



2017 GLOBAL IMPACT REPORT



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Message from Our President & CEO



Over the past several years, we've embarked on a journey to democratize financial services for individuals and businesses around the world. We fundamentally believe that improving the financial health of people and families, as well as creating inclusive economic opportunity for entrepreneurs and small businesses, generates positive ripple effects across communities and the broader global economy. In recent years, we've witnessed and helped lead a powerful shift toward digital financial services, yet, a large portion of the world's population still lives outside the financial mainstream. Helping to bridge this divide is both a significant responsibility and an enormous opportunity.

Given our ambitions, it's important to regularly take stock of our progress, as well as reflect on how we're addressing and managing every facet of our business. This inaugural Global Impact Report is designed to do just that – to further demonstrate our commitment to operate in a responsible and sustainable manner, as well as increase PayPal's impact to build a more financially inclusive and interconnected world.

In 2017, we made significant progress on a number of our priorities:

Driving Social Impact Through the Core of Our Business

Our business strategy and approach to delivering social impact are one and the same – together, they form a shared value model designed to deliver benefits for PayPal and our customers, investors, stakeholders, and society at large. We believe our biggest opportunity to create positive impact for customers and communities is through our business and the role we play in the broader financial services ecosystem. Our efforts in 2017 brought us closer to a more financially inclusive world – from developing new products and services that solve financial challenges for underserved individuals and small businesses, to equipping charitable organizations with digital solutions to boost fundraising, to harnessing the power and unique skills of our employees to strengthen our communities.

Managing Our Environmental Footprint

In 2017, we conducted an enterprise-wide environmental materiality assessment to better understand our footprint and then took steps to improve our measurement and management of these impacts. We have since published an [Environmental Policy](#) and established an Environmental Sustainability function to advance our strategy and

guide our activities going forward. We've prioritized five key areas to focus our ongoing environmental sustainability efforts: energy use, renewable energy, greenhouse gas (GHG) emissions, water, and waste. This report provides initial data on our impacts and an explanation of our management approach to address these impacts moving forward.

Living Our Values

We live each day guided by our core values of Inclusion, Innovation, Collaboration, and Wellness. Together, our values ensure that we work together as one global team with our customers at the center of everything we do – and they push us to ensure we take care of ourselves, each other, and our communities. This values-based approach also adds urgency to our ongoing work to build a fully inclusive workforce that reflects the diversity of our customers and our communities. In 2017, our priorities were to maintain gender pay equity, make improvements in gender balance, and increase representation of all racial/ethnic groups, while also continuing to promote even greater inclusion. Encouraging progress continues on this front, yet more still needs to – and will be – done.

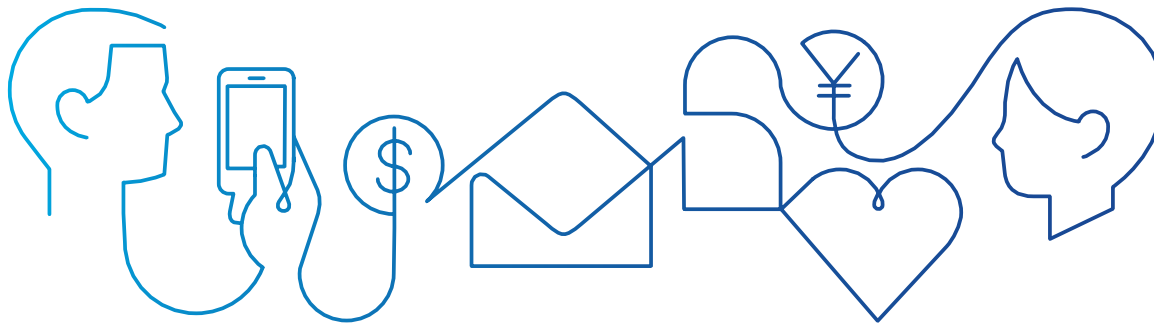
The world we live in today is changing rapidly – not just our physical environment, but our social fabric as well. It's become increasingly evident to me that businesses today can no longer afford to sit on the sidelines – we must be a force for good. In fact, I believe we have a moral obligation to do so.

This report provides an overview of our efforts and the progress we've made in 2017 and I encourage you to read it thoroughly. We know there is still significant work ahead and we're committed to doing all we can to build on the foundation we've established and continue our progress toward our mission and vision. I invite everyone to follow and engage with us on our journey, both with this report and as we make regular updates in the future.

Onward!

Dan Schulman

President and CEO, PayPal Holdings, Inc.



About PayPal

Since our founding in 1998, we've created leading financial technologies to transform the management and movement of money. Our open digital payments platform gives PayPal's hundreds of millions of account holders around the world the confidence to connect and transact in new and powerful ways, whether they're online, on a mobile device, in an app, or in person. Our combined payment solutions, including our PayPal, PayPal Credit, Braintree, Venmo, and Xoom products, compose our proprietary Payments Platform.

In 2017, we continued to solidify our place as a global leader in online payment solutions, surpassing 229 million accounts worldwide. Available in over 200 markets and 25 currencies around the world, PayPal processed more than 7.7 billion payment transactions valued at more than \$456 billion in total payment volume. Our revenue for the year exceeded [\\$13 billion](#), reflecting growth of 21 percent year over year (22 percent on an FX-neutral basis). In 2017, we employed more than 18,000 people.

Environmental, Social & Governance (ESG) Oversight

In 2017, we made improvements to the oversight and management of our Environmental, Social, and Governance (ESG) efforts. Beginning in 2018, the Corporate Governance and Nominating Committee of the Board of Directors of PayPal Holdings, Inc. (PayPal) now has general oversight over these efforts. We've also dedicated additional resources, existing and new, to further advance our ESG capabilities and improve our impact measurement and reporting efforts. Moving forward, we'll continue to evolve our ESG strategy and management systems, and will share updates with our stakeholders along the way.

About this Report

This 2017 Global Impact Report is the first comprehensive ESG report for our company. It reflects performance data and covers PayPal's global operations for calendar year 2017 (unless otherwise noted). Acquisitions that were made in 2017 are included in our environmental footprint assessment.ⁱ The Report covers four key priority areas: Social Impact, Environmental Responsibility, Employees and Culture, and Responsible Business Practices. The boundaries of our environmental impacts include all assets and facilities where PayPal has operational control, as well as employee business air travel.

The information included in this report was informed by stakeholder engagement processes and our impact analysis, as well as our environmental materiality assessment. We conducted a review of reporting frameworks, including SASB and GRI; stakeholder priorities; regulations, trends and industry expertise; company priorities and strategy; and peer companies. Additionally, we gathered feedback internally from senior leaders across our business units, as well as external stakeholders, including investors, customers, partners, and NGOs.

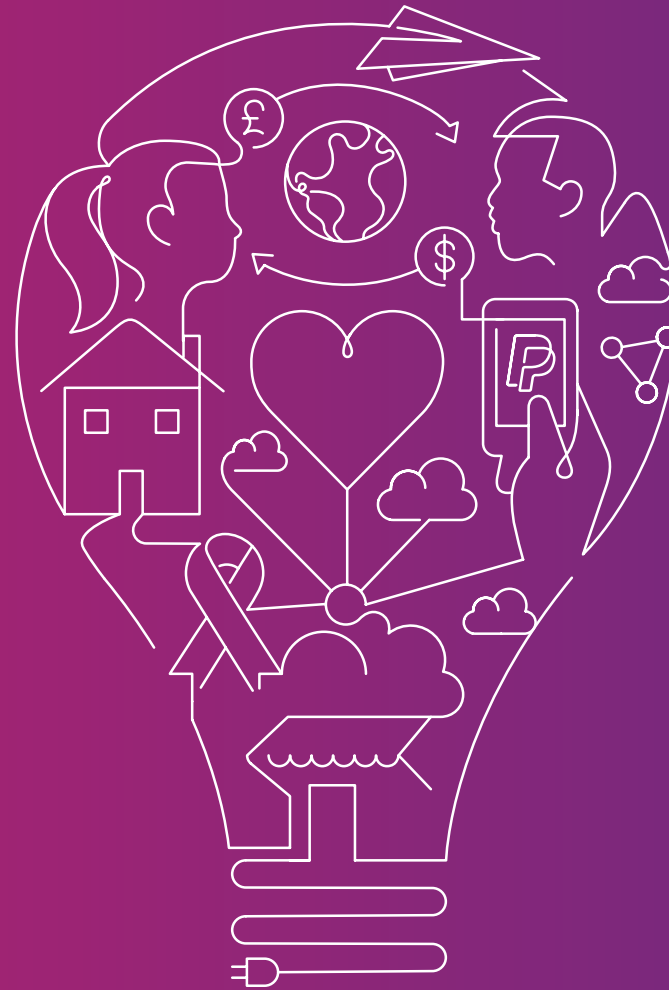
As we continue to evolve our ESG strategy and measurement and reporting capabilities, we'll identify appropriate goals and targets, and share progress through subsequent reports and updates.

We welcome feedback related to improving our ESG performance. Questions or requests for additional information can be submitted to ESG@paypal.com.

SOCIAL IMPACT

Every day, we work to help create a more inclusive global economy in which everyone is able to participate and thrive. We believe that PayPal is uniquely positioned to help alleviate many of the financial burdens that people face around the world. This belief permeates our approach to innovating new products and services, building partnerships and making financial investments, and operating our business on a daily basis.

Our approach to Social Innovation is organized around three areas of focus for strategic impact: improving the financial health of individuals and businesses, powering charitable giving, and strengthening the communities in which we live and work. These pillars are not mutually exclusive – they are interconnected and interdependent. This holistic approach allows us to maximize our impacts while building long-term value.



Improving Financial Health

We're focused on designing products and services that are affordable, convenient, and secure for all our customers. In turn, we help people save money, make small investments for their future, access capital, and reduce the cost and time to send money to loved ones in other countries. We also equip small businesses with the tools to help them grow and participate in the global economy, including affordable business financing solutions and resources to help them engage and sell to international customers.

Partnering with like-minded organizations allows us to extend our impact. One example is our partnership with Kiva, a global microlending platform, through which we reach and support early-stage small businesses around the world. We also recognize our



position to inspire and advocate for change, which is why we collaborate with and support organizations such as the World Economic Forum, Center for Financial Services Innovation, and Mercy Corps' Electronic Cash Transfer Learning Action Network to shape the agenda and create impact at an ecosystem level.

We also have a unique position to help develop and grow financial technology startups. One of the ways we do this is through our investment strategy. Leveraging our expertise and experience, we work to identify promising early-stage companies and help bring next-generation solutions to market while building a global financial system that is more transparent, inclusive, and personalized. Our investments reinforce our commitment to staying at the forefront of the financial technology industry and helping entrepreneurs thrive.

Financial Exclusion Immersion Workshops

Empathy is the cornerstone of any human-centered design process, and it's critical to the success of our approach to innovation on behalf of the financially underserved. In 2017, employees across eight locations in five countries participated in Financial Exclusion Immersion Workshops. These workshops are designed to raise awareness of the challenges faced by the financially underserved by allowing employees to step into their shoes. The first-hand experience enables teams to personally connect to our mission and imagine new ways they can work to improve the financial health of the people we serve.

"We work to help create a more inclusive global economy in which everyone is able to participate and thrive."



With a \$5,000 Kiva loan, Yolanda, was able to grow her urban farm store.

2017 Financial Health Highlights

We're committed to helping people, businesses, and nonprofits manage their financial health and realize their full potential.

Products & Services

ACCESS TO CAPITAL FOR SMALL- TO MEDIUM-SIZED MERCHANTS

PayPal Working Capital (PPWC) provides eligible small businesses access to funding in minutes and repay it using a percentage of their PayPal Sales.ⁱⁱ

From its launch in 2013 to the end of 2017, nearly 145,000 small businesses received over \$4.5 billion in funding.ⁱⁱⁱ

145K
SMALL BUSINESSES

\$4.5B
IN FUNDING

Over the same period, 25 percent of PPWC loans in the U.S. were made to businesses located in low- and moderate-income (LMI) neighborhoods.^{iv}

25% OF LOANS TO LMI NEIGHBORHOODS

SWIFT | FINANCIAL

In 2017, PayPal acquired Swift Financial, which enhances our underwriting capabilities and allows us to expand our financing solutions to meet the needs of more small- and medium-sized businesses.



AFFORDABLE SOLUTIONS FOR THE FINANCIALLY UNDERSERVED

In collaboration with our partners, in 2017 we brought new solutions to U.S. consumers, giving them access to more affordable and convenient financial services.

- **PayPal Cash Mastercard** allows unbanked and underbanked customers to pay bills and shop without monthly fees or a minimum balance.^v
- **Direct Deposit** allows customers to load all or part of their paychecks directly into their PayPal account.
- **Money Pools** help groups of people collectively pool funds for future shared items or activities.
- **Goals** help people set aside money for specific life events or unexpected expenses through sub-balances in their PayPal accounts.
- We also integrated **Acorns** accounts into our platform, allowing people to set aside their spare change to save and invest for the future.^{vi}

xoom A PayPal Service

Xoom enables the digital transfer of money to make international remittances faster, safer, and more affordable.

69
MARKETS

HALF
THE AVERAGE
COST

In 2017, people were able to send money to loved ones in 69 markets around the world at half the average cost.^{vii}

Partnerships

kiva

For more than a decade, we've collaborated with global microlending leader, Kiva, to empower entrepreneurs around the world. PayPal processes all loans for free, ensuring that 100 percent of every dollar lent goes to the borrowing entrepreneur.

With PayPal's help, Kiva reached a milestone of enabling \$1 billion in small loans to over 2.5 million entrepreneurs in over 80 countries in 2017.



\$1B
IN LOANS



2.5M
ENTREPRENEURS

Over 13,500 PayPal customers and employees participated in our 2017 Kiva lending campaign. More than 50 percent were first-time depositors, who are projected to make an estimated \$4.2 million in future loans on Kiva.^{viii}

13,500 PARTICIPANTS IN 2017 LENDING CAMPAIGN

VillageCapital

Since 2014, we've partnered with Village Capital to support entrepreneurs who are developing fintech solutions to improve the financial health of underserved populations in the U.S., Latin America, sub-Saharan Africa, and India.

Together we've engaged 140 entrepreneurs, who have in turn reached 150,000 consumers and small businesses, created 300 new jobs, and raised \$43 million in follow-on capital.^{ix}

\$43M
IN FOLLOW-ON CAPITAL

Investments

PayPal is well positioned to help develop and grow financial technology startups through investments, mentorship, and technical expertise.

In 2017, we invested in six different start-ups, including Raisin, a marketplace that lets individuals and businesses across Europe compare interest rates on savings products, and LendUp, a company providing access to affordable credit and financial education.

6 start-ups

Raisin. | **LendUp**

Powering Giving

Our financial health mission extends beyond individuals and small businesses to charitable organizations as well. We harness the power of our technology and scale to help nonprofits raise mission-critical funds by providing ways for people to connect with and give to the causes they care about – anytime, anywhere, and in any amount.



One of the primary ways we power charitable giving is by equipping nonprofits with digital solutions that boost their own fundraising – helping them engage their communities online, offline, and through mobile. In 2017, 49 million people from over 200 markets contributed \$8.5 billion to more than 640,000 charitable

organizations via PayPal. Of the nearly 95 million gifts processed through PayPal, 27 percent were made using mobile devices. Throughout the year, we continued to deliver enhanced capabilities and improvements to our suite of fundraising tools, rolling out enhancements to our donate button to more countries, and adding recurring donation capabilities within the donation experience.

Beyond supporting a nonprofit's own fundraising efforts, we've continued to seize the opportunity to inspire and enable a new wave of philanthropy by creating additional funding sources for charitable organizations. We provide our expertise, technical capabilities, and financial support to [PayPal Giving Fund](#), a 501(c)(3) public

charity that shares our vision for making giving part of everyday life. Together, we're embedding giving opportunities into the PayPal customer experience, as well as a growing network of leading businesses across the internet, including Humble Bundle and GoFundMe – providing innovative ways for people to support a cause wherever and whenever they are inspired to help.

Altogether, over 1 million donors contributed \$105 million to PayPal Giving Fund through these programs, benefiting more than 46,000 organizations in 2017. This represented a 150 percent increase in contributions to the fund over 2016. Along with striving to attract more donors and benefit more nonprofits through these efforts, we also enhanced our systems and processes to provide more information and greater transparency to donors and nonprofits alike.

In 2017, 49 million people from over 200 markets contributed \$8.5 billion to more than 640,000 charitable organizations via PayPal.



PayPal supports relief efforts following natural disasters



\$1 BILLION TO CHARITIES DURING 2017 HOLIDAY SEASON

In 2017, we partnered with 92nd Street Y – the founders of the global day of giving, #GivingTuesday – to rally people to give generously to causes close to their hearts. Eleven countries participated in the campaign, each with their own meaningful efforts. \$64 million was donated via the PayPal platform on #GivingTuesday. In total, during the 2017 holiday season, nearly 9 million people in 181 countries contributed approximately \$1.1 billion to 333,669 charitable organizations via the PayPal platform.^x



DISASTER RELIEF FUNDING

From Hurricanes Harvey, Irma, and Maria, to earthquakes in Mexico and wildfires across the Western U.S., there were a number of severe natural disasters throughout 2017. The need for timely aid was critical and people around the world – including our own PayPal community – were eager to lend support. In addition to making cash donations to global aid agencies, we harnessed the power of our platform to reach donors and collect funds, helping to raise a combined \$55 million for organizations providing relief to communities and families affected by these events.^{xi}

Strengthening Our Communities

We're passionate about contributing to strong, inclusive communities in the places where we live and work. We do this by making philanthropic grants, organizing employee volunteer activities, facilitating fundraisers and drives, and opening our doors to organizations for hackathons, discussions, and other activities.

Our employees are integral to our overall ability to strengthen our communities. That's why we've built numerous channels to support their interests and amplify their efforts. Each employee is able to receive up to \$2,500 in matching charitable contributions



annually. Also, for every hour of volunteer service, PayPal donates \$10 to a nonprofit of the employee's choosing, up to \$500. In 2017, we adopted a more robust employee engagement platform and lowered our giving thresholds to make it easier for employees to receive matching gifts. Throughout 2017, we gave nearly \$1.7 million matching gifts to nonprofit organizations and our employees contributed over 20,000 volunteer hours.^{viii}

Through our grantmaking efforts, we gave over \$2 million to nonprofit organizations that are advancing financial health efforts, addressing the needs of our local communities, and/or providing disaster relief assistance. In total, PayPal gave over \$11 million to organizations in 2017, including donations, matching gifts, grants, and in-kind contributions.

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Give Team members volunteer at Sacred Heart Community Services food pantry in San Jose, CA.

Skills-Based Volunteering

We encourage employees to participate in skills-based volunteering with our financial health partners. We offered several opportunities for PayPal employees in 2017, including:

- Serving on the Advisory Boards and mentoring early-stage entrepreneurs through Village Capital's global fintech programs.
- Mentoring underserved high school students in the San Francisco Bay Area through the Network for Teaching Entrepreneurship (NFTE).
- Virtually mentoring women-led small businesses in emerging markets through the Cherie Blair Foundation for Women.
- Working with community members to develop solutions to technical challenges faced by local nonprofit organizations through our Opportunity Hack program. In 2017, we hosted five hacks across three countries, engaging over 200 employees to support 32 nonprofits.
- Giving back through pro bono volunteer programs. Members of the Legal Team, from the General Counsel to support staff, provide free legal and other volunteer services for nonprofits and their clients throughout the year. The Professional Services team volunteers their coding skills to help local nonprofits solve technical challenges.

PayPal GIVE Teams

Our 34 employee-led GIVE Teams work to positively impact communities throughout the world where PayPal has an office location. These local teams of employee volunteers help allocate grant funds, organize volunteer activities, plan and manage fundraising activities, and carry out green projects.

For example, in Omaha, NE, employees nominated Chariots4Hope as a grant recipient. As a result of the donation, Chariots4Hope provided a vehicle to a low-income single mother at a surprise event hosted by PayPal.

Our employees have also supported Junior Achievement, an organization that teaches students about personal finance, through volunteer-led events in Singapore, Baltimore, MD, and Chandler, AZ. In India, employees led a one-day workshop with Girls in Tech to teach young girls computer skills, finance, and money management. And in Malaysia, the local GIVE Team sponsors the Protector Charity Night Run, a 5K run/walk event that raises awareness of and financial support for abused children.



Xoom employee volunteers read stories about inclusion and diversity to kindergartners in Guatemala City every month.



PayPal's LEED Gold Certified building in San Jose, CA.

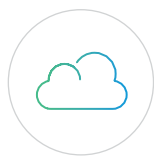
Our materiality assessment identified five key areas of focus, which we are addressing and managing in a variety of ways:



Energy Use: PayPal has invested in a variety of reduction and efficiency initiatives to reduce the energy used to power our data centers, corporate headquarters, and facilities around the world.



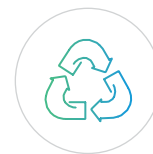
Renewable Energy: We've invested significantly in renewable energy across our operations and work closely with our data center team to identify additional renewable energy investments for consideration.



GHG Emissions: Our Scope 1 and 2 GHG emissions stem largely from the energy we use in our data centers and offices. Our assessment measuring 2017 emissions will be used to set goals for energy and emissions reductions, as well as our future use of renewable energy.



Water: The majority of our water use is from our offices, as well as our data centers. We regularly monitor water use and implement various conservation initiatives across our operations.



Waste: PayPal generates waste across all our facilities. We're working to improve waste tracking measurement at all facilities.

Sustainability Oversight

Our Environmental Sustainability function is overseen by our EVP, Chief Business Affairs and Legal Officer. We've dedicated a number of resources, including both new and existing employees, to support our environmental impact measurement and reporting efforts moving forward. Our Environmental Policy can be viewed [here](#).



Reducing Energy Use and Increasing Renewable Energy

As a technology company, energy use is one of our most significant impacts. Therefore, we have implemented and will continue to implement initiatives throughout our enterprise to improve energy efficiency, increase our use of renewable energy, and reduce emissions.

Two-thirds of PayPal's total energy footprint is associated with our data centers. Our focus has been on increasing the use of renewable energy in our data centers to achieve the greatest impact in reducing GHG emissions. Currently, 62 percent of power consumed by PayPal's data centers is offset by renewable energy certificates.

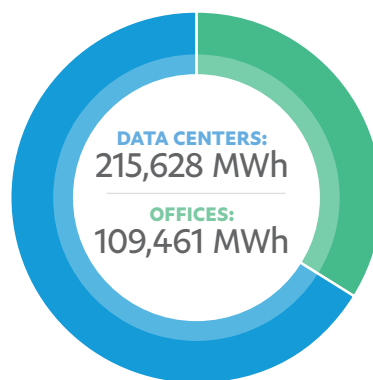
Throughout our data center portfolio, we've implemented a variety of ways to utilize renewable energy. In one instance, we lease space in a co-located data center that is powered by 100 percent renewable energy and uses free-cooling – an economical and

sustainable method to leverage external air temperatures to chill water and support air conditioning systems. We're also exploring a relationship with a data center co-location provider who will power one of our data centers with 100% renewable energy by 2021. In 2015, we entered into a long-term power purchase agreement with the local utility provider to deliver 100 percent renewable energy to a data center – which helped lead the utility provider to build a new 40-megawatt photovoltaic plant in the state.

Renewable energy is also deployed in some of our office buildings, including three facilities that utilize 100 percent renewable energy. To conserve energy, we use smart-building technology systems and include sensor-activated HVAC and lighting occupancy controls for conference rooms.

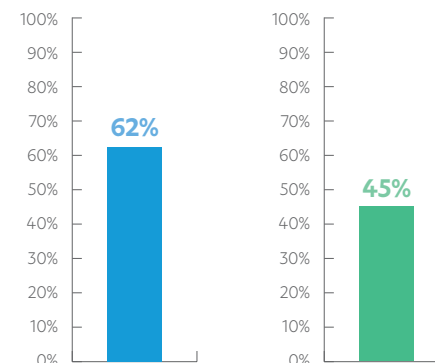


ENERGY USE BY FACILITY TYPE IN 2017



TOTAL GLOBAL ENERGY:
325,089 MWh

RENEWABLE ENERGY AS A % OF TOTAL ENERGY IN 2017



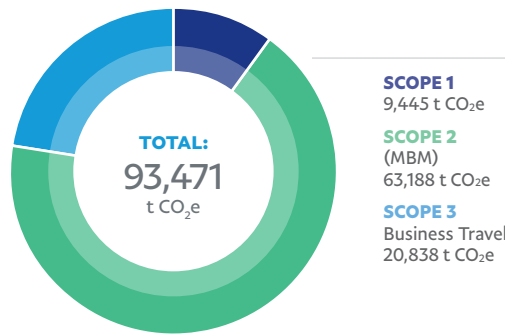
Data center renewable energy as a % of total data center energy

Renewable energy as a % of total energy

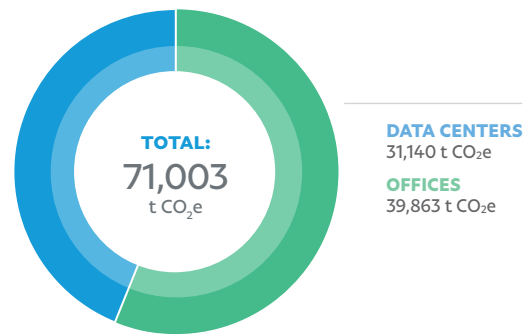
Reducing GHG Emissions

Our 2017 GHG inventory identified that the largest sources of our GHG emissions stem from energy use in our data centers, offices, and business travel. With this new approach to tracking and a better understanding of our impacts, we're focused on continuing to increase our use of renewable energy while driving toward greater energy efficiency. We will also work toward setting meaningful reduction goals in 2019.

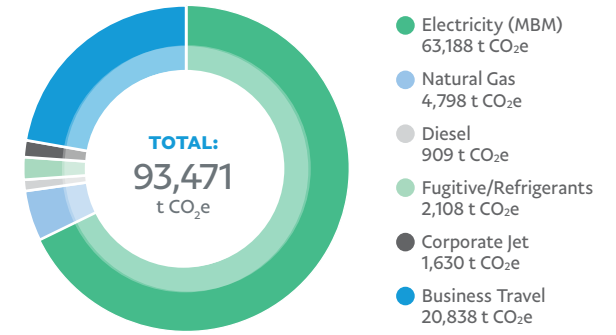
GLOBAL GHG EMISSIONS
(t CO₂e) BY SCOPE (MBM) IN 2017



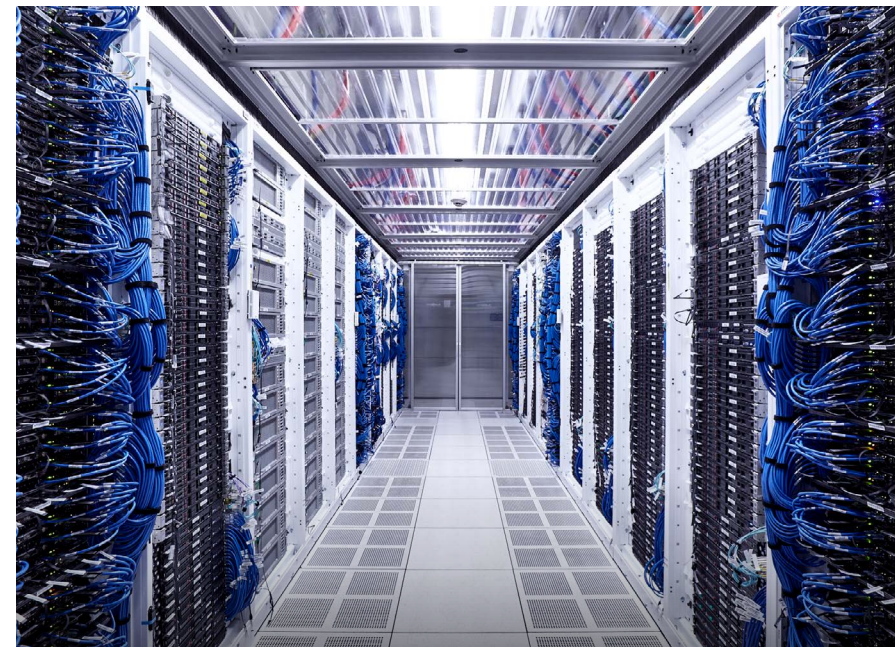
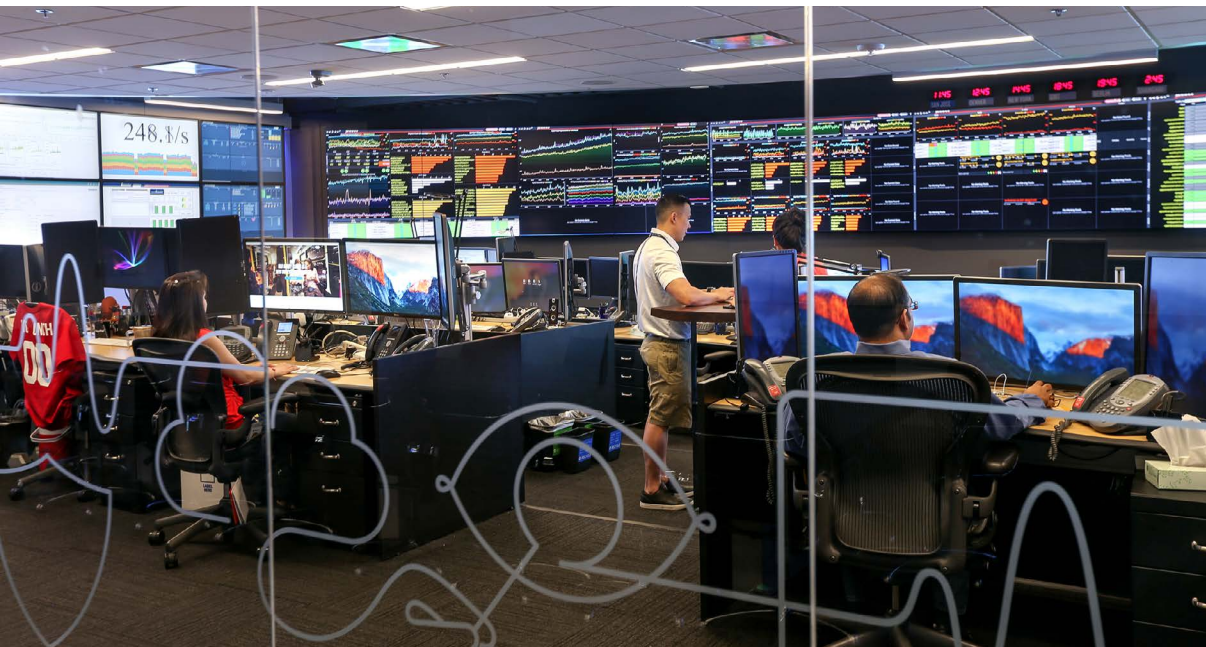
GHG (SCOPE 1+2) EMISSIONS BY
FACILITY TYPE (MBM) IN 2017



GLOBAL GHG EMISSIONS (SCOPE 1, 2, 3)
BY SOURCE (t CO₂e) IN 2017



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



Sustainability at PayPal HQ

Our commitment to energy efficiency and renewable energy is visible at our San Jose, CA headquarters. Among the buildings on our campus, several are ENERGY STAR certified, one is LEED Gold® certified, and on-site solar power produces nearly 10 percent of our electricity used on site. In addition, we've installed intelligent building tracking and monitoring systems, retrofitted much of the lighting with energy efficient fixtures, and added more controls to improve energy efficiency in general.

By upgrading lighting from Linear Fluorescent to Linear LED in open office areas and conference rooms, we expect to reduce at least 50 percent of our lighting energy usage. Sensor activated HVAC occupancy controls for conference rooms are also expected to yield a 30 percent reduction in HVAC energy usage in those rooms. We also utilize a natural gas fuel cell to generate electricity through a combustion-free electrochemical process.

Beyond energy, we've implemented composting and recycling that helps divert 90 percent of site waste from landfills.



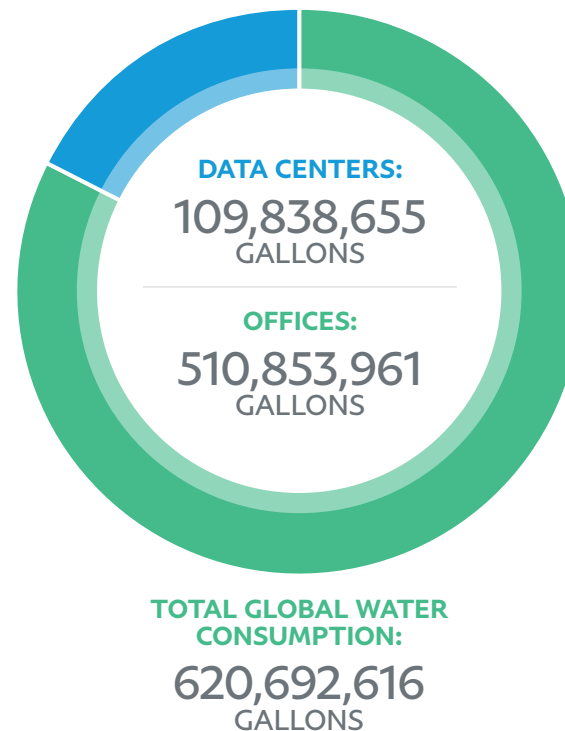
Reducing Water Usage

Given the nature of our business, PayPal's usage of water is relatively limited. However, water is used for cooling in our data centers and consumed in our office facilities. All of our water is from municipal sources. To manage usage in our data centers, we monitor our water usage effectiveness (WUE) on a regular basis. We're also implementing various sustainability initiatives across our operations to improve water conservation, such as smart-sensor faucets in our offices.



In 2018 and beyond, we'll continue to manage and track our water usage while also reporting water use throughout PayPal operations as part of our commitment to greater transparency. We aim to report on total water consumed globally and by source, which will ultimately help us establish water reduction goals and targets.

WATER CONSUMPTION BY FACILITY TYPE IN 2017





Reducing Waste

PayPal generates waste and electronic waste (e-waste) throughout our operations in everyday activities and significant events, such as the decommissioning of data centers. To address and manage waste, our corporate headquarters and several other offices have implemented composting and recycling programs to improve landfill diversion rates. Each of our offices look to find ways to reduce impacts locally.

We also understand the importance of responsible e-waste management systems and look to reduce our e-waste impacts through our zero-landfill policy for data centers. This policy, which is included in third-party data center agreements, stipulates vendors must dispose e-waste in a zero-landfill manner in accordance with applicable federal, state, and local regulations.

We work with certified vendors to responsibly repurpose or dispose of electronics. In 2017, PayPal began development of Tech For Good, a program that leverages the funds PayPal receives for retired electronics to help address technology needs of nonprofits and schools. The program officially launched in 2018.

In addition to these ongoing efforts, we're improving the coverage and accuracy of waste data tracking at our facilities and data centers to measure our impact and improve data collection and reporting in the future.



PayPal Employees Embrace Sustainability

We're committed to making sustainability a key part of our workplace culture through various site-based initiatives. For example, we offer an employee shuttle program in the Bay Area and commuter reimbursement incentives to all our U.S. employees to help reduce their emissions from daily commuting. Our commuter services program in Chennai, India, includes a large vehicle fleet and is responsible for transporting thousands of employees every day, thus helping to reduce emissions while ensuring the safety of our employees. Additionally, our employee-driven GIVE Teams support environmental initiatives in their local communities through volunteer activities, such as park clean-ups and tree planting on Earth Day, as well as related grantmaking.

In 2017, our Dreilinden, Berlin office eliminated disposable cups in the workplace and our Amsterdam office distributed reusable water bottles to all employees to reduce plastic waste. Through these and other activities, employees help PayPal reduce our overall environmental footprint and extend this commitment to the communities in which we work and live.



EMPLOYEES & CULTURE

At PayPal, we know that to accomplish our mission to democratize financial services, our work must start at home – with our employees. Our focus is on recruiting and retaining the best talent and giving them the opportunity to develop and thrive.



Living Our Values as One Team

Our culture is shaped around our core values of Collaboration, Inclusion, Innovation, and Wellness. Our One Team operating philosophy is an extension of these values, which establishes the standard for how we lead, work, and treat each other as a unified workforce. In addition to One Team, our values have also helped to shape our shared commitment to be Customer Champions, which ensures our global teams consistently put our customers at the center of all our work.

Together, our values empower an open and diverse workplace and help ensure we take care of ourselves and our community.

Listening to Our Employees

We constantly learn from our employees about how we can be a better company and a more responsive employer. Our employee impact survey has helped to inform our policies, actions, and the programs supporting our workplace culture, compensation and benefits, and diversity and inclusion initiatives.

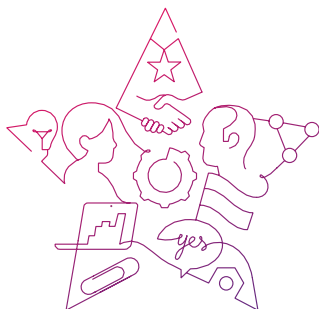
The findings from the 2017 survey demonstrated consistent engagement levels from 2016 with marked improvements in our Collaboration and Innovation indices. These outcomes were consistent with our investments in key priority areas and the organizational changes we made throughout the year based on 2016 survey results. In total, 91 percent of employees

participated in the 2017 survey, with 81 percent of respondents stating they believe PayPal is a socially responsible company.

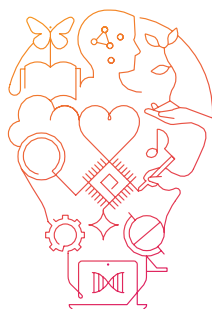
Our CEO and senior leaders use survey findings to inform enterprise-wide improvements and adjustments, which are communicated to all our employees. In 2017, each team leader received access to their results to help facilitate productive discussions and identify team challenges and opportunities for improvement.

Moving forward, we're assessing new ways to survey our employees more frequently and on a broader list of topics, which will allow us to implement and address feedback in a more timely and efficient manner.

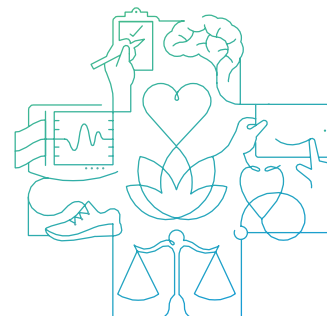
COLLABORATION



INNOVATION



WELLNESS



INCLUSION



Compensation & Benefits

When our employees are at their best, so is PayPal. That's why we provide competitive compensation and benefits packages designed to support employees' mental, physical, and emotional balance so they can achieve a happy and healthy life. Below are a few examples from our 2017 benefits program:



Sabbatical Program

Time off programs are key to ensuring our employee's wellbeing. Our Sabbatical Program takes this notion a step further – it's built on the idea that employees deserve time to not only recharge, but to also find fulfillment and personal development outside of work. In addition to paid time off, our Sabbatical Program provides an additional four weeks of paid time off after five years of service to allow eligible employees an opportunity to recharge with family, travel, volunteer, and pursue hobbies.

LGBTQ+ Benefits

In both 2016 and 2017, PayPal achieved a 100 score on the Human Rights Campaign Corporate Equality Index. We're committed to the principles of fairness, equality, and opportunity for all employees and offer a suite of benefits to assist our LGBTQ+ employees. For example, in the U.S., eligible employees have access to benefits including family medical leave, adoption and surrogacy assistance, fertility and family-building benefits, and transgender benefits with coverage including gender affirmation surgery and Hormone Replacement Therapies (HRT).

Family Care & Leave

We recognize the significance of becoming a new parent. Our role as an employer is to support our employees during these milestone events by empowering them to prioritize the people they love. We offer specific benefits for this important life stage, from enhanced maternity benefits to paid bonding leave for both parents including a two-month paternity leave policy, and adoption and surrogacy assistance benefits. PayPal also offers paid family leave to care for a seriously ill spouse, child, or qualifying parent.

Employee Relief Fund

In 2017, we announced the expansion of our Employee Relief Fund that supports eligible employees in need of financial assistance after an unforeseen life-altering or catastrophic personal event. Examples include fire or flood affecting an employee's home, or life-threatening or serious illness or injury. Assistance may include immediate and reasonable expenses for food and clothing, funeral and burial, travel, temporary housing, or medical needs.

Wellness in the Workplace

We want our employees to experience wellness opportunities at home and at work, which is why we provide wellness tools centered on mindfulness that allow our employees to focus on their best self. For example, in 2017 we held a series of local Wellness Weeks, in which several offices offered classes on meditation, yoga, and stress relief, as well as healthier snack alternatives.



For more information on our company benefits, visit the [PayPal Benefits](#) webpage.

Talent Acquisition & Development

When recruiting new talent, we look for qualified people who are driven and inspired by our mission, vision, and values. This is taken into consideration in our interview process; and once hired, our performance evaluations emphasize the importance of our One Team behaviors.



We encourage our employees to continually pursue educational and professional development opportunities, both inside and outside of work. In 2017, the Global Talent Development and Learning team facilitated over 300 in-person development opportunities across 28 different PayPal sites worldwide. As part of our commitment to employee development, our Innovation Labs and global network of Innovation Ambassadors regularly convene cross-functional brainstorming workshops and host talks with authors, academics, and inventors to promote a culture of learning and building creative solutions.

PayPal's advancement philosophy aims to provide career opportunities that help promote a culture of growth from within.



We reward and recognize employees who have consistently performed at or above expectations, and provide a variety of opportunities for professional and leadership development.

Diversity & Inclusion

PAYPAL'S PATH TO A FULLY INCLUSIVE WORKFORCE

Inclusion ensures we're consistently focused on building a global team of employees who respect and support each other. We're dedicated to building teams that reflect the diversity of the communities where we work and the customers we serve.

In 2017, we made encouraging progress in a number of important areas. Year over year, the number of women at the vice president level or above grew by 20 percent and the overall gender balance in leadership roles improved with a 3 percent increase in the number of women in leadership positions. Around the world, we had pay equity in salaries for men and women working in similar roles; and in the U.S., pay equity in salaries across ethnicities.

GLOBAL GENDER DIVERSITY

A 20% YoY increase in women in VP+ leadership positions

DIRECTOR+ LEADERSHIP

64% Male | **36% Female**

A 1% YoY increase in women in technical roles

TECHNICAL ROLES

75% Male | **25% Female**

A 3% YoY increase in women in Director+ leadership roles

As of year end 2017, 45% of PayPal's Board of Directors was made up of women and underrepresented ethnic groups.



100%
Global Gender
Pay Parity



100%
U.S. Ethnic
Pay Parity

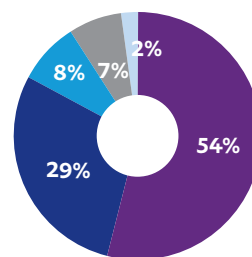


**2017 GLOBAL
HEADCOUNT**
17,900^{xii}

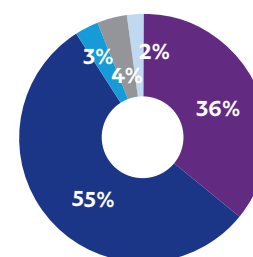
43%
of our workforce
is made up of
women

US ETHNIC DIVERSITY

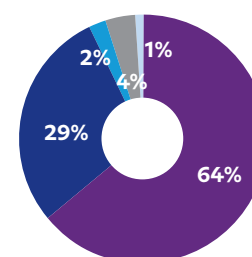
ALL EMPLOYEES



TECHNICAL ROLES



LEADERSHIP



● White ● Asian ● Black or African American ● Hispanic ● Other



GLOBAL LOCATIONS
31 Countries | **55 Offices**

GLOBAL NATIONALITIES
122

Our Commitment to Ensuring Full Inclusion

STRATEGIC PARTNERS TO ADVANCE INCLUSION

Inclusion is not only about hiring and retaining diverse candidates and paying everyone fairly – that’s just the baseline. It’s also about building and sustaining a great culture over time that embodies inclusion across everything we do. For PayPal, bringing our value of inclusion to life means creating an even more inclusive company culture built on respect for individual differences, life experiences, knowledge, and the self-expression of our colleagues.

Throughout 2017, we continued to develop our talent sourcing teams in key areas of our business that focus on diversity and promote diverse interview slates prior to making hiring decisions. This same year, our President & CEO Dan Schulman, signed on to the [CEO Action for Diversity & Inclusion](#) initiative, which is the largest CEO-driven business commitment to rally the business community and encourage measurable action be taken to advance diversity and inclusion in the workplace. We’ve raised our voice on issues like transgender rights and immigration, and worked diligently to build a culture of inclusion. Our diversity and inclusion strategy encompasses engagement opportunities through our PayPal Affinity Groups as well as meaningful partnerships with organizations such as the Anita Borg Institute, the Hispanic Association of Corporate Responsibility, and BreakLine.



PayPal employees participating in a Pride parade

PAYPAL AFFINITY GROUPS

We actively support our employees through our global Affinity Groups, a grassroots program run by and for our employees. These diversity and inclusion communities, which are open to all employees, are united by the common purpose of fostering a sense of belonging, inclusion, and support in the workplace. Affinity Groups provide opportunities for employee development while supporting workplace innovation. They also enhance our ability to attract, retain, develop, and engage a diverse workforce.



Aliados fosters an inclusive workplace by enhancing the visibility, recruitment, and advancement of Latinx employees.



Amplify helps advance the experience of black employees of PayPal around the world.



Opportunity is focused on serving those who are specially-abled or disadvantaged in some way, including socioeconomic status.



Pride employees work to support the LGBTQ+ community at PayPal.



Serve is a group of employees who have served in the military or who support veterans' causes.



Unity members work together to create more opportunities for women at PayPal, and are focused on gender equality and gender balance.

CONSCIOUS INCLUSION TRAININGS

In 2017, we announced our plan to launch an innovative global in-person training customized for our PayPal community. We call it Conscious Inclusion. This training will be mandatory for all PayPal employees and is intended to help employees become more conscious of their actions and decisions and a means to a more inclusive workplace. Each training will be customized to reflect specific needs and cultural nuances in different parts of the world. By the end of 2019, we plan to have all employees complete the training. The implementation of the Conscious Inclusion training is part of a broader slate of initiatives and partnerships aimed at continuing to promote and celebrate diversity at PayPal.



OUR ONGOING COMMITMENT TO DIVERSITY & INCLUSION

We're committed to sharing our progress on an annual basis, both in terms of our diversity data and our efforts to advance inclusion within our workforce and across the broader tech industry. For more information on our approach to Diversity and Inclusion at PayPal in 2017 and to access our EEO-1 data for calendar years 2015, 2016, and 2017, click [here](#). For an update on our 2018 Diversity and Inclusion data click [here](#).



RESPONSIBLE BUSINESS PRACTICES

We believe we're uniquely positioned to give people around the world more control of their money and enable them to participate more fully in the global economy. Our success in this mission and as a business is dependent on building and maintaining the trust of our customers. We do this by empowering a culture of integrity, treating each other and our customers with care, and maintaining strong corporate governance.





PayPal's Board of Directors:

Back: Rodney C. Adkins, Ann M. Sarnoff, Jonathan Christodoro, John J. Donahoe, Wences Casares, David W. Dorman
Front: David M. Moffett, Daniel H. Schulman, Gail J. McGovern, Belinda Johnson, Frank D. Yeary

Governance

Our approach to corporate governance is designed to ensure board and management accountability to our stakeholders, foster responsible decision-making, and engender public trust. PayPal's Board of Directors sets high standards for the company. PayPal is currently governed by an 11-person Board of Directors, nine of whom are considered independent under the listing standards of the Nasdaq Global Select Market. The [Governance Guidelines of the Board of Directors](#) are grounded in PayPal's company values and behaviors.

A wide variety of relevant skills, professional experience and backgrounds, and diverse viewpoints and perspectives, are critical components to strong leadership at the board

level – both to better reflect our workforce and customers, but to also strengthen our business performance. In 2017, we enhanced the diversity of our Board of Directors, which is now made up of 45 percent women and underrepresented ethnic groups. By having diversity at the highest level, we bring new insights, ideas, and solutions to our company as a whole. For more information on our leadership, visit the [PayPal Board of Directors](#) page.



The Corporate Governance and Nominating Committee of PayPal's Board of Directors and our EVP, Chief Business Affairs and Legal Officer have general oversight of ESG issues.

Code of Business Conduct & Ethics

Core to our values is being a Customer Champion, operating our business with the highest ethical standards, and acting with integrity in everything we do. This is demonstrated in the policies and systems that guide our business, the way we operate, and the decisions we make on a daily basis.

Our [Code of Business Conduct & Ethics](#) (Code) goes beyond policies, rules, and laws by outlining our values and expectations for all employees, directors, and third parties conducting business with or on behalf of PayPal. Each section of the Code provides examples of real situations and practical guidelines that help us make the right decisions based on good judgment. We regularly review our Code and related policies to ensure they provide clear guidance.

We promote our Code and available resources so all employees at PayPal are aware they have multiple avenues to seek advice or speak up about concerns or misconduct. Resources include:

Integrity Helpline: Questions or concerns about business or ethical conduct can be reported through our global Integrity Helpline, which is available 24 hours a day, seven days a week and in multiple languages. Calls to the Integrity Helpline are confidential and can be made anonymously. Employees will not be retaliated against or punished for reporting a concern in good faith.



Ombuds/Ethics Office: PayPal has established an Ombuds/Ethics Office to champion our Code. In addition, trained ethics officers are available across the globe to help evaluate and resolve ethics and compliance issues.



Training: Upon joining PayPal and annually thereafter, our employees are required to take anti-money laundering and compliance training, including an online training course about our Code, and certify that they understand and will comply with the Code.



The EVP, Chief Risk, Compliance and Security Officer provides periodic updates to the Audit, Risk, and Compliance (ARC) Committee on significant reports or concerns raised and their resolution.



SUPPLIER CODE OF CONDUCT

We hold our suppliers accountable to the same standards to which we hold ourselves – this is especially important as we continue to grow and expand around the world. Our [Supplier Code of Business Conduct & Ethics](#) outlines the requirements and guidelines we set forth for all suppliers, vendors, and partners to ensure they reflect our values and operate responsibly. Our Supplier Code not only makes our requirements around business integrity and ethics clear, but also highlights our expectations related to environmental responsibility, labor, and human rights.

RISK & COMPLIANCE

PayPal is committed to maintaining a strong culture of risk and compliance management. PayPal's management is responsible for assessing and managing risk, which is subject to oversight by our Board of Directors. Our Board executes its oversight responsibility for risk and compliance directly and through the Audit, Risk, and Compliance (ARC) Committee. In accordance with its charter, the ARC Committee oversees and assesses the company's overall risk management framework, including policies and practices established by management to identify, assess, measure, and manage current and emerging risks facing the company.

To oversee and manage risk, PayPal has established a robust Enterprise Risk and Compliance Management Program, which sets forth the company's programmatic approach to identifying, measuring, managing, monitoring, and reporting key risks facing our company, including financial crime compliance, regulatory compliance, technology, operational, credit, capital structure, and strategic risks. PayPal's Risk and Compliance function has been structured with the

appropriate size, skills, stature, and independence to effectively implement and oversee PayPal's Enterprise Risk and Compliance Management Program.

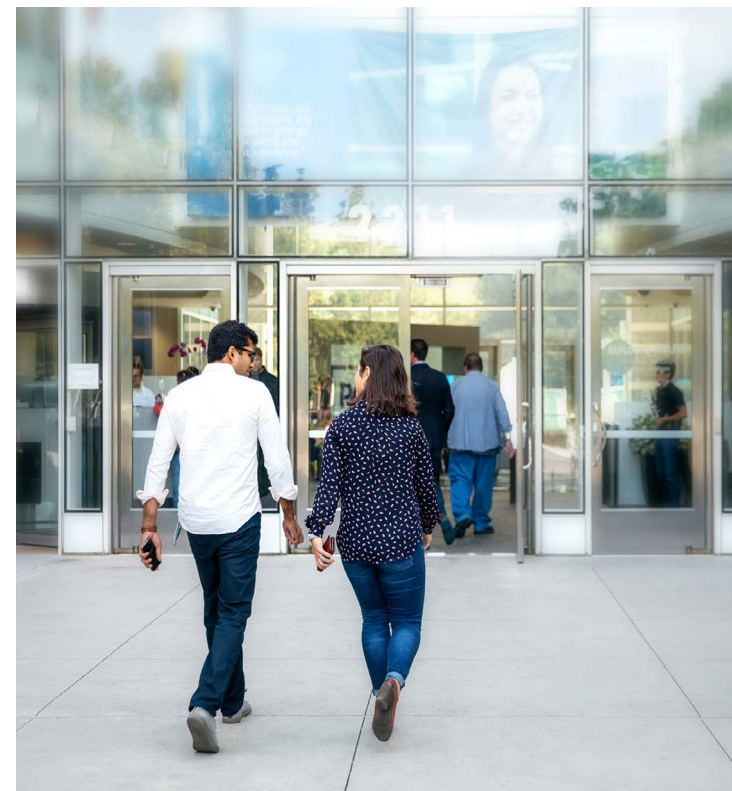
We're committed to combating money laundering, terrorism financing, and related financial crimes around the world, including through sanctions enforcement. Throughout 2017, we devoted significant resources globally to combat financial crimes, and we proactively refer cases to assist law enforcement officials around the world in their efforts to identify, investigate, and stop illegal activity.

In addition, PayPal has 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 chaired by PayPal's EVP, Chief Risk, Compliance and Security Officer, who reports directly to our CEO and regularly reviews and discusses the overall effectiveness of the Enterprise Risk and Compliance Management Program with the Board of Directors and its ARC Committee.

Visit our [Investor Relations](#) page for additional information on our approach to risk oversight.

ACCEPTABLE USE POLICY

PayPal's [Acceptable Use Policy](#) (AUP) governs the use of PayPal's services and outlines prohibited activities and activities requiring pre-approval. Our policy does not allow, among other conduct, the use of our services by individuals or organizations involved in the promotion of hate, violence, racial, or other forms of intolerance that is discriminatory.



PayPal strives to achieve balance between freedom of expression and open dialogue – and the limiting and closing of websites that accept payments or raise funds to promote hate, violence, and intolerance. Regardless of the individual or organization in question, we work to ensure that our services are not used to accept payments or donations for any such activities.



Privacy, Data & Cybersecurity

Protecting customers and securing their financial and personal information is a top priority at PayPal – and maintaining their trust is critical for our continued success and growth. We collect, access, use, store, transfer, and share our customers' information in accordance with our privacy policies and applicable data protection and privacy laws. We never share, sell, or rent personal data with third parties for the third parties' own purposes without our customers' consent.

PayPal's Global Privacy Team, headed by our Chief Privacy Officer, is focused on our strong commitment to privacy across PayPal's products, services, and businesses globally. Our Global Privacy Team is responsible for PayPal's Global Privacy Program, which oversees compliance with applicable privacy regulations across the globe, including the General Data Protection Regulation (GDPR) in the EU, which became effective in May 2018. For more information, see [PayPal's Privacy Policy](#).

PayPal's Information Security Team, led by our Chief Information Security Officer, is responsible for safeguarding the data entrusted to us, including by our customers, merchants, and business partners. PayPal works to constantly evaluate our practices to stay up-to-date with the latest data security technology to protect our customers and communities.

Our approach to cybersecurity includes multiple efforts to protect our technology infrastructure, information systems, and products from security breaches. We've implemented a cybersecurity program and policies which are designed to protect the confidentiality, integrity, and availability of our systems. While there's no simple solution to combating all security threats, we strive to continually improve our technology infrastructure, information systems, and products to enhance the customer experience while improving security and availability.

Advocacy & Public Policy

We believe it's important to disclose our lobbying and political activity in a clear and transparent fashion. Our political contributions, lobbying expenditures, and interactions with government officials are subject to review and oversight by the Corporate Governance and Nominating Committee of PayPal's Board of Directors, PayPal's Senior Vice President of Corporate Affairs, and the Vice President of Global Government Relations.

Our Federal PAC and state disclosures, federal lobbying disclosures, trade association memberships, and our Political Engagement and Transparency policies can be accessed on our [Government Relations](#) webpage.

Thank you for taking the time to review our 2017 Global Impact Report. This report is just one step on our journey, and we welcome engagement and feedback as we continue to report on our ESG efforts in the years to come. Questions or requests for additional information can be submitted to ESG@paypal.com.

Endnotes:

- ⁱ TIO Networks was excluded from this analysis as company operations were ceased prior to PayPal integration.
- ⁱⁱ The lender of PayPal Working Capital in the U.S. is WebBank, Member FDIC.
- ⁱⁱⁱ Data source: PayPal internal data, 2013-2017.
- ^{iv} Data source: PayPal internal research, 2013-2017.
- ^v The PayPal Cash Card was piloted in 2017 and officially rolled out in 2018. Although there is no monthly fee for the card, there is a service fee for cash loading, which varies by retailer.
- ^{vi} Savings are held in the user's Acorns account not their PayPal account.
- ^{vii} For more information, please refer to our research paper on [digital remittances](#). As of October 2018, Xoom is available in 132 markets.
- ^{viii} Data source: PayPal internal data, FYE 2017.
- ^{ix} Data sources: Village Capital, and the Global Accelerator Learning Initiative (an academic partnership between Village Capital and Emory University). For more information, please visit our [Collaboration Page](#).
- ^x Data source: PayPal internal data, FYE 2017. For more information, visit our [2017 Holiday Giving Tracker](#).
- ^{xi} Data source: PayPal internal data. For more information, please visit our [Social Innovation](#) website.
- ^{xii} Diversity and inclusion data is measured from August 1, 2016 to July 31, 2017.