



2018 GLOBAL IMPACT REPORT



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MESSAGE FROM OUR PRESIDENT & CEO



At PayPal, we are focused on creating inclusive economic opportunities for as many people and as many businesses as possible. We strive to create a world where everyone has access to the tools, resources, and opportunities they need to improve their financial health and participate in the global economy. To fulfill our mission, we work to maximize the positive impact of our business and to be a responsible, transparent, and sustainable corporate citizen on behalf of all of our stakeholders. And, we take these commitments seriously.

Our current times require us to not only act responsibly, but to also demonstrate real, meaningful leadership and change on a global level. Our second annual Global Impact Report is another milestone on our ongoing journey to do just that. The contents of this report, along with our inaugural [2017 Global Impact Report](#), outline our strategy and progress on our Environmental, Social, and Governance priorities. It also provides insight into how we're making a difference in the world by acting on our mission and values today and into the future.

2018: A YEAR OF PROGRESS

2018 was another important year of growth marked by both celebratory achievements and notable progress:

LIVING OUR VALUES: Everything we do at PayPal is rooted in our core values of Collaboration, Inclusion, Innovation, and Wellness. In 2018, our values inspired new activities like our Conscious Inclusion Training, additional mentorship and educational opportunities, the Employee Relief Fund, and expansion of our benefits program to support our employees both at work and at home. What's more, we remain committed to creating an inclusive, diverse workforce. In addition to achieving gender pay equity for the third straight year and driving our total diversity¹ to 54 percent at the director level, I am thrilled to say that as of early 2019, our Board of Directors is now 50 percent women and underrepresented ethnic minorities.

EMPOWERING SMALL BUSINESSES: We continued to focus on supporting and empowering small businesses and creating economic opportunities through our products and services such as PayPal Working Capital, PayPal Business Loan, and the recently launched Funds Now. Since inception, PayPal Working Capital has provided more than \$7 billion in financing to more than 181,000 merchants to build and grow their businesses. Last year, we also launched our inaugural Small Business Month to focus on underserved small businesses across the U.S. and the digital tools to help them thrive.

MOBILIZING OUR PLATFORM FOR GOOD: Part of our social innovation strategy is to leverage the power of our platform to enable and encourage our customers to act as a force for good. In 2018, more than \$9.6 billion was donated to worthy causes via the PayPal platform. On #GivingTuesday alone, more than \$98 million was donated on our platform by more than 1 million customers across 180 markets – surpassing our previous records. We appreciate the enormous generosity of the PayPal community.

CONTINUING OUR JOURNEY

We've continued this leadership in 2019 by providing needed stop-gap financial relief to furloughed federal workers during the government shutdown, supporting the United Nation's LGBTI standards for business, partnering with the World Economic Forum to explore the evolving needs in financial services given the future of work, and addressing climate change. We're also investing in the professional and personal development of our people, including enhancing our global learning management system and embarking on a new approach to ongoing employee engagement.

MITIGATING OUR CLIMATE IMPACT: We recognize it's our responsibility to manage our environmental impact and act on global climate change. In 2018, we took significant steps to advance our environmental sustainability. In 2019, we are continuing our efforts and have established a climate change mitigation strategy that sets a goal to achieve 100 percent renewable energy use in our data centers by 2023 and commits us to science-based, company-wide climate action. We must reduce our greenhouse gas emissions and support the development of renewable energy, and that's what we intend to do.

I'm excited by our progress to date and inspired by the passion and commitment of PayPal's employees. I believe we can continue to contribute in substantial and innovative ways to build a more inclusive and sustainable future. I invite you to learn more about our strategic approach to managing our global impact and encourage you to engage with us as we continue on this critical path forward.

Onward!

Dan Schulman

President and CEO, PayPal Holdings, Inc.

¹ Total diversity is defined as global females and ethnic males in the U.S.



ABOUT THIS REPORT

ABOUT PAYPAL

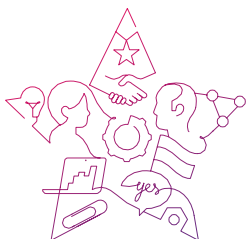
PayPal Holdings, Inc. ("PayPal" or "Company") is committed to making a powerful, positive difference in the world by helping people and businesses join and thrive in the digital economy.

Our proprietary Payments Platform includes a variety of PayPal products and other acquired solutions that enable consumers to send payments from more than 200 markets across the globe, in more than 100 currencies.

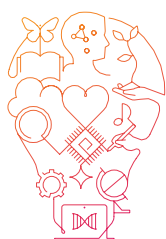
OUR VALUES

Our global mission to democratize financial services is fueled by our core values of Collaboration, Inclusion, Innovation, and Wellness. As a customer champion, our operating philosophy is based on these principles, and also lays the foundation for an inclusive and diverse workplace for all employees. These guiding values foster the development of new, innovative products that provide opportunities for our customers, merchants, and partners around the world.

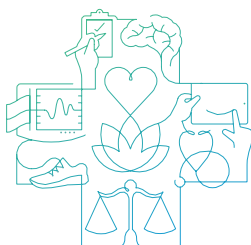
COLLABORATION



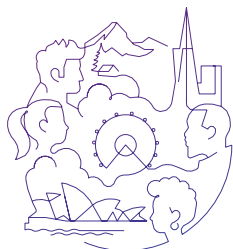
INNOVATION



WELLNESS



INCLUSION



REPORT SECTIONS

The 2018 Global Impact Report builds upon our inaugural report published last year and, unless otherwise noted, features activities and progress in our environmental, social, and governance (ESG) strategies in calendar year 2018. We will continue to demonstrate our commitment to being a responsible global citizen through regular reporting and disclosures. We continuously incorporate feedback from internal and external stakeholders as we develop our reporting and ESG strategies. To reflect that commitment and embrace transparency, we report on key ESG topics including:

- **ESG Oversight & Corporate Governance:** What we're doing to establish sound ESG oversight, leadership, and corporate governance by the Board, senior management, and throughout our organization
- **Social Innovation:** Our work to create a more inclusive global economy by improving financial health, powering charitable giving, and strengthening our communities
- **Employees & Culture:** How we embody our core values from the inside out
- **Environmental Sustainability:** What we're doing to responsibly manage and reduce our environmental impact
- **Responsible Business Practices:** Our approach to operating our business ethically and responsibly

While this report features some of our recent programs, please visit our [Additional Resources](#) page for other public disclosures. Questions or requests for additional information on our ESG strategy can be submitted to ESG@paypal.com.



2018 KEY HIGHLIGHTS

KEY PROGRAMMATIC HIGHLIGHTS

From how we serve our customers, to our products and services, to the development and advancement of our employees, 2018 was a year of growth in many areas of our business. Beyond our growth, we also led with purpose: increasing our positive social impact, mitigating our environmental impact, and further cultivating our innovative and inclusive culture.

Our Business Growth | We grew our business, in part, through the acquisitions of [Hyperwallet](#), [iZettle](#), [Jetlore](#), and [Simility](#), and added new products like [PayPal Checkout with Smart Payment Buttons](#), [Funds Now](#), and [PayPal for Partners](#) to help merchants and consumers maximize their opportunities and get quicker access to their funds. We also enhanced our [PayPal app](#) to make it even easier for consumers to pay and get paid, and added features to [Venmo](#), [Braintree](#), and [Xoom](#).

Our Social Innovation | We advanced our mission to democratize financial services and help people, businesses, and nonprofits thrive in the digital economy. In 2018, we expanded our product offerings for the financially underserved; launched Small Business Month to empower, learn from, and advocate for women- and minority-owned small businesses; and helped PayPal customers contribute a record \$9.6 billion to nonprofit organizations through our platform.

Our Employees & Culture | We promoted an engaged and inclusive culture by implementing a diverse hiring policy at the director level and above to ensure we're recruiting the best talent, providing a comprehensive benefits package, developing our global employees, continuing conscious inclusion training, and expanding our D&I Communities.

Our Environmental Impact | About half of our energy use in owned and leased data centers was matched with renewable energy generation, putting us on track to meet our goal of 100 percent renewable energy use in our data centers by 2023.

Our Compliance & Ethics | We continued to hold ourselves to the highest ethical standards to ensure we remain in compliance with the law and safeguard our customers' trust, especially as it relates to the appropriate use and security of their personal data and financial information.

iZettle

iZettle, one of the most recent additions to the PayPal Platform, provides global commerce tools for small businesses to get paid, sell smarter, and grow their businesses. They embody our core values and have recognized the importance of responsibly managing their business. In 2018, they reported on their progress on the UN Sustainable Development Goals, diversity metrics, and their environmental footprint. We are glad to welcome them, along with our other new businesses, into the PayPal community.

2018 KEY FINANCIAL AND OPERATIONAL PERFORMANCE RESULTS

\$15.45B
IN REVENUE
(up 18% from 2017)

\$578B
IN TOTAL PAYMENT VOLUME
(up 26% from 2017 on a foreign-currency neutral basis)

9.9B
PAYMENT TRANSACTIONS
(up 27% from 2017)

267M
ACTIVE ACCOUNTS
(up 17% from 2017 with 38.7 million net new active accounts)

36.9
PAYMENT TRANSACTIONS PER ACTIVE ACCOUNT
(on a trailing 12 month basis; up 9% from 2017)

21,800
EMPLOYEES
(located across more than 30 countries — approximately 11,500 located in the U.S.)

For additional information, please see our 2018 Annual Report [here](#).



AWARDS & RECOGNITIONS

In 2018, we had much to celebrate as we earned several notable awards that highlight our efforts to do great things in the world.

- **Financial Health Visionary Award** – Center for Financial Services Innovation
- **Most Admired Companies** – Fortune
- **#5 on The World's Best Regarded Companies List** – Forbes
- **Best Global Brands** – Interbrand
- **Best CEO and Best CEO for Women** – Comparably
- **Most Innovative Company of the Year** – Silver Stevie Award
- **Perfect Score (third consecutive year)** – Human Rights Campaign Corporate Equality Index 2018
- **#48 on the 2018 Change the World List** – Fortune
- **Green Power Partner** – U.S. Environmental Protection Agency
- **#45 on The Top 100 Just Companies List** – JUST Capital



BRINGING THE SUSTAINABLE DEVELOPMENT GOALS TO LIFE

The United Nations' Sustainable Development Goals (SDGs) are a collaborative, global effort to protect our planet, end poverty, and help people live in prosperity and peace. These goals align with our broad mission and values, which inform and support the execution of our strategic initiatives to drive long-term value for all stakeholders. In future reports we will continue to expand our reporting on the U.N. SDGs.



In total, our products, services, and business strategies contribute to 13 of the 17 SDGs. We directly impact nine of the 17 goals through our work addressing complex societal issues including inequality, climate change, and access to financial services.



In addition, our ongoing efforts to responsibly manage our operations and support our communities align with an additional four SDGs.



ESG OVERSIGHT & CORPORATE GOVERNANCE

We recognize the importance of managing our key ESG risks and opportunities consistent with our mission, vision, and values, and as an essential part of our long-term strategy. In 2018, we made significant progress toward formalizing the oversight and governance of ESG issues across our organization, including Board, executive, and operational responsibilities. We also continued to demonstrate the integration of our core values through our Board composition and other corporate governance practices, as well as transparency in our public policy engagement.

MANAGEMENT OF OUR ESG ACTIVITIES

Board Oversight: The Corporate Governance and Nominating Committee (“Governance Committee”) of PayPal’s [Board of Directors](#) is responsible for general oversight of ESG activities. The committee receives regular briefings on our ESG activities and future development plans. Other Board committees also review specific ESG risks. For example, the Audit, Risk, and Compliance Committee is specifically charged with oversight of the company’s overall risk framework and the Compensation Committee reviews pay equity and diversity efforts. The Board of Directors receives periodic updates from its committees on our ongoing ESG activities.

Executive Leadership: The development and execution of our ESG strategy and programs are managed by our EVP, Chief Business Affairs and Legal Officer. Throughout 2018, we expanded our internal ESG expertise, made advancements in our programmatic and reporting activities, and identified new and existing partnerships to help us progress our mission, vision, and values internally and externally.

Operational Governance Framework: In late 2018, we established a new framework to govern the implementation of our ESG strategy, which includes a Steering Group, ESG Working Group, and Environmental Working Group. Our new ESG Reporting and Strategy Director and Global Lead for Environmental Sustainability chair these groups, which are composed of cross-functional representatives who collaborate on projects and help drive our progress in engagement, measurement, reporting, and goal-setting. As guidance from members of our senior leadership team is critical to a robust ESG strategy, the Steering Group conducts quarterly briefings with company executives to solicit input and discuss next steps, and management provides regular updates to the Governance Committee.

“I’m proud to be a part of a global organization with a purpose-driven culture that embodies a strong sense of mission, vision, and values at all levels. The progress we’ve made over the past year to expand our oversight and management of key ESG matters is a testament to our commitment to operating in a responsible and sustainable manner to build a more financially inclusive and interconnected world.”

