

# UK Gender Pay Gap Reporting 2023

## Introduction

We are deeply committed to building a global team of employees that reflect the communities where we work and live, and the diversity of the customers we serve.

Our DIB (Diversity, Inclusion, Equity and Belonging) principles are not only critical to our success but also deeply embedded in our people, our culture, and our business. We understand that to create innovative products for our customers and provide value to our stockholders, we must attract, develop, and retain diverse talent globally. Ensuring that all employees are paid fairly and equitably for their contributions to our company is an important part of this.

At PayPal, total compensation includes elements such as base pay, cash bonus or commission, and equity in the company. We review total compensation data annually and have reported on equal pay for employees globally for the last six years.

The gender pay gap and equal pay are two different issues. Equal pay is the difference between men's and women's earnings for performing the same or similar work. Gender pay is a measure of the average pay for men and women across an organisation, regardless of factors such as their role, seniority, work location, etc.

## Reporting Requirements

Employers with at least 250 employees are required by law to publish their gender pay gap and gender bonus gap figures annually. There are six different pieces of information that are required:

**GENDER PAY GAP: MEAN & MEDIAN** - This is the difference in hourly pay between men and women, as at 5 April 2022 'snapshot' date, expressed as a percentage of the hourly pay for men. This means that a positive number indicates men earn more than women; a negative number means the reverse.

**GENDER BONUS GAP: MEAN & MEDIAN** - This refers to the average incentive pay received by men and women in the 12-months leading up to the snapshot date, expressed as a percentage of the incentive pay received by men. As with the gender pay gap, a positive number indicates men earn more than women; a negative number means the reverse.

**BONUS PAY PROPORTION** - This refers to men who received a bonus expressed as a percentage of the total number of bonus eligible men, and women who received a bonus expressed as a percentage of the total number of bonus eligible women.

**PAY QUANTILES** - All employees are ranked in order from the lowest to the highest hourly rate of pay and the list is divided into four equal groups or 'quantiles' (referred to as the lower quartile, the lower middle quartile, the upper middle quartile, and the upper quartile).

## Results

The gender pay gap measures the difference between men and women's hourly earnings. 'Earnings' include salary, incentive pay, cash allowances, on-call payments, etc. PayPal's mean hourly pay gap is **-0.4%** which means the average hourly pay for women is slightly higher than for men. The median hourly pay gap is **0.1%**, which means when hourly pay is ranked from lowest to highest, the middle value for women is slightly lower than the middle value for men.

The gender bonus gap is the difference in incentive pay received by men and women in the 12-month reporting period. 'Incentive pay' includes bonus, commission, vested stock awards, recognition awards, referral bonuses, etc. The mean bonus pay gap is **15.0%** and the median bonus pay gap is **13.9%**.

	Gender Pay Gap		Gender Bonus Gap	
	Mean	Median	Mean	Median
Reporting Year 2021/22	-0.4%	0.1%	15.0%	13.9%
Reporting Year 2020/21	-0.8%	29.5%	10.9%	31.9%

The 'MEAN' refers to the sum of all the values divided by the number of values.

The 'MEDIAN' refers to the middle value when all the numbers are ranked in order of lowest to highest.

The proportion of men receiving incentive pay is **93.4%** and **90.5%** for women. All PayPal employees are eligible to participate in a short-term incentive plan (subject to plan terms and conditions) and all employees are awarded stock. The small number of employees who did not receive incentive pay in this reporting period were mostly new hires, who did not meet the minimum service criteria for a pay-out in that plan year. As we hired more women than men in the reporting period, a higher proportion of women did not receive incentive pay.

	Proportion of Employees Receiving Incentive Pay	
	Male	Female
Reporting Year 2021/22	93.4%	90.5%
Reporting Year 2020/21	90.7%	92.2%

When ranked in order from the lowest to the highest hourly rate of pay and divided into quartiles, the proportion of men and women in each quartile broadly aligns (<5% variance) with the overall ratio of males to females within PayPal UK (59:41)

	Proportion of Males and Females by Pay Quartile							
	Lower Quartile		Lower Mid Quartile		Upper Mid Quartile		Upper Quartile	
	Male	Female	Male	Female	Male	Female	Male	Female
Reporting Year 2021/22	61%	39%	57%	43%	55%	45%	63%	37%
Reporting Year 2020/21	57%	43%	59%	41%	60%	40%	67%	33%



## Understanding Our Results

Unequal representation of women remains a challenge for PayPal and the technology industry in general. In the UK, women make up more than 50% of the total workforce but just 26% of the workforce in the technology industry. Since our last report, female representation in PayPal UK has increased by 2% (41% on April 5, 2022, vs. 39% in 2021) however we continue to focus on attracting and retaining female talent with the objective of achieving equal representation.

In addition to increased female representation overall, a higher percentage of women have been promoted, resulting in higher numbers of women in senior job grades with higher levels of pay, and this is reflected in the distribution of men and women in each pay quartile. The number of women in the lower pay quartile has decreased from 43% to 39%, whilst increasing across the middle-lower, middle-upper, and upper quartiles. This represents an overall improvement year-on-year; however, there is still work to do, as the upper pay quartile has the lowest proportion of females at 37% (relative to the overall male to female ratio of 59:41).

The proportion of men in the upper pay quartile reflects a higher number of men in senior roles and long-tenured roles, which are paid more based on the market rates and time in position. Our pay plans are aligned to the seniority of the role, with our higher graded roles by their very nature, generating a larger salary, annual bonus, and equity awards. Individuals with longer tenure have the opportