. Our governance framework drives sound company oversight, ensures Board and management accountability, engenders public trust, demonstrates PayPal's commitment to transparency, independence and diversity and enables PayPal to adapt to the dynamic, competitive environment in which we operate. We apply this same approach to the management and oversight of our key ESG risks and opportunities, consistent with our mission, vision and values.

Our company is overseen by a diverse, independent and highly-effective Board of Directors. We ensure our Board is composed of directors who have highly relevant skills, professional experiences and backgrounds, bring diverse viewpoints and perspectives and effectively represent the long-term interests of our stockholders. At least annually, the Board conducts an in-depth review of overall strategy, which includes engagement with leaders on key topics of interest, including business objectives, the competitive landscape, capital allocation and ESG matters.

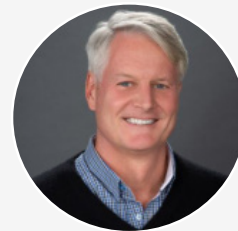
Board of Directors Diversity



Rodney Adkins



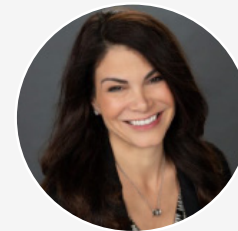
Jonathan Christodoro



John Donahoe
Independent Chair



David Dorman
Comp. Committee Chair



Belinda Johnson



Gail McGovern
Gov. Committee Chair



Deborah Messemer



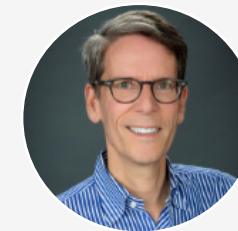
David Moffett
ARC Committee Chair



Ann Sarnoff



Dan Schulman
President & CEO



Frank Yeary

⁶³ Ethnically diverse includes Asian, Black, LatinX and Other.

Succession Planning

The Board recognizes the importance of effective executive leadership to PayPal's strong performance and reviews executive succession planning at least annually. As part of this process, the Board reviews and discusses the capabilities of our senior leadership and identifies potential successors for the CEO and our other executive officers. Organizational and operational needs, competitive challenges, leadership and management potential and contingencies to manage emergency situations are all considered as part of the succession planning process. Importantly, the Board recognizes that diversity of our senior leadership team is critical to strong and effective management of the company.

Formalizing ESG Considerations in our Executive Compensation Program

We continue to enhance our executive compensation framework and annual performance evaluations and are committed to including the management of critical non-financial topics. In addition to already incorporated risk and compliance management assessments, we are also committed to integrating DIE&B considerations into our annual incentive program in 2021.



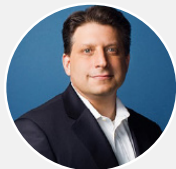
Peggy Alford
EVP, Global Sales



Jonathan Auerbach
EVP, Chief Strategy, Growth and Data Officer



Mark Britto
EVP, Chief Product Officer



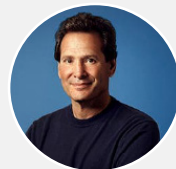
Aaron Karczmer
Chief Risk Officer and EVP, Risk and Platforms



Louise Pentland
EVP, Chief Business Affairs and Legal Officer



John Rainey
CFO and EVP, Global Customer Operations



Dan Schulman
President and CEO



Sri Shivananda
EVP, Chief Technology Officer

Executive Leadership Diversity



■ ETHNIC ■ WOMEN
■ WOMAN AND ETHNICALLY DIVERSE

Corporate Governance Highlights

Our commitment to strong corporate governance is further detailed in our [Proxy Statement](#), which provides comprehensive disclosure on our Board structure and composition, strategy and risk oversight, stockholder engagement, executive compensation and other key governance topics.

- Independent Board Chair with robust responsibilities
- 10 of 11 directors are independent
- Diverse board in which 5 of 11 directors are women or from underrepresented ethnic groups
- Director service on no more than four public company boards, including the PayPal Board
- All directors stand for annual election
- Majority vote standard for uncontested director elections
- Simple majority vote standard for charter/bylaw amendments and mergers/business combinations
- Regular review of Board and executive succession planning
- Annual performance self-evaluations by the full Board and each committee
- Governance Guidelines revised to include sexual orientation, ethnicity, nationality and cultural background in the list of diverse characteristics considered in assessing Board composition
- Committed to actively seeking highly qualified women and individuals from underrepresented communities to include in the initial pool from which Board directors are chosen
- Stockholder right to call a special meeting
- Proxy access for qualifying stockholders
- Strong stockholder engagement practices
- Robust stock ownership requirements for our executive officers and directors
- Pay-for-performance compensation philosophy designed to properly incentivize and reward performance, provide transparency and position PayPal competitively

⁶⁴ Ethnically diverse includes Asian, Black, LatinX and Other.

ESG Governance Framework

We employ a decentralized approach to the functional management of ESG topics across PayPal, with strong oversight by our Board of Directors and executive leadership team. While the entire Board reviews and engages on ESG matters that impact business strategy, the Corporate Governance and Nominating Committee exercises general oversight of PayPal's management of ESG matters, including overall ESG strategy, stakeholder engagement, reporting and programs and initiatives in social innovation and environmental sustainability.

The other principal Board committees are responsible for oversight of ESG issues associated with their respective areas of responsibility. For example, oversight of the company's risk framework and enterprise-wide compliance program, including privacy and cybersecurity matters, is the responsibility of the Audit, Risk and Compliance Committee. The Compensation Committee is responsible for the oversight of the company's strategies and responsibilities related to human capital (global talent) management, including diversity and inclusion, pay equity efforts and corporate culture.

We strive to ensure that our Board is well-informed of current and emerging ESG topics by providing quarterly briefings from management on relevant ESG issues, considering relevant experience in director recruiting efforts and regularly engaging with relevant stakeholders, such as investors and employees, to receive feedback on ESG risks and opportunities, among other things.

Our Chief Business Affairs and Legal Officer directs and manages the execution of our enterprise-wide ESG strategy in close collaboration with other senior executives. Our internal ESG governance framework facilitates cross-functional ESG program management and development, which enables us to integrate key ESG considerations across the enterprise. An ESG steering committee and cross-functional working groups with representatives from more than 20 functions are responsible for overall program implementation.



Political Transparency & Advocacy

We continue to hear from our stakeholders about the importance of providing clear disclosures regarding our public policy advocacy and political spending. The Corporate Governance and Nominating Committee oversees our political contributions, lobbying expenditures and interactions with government officials, and PayPal's Chief Corporate Affairs Officer and the Vice President of Global Government Relations review and manage our activities. In addition, we publish thought leadership to support global financial technology solutions, such as our paper on [Financial Health for the Future of Work in Singapore](#).

Our [Government Relations website](#) provides transparent disclosures on our lobbying and political activity, including details on our annual political contributions and expenditures through our federal political action committee (PAC), state and local political contributions, trade association memberships and federal lobbying information. We also highlight policy issues central to our business and our customers on our website, such as privacy and cybersecurity, cross border trade and small business lending.

All candidates, campaigns or federally registered committees that receive a contribution from the PayPal PAC go through an evaluation process to ensure that the donation aligns with PayPal's values and public policy priorities and meets our giving criteria. Our [Political Engagement and Transparency Policy](#) outlines clear standards for all donations. In anticipation of 2020 being an especially challenging election cycle, PayPal ceased all contributions to individual candidates in February 2020.



Usman Ahmed
Head of Global Public Policy & Research
Washington, D.C., U.S.



"PayPal partners with community organizations and nonprofits because we believe in the value of private-public partnerships to achieve shared goals."

Risk & Compliance

We apply the Three Lines of Defense model for risk management, which includes management, oversight and independent assurance. Our senior leadership team is responsible for assessing and managing risk. The Board is responsible for risk oversight, with the Audit, Risk and Compliance (ARC) Committee overseeing and reviewing our overall risk management framework. Our internal audit program provides independent assurance and is externally assessed by the Institute of Internal Auditors (IIA) to ensure it conforms with the IIA Code of Ethics and Standards.

Our Enterprise Risk and Compliance Management Program reflects PayPal's programmatic approach to identifying, measuring, managing, monitoring and reporting key risks facing our company, including financial crime compliance, regulatory compliance, business continuity, technology, cybersecurity, privacy, operational, credit, capital structure, strategic and reputational risks.

We have established risk management committees to oversee the implementation and execution of the Enterprise Risk and Compliance Management Program, including the Enterprise Risk Management Committee (ERMC). The ERMC is the highest-level risk management committee and is co-chaired by PayPal's Chief Risk Officer and Chief Compliance Officer. They regularly review and discuss the overall effectiveness of the Enterprise Risk and Compliance Management Program with the ARC Committee and the Board of Directors. To further reinforce the link between our governance of ESG matters and our risk management programs, we regularly report on emerging ESG trends to a subcommittee of the ERMC.



Andrea Donkor
VP, Head of Global Regulatory Relations
New York, NY, U.S.



"PayPal is proud of being a thought leader and champion for innovative regulatory frameworks. We see regulatory compliance as not only a strategic advantage, but also a business imperative."



Partnerships to Combat Global Financial Crimes

We continuously work to combat and prevent the illicit use of our services. We devote significant resources globally to financial crime compliance, and we proactively refer cases to and assist law enforcement officials in their efforts to identify, investigate and stop illegal activity. We also look to establish partnerships that will help enable us to make positive impacts for society.

For instance, in 2020, we continued our work with [Polaris](#), a leading nonprofit focused on ending human trafficking, to establish a new Financial Intelligence Unit aimed at combatting sex and labor trafficking. We also funded a project at [Northeastern University](#) to better understand illegal firearm trafficking and financing, which was recognized by New Yorkers Against Gun Violence.

In 2021, we identified new opportunities to leverage our data, relationships and investigation teams to further protect our customers. We are employing our internal expertise and partnerships with organizations and government agencies to combat violence from those with extremist ideologies; to identify, interrupt and enable prosecutions for those who traffic opioids; and to tackle the financial exploitation of elderly or otherwise vulnerable individuals. This model will continue to be an important lever as we work to stop global financial crimes.

Protecting Our Customers & Platform

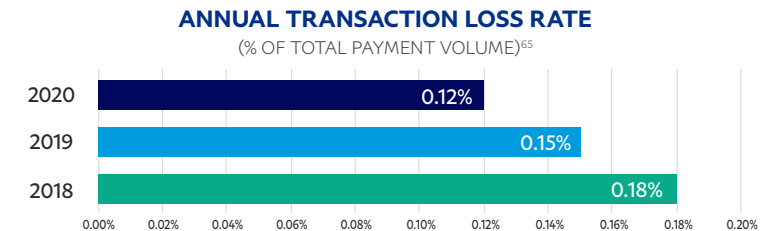
Our ongoing investment in systems and processes designed to enhance the safety and security of our products reflects our goal for PayPal to be one of the world's most trusted payments brands. Our buyer and seller protection programs protect merchants and consumers from fraud and counterparty non-performance. In 2020, we remained focused on programmatic initiatives to limit this risk and protect our customers, which led to improvements that enabled us to lower our transaction loss rate to 0.12% in 2020 through.⁶⁵

**ACHIEVED A
0.12%
TRANSACTION
LOSS RATE**

- Enhanced onboarding experiences for new users to help identify early fraudsters and abusers with mandatory phone information to expedite communication and authentication;
- Innovative and best in class models to detect fraudulent transactions early and protect accounts from abuse;
- Tailored support during the pandemic to actively respond to abuse and scams targeting unemployment assistance funds; and
- Creation of the Fraud Detection Command Center to monitor transactions in close-to real time to detect and respond to fraudulent attacks early.

To strengthen our global approach to consumer protection, in 2021, PayPal intends to adopt risk statements and requirements that will simplify compliance efforts by establishing common standards and taxonomy, raising minimum company-wide consumer protection standards across the globe.

We strive to ensure our platform is safe and reliable for all to use and expect all customers to comply with our [Acceptable Use Policy](#), which outlines prohibited activities and conduct, including the use of our services to promote hate, violence and intolerance (including racial intolerance). We take this responsibility seriously and actively manage concerns through regular investigations. We consider all available information as part of these independent assessments of product misuse, including information from the Anti-Defamation League, Color of Change and other organizations, and work to proactively identify instances of non-compliance.



⁶⁵ Transaction loss rate represents transaction losses (including expensing associated with buyer and seller protection programs, fraud and chargebacks) divided by our TPV (Total Payment Volume).

Data Responsibility, Privacy & Security

As a leader in financial technology, we believe in providing simple, affordable, secure and reliable financial services and digital payments to enable millions of people around the world to thrive in the global economy. This vision guides our efforts to establish and drive a culture of data responsibility and customer empowerment through education, platform enhancements and product innovations. We remain committed to providing our customers a value-driven and trusted experience with a proactive approach to data protection and cybersecurity management.

Fostering a culture of privacy & data responsibility

PayPal's data journey began with a principles-based Privacy Program focused on personal data and continues to expand to broader data management principles centered on PayPal's critical data elements. Our Global Privacy and Data Management Programs, each part of the Enterprise Risk and Compliance Management Program, are enterprise-wide standards established to drive consistency in execution and management. These standards are used for collecting, using, disclosing, storing, securing, accessing, transferring and processing personal data while ensuring data quality, accountability and standardization.

We have a Global Privacy and Data Management team, led by our Chief Privacy Officer and Global Head of Data Management, as well as dedicated teams integrated throughout our business who continue to work toward instilling a culture of "Data Hygiene by Default" and "Privacy by Design." Our programs are designed to bring awareness across the organization and enable our teams to have a contextual and end-to-end risk management view when working with data rather than focusing solely on specific use cases.

We also have a dedicated team of professionals that proactively manage PayPal's privacy and data protection due diligence when considering potential strategic investments and acquisitions.

Data Management Principles



⁶⁶ Data Lifecycle Management is inclusive of 'Collection,' 'Use, Retention & Disposal,' 'Sharing & Transfer,' and 'Access & Quality.'

IMPLEMENTING PRIVACY BY DESIGN

We integrate a privacy-first mindset into our products and services. We continuously evaluate our approach to privacy and identify ways we can best serve our customers and further protect their data.

For each product and service seeking to use data in a new way, we carry out privacy and data protection impact assessments to identify and determine the privacy exposure that new data use cases may raise. This helps us to proactively strengthen our privacy control environment.

Celebrating PayPal's First Global Privacy Awareness Week

In late January 2020, we hosted events across 11 sites globally, including locations in the U.S., Ireland, Singapore, Luxembourg, India and Brazil, to celebrate International Privacy Day, with the goal to continue building towards a privacy first culture. Teammates across the business engaged in interactive experiences to share relevant practices about Privacy and Data Protection, including:

- A Privacy Design Jam to develop design principles on how we talk to customers about privacy, and how we can embed privacy as part of our product experience.
- Our Data Hackathon where teams produced creative and innovative ways to code privacy into our technical infrastructure and live our principles around privacy by design.
- Multiple bootcamps and fireside chats to share insights around privacy, emerging technologies and the changing regulatory landscape.
- A women-focused career development event in Ireland, in partnership with *Unity* (our women-focused ERG), to hear from senior women about their career journeys and success stories in the data privacy space.

OUR PLATFORM APPROACH TO PRIVACY

We embrace the responsibility we have in handling our customers' data and always look for opportunities to not only stay ahead of the regulatory curve, but also exceed customer expectations. We strive to always be transparent about the data we collect from our customers, including how we use it and share it. We recently launched the new [Privacy Hub](#), which provides a central site for customers to learn about all things Privacy at PayPal.



We have adopted a platform approach to enable data privacy and protection across our organization as well as enhance the customer experience. We believe in empowering our customers by providing them meaningful education on the choices and controls they have about their personal data. In 2020, we began rolling out an automated self-service portal that enables our customers in Europe and the U.S. to exercise their individual right to access, correct, modify and manage their personal data and marketing choices. We are continuing to work on extending these capabilities to other jurisdictions.

RESPONSIBLE DATA PRACTICES

PayPal relies on big data and Artificial Intelligence (AI) for business decision making and risk management to transform the digital payments ecosystem. Our Consumer Protection and Model Governance Program, which is part of the Enterprise Risk and Compliance Management Program, is designed to enable ethical and responsible use of data. In 2020, PayPal adopted guiding principles for development and use of AI to ensure that our systems are developed responsibly and fairly. Through role-based training programs, we educate employees on how to identify and avoid inherent biases and focus on ensuring algorithmic fairness in AI models.

For more information, please see our [Privacy Statement](#) or visit our [Privacy Hub](#).



Employees in New York, NY engaged in Global Privacy Awareness Week

Securing our platform, data & services

PayPal promotes a strong security philosophy across the company. Our Chief Information Security Officer oversees cybersecurity across our global enterprise, with oversight from the ARC Committee. As part of our Enterprise Risk and Compliance Management Program, our Information Security Program is designed to support the company in identifying, protecting, detecting, responding to and recovering from cybersecurity threats.

Our Program is informed by relevant industry guidance and achieved ISO 27001 certification for information security management in 2019. We are currently a member of the PCI Security Standards Council Board of Advisors, comply with PCI DSS and issue annual SOC-1 and SOC-2 reports. PayPal's Information Security team has built a rigorous model for performing diligence against both potential acquisitions and strategic investments to enable informed, risk-based decisions.

PayPal actively supports security research and responsible disclosures. This includes an ongoing partnership with HackerOne to engage a community of security researchers to help make our products and services more secure through our [Bug Bounty Program](#). This initiative enhances our overall security practices by providing an additional layer of security for our users and applications. Since launching on the HackerOne platform in 2018, the Bug Bounty program has identified and resolved more than 1,000 submissions.

For additional information, please visit the [PayPal Security Center](#).



V. Chandramouliswaran ("Mouli"), PhD
Sr. Director, Global Financial Crimes and Customer Protection & Chennai Centre Head
Chennai, India



"At the start of the pandemic, we had an opportunity to work with local government and law enforcement to build a mobile app for contact tracing and to support analytics around contact tracing and forecasting."

Enabling A Seamless, Secure Customer Experience Through Simplified Sign-On

We reduced sign-on complexity through the introduction of password-less user authentication with simple and transparent device management. Removing the password requirement and using 2-factor authentication for new device sign-up helps substantially mitigate the risk of increasingly common external breaches, while simplifying the sign-on process so customers have quick and secure access to their accounts. This ease of use also helps merchants, who can benefit from higher conversion via a more seamless sign-on for their customers.

Research Partnerships to Enable a More Secure Digital Economy



Understanding the use of Internet of Things (IoT) devices in financial crimes with Howard University

Researching and uncovering scalable solutions to detect and mitigate the use of IoT devices in financial crimes, such as account takeover and identity fraud.

Furthering cryptography-related research focused on secure multi-party computation with Nanyang Technological University, Singapore (NTU Singapore)

This data protection technique can help eliminate single points of failure and allows for collaboration scenarios where trust (contractual or otherwise) can be hard to establish. For organizations concerned about the security of sensitive and personal data processed in an external environment, this technology has the potential to secure data-in-use and data being shared.



Researching quantum-safe data protection solutions with the Australian Research Council

Studying post-quantum cryptography and quantum-safe data protection solutions to help inform our understanding of emerging threats and enable PayPal to contribute to lasting solutions to strengthen the financial ecosystem.

Identifying new solutions to modern phishing attacks with Arizona State University, Google and Samsung Research

Broadening the security community's collective understanding of modern phishing attacks and the ways criminals successfully target victims. The award-winning paper proposes a framework, "Golden Hour," for proactively detecting phishing threats and automatically protecting the accounts of users who may have been affected.⁶⁷ Golden Hour is already deployed at PayPal and designed for expansion across other brands to keep even more internet users safe from deceptive content.



⁶⁷ This work won a Distinguished Paper Award at the 2020 USENIX Security Symposium and a Facebook Internet Defense Prize.

Business Ethics

Our [Code of Business Conduct & Ethics](#) (Code of Conduct), available in 14 languages, provides guidance for our employees, directors and third parties on ethical and responsible behavior. We regularly refresh the Code of Conduct to reflect the evolution of our programs, policies and expectations for everyone engaged with PayPal.

Our Code of Conduct reinforces that we are all empowered to speak up or seek advice without fear of retaliation. Employees have multiple avenues to share their concerns or ask questions, including by directly reaching out to a business ethics officer, emailing our Ombuds/Ethics team or contacting our global Integrity Helpline which is available 24 hours a day, seven days a week in multiple languages. Reports to the Integrity Helpline are confidential and can be made anonymously. The Chief Compliance Officer provides periodic updates to the ARC Committee on significant reports or concerns raised and their resolution.

Every employee at PayPal completes Annual Compliance and Ethics Training, which covers areas such as our Code of Business Conduct, Anti-Money Laundering, Information Protection and Data Privacy, Safety and Security and Sexual Harassment Awareness and Prevention. In addition, upon joining PayPal and annually thereafter, our employees must certify that they understand and will comply with the Code of Conduct. PayPal has continued to meet 100% completion for the Annual Compliance and Ethics Training.

100%
EMPLOYEE COMPLETION OF
ANNUAL COMPLIANCE AND
ETHICS TRAINING

In addition to our Code of Conduct, we ask all parties to abide by our Conflict of Interest policy, Ethics Reporting and Whistleblower policy and Anti-Bribery and Corruption policy, among others. In addition, all third-party entities are required to comply with our [Third-Party Code of Business Conduct & Ethics](#) which was updated in 2020 and sets specific expectations regarding human and labor rights, environmental responsibility, bribery and improper payments, occupational health and safety, consumer protection, financial crimes and others. We take these responsibilities seriously and investigate potential non-compliance to determine appropriate next steps.

Human Rights Due Diligence

PayPal recently partnered with [Article One](#), a strategy consulting firm with expertise in human rights and responsible innovation, to conduct a human rights impact assessment of our operations, products and services to inform the development of our Global Human Rights statement to align with the Universal Declaration of Human Rights, U.N. Guiding Principles on Business and Human Rights and other international standards. This process included desk-based research, interviews with internal and external stakeholders and comprehensive analysis and review of the findings. The assessment surfaced four categories of salient human rights risks for the company: product misuse, product design, government action and operations.

Based on this assessment and a review of our current risk management systems, we are embarking on a process to evaluate future programmatic enhancements, potential additional mitigation approaches and opportunities to help advance economic and human rights for people all over the world.



Ensuring the Safe Adoption of Digital Commerce Throughout COVID-19

PayPal supports our merchants with innovative business solutions, while equipping our consumers with safe ways of transacting online, this commitment has never been more important than during the rapid adoption of digital commerce in 2020. (See [Supporting Our Employees, Customers & Communities during COVID-19](#)).

Message from Our President & CEO

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Taking Action for Racial Equity & Justice

Employees & Culture

Environmental Sustainability

Responsible Business Practices

Appendix

ESG Performance Metrics

Independent Limited Assurance Statement

Additional Resources

Select Partnerships & Awards

Appendix

ESG Performance Metrics

We continue to enhance our environmental, social and governance (ESG) disclosures to reflect input from our global stakeholders, industry best practices and international standards. This year, we have aligned our reporting to Sustainable Accounting Standards Board (SASB), Global Reporting Initiative (GRI), the U.N. Global Compact Ten Principles and the World Economic Forum’s Stakeholder Capitalism Metrics (SCM) framework. Additionally, we have developed a separate index based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations that reflects our strategy, approach and key metrics relating to climate change, available on our Investor Relations site [here](#).

All references apply to the year ending December 31, 2020 and PayPal’s global operations, unless otherwise noted. We will continue to assess opportunities to evolve our ESG reporting approach and are committed to ongoing transparency.

Additional Resources

Beyond the contents of this report, we provide a robust list of additional materials, resources and documents that further demonstrate our ESG strategies, activities, progress and performance.