Gail McGovern

*Governance Committee Chair,
PayPal’s Board of Directors*



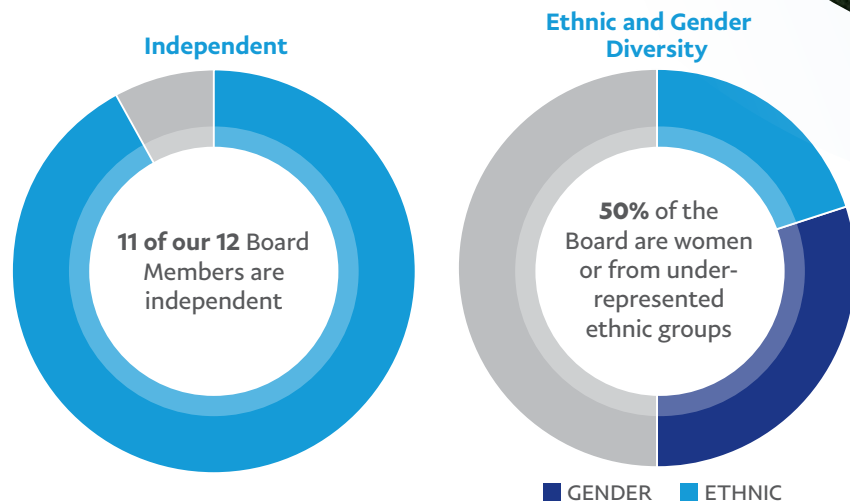
CORPORATE GOVERNANCE HIGHLIGHTS

We continue to maintain strong governance practices designed to promote the long-term interests of our stockholders, strengthen Board and management accountability, foster responsible decision-making, and engender public trust. Our annual Proxy Statement provides robust disclosure of key governance provisions related to our Board structure, executive compensation, and other key issues.

In addition, for the first time we've included a discussion of our ESG strategy and our Global Impact Report in our Proxy Statement. Notably, we demonstrate our strong commitment to diversity and inclusion at all levels in the company, from our workforce to our Board, as well as our ongoing commitment and approach to sustainability. As of early 2019, 50 percent of our Board is comprised of directors with diverse backgrounds.



BOARD HIGHLIGHTS



PayPal's Public Policy Efforts & Reporting

We continue to hear from stakeholders about the importance of clear disclosures regarding our public policy advocacy and spending. [Our Public Policy website](#) provides transparent disclosures on our lobbying and political activity including information on our political contributions and expenditures such as Federal PAC and lobbying, state, and membership information. In addition, we highlight issues central to our business, such as privacy and cybersecurity, cross border trade, and small business lending.



For more background on each of our Board members, please see our [2019 Proxy Statement/2018 Annual Report](#).

SOCIAL INNOVATION

We're on a mission to create a more inclusive global economy where everyone is able to participate and thrive. We do this in three strategic ways: improving the financial health of people and businesses; powering charitable giving around the world; and strengthening the communities where we live and work. While we provide highlights of these efforts on the next few pages, additional information can be found on our [Social Innovation](#) website.

IMPROVING FINANCIAL HEALTH

We're committed to improving the financial health of individuals and businesses by making the management and movement of money more accessible, secure, and affordable. In addition to driving change through our products, we're building partnerships, participating in targeted initiatives, making strategic investments, and actively engaging stakeholders throughout the financial services ecosystem to help advance financial health as a priority.

Products & Services

ACCESS TO CAPITAL FOR SMALL TO MEDIUM SIZED BUSINESSES

PayPal Working Capital (PPWC) provides eligible small businesses access to funding in minutes. Since its launch in 2013, more than 181K small businesses have received over \$7B in funding. Our analysis of PPWC cash advances in the UK revealed that one-third went to businesses in areas that have lost 50 or more bank branches in the last four years, and 64% went to low-income areas.²

181K
SMALL
BUSINESSES

\$7B
IN FUNDING

Funds Now, launched in 2018, gives select businesses access to their completed sales within seconds. It is available to approximately **3.5M** businesses using PayPal in the U.S. and select businesses across the UK and Australia, all at no extra cost.



PayPal Business Loan allows businesses to access loans up to \$500K, customize the loan terms, and set up predictable weekly payments. Since the acquisition of Swift Financial in September 2017, 37.9K small businesses have accessed over \$2.2B in funding.

37.9K
SMALL
BUSINESSES

\$2.2B
IN FUNDING

INTERNATIONAL MONEY TRANSFERS



Xoom enables the digital transfer of money to make international remittances faster, safer, and more affordable. Xoom users are able to send funds to their loved ones in over 130 markets. In 2018, we launched the Xoom service in Canada, and increased send limits to \$25K per transaction to over 50 countries, including India, Canada, the UK, and the Philippines. Digital services like Xoom are aligned with the UN Sustainable Development Goal to reduce inequality by lowering the cost of remittances.³

130+
MARKETS

AFFORDABLE SOLUTIONS FOR THE FINANCIALLY UNDERSERVED

Over the past few years, we've introduced new solutions to U.S. consumers, including tools that allow unbanked and underserved customers to pay bills and shop without monthly fees, sign up for Direct Deposit to add money into their PayPal accounts, pool funds with loved ones, organize funds for spending later, and make small investments for the future through their Acorns account.



In 2018, PayPal rolled out cash in and cash out money services in partnership with Walmart for an exclusive fee of \$3 per service, marking the first time mobile app users were able to take cash out of their PayPal account in a brick-and-mortar environment, in addition to being able to load cash into their PayPal balance at Walmart stores.

We're also working with Prosperity Now, a network of nonprofit organizations across the U.S., to assess the sector's interest in and capacity to jointly reach the financially underserved with affordable solutions.



² https://publicpolicy.paypal-corp.com/sites/default/files/policy/PayPal-Policy-Paper_Helping_Underserved-UK-Small-Businesses-Grow.pdf

³ https://publicpolicy.paypal-corp.com/sites/default/files/policy/PayPal-Policy-Paper_Digital-Remittances.pdf



Investments

We're helping financial technology startups develop and grow through investments, mentorship, and technical expertise. In 2018, we strategically invested in seven startups, including Monese, an inclusive mobile banking app that provides services to migrants, expats, and others that may have limited local credentials.



Thought Leadership & Advocacy

We recognize our position to inspire and advocate for change and advancement, which is why we regularly collaborate with organizations and conduct research to understand the impact of our products, the evolving needs of our customers, and current and future market conditions.

In 2018, we continued this leadership by:



Supporting organizations such as the Center for Financial Services Innovation and World Economic Forum to create impact at an ecosystem level.



Launching PayPal Small Business Month to empower, learn from, and advocate for women- and minority-owned small businesses. Together with our partners, we engaged with over 700 entrepreneurs at 13 events across 11 states.



Publishing research on small business participation in global trade. Our Inclusive Globalization site provides more information on our findings for the U.S., Canada, Europe, and emerging markets.

Partnerships

kiva

PayPal and Kiva have partnered to empower entrepreneurs around the world. We process all Kiva loans for free, ensuring that 100% of every dollar lent funds loans. Together, our decade-long partnership has enabled over \$1.3B+ in loans to more than 3M entrepreneurs in 86 countries.



80+
COUNTRIES

3M
ENTREPRENEURS

\$1.3B+
IN LOANS

Since 2016, over 30K PayPal customers and employees have made \$2M in microloans to small businesses during our annual lending campaign. Over 65% of them were first-time lenders who will contribute an estimated \$12M in future loans through Kiva's platform.



30K
CUSTOMERS &
EMPLOYEES

65%
FIRST-TIME
LENDERS

\$12M
IN FUTURE
LOANS

VillageCapital

PayPal's partnership with Village Capital began in 2014 and has since supported more than **200 entrepreneurs** in developing FinTech

solutions to improve the financial health of individuals and small businesses. As their global FinTech partner, we supported Village Capital programs in five regions of the world, including helping them launch an inaugural workshop program in Europe and supporting the program in Africa for the first time.

200+
ENTREPRENEURS



POWERING GIVING

Charitable organizations are an integral aspect of our mission to achieve financial health for all. We harness the power of our technology and scale to help nonprofits raise mission critical funds and provide ways for people to connect with and give to the causes they care about – anytime, anywhere, and in any amount. By embedding giving into everyday experiences we're able to inspire and enable a new wave of philanthropy and help organizations diversify and expand their funding sources.

Powering Giving: By the Numbers

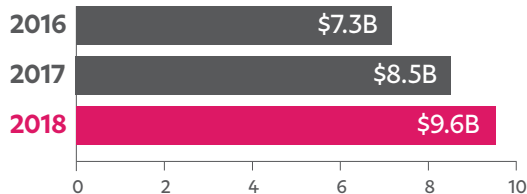
We power charitable giving by equipping nonprofits with digital solutions that boost their own fundraising – helping them engage their communities online, offline, and through mobile. In 2018, **55.1 million people** from over **200 markets** contributed **\$9.6 billion** to more than **665,000 charitable organizations** via PayPal.

PayPal Giving Fund

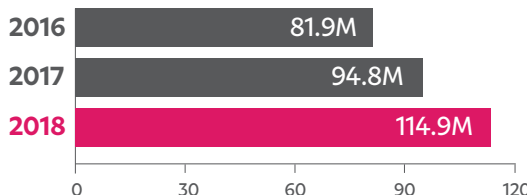
We provide our expertise, technical capabilities, and financial support to [PayPal Giving Fund](#), a 501(c)(3) public charity that shares our vision to make giving a part of everyday life. Together, we're integrating giving opportunities into the PayPal customer experience, as well as working with partners to embed giving opportunities into their websites and apps, making it easy for people to support charities whenever and wherever they are inspired to help. In 2018, PayPal Giving Fund expanded into Canada and Australia, and also launched a new partnership with Facebook that makes it easy for people to create and share fundraisers with their networks.

\$175M
was donated to PayPal Giving Fund & granted to **73K** charities

FUNDS RAISED BY CHARITIES



NUMBER OF GIFTS



20%
INCREASE

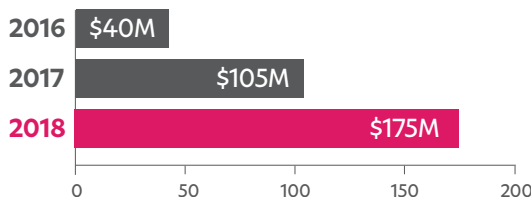
in the number of charitable gifts from 2017 to 2018

27%

of 114.9M payments processed for charities were made on mobile devices



FUNDS RAISED VIA PAYPAL GIVING FUND



Disaster Relief

2018 was a year marked by a series of tragic events. From Hurricane Florence in the Carolinas, to the earthquake and tsunami that impacted Indonesia, to Hurricane Michael in the Florida panhandle – PayPal was there to help. We launched fundraising appeals to benefit relief organizations that were on the ground providing essential services to the people and communities impacted, and we covered all costs of donations to ensure that 100 percent of every gift went to support their efforts. This was in addition to the millions of dollars raised through PayPal's fundraising platform partners, and the vast network of relief and recovery organizations that utilize our fundraising tools on their own websites.

\$2.25M
in critical funds raised to support disaster relief and recovery efforts in 2018

Giving Tuesday

Since its inception in 2012, PayPal has partnered with #GivingTuesday and its founding organization, the [92nd Street Y](#), to support charitable giving by creating safe, secure, and convenient touch-points for customers to contribute to their favorite charities online.

In 2018, we launched a customer giving campaign in 11 markets and partnered with Facebook to match \$7M in donations. In total, we helped approximately **1M PayPal customers across 180 markets donate nearly \$98M** to charitable causes on #GivingTuesday.

51%
increase in #GivingTuesday contributions year over year



Skills-based Volunteering

In 2018, we provided several opportunities for employees to put their unique skills to work towards important causes:

- **Network for Teaching Entrepreneurship (NFTE):** We expanded our partnership with NFTE to reach more underserved students with entrepreneurial skill-building opportunities, extending participation to three additional offices – New York City, Baltimore, MD, and Washington, DC – and increasing employee volunteers from 100 to 255.
- **Opportunity Hack:** We hosted six hackathons in Timonium, MD; San Jose, CA; Chandler, AZ; Singapore; Dublin, Ireland; and Chennai, India to support nonprofits through the development of creative technology solutions by employee volunteers. 49 nonprofits and more than 160 employees participated.
- **Cherie Blair Foundation for Women Mentorship Program:** 75 PayPal employee mentors volunteered their time and expertise through this mentorship program to support women entrepreneurs in 33 markets, including Cambodia, Ethiopia, Nigeria, Pakistan, and Yemen.
- PayPal's Legal Team provided over 1,100 hours of pro bono legal and other services for nonprofits and their clients. Employees in the Professional Services and Finance teams also volunteered their time and technical skills to further the cause of local nonprofits.

STRENGTHENING OUR COMMUNITIES

We believe healthy and inclusive are two important attributes that go hand-in-hand, especially when it comes to defining the communities where we live and work. We actively promote the health and inclusivity of our communities through philanthropic grants, organizing employee volunteer activities, facilitating fundraisers and drives, and opening our doors to organizations for hackathons and meaningful discussions. As part of our broader mission, we emphasize activities that promote financial health, particularly through our skills-based volunteering and grantmaking opportunities.

GIVE Teams at Work

We have 35 employee-led GIVE Teams, composed of volunteers from local PayPal offices, which work to positively impact communities around the world. These teams allocate grant funds, organize volunteer activities, manage fundraising events, and carry out green projects. A few highlights from our GIVE Teams in 2018:

- Partnered with [Junior Achievement](#) in Singapore; New York, NY; Ireland; Chandler, AZ; Baltimore, MD; and Salt Lake City, UT to host employee volunteer events.
- Provided a GIVE Team Innovation Fund grant to [Reinserta](#), an organization in Mexico that works to reduce recidivism rates among youth, while also providing mental health counseling and job training.
- Developed the app [Refuhelp](#) in Paris to help refugees connect with resources including food, housing, and other services.
- Volunteered and provided grant funding to [AZ Cend](#) for initiatives including the Interfaith Homeless Emergency Lodging Program (I-HELP) that provides job placement, medical referrals, and other services to combat homelessness.
- Provided grant funding to [I.S.I.](#) and hosted empowering, entrepreneurial skill-building workshops for migrant women in Germany.
- Hosted a conference for girls in support of the [Girls in Tech Program](#) in Chennai, India.



\$13M+

in total giving to organizations in 2018 including donations, matching grants, and in-kind contributions

\$2.4M+

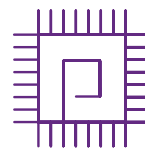
in grant funding was donated to nonprofit organizations that are advancing financial health efforts, addressing the needs of our local communities, and/or providing disaster relief assistance



29.5K hours

volunteered by employees

\$240K



generated through Tech for Good, a program that uses the sale of PayPal's retired technology assets to fund grants that enable disadvantaged schools and nonprofits to purchase much-needed technology



EMPLOYEES & CULTURE

Our mission-driven and talented workforce is fundamental to our continued financial and operational success. As a global corporation with over 21,000 employees located in more than 30 countries, it's essential for us to attract and retain diverse talent. We follow a pay-for-performance compensation program and provide employees with comprehensive benefits and opportunities for advancement. We do this through our deep-rooted culture, which is focused on our four key values: Collaboration, Inclusion, Innovation, and Wellness. Our One Team philosophy carries these themes through our everyday work and fosters an integrated approach to benefits. We remain committed to empowering talented people from every background and perspective to thrive.

GLOBAL TALENT RECRUITMENT, RETENTION & DEVELOPMENT

We take an employee-centered, holistic approach to benefits by focusing on the specific needs of our people, recognizing that every team member helps drive our mission to democratize global financial services. We value every team member's contributions and provide competitive compensation and comprehensive benefit packages, as well as a flexible, sustainable work-life balance.

Highlights from our 2018 rewards and benefits program included:

- Implementing the **WoW innovation rewards program** using a blockchain platform to award tokens to employees that generate innovative ideas. Tokens can be exchanged for various PayPal merchandise or experiences, such as a trail run with our CFO.
- Operationalizing the **PayPal Employee Relief Fund** with company-provided funds available to support eligible employees who require immediate assistance after an unforeseen, life-altering personal hardship.
- Providing employees up to 20 consecutive business days of paid leave for absences related to the death of a family member through our **Global Bereavement Leave program**. We want to make sure all employees can take care of themselves and their families without concerns about financial insecurity.
- Instituting an industry-leading practice to remove pro-rating of our **Annual Incentive Plan** calculations for employees who take an eligible leave of absence. This practice complements our broad family care and leave programs and is intended to ensure employees are rewarded for their contributions and not penalized, for example, for taking care of themselves and their families.



We promote ongoing professional development and leadership training for employee career advancement including annual education grants, mentorship programs, and online and in-person training. In 2018, a majority of our employees received or participated in career or skills-related training.

We provide role-based development programs such as Step Up, which present our technology, product, design, and sales communities with clear pathways to develop their skills and advance their careers. This program, which was originally developed by a cross-business unit team and has organically spread to over a dozen global teams, will be expanded to technology managers over the coming year and is a great example of our One Team collaboration.

In addition to ongoing career development, we also provide formal opportunities to train our next generation of leaders. For example, PayPal offers a Technology Leadership Program, a two-year rotational program for technologists that promotes a broad range of leadership and problem-solving skills. The program consists of 20 participants selected annually to work on four rotational assignments across the company.



Our global strategy to recruit, retain, advance, and develop all of our employees is underpinned by the need to ensure a diverse, inclusive, and fully engaged workforce. Our six D&I Communities, with 95 global chapters, comprising thousands of employees, are an important part of this strategy as they work to carry out meaningful community outreach and overall business impact.

PayPal D&I Communities Drive Progress in 2018



Launched in September 2018 and organized our first Hispanic Heritage Month celebration



Created a mentorship program for the inaugural Historically Black Colleges and Universities internship program and sponsored a local business marketplace featuring the use of the PayPal app



Partnered with our facilities team to enhance site accessibility in multiple locations



Supported LGBTQ+ legislation in AZ and participated in 13 parades in 9 countries across 3 continents (50% increase from 2017)



Partnered with BreakLine Education, a transitional education program for veterans, to recruit top-talent, and hired more than a dozen BreakLiners to join the PayPal team in 2018



Expanded our group mentoring program, Mosaic, to 10 offices around the globe and extended our shadowing program globally to include our operations teammates, pairing about 500 people across the company

DIVERSITY & INCLUSION

Diversity and inclusion are not only cornerstones of our business, they are essential to create meaningful products and services for people to use around the world. They are a central tenet as we continue to grow our workforce, which now includes more than 21,000 employees, representing 135 nationalities, located in more than 30 countries.

We embrace diversity and work to increase representation across our communities including LGBTQ+, military veterans, ethnic and racial groups, gender, and people with disabilities. We strongly believe diversity is a fact, inclusion is a choice, and together they strengthen our organization. In 2018, we made further progress in this area and continued to provide equal pay for equal work with 100 percent global gender pay equity and U.S. ethnic pay equity.

Additional key diversity and inclusion highlights from 2018 included:

- Instituting a **Diverse Hiring Policy** to ensure we will have at least one diverse candidate considered for every open position at the Director level and above, and at least one diverse employee as part of the interview panel.
- Commencing development of a **Supplier Diversity program** designed to identify and increase the utilization of diverse businesses throughout the enterprise, with an expected launch in 2019.
- Continuing small group **Conscious Inclusion** workshops for all global employees to better understand individual experiences and to foster a culture of respect and inclusion.
- Requiring **Global Sexual Harassment Awareness and Prevention Training** for all employees.
- Strengthening and growing our **Diversity & Inclusion Communities** to actively support and advocate for employees who are women, black, veterans, LGBTQ+, Latinx, specially-abled, or disadvantaged. In 2018, Board members Rod Adkins and Wences Casares participated in events to launch and further advance Amplify and Aliados.

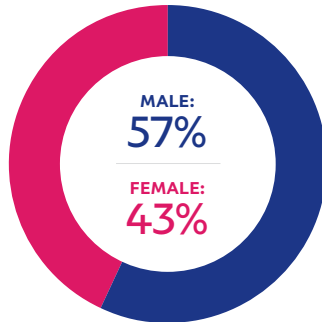
100%
global gender
pay equity

100%
U.S. ethnic
pay equity

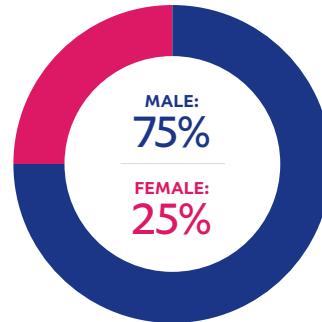


GLOBAL GENDER DIVERSITY 2018

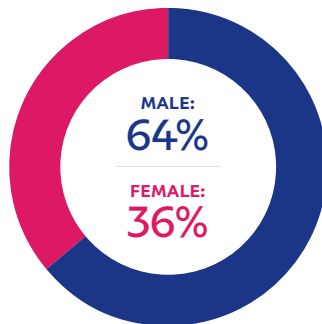
TOTAL GENDER WORKFORCE



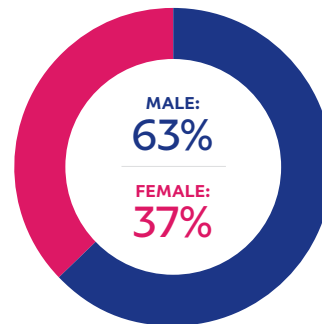
TECHNICAL ROLES



LEADERSHIP - DIRECTOR +

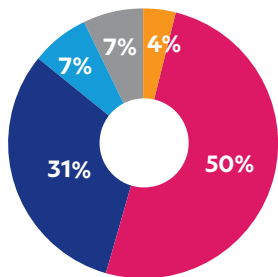


LEADERSHIP - VICE PRESIDENTS

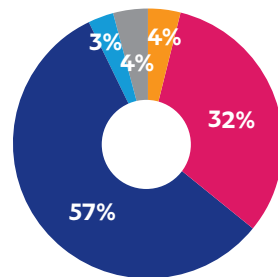


U.S. ETHNIC DIVERSITY 2018

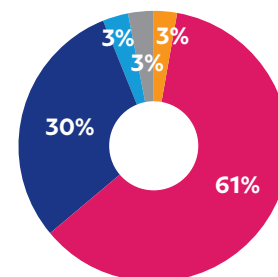
ALL EMPLOYEES⁶



TECHNICAL ROLES



LEADERSHIP - DIRECTOR +



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

2018 DIVERSITY & INCLUSION: BY THE NUMBERS⁴

U.S. ethnic minorities make up almost **40%** of our leaders⁵



Globally, women represent more than **one-third** of our leaders



Almost **3 in 5** PayPal employees are diverse



OVER 50% of our leaders are diverse

7% INCREASE

year over year in women at the VP level globally

2018 WORKFORCE HIGHLIGHTS:



+21,000 employees



135 nationalities represented



Across more than **30** countries

For more information on our Diversity and Inclusion efforts, click [here](#).

⁴ Total diversity is defined as global females + ethnic males in the U.S. 2018 diversity data is measured from October 2017 to September 2018. Since becoming an independent company in 2015, we have tracked our diversity and inclusion data on an off-calendar year basis. We're evaluating efforts to align our annual reporting timelines.

⁵ Leaders = Director+

⁶ Due to rounding, some figures do not add to 100 percent.

ENVIRONMENTAL SUSTAINABILITY

We are committed to the responsible stewardship of our local and global environment. After completing an environmental materiality assessment in 2017, we continued to develop our environmental program in 2018 with a clear focus on reducing our greenhouse gas (GHG) emissions and energy use, improving water management, and implementing better waste management.⁷ In 2018, we also published our [Environmental Policy](#) to help provide additional transparency on our commitment.

MITIGATING OUR CLIMATE IMPACT

As a global corporate citizen, we acknowledge the importance of addressing climate change and we are actively developing and implementing strategies to reduce our GHG emissions and transition to clean energy. We take a holistic approach to energy management that includes both improvements in efficiency and procurement of renewables.

In 2019, we're committing to a goal of **matching 100 percent of owned and leased data center energy use with renewable energy generation by 2023**. Our data center team began procuring renewable energy for owned facilities in 2015. In 2018, approximately half of the energy in our data centers was matched with renewable energy generation. Also in 2018, we expanded our green power strategy to include collocated (leased) data center facilities and continued identifying opportunities for renewable energy investment.

GOAL:
100%
renewable energy
use in data centers
by 2023

2018 Progress: Close to half of the energy supporting our owned and leased data centers was matched with renewable energy generation

⁷ The scope of our environmental footprint includes only those facilities within our operational control.



SBTi: Our first step on a path to a company-wide GHG emissions reduction goal

In addition to establishing a target to increase renewable energy purchases, we're committed to setting a company-wide GHG emissions goal that aligns with the global emissions reduction pathway established in the Paris Climate Agreement. To guide our goal-setting strategy, we joined the [Science-Based Targets initiative](#), a commonly used framework for setting corporate GHG goals that are consistent with the worldwide objective of avoiding significant temperature changes over the next century. We'll continue to share our progress as we work on this important component of our environmental strategy.

CLEAN ENERGY LEADERSHIP AT PAYPAL'S PHOENIX DATA CENTER



Beginning in 2015, PayPal's data center team began negotiating a long-term power purchase agreement with our utility provider in Phoenix, Arizona Public Service (APS). The goal of this agreement was to enable construction of the Red Rock solar photovoltaic generation facility, which was developed and is operated by APS. Our commitment to purchasing renewable energy from this facility has resulted in net-new and additional renewable energy generation. In 2018, we purchased 38,587 MWh of renewable energy from APS; 64 percent attributable to the Red Rock solar facility and 36 percent from other green sources. We are proud to be recognized by the U.S. Environmental Protection Agency's Green Power Partnership for our renewable energy use. By making the choice to use clean energy, our company lowers our emissions footprint, while also sending a message to others across the U.S. that using green power is smart business.



2018 Energy & Emissions Trends

In 2018, our global energy use increased by about 3 percent year over year, consistent with the organic growth experienced by our business. Renewable energy use remained steady at about half of data center energy use and 35 percent of total energy use. Total greenhouse gas emissions increased approximately eight percent year over year, driven mainly by an increase in Scope 3 business travel as we grew our business globally, but also from a rise in Scope 1 emissions due primarily to variation in site-level refrigerant emissions. With the improvements to our measurement systems, we have a better understanding of our environmental footprint and will continue to enhance our procedures for environmental impact management.



⁸ We've revised our environmental metrics based on refinements to our organizational boundary and improvements in data quality and availability. Prior period amounts have been revised to conform to the current presentation.

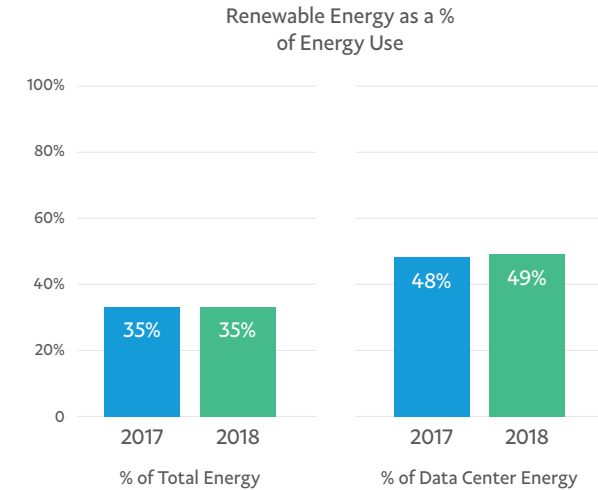
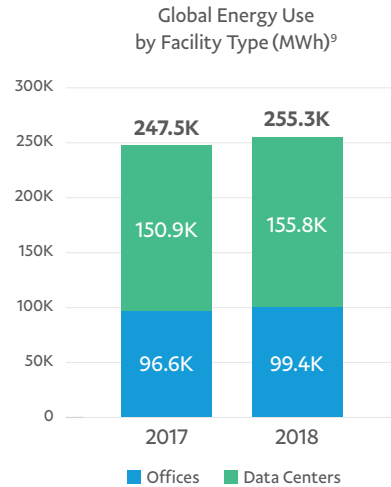
⁹ Due to rounding, some figures will not add to exact total.

¹⁰ See footnote 8.

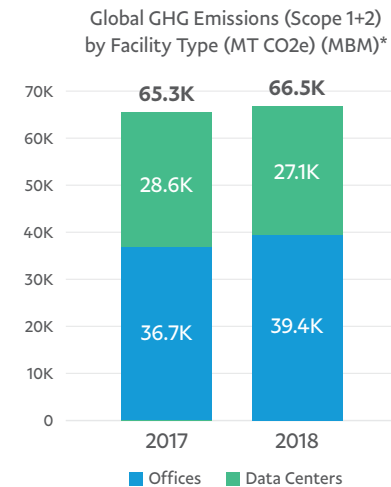
¹¹ See footnote 9.



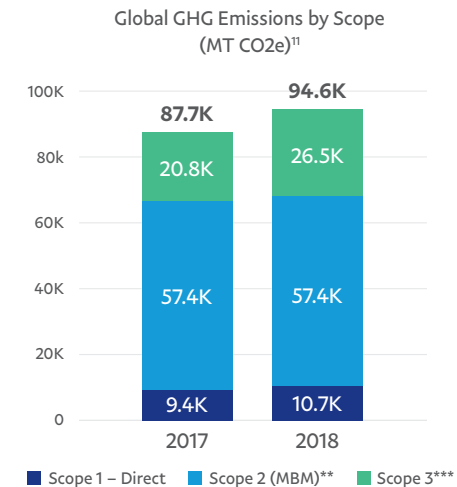
ENERGY USE & RENEWABLE ENERGY⁸



GHG EMISSIONS¹⁰



^{*}Scope 1 emissions by facility type excludes corporate jet.



^{**}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.

^{***}Scope 3 inventory includes only emissions from business travel via air and rail.



Employee Sustainability: Dublin and Dundalk, Ireland

PayPal employees in Ireland exemplify our workplace culture of environmental stewardship, with 14 sustainability team members across our Dublin and Dundalk offices and an active calendar of sustainability-related activities including everything from beach cleanups to gardening opportunities.

In 2018, the sustainability team in Ireland launched an initiative to reduce plastic waste, replacing plastic utensils and straws with compostable cutlery. Additionally, the facilities team led creative competitions to improve waste diversion rates, which ultimately helped employees in both offices recycle or compost 74 percent of all waste in 2018.

In addition to employee-based sustainability activities, both Irish offices run on 100 percent renewable energy, implement ISO 50001-certified energy management systems, and continue to make improvements to reduce energy use (e.g., LED lighting retrofits and a high-efficiency HVAC unit). These measures are expected to save \$365,000 over the next five years, while avoiding 280 metric tons of GHG emissions each year which is equivalent to taking approximately 60 cars off the road.

Ireland's sustainability team helped create an employee gardening area and planted seedlings outside the PayPal office in Dundalk, Ireland, leading to an active gardening club.

WATER MANAGEMENT

Compared to companies in more water-intensive industries, we don't consume a lot of water. We use water in our offices for domestic purposes, irrigation, and operational processes. We also use water in our data centers, primarily for evaporative cooling. We've implemented various water conservation measures across our global operations, including smart-sensor fixtures in many of our offices and regular monitoring of water use effectiveness in our owned data centers.

As we enhance our understanding of water use across our company globally, we look for opportunities to better measure and manage our water consumption.¹² In 2018, we focused on expanding our access to water usage data for our office facilities, and in particular, our leased offices. Where actual usage data is not available, we're working on developing strategies to better estimate water use. Similarly, for our data centers, we're also engaging our collocation service providers to improve our understanding of the water efficiency practices and policies at those facilities.



As a global company that depends on consistent access to clean water for our operations worldwide, source reliability is an important water management dimension for PayPal. Accordingly, we're exploring our resilience to water stress from climate and extreme weather-related events.

WASTE MANAGEMENT

We manage waste from our daily operations and electronic equipment (e-waste). Nearly all PayPal offices globally have implemented recycling programs, and many have food waste composting as well. We're working with local waste hauling providers and municipal jurisdictions to offer waste recycling in locations where it's not currently provided. We continue to implement a zero-landfill strategy for e-waste through our operations. For both data center and office electronics, our IT asset destruction service providers are all certified to either the [R2](#) or [e-Stewards standard](#) for responsible e-waste management. In 2018, our IT asset services team retired 84 tons of office electronics, 57 percent of which were sold for refurbishment and reuse. Our data center IT hardware team retired 77,000 hardware units in 2018, of which 85 percent were sold for refurbishment and reuse. The remaining office and data center IT assets were destroyed via responsible e-waste recycling practices.

We continue to concentrate on improving the coverage and accuracy of our global waste data to identify additional waste management practices and enhance reporting going forward.

¹² Compared to water intensive industries, PayPal's water use is relatively small. Based on a detailed review of current water data availability and quality as well as our evolving understanding of the sources and drivers of water use in our business, we have not reported PayPal's total 2018 water use. We will continue to enhance our water management practices and consider relevant water disclosures in future years.

RESPONSIBLE BUSINESS PRACTICES

We understand that to be a true Customer Champion and preserve our customers' trust, we must operate all facets of our business with integrity, from our Board of Directors and management to our workforce to our supply chain. We demonstrate this by holding ourselves to the highest ethical standards and remaining committed to ensuring that every action we take is in compliance with the law.

BUSINESS ETHICS

Our [Code of Business Conduct & Ethics \(Code\)](#) provides guidance for our employees, directors, and third parties on behaving ethically and responsibly. During 2018, we refreshed the Code to make it more user-friendly and actionable, including updating the overall design and layout.

Our Code 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, e-mailing our Ombuds/Ethics team, or calling our global Integrity Helpline which is available 24 hours a day, seven days a week, in multiple languages. Calls to the Integrity Helpline are confidential and can be made anonymously. The 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.

We hold our third-party suppliers accountable to the same standards to which we hold ourselves. Our [Third Party Code of Business Conduct & Ethics](#) 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

Our senior leadership team is responsible for assessing and managing risk, which is overseen by the Board of Directors and its ARC Committee. To oversee and manage risk, we 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, cybersecurity, information security, 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 chaired by PayPal's 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.

Global Financial Crimes

We are continually working 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 around the world in their efforts to identify, investigate, and stop illegal activity.

Annual Ethics & Compliance Training

Every employee at PayPal completes annual compliance and ethics training, which covers areas such as anti-money laundering, anti-bribery and corruption, safety and security, information protection, and data privacy. In addition, upon joining PayPal and annually thereafter, our employees are required to certify that they understand and will comply with the Code of Business Conduct & Ethics.



Privacy, Data & Cybersecurity

As a financial technology company, one of our greatest responsibilities is to ensure the appropriate use and security of our customers' personal data and financial information.

We publish online detailed privacy policies that describe how we collect, access, use, store, transfer, and share our customer information in accordance with applicable global data protection and privacy laws, including the General Data Protection Regulation (GDPR) in the EU. The Chief Privacy Officer leads our Global Privacy Team in building a privacy-minded culture across the company and executing a strong privacy program across our products, services, and businesses. We continuously focus on enhancing the program in line with customer expectation and evolving regulatory changes.

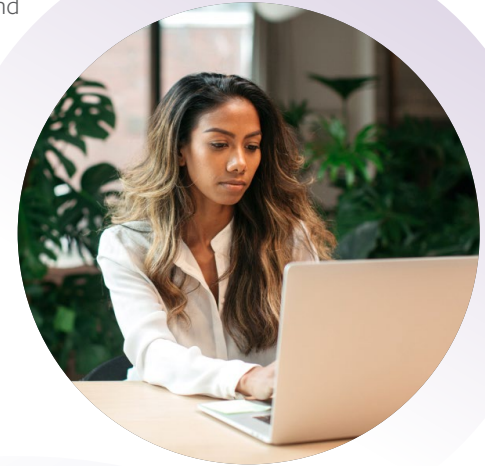


PayPal's Information Security Team, led by our Chief Information Security Officer, is responsible for safeguarding the data entrusted to us by our customers, merchants, and business partners. We are currently a member of the PCI Security Standards Council Board of Advisors, comply with PCI DSS, and issue annual SOC-1 and SOC-2 reports. Our cybersecurity program is 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.

For additional information, please see our [Privacy Statement](#) and [Security Center](#).

INTERNAL AUDIT

Our Internal Audit program is an independent and objective third line of defense that is guided by a philosophy of adding value to improve PayPal's operations. The function derives its independence and authority from PayPal's ARC Committee, and brings a systematic and disciplined approach to evaluate and improve the effectiveness of the company's governance, risk management, and control processes. Our Internal Audit program is externally assessed by the Institute of Internal Auditors (IIA) biennially to assess that it conforms with the IIA Code of Ethics and the Standards.



ADDITIONAL RESOURCES

GENERAL DISCLOSURES & ARTICLES

- [2017 Global Impact Report](#)
- [2019 Proxy Statement/2018 Annual Report](#)
- [Investor Relations](#)
- [Board of Directors](#)
- [Public Policy Advocacy & Transparency](#)

SOCIAL INNOVATION

- [Social Innovation](#)
- [PayPal Surpasses \\$98M in Platform Donations on GivingTuesday](#)
- [Pay as you grow with PayPal Working Capital](#)
- [Introducing the new PayPal Business Loan](#)
- [What is Funds Now and how does it work?](#)
- [International Money Transfer Services to 30 Countries Worldwide](#)
- [PayPal + Walmart: A Whole New Way To Move Money](#)
- [The PayPal-Kiva Partnership](#)
- [PayPal Partners with Village Capital to Accelerate Global FinTech Solutions for Financial Health](#)
- [Our Employees Mentor Women Entrepreneurs through a Partnership with Cherie Blair Foundation for Women](#)

EMPLOYEES & CULTURE

- [Building an Inclusive Workforce at PayPal](#)
- [Diversity and Inclusion at PayPal](#)
- [PayPal Careers](#)

ENVIRONMENTAL SUSTAINABILITY

- [Environmental Policy](#)

RESPONSIBLE BUSINESS PRACTICES

- [Code of Business Conduct & Ethics](#)
- [Third Party Code of Business Conduct & Ethics](#)
- [Expanding Global Fraud Prevention & Risk Management Capabilities](#)
- [Privacy Statement](#)
- [Security Center](#)

Thank you for reading our 2018 Global Impact Report. For further information, visit our [Global Impact website](#). Please contact us at ESG@paypal.com with any questions.