PayPal employees drive impact

Thank you for reading our 2020 Global Impact Report. For further information, visit our [Global Impact website](#) or please contact us at ESG@paypal.com with any questions or feedback. Hearing from you is an important aspect of our ongoing ESG strategy and program so that we can continue delivering on our mission and vision to democratize financial services on a global level.

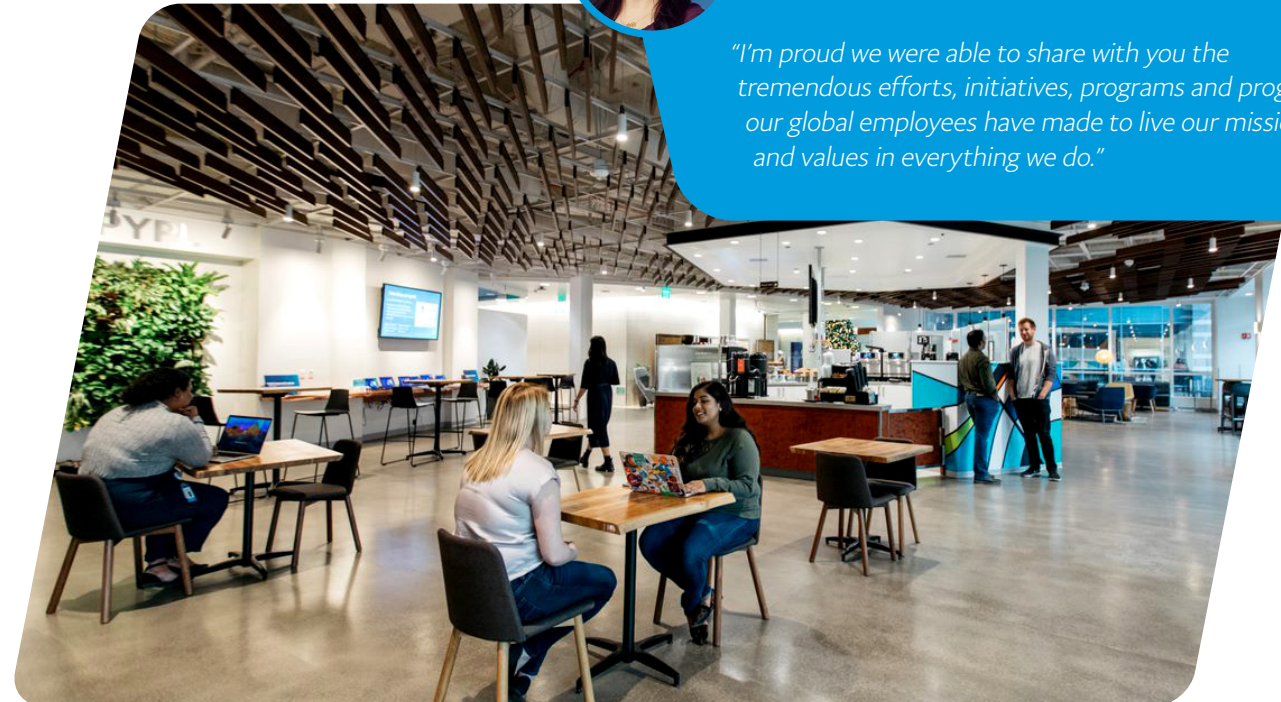
For more information on PayPal’s news and special announcements, visit the [PayPal Newsroom](#). You can follow PayPal on [Twitter](#), [Instagram](#), [LinkedIn](#) and [YouTube](#) for more updates on our programs. For information on our latest response to the COVID-19 pandemic, click [here](#).



Kristina Friedman
Head of Global ESG Strategy
San Jose, CA, U.S.



“I’m proud we were able to share with you the tremendous efforts, initiatives, programs and progress our global employees have made to live our mission and values in everything we do.”



ESG Performance Metrics

In the following table, we disclose our environmental, social and governance (ESG) programs, policies and metrics mapped to the following voluntary reporting frameworks and initiatives: The Global Reporting Initiative (GRI) standards; The Sustainability Accounting Standards Board (SASB) Software & IT Services and Consumer Finance industry standards⁶⁸; The Ten Principles of the United Nations Global Compact (UNGC); and the WEF Stakeholder Capitalism Metrics (SCM).^{69,70} Disclosures are organized by our four ESG pillars – Social Innovation, Employees & Culture, Environmental Sustainability and Responsible Business Practices – and aligned to the ESG topics identified in our materiality assessment.⁷¹ We will continue to evaluate opportunities for future reporting enhancements.

Bureau Veritas UK provided an independent limited assurance opinion on select ESG metrics (those denoted with a ^). A full verification statement including limitations and exclusions can be found on [page 50](#).

Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
ABOUT PAYPAL						
<i>Organizational Profile</i>						
Name of the organization	PayPal Holdings, Inc.			102-1		
Activities, brands, products and services	About PayPal, page 5 <i>2020 Annual Report/Business, pages 2-5</i>			102-2		
Mission, vision and values	About PayPal/Our Mission, Vision & Values, page 7 <i>Mission / Vision / Values</i>					SCM: Governing purpose
Location of headquarters	San Jose, California (U.S.)			102-3		
Location of operations	Employees & Culture/Talent Acquisition & Development, page 21 , 27 <i>2020 Annual Report/Properties, page 23</i>			102-4		
Ownership and legal form	<i>2020 Annual Report/Business, page 2</i>			102-5		
Markets served	About PayPal, page 5 <i>PayPal Global Products & Services</i>			102-6		
Scale of the organization	2020 Highlights, page 11 ; Employees & Culture/Talent Acquisition & Development, page 21 <i>2021 Proxy Statement/Multiple references, page 4, 37</i>			102-7		
Active accounts	377 million	305 million	267 million		FN-CF-000.A ⁷³	
Active consumer accounts	348 million	281 million	246 million			
Active merchant accounts	29 million	24 million	21 million			
Net new active accounts	72.7 million	37.3 million	38.7 million			
Total payment volume (\$US)	\$936 billion	\$712 billion	\$578 billion		TC-SI-000.A ⁷³	
Number of payment transactions	15.4 billion	12.4 billion	9.9 billion		TC-SI-000.A ⁷³	
Annual revenue (\$US)	\$21.45 billion	\$17.77 billion	\$15.45 billion	201-1		SCM: Employment and wealth generation
Additional operational and financial results	<i>2020 Annual Report/Management's Discussion and Analysis of Financial Condition and Results of Operations, pages 25-44</i>			201-1		SCM: Employment and wealth generation

(continued)

⁶⁸ We selected metrics from both sets of SASB industry standards that reflect topics directly applicable to our business and stakeholders. For some topics, we do not report on all accounting metrics based on relevancy to our business and our current disclosures.

⁶⁹ We map our 2020 ESG performance metrics to the recommended SCM core themes, as appropriate. We do not report on all themes and metrics based on relevancy to our business and our current disclosures.

⁷⁰ For additional information on select historical data not reported within the 2020 Global Impact Report, please see PayPal's previous [Global Impact Reports, Annual Reports and Proxy Statements](#).

⁷¹ We include metrics for the eight ESG topics designated priority issues for PayPal in our [materiality assessment](#), as well as for other select material ESG topics based on the relevancy to our business, current company disclosures and designated reporting frameworks.

⁷² Each italicized response references an external document or resource.

⁷³ Modified activity metric to provide relevant business information.



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Racial Equity & Justice

Employees & Culture

Environmental Sustainability

Responsible Business Practices

Appendix



Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
ABOUT PAYPAL (cont.)						
<i>Organizational Profile (cont.)</i>						
Commitment to innovation	About PayPal, page 5 ; Social Innovation/Multiple references, page 12, 15 ; Environmental Sustainability/Driving Climate Innovation, page 29 ; Responsible Business Practices/Data Responsibility, Privacy & Security, pages 36-37 2020 Annual Report/Business, page 7					UNGC: Principle 9 SCM: Community and social vitality
Total tax paid	2020 Annual Report/Notes to Consolidated Financial Statements, page 96-98			201-1		SCM: Community and social vitality
Global employees	26,500	23,200	21,800	102-7		
Nationalities	150	140	135		TC-SI-330a.1	
Countries	30+	30+	30+		TC-SI-330a.1	
U.S.-based	12,300	11,200	11,500		TC-SI-330a.1	
Information on employees and other workers	Employees & Culture, pages 20-27 2020 Annual Report/Human Capital, pages 9-10			102-8		
Significant changes to the organization and its supply chain	2020 Highlights, page 11 2021 Proxy Statement/Proxy Statement Summary, pages 3-4			102-10		
Precautionary Principle or approach	Responsible Business Practices/Risk & Compliance, page 35-37			102-11		UNGC: Principle 7
External initiatives	Multiple references throughout GIR, pages 8, 10, 12-14, 17-19, 21-23, 26-29, 35, 37-38, 52			102-12		
Membership of associations	Multiple references throughout GIR, pages 10, 29, 52 PayPal Inc. Trade Associations (Federal & State)			102-13		
Strategy						
Statement from senior decision-maker	Message from Our President & CEO, pages 3-4			102-14		
Key impacts, risks, and opportunities	About PayPal/Multiple references, pages 9-10 ; Responsible Business Practices/Multiple references, pages 32-37 2020 Annual Report/Risk Factors, pages 10-23			102-15		SCM: Risk and opportunity oversight
Business continuity risks related to disruptions of operations	2020 Annual Report/Risk Factors, pages 11-13				TC-SI-550a.2	SCM: Risk and opportunity oversight
Stakeholder Engagement						
List of stakeholder groups	About PayPal/Stakeholder Engagement & Materiality, page 8			102-40		
Collective bargaining agreements	Not applicable			102-41		UNGC: Principle 3
Identifying and selecting stakeholders	About PayPal/Stakeholder Engagement & Materiality, page 8			102-42		

(continued)

Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
ABOUT PAYPAL (cont.)						
<i>Stakeholder Engagement (cont.)</i>						
Approach to stakeholder engagement	About PayPal/Stakeholder Engagement & Materiality, pages 8-9 2021 Proxy Statement/Stockholder Engagement, pages 25-26			102-21, 102-43		SCM: Stakeholder engagement
Key topics and concerns raised	About PayPal/Stakeholder Engagement & Materiality, pages 8-9 2021 Proxy Statement/Stockholder Engagement, pages 25-26			102-44		SCM: Stakeholder engagement
<i>Reporting Practice</i>						
Entities included in the consolidated financial statements	2020 Annual Report/Notes to Consolidated Financial Statements, page 58			102-45		
Defining report content and topic boundaries	About PayPal/About This Report, page 7 ; About PayPal/Stakeholder Engagement & Materiality, page 9			102-46		
List of material topics	About PayPal/Stakeholder Engagement & Materiality, page 9			102-47		SCM: Stakeholder engagement
Restatement of information	Included throughout report as necessary			102-48		
Changes in reporting	No significant changes			102-49		
Reporting period	Calendar year 2020			102-50		
Date of most recent report	2019 Global Impact Report published April 29, 2020			102-51		
Reporting cycle	Annually			102-52		
Contact point for questions regarding the report	ESG@paypal.com			102-53		
Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option			102-54		
GRI content index	Appendix/ESG Performance Metrics, pages 40-49			102-55		
External assurance	Appendix/Independent Limited Assurance Statement, page 50			102-56		
SOCIAL INNOVATION						
<i>Empowering Entrepreneurs, Small Businesses & Nonprofits</i>						
Management approach	Social Innovation/Multiple references, pages 12-17 ; Taking Action for Racial Equity and Justice, pages 18-19 Taking Action for Racial Equity and Justice Values in Action			103-1, 103-2, 103-3		
Cumulative capital provided to small- and medium-sized businesses (SMBs) (US\$ since 2013)	\$20.7 billion [^]	\$16.0 billion	\$10.3 billion			
Loans provided to SMBs (total since 2013)	1,085,000	905,000	655,000			
Annual access to capital for SMBs (\$US)	\$4.6 billion [^]	\$5.7 billion	\$4 billion			
SMBs on platform⁷⁴	15 million	–	–			
PayPal's estimated total revenue from SMBs (%)⁷⁵	49.7%	–	–			

(continued)

⁷⁴ SMBs as defined by the OECD definition of small and medium enterprises. See the OECD Glossary of Statistical Terms available at <https://stats.oecd.org/glossary/detail.asp?ID=3123>. Current count only includes SMBs from our core PayPal platform, excluding eBay merchants.

⁷⁵ Estimated revenues from global small and medium-sized businesses as defined by the OECD that leverage our core PayPal platform, Zettle products and PayPal Credit products in proportion to our 2020 total revenue. Current methodology excludes marketplaces and eBay-related revenue. We will evaluate opportunities for continued methodological improvements.

[^] Limited external assurance.



Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
SOCIAL INNOVATION (cont.)						
<i>Empowering Entrepreneurs, Small Businesses & Nonprofits (cont.)</i>						
Funds raised for nonprofits and causes (\$US)⁷⁶	\$16.9 billion	\$15.6 billion	\$14.5 billion			
Funds raised for nonprofits (\$US) ⁷⁷	\$16.5 billion [^]	\$15.3 billion	\$14.2 billion			
Funds raised for charities (\$US)	\$12 billion	\$10 billion	\$9.6 billion			
Funds raised for causes via personal or business fundraising (\$US)	\$394 million	\$284 million	\$224 million			
Total number of donors⁷⁶	50 million	40 million	36 million			
Nonprofits supported^{76,77,78}	856,000	827,000	851,000			
Give at Checkout donations^{76,79}	11.3 million	2.8 million	356,000			
Donations processed globally on Giving Tuesday (\$US)	\$185 million	\$132 million	\$120 million			
Customers who donated	1.75 million	1.37 million	1.15 million			
\$535M Commitment to Address Economic Inequality	Taking Action for Racial Equity and Justice, pages 18-19					
Total funds deployed (\$US)	\$300 million	–	–			
Empowerment Grants – Awardees still operating (% of total awardees)	90%	–	–			
Nonprofit Partner Grants – Businesses still operating (% of businesses served) ⁸⁰	80%	–	–			
Financial Health & Inclusion						
Management approach	Social Innovation/Multiple references, page 12, 15 ; Taking Action for Racial Equity and Justice, pages 18-19 ; Employees & Culture/Employee Wellness, page 22 ; Environmental Sustainability/Climate Justice & Resilience, page 29 PayPal Values in Action			103-1, 103-2, 103-3		
Significant indirect economic impacts	Social Innovation/Financial Health, page 15 ; Taking Action for Racial Equity and Justice, pages 18-19 ; Employees & Culture/Employee Wellness, page 22			203-2		
Average Xoom remittance costs (%)	2.76%	2.7%	–			
EMPLOYEES & CULTURE						
<i>Community Engagement</i>						
Funds contributed to nonprofits (\$US)⁸¹	\$30 million+	\$18 million	\$13 million+			SCM: Stakeholder engagement
Employee volunteer hours	51,200	50,000	29,500			
Workforce engaged in social impact and innovation activities (%)	50%	53%	–			
Nonprofits supported through PayPal grants	400+	375+	–			
Countries where PayPal grants support nonprofits	45+	20+	–			

⁷⁶ The data consist of funds processed by PayPal and Braintree to all nonprofits, which include organizations identified as charities, other nonprofits and elementary/secondary schools and universities, as well as donations to individuals and businesses from personal fundraising campaigns.

⁷⁷ Does not include funds raised through personal fundraising.

⁷⁸ Represents the total number of nonprofit accounts supported each year.

⁷⁹ Give at Checkout feature launched in late 2018.

⁸⁰ Based on our initial 6-month impact survey of 20 nonprofit partners, of which 18 nonprofit partners reported output data on total number of businesses served and total hours of financial education provided. Twelve nonprofit partners reported outcome data on the number of businesses survived or stabilized and number of businesses able to maintain payroll, reporting on 2,809 and 3,100 of businesses served, respectively. Data represents percentage of Black-owned businesses served with reported outcomes that are still operating as of March 2021.

⁸¹ Includes donations, matching gifts, grants and in-kind donations.

[^] Limited external assurance.

(continued)

Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
EMPLOYEES & CULTURE (cont.)						
<i>Diversity, Inclusion, Equity & Belonging (DIE&B)</i>						
Management approach	Employees & Culture/Diversity, Inclusion, Equity & Belonging (DIE&B) Strategy, pages 23-25 Diversity & Inclusion at PayPal			103-1, 103-2, 103-3		UNGC: Principles 1, 6 SCM: Dignity and equality
Pay equity for global females and U.S. ethnic males (%)	100%	100%	100%	405-2		SCM: Dignity and equality
Median base pay of women relative to men in the same job (%) ⁸²	101%	–	–			
Median base pay of Black, Asian and LatinX employees relative to white employees (%) ⁸²	100%	–	–			
Diverse workforce representation (% of overall U.S. workforce)⁸³	56%	57%	57%		TC-SI-330a.3	SCM: Dignity and equality
Global gender diversity (% of global workforce)⁸⁴	Employees & Culture/Key Representation Metrics, page 25			102-8, 405-1		SCM: Dignity and equality
Overall workforce by gender					TC-SI-330a.3	
Female	43%^	43%	42%			
Male	57%	57%	58%			
Non-binary	0.03%	–	–			
Technical roles by gender ⁸⁵					TC-SI-330a.3	
Female	27%	28%	27%			
Male	73%	72%	73%			
Non-binary	0.07%	–	–			
Professional roles by gender ⁸⁶					TC-SI-330a.3	
Female	43%	43%	43%			
Male	57%	57%	57%			
Non-binary	0.03%	–	–			
Director+ by gender					TC-SI-330a.3	
Female	35%	35%	36%			
Male	65%	65%	64%			
Non-binary	0%	–	–			
Vice President+ by gender					TC-SI-330a.3	
Female	35%	35%	35%			
Male	65%	65%	65%			
Non-binary	0%	–	–			

(continued)

⁸² The median difference is weighted so that jobs with more women employees are given more consideration than jobs with only a few women employees. To ensure accuracy only jobs with both men and women are included in the calculation. We use the same methodology to compare the pay of White and Black, LatinX and Asian employees.

⁸³ Total diverse workforce representation is defined as Global women and U.S. ethnically diverse men.

⁸⁴ Due to rounding, numbers presented may not reflect exact totals. PayPal added non-binary gender status to employee self-ID options in 2020.

⁸⁵ Technical roles include employees in engineering, information technology and technology operations.

⁸⁶ Professional is defined as all employees below Director.

^ Limited external assurance.



Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
EMPLOYEES & CULTURE (cont.)						
Diversity, Inclusion, Equity & Belonging (DIE&B) (cont.)						
U.S. ethnic diversity (% of U.S. workforce)⁸⁷	Employees & Culture/Key Representation Metrics, page 25 PayPal EEO-1 Reports			405-1		SCM: Dignity and equality
Overall workforce by ethnicity	52%^	51%	50%		TC-SI-330a.3	
White	47%	49%	50%			
Asian	33%	32%	31%			
Black	6%	6%	7%			
LatinX	8%	8%	8%			
Other	5%	5%	4%			
Technical roles by ethnicity	71%	71%	68%		TC-SI-330a.3	
White	29%	29%	32%			
Asian	59%	60%	56%			
Black	2%	2%	4%			
LatinX	5%	4%	4%			
Other	5%	5%	4%			
Professional roles by ethnicity	53%	52%	52%		TC-SI-330a.3	
White	46%	48%	49%			
Asian	33%	33%	31%			
Black	6%	6%	8%			
LatinX	9%	8%	8%			
Other	5%	5%	5%			
Director+ by ethnicity	43%	41%	41%		TC-SI-330a.3	
White	57%	58%	60%			
Asian	31%	31%	31%			
Black	3%	2%	3%			
LatinX	4%	4%	3%			
Other	5%	4%	4%			
Vice President+ by ethnicity	35%	36%	35%		TC-SI-330a.3	
White	65%	65%	65%			
Asian	21%	21%	19%			
Black	3%	4%	6%			
LatinX	7%	5%	4%			
Other	4%	6%	6%			

⁸⁷ Due to rounding, numbers presented may not reflect exact totals. Ethnically diverse includes Asian, Black, LatinX and Other.
^ Limited external assurance.

(continued)



Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
EMPLOYEES & CULTURE (cont.)						
<i>Diversity, Inclusion, Equity & Belonging (DIE&B) (cont.)</i>						
Ethnically diverse women by role (% of U.S. workforce)⁸⁸	Employees & Culture/Key Representation Metrics, page 25 PayPal EEO-1 Reports			405-1	TC-SI-330a.3	SCM: Dignity and equality
Overall workforce	22%	–	–			
Technical roles	21%	–	–			
Professional roles	23%	–	–			
Director+	15%	–	–			
Vice President+	14%	–	–			
Ethnically diverse men by role (% of U.S. workforce)⁸⁸	Employees & Culture/Key Representation Metrics, page 25 PayPal EEO-1 Reports			405-1	TC-SI-330a.3	SCM: Dignity and equality
Overall workforce	30%	–	–			
Technical roles	50%	–	–			
Professional roles	31%	–	–			
Director+	28%	–	–			
Vice President+	21%	–	–			
Underrepresented minorities by role (% of U.S. workforce)⁸⁹	Employees & Culture/Key Representation Metrics, page 25 PayPal EEO-1 Reports			405-1	TC-SI-330a.3	SCM: Dignity and equality
Overall workforce	19%	19%	19%			
Technical roles	12%	11%	12%			
Professional roles	20%	19%	21%			
Director+	12%	10%	10%			
Vice President+	14%	15%	16%			
U.S. veteran status (% of U.S. overall workforce)⁹⁰	4%	–	–			SCM: Dignity and equality
Employee Recruitment & Development						
Approach to recruiting and managing a global workforce	Employees & Culture/Approach to Global Talent Management, pages 20-22 ; Employees & Culture/Employee Experience & Community Impact, pages 26-27			103-1, 103-2, 103-3		UNGC: Principle 6
Annual turnover rate (%)⁹¹	10.5% [^]	20.3%	16.0%	401-1		SCM: Employment and wealth generation

(continued)

⁸⁸ Ethnically diverse includes Asian, Black, LatinX and Other.
⁸⁹ Underrepresented minority includes Black, LatinX and Other.
⁹⁰ PayPal added veteran status to employee self-ID options in 2020.
⁹¹ As part of our commitment to transparent reporting, we are disclosing our historical and current-year data for annual turnover rate for the first time.
[^] Limited external assurance.

Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
EMPLOYEES & CULTURE (cont.)						
<i>Employee Recruitment & Development (cont.)</i>						
Annual employee survey participation rate (%)⁹²	85%	87%	–			
Engagement score ⁹³	84^	80	–		TC-SI-330a.2	
Inspiration score ⁹⁴	85	80	–			
Intent to stay score ⁹⁵	82	78	–			
Diverse perspectives valued (% employees agree) ⁹⁶	84%	83%	–			
Completed LinkedIn Learning Courses (weekly average)	550	300	–	404-1		SCM: Skills for the future
<i>Employee Wellness, Health & Safety</i>						
Management approach	Employees & Culture/Employee Wellness, page 22 Environmental Sustainability/Protecting the Health & Safety of our Employees, page 31			103-2, 103-2, 103-3, 403-1, 403-6		SCM: Health and wellbeing
PayPal-defined estimated minimum employee net disposable income (U.S.)⁹⁷	18% [^]	–	–	202-1		SCM: Dignity and equality
CEO pay ratio	278:1	367:1	313:1			SCM: Dignity and equality
ENVIRONMENTAL SUSTAINABILITY						
<i>Climate Change Mitigation</i>						
Management approach	Environmental Sustainability, page 28-31 Environmental Sustainability PayPal Environmental Sustainability Policy			103-1, 103-2, 103-3		UNGC: Principle 7
Science-based targets	Environmental Sustainability/Our Approach to Climate Action, page 28					UNGC: Principle 8 SCM: Climate change
Vendors with science-based targets (% of supply chain by spend)⁹⁸	25%	–	–			SCM: Climate change
TCFD implementation	PayPal TCFD Disclosures			201-2		SCM: Climate change
Global energy use (MWh in thousands)⁹⁹	264.1 ^	251.5 [^]	250.9	302-1	TC-SI-130a.1	
Offices	65	95.3	95.9			
Data centers	199.1	156.2	155.0			
Renewable energy (% of energy use)⁹⁹	76% [^]	45% [^]	35%		TC-SI-130a.1	UNGC: Principle 8
Data center energy (% of energy use)	98% [^]	66% [^]	49%			
Reduction of energy consumption	Environmental Sustainability/2020 Energy & Emissions Trends, page 30			302-4		UNGC: Principle 8

(continued)

⁹² All scores benchmarked against top technology peers.

⁹³ Whether the employee is happy at PayPal or would recommend PayPal to their friend. Our overall Engagement Score increased 4 points over 2019, placing PayPal in the top 5% of our benchmark.

⁹⁴ Whether the employee feels inspired at PayPal. Inspiration score is up 5 points from 2019.

⁹⁵ Whether the employee intends to stay at PayPal for the next two years. 2020 Intent to Stay Score is 6 points above our benchmark.

⁹⁶ Percentage of employees who agree that diverse perspectives are valued at PayPal.

⁹⁷ The PayPal-defined net disposable income is the discretionary income remaining for our employees after taxes and typical living expenses are paid.

⁹⁸ Vendor climate engagement metrics are based on our initial assessment of the 300 largest vendors, by spend, across PayPal's supply chain. We will continue to look for opportunities to enhance our reporting in this area as we refine our assessment methodology and vendor engagement practices.

⁹⁹ We've revised prior period energy and emissions metrics based on improvements in both data quality and calculation methodology. Notably, in 2020 we reassessed the application of the operational control consolidation approach to direct operational (Scope 1) emissions sources at our leased sites to ensure only emissions sources over which PayPal has operational control are counted. Emissions sources over which landlords have operational control will be addressed through our green leasing and vendor engagement initiatives.

[^] Limited external assurance.



CEO Letter

About PayPal

2020 Highlights

Social Innovation

Racial Equity & Justice

Employees & Culture

Environmental Sustainability

Responsible Business Practices

Appendix

Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
ENVIRONMENTAL SUSTAINABILITY (cont.)						
<i>Climate Change Mitigation (cont.)</i>						
GHG emissions by Scope (MTCO₂e in thousands)¹⁰⁰	38.7	112.7	121.8			SCM: Climate change
Scope 1 Emissions	3.0 [^]	6.5 [^]	8.1	305-1		
Scope 2 Emissions ¹⁰¹	22.1 [^]	46.6 [^]	56.7	305-2		
Scope 3 Emissions ¹⁰²	13.6 [^]	59.6 [^]	57.0	305-3		
GHG emissions (Scope 1&2) by facility type (MTCO₂e in thousands, MBM)^{100,103}	24.5	51.3	63.1			
Offices	23.2	33.8	36.3			
Data centers	1.3	17.5	26.8			
Integration of environmental considerations into strategic planning for data center needs	Environmental Sustainability/2020 Energy & Emissions Trends, page 30 PayPal Environmental Sustainability				TC-SI-130a.3	UNGC: Principles 7, 8
Carbon intensity per transaction (grams CO₂)¹⁰⁴	1.6	4.3	–			
<i>Natural Resource Management</i>						
Management approach	Environmental Sustainability/Managing Our Natural Resources, page 31 PayPal Environmental Sustainability Policy PayPal Third Party Code of Business Conduct & Ethics			103-1, 103-2, 103-3		UNGC: Principles 7, 8
IT hardware retired (metric tons)	152	300	–			
Sold for refurbishment and reuse (%)	38%	57%	–			
Transferred to secure disposal vendors (%)	62%	43%	–			
IT asset disposal service providers certified (%)	100%	100%	100%			
RESPONSIBLE BUSINESS PRACTICES						
<i>Business Ethics</i>						
Values, principles, standards and norms of behavior	About PayPal/Vision, Mission & Values, page 7 ; Responsible Business Practices/Business Ethics, page 38 Code of Business Conduct & Ethics PayPal Third Party Code of Business Conduct & Ethics			102-16		UNGC: Principles 1, 2, 6, 10 SCM: Governing purpose
Employee completion of annual compliance and ethics training (% of total workforce)	100%	100%	100%	205-2		UNGC: Principle 6 SCM: Ethical behaviour
Mechanisms for advice and concerns about ethics	Responsible Business Practices/Business Ethics, page 38 Code of Business Conduct & Ethics, page 7			102-17		UNGC: Principle 6 SCM: Ethical behaviour
Processes for managing and avoiding conflicts of interest	Code of Business Conduct & Ethics, page 26-29			102-25		

(continued)

¹⁰⁰ We've revised prior period energy and emissions metrics based on improvements in both data quality and calculation methodology. Notably, in 2020 we reassessed the application of the operational control consolidation approach to direct operational (Scope 1) emissions sources at our leased sites to ensure only emissions sources over which PayPal has operational control are counted. Emissions sources over which landlords have operational control will be addressed through our green leasing and vendor engagement initiatives.

¹⁰¹ Scope 2 emissions data is calculated using the GHG Protocol Market-Based Method (MBM), which includes purchases of off-site renewable energy.

¹⁰² Scope 3 inventory includes Fuel and Energy Related Activities (FERA), which includes estimates based on Scope 2 data center emissions from IT infrastructure energy use under PayPal operational control, and Business Travel emissions from air, rail, rental car and hotel lodging. Prior period Scope 3 emissions have been revised to confirm to the current period presentation. Limited external assurance has been obtained for Business Travel emissions; limited external assurance for FERA emissions is under review.

¹⁰³ Scope 1 emissions by facility type excludes corporate jet.

¹⁰⁴ Equivalent to charging your cellphone to 20% or driving your car 20 feet, or to the end of your driveway. As part of our commitment to transparent reporting, we are disclosing our historical and current-year data for carbon intensity per transaction for the first time.

[^] Limited external assurance.



Description	FY20 ⁷²	FY19	FY18	GRI	SASB	UNGC and/or SCM
RESPONSIBLE BUSINESS PRACTICES (cont.)						
<i>Business Ethics (cont.)</i>						
Anti-corruption policies and procedures	Code of Business Conduct & Ethics, page 30			205-2		UNGC: Principle 10 SCM: Ethical behaviour
Approach to preventing human trafficking or compulsory labor	Responsible Business Practices/Business Ethics, page 38 Modern Slavery and Human Trafficking Statement PayPal Third Party Code of Business Conduct & Ethics			408-1, 409-1		UNGC: Principles 1, 2, 4, 5 SCM: Dignity and equality
Monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	2020 Annual Report/Legal Proceedings, page 23, 91				TC-SI-520a.1	
<i>Corporate Governance</i>						
Governance structure and approach	Responsible Business Practices/Corporate Governance & ESG Oversight, pages 32-34 2021 Proxy Statement, pages 6-7, 10-11			102-18, 102-20, 102-22, 102-26, 103-1, 103-2, 103-3		UNGC: Principle 6 SCM: Quality of governing body
Independent Directors (% of Board)	90.9%	91.6%	91.6%	102-22		SCM: Quality of governing body
Board gender and ethnic diversity (% of Board)¹⁰⁵	45%	50%	50%	102-22, 405-1		SCM: Quality of governing body
Executive leadership gender and ethnic diversity (% of PayPal executives)¹⁰⁵	50%	–	–	405-1		
<i>Cybersecurity and Secure Transactions</i>						
Approach to identifying and addressing data security risks	Responsible Business Practices/Data Responsibility, Privacy & Security, pages 36-37			103-1, 103-2, 103-3	TC-SI-230a.2 FN-CF-230a.3	SCM: Risk and opportunity oversight
Transaction loss rate (%)¹⁰⁶	0.12%	0.15%	0.18%		FN-CF-230a.2	
<i>Data Privacy</i>						
Policies and practices relating to behavioral advertising and user privacy	Responsible Business Practices/ Data Responsibility, Privacy & Security, page 36 PayPal Privacy Statement Privacy Hub			103-1, 103-2, 103-3	TC-SI-220a.1	UNGC: Principle 1
Monetary losses as a result of legal proceedings associated with user privacy	2020 Annual Report/Legal Proceedings, page 23, 91				TC-SI-220a.3 FN-CF-220a.2	
<i>Sustainable Supply Chain Management</i>						
Supply chain	Environmental Sustainability/Leadership Through Partnership, page 29 ; Responsible Business Practices, page 32 PayPal Third Party Code of Business Conduct & Ethics			102-9		UNGC: Principles 1, 4, 5, 6

¹⁰⁵ Ethnically diverse includes Asian, Black, LatinX and Other.

¹⁰⁶ Transaction loss rate represents transaction losses (including expensing associated with buyer and seller protection programs, fraud and chargebacks) divided by our TPV (Total Payment Volume).

Independent Limited Assurance Statement

INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of PayPal

Introduction and objectives of work

Bureau Veritas UK Limited ('Bureau Veritas') has been engaged by PayPal to provide limited assurance of selected Environmental, Social and Governance (ESG) data for inclusion in "2020 Global Impact Report" ('the Report'). This Assurance Statement applies to the related information included within the scope of work described below.

Scope of Work

The scope of our work was limited to assurance over the accuracy of the ESG performance data listed below and included in the Report. Subject to Limitations and Exclusions set out below, our verification includes all operations under PayPal's control for the reporting period covering January 1, 2020 to December 31, 2020 for the following indicators ('Selected Information'):

- Funds raised for non-profits (USD);
- Cumulative capital provided to small- and medium-sized businesses since 2013 (USD);
- Annual access to capital for small- and medium-sized businesses (USD);
- Employee engagement score (%);
- PayPal-defined estimated minimum employee net disposable income, U.S. (%);
- Global Gender Diversity (%);
- US ethnicity Diversity (%);
- Average turnover rate (%);
- Greenhouse Gas (GHG) emissions – Scope 1 and Scope 2 (TCO2e);
- GHG emissions – Scope 3 emissions from business travel (TCO2e);
- Global energy use (kWh);
- Renewable energy (% of total energy use and % of data centres total energy use);

In addition, the assurance scope includes the following indicators for the period 1st January 2019 to 31st December 2019 as included in the Report:

- GHG emissions – Scope 1 and Scope 2 (tCO2e);
- GHG emissions – Scope 3 emissions from business travel (tCO2e);
- Global energy use (kWh);
- Renewable energy (% of total energy use and % of data centres total energy use);

Reporting criteria

The Selected Information has been prepared in accordance with internal definitions set for PayPal's ESG Indicators. The GHG emissions data has been prepared taking into consideration The GHG Protocol Corporate Accounting Standard (revised edition).

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- the appropriateness of the reporting criteria;
- any activities outside the defined reporting period subject to the exception expressly stated in the Scope of verification; and
- any other information included in the Report other than the Scope of verification defined above.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of PayPal.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Management of PayPal

Assessment Standard

We performed our work to a limited level of assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Summary of work performed

As part of the independent verification, Bureau Veritas undertook the following activities remotely:

- conducting interviews with PayPal personnel responsible for the Selected Information;
- reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
- reviewing documentary evidences provided by PayPal;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- reviewing PayPal's systems for quantitative data aggregation and analysis, including where applicable the underlying activity data, conversions, and emission factors applied;
- assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information.
- In addition to the Selected Information, the Scope 3 emissions from Fuel- and Energy- Related Activities (FERA) not included in scope 1 and 2 for 2019 and 2020 are undergoing ongoing review.

The scope of a limited assurance engagement is substantially less than for reasonable assurance both in terms of the risk assessment procedures and in performing the procedures to address the identified risks.

Conclusion

On the basis of our methodology and the activities described above, nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects.

Such opinion is based on work undertaken and the limitations and exclusions defined in this statement.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)², across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with PayPal.



Bureau Veritas UK Ltd
20 April 2021
London

¹ Certificate available on request

² International Federation of Inspection Agencies – Compliance Code – Third Edition

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Additional Resources

General Disclosures

- [Global Impact Website](#)
- [Prior Global Impact Reports](#)
- [2020 Annual Report](#)
- [2021 Proxy Statement](#)
- [Investor Relations](#)
- [About PayPal](#)
- [PayPal Newsroom](#)
- [Corporate Governance](#)
- [Mission | Vision | Values](#)
- [PayPal Global Markets](#)
- [COVID-19 Relief](#)
- [PayPal Ventures](#)

Social Innovation

- [Social Innovation](#)

PRODUCTS

- [About PayPal Products](#)
- [PayPal Working Capital](#)
- [QR Code Payments](#)
- [Direct Deposit on Venmo](#)
- [Instant Transfer](#)
- [Cash a Check](#)
- [Buy Now, Pay Later](#)
- [PayPal Giving Platform](#)
- [Generosity Network](#)
- [PayPal Processed More than \\$185 Million in Donations this GivingTuesday in A Year Unlike Any Other](#)

PARTNERSHIPS

- [PayPal teamed up with Captalys to help Your Business](#)
- [Ritual Partners With the City of Los Angeles and PayPal to Launch 'Open for Business' to Support Local Businesses](#)
- [Application Processing for Paycheck Protection Program](#)
- [Buy from the bush](#)
- [Finance Forward Village Capital](#)

THOUGHT LEADERSHIP & ADVOCACY

- [New PayPal Study Finds Two Sources of Resilience and Growth For SMBs Amidst The Global Pandemic](#)
- [PayPal Small Business Month](#)
- [Impact of COVID-19 on Small Businesses – A Study on the Importance of Digitization and Public-Private Partnership](#)
- [Financial Health for the Future of Work in Singapore](#)

Taking Action for Racial Equity and Justice

- [Taking Action for Racial Equity and Justice website](#)
- [PayPal Announces \\$530 Million Commitment to Support Black Businesses, Strengthen Minority Communities and Fight Economic Inequality](#)
- [PayPal Announces Additional \\$5 Million Grant Program for Black-Owned Businesses as COVID-19 Crisis Continues](#)
- [PayPal Empowerment Grant for Black Businesses & AEO](#)
- [How PayPal Helped Bakery Owner Outrun COVID Impacts](#)

Employees & Culture

- [Employees & Culture](#)
- [Diversity & Inclusion at PayPal](#)
- [PayPal Global Benefits](#)
- [PayPal Careers](#)
- [Historical EEO-1 Reports](#)
- [Supplier Diversity](#)
- [Dan Schulman TED Talk](#)

Environmental Sustainability

- [Environmental Sustainability](#)
- [Environmental Sustainability Policy](#)
- [PayPal's 2020 CDP Climate Change Response](#)
- [PayPal to Reach Net-Zero Greenhouse Gas Emissions by 2040](#)
- [Earth Day: Our Commitment to the Planet](#)
- [Weaving Sustainability into the Organizational Culture](#)
- [A Look into PayPal's 2020 Global Innovation Tournament](#)
- [Environmental Sustainability at PayPal](#)

Responsible Business Practices

- [Responsible Business Practices](#)
- [Government Relations website](#)
- [Political Transparency Disclosures](#)
- [PayPal's Political Engagement and Transparency policies](#)
- [Acceptable Use Policy](#)
- [Privacy Statement](#)
- [Privacy Hub](#)
- [Security Center](#)
- [Bug Bounty Program](#)
- [Code of Business Conduct & Ethics](#)
- [Third Party Code of Business Conduct & Ethics](#)
- [U.K. Modern Slavery Statement](#)

CEO Letter

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Appendix

Select Partnerships & Awards

Partners & Collaborations



Awards & Recognitions

Corporate Recognition (See 2020 Highlights for Additional Recognitions)



Leadership Recognition

- **2020 RFK Ripple of Hope Laureate:** Dan Schulman
- **Junior Achievement of New York Leadership Award:** Dan Schulman
- **Museum of American Finance – The Schwab Award for Financial Innovation:** Dan Schulman
- **Institutional Investor 2021 All-America Executive Team:** Investor Relations and Corporate Leadership
- **New Yorkers Against Gun Violence Founders' Award:** Aaron Karczmer

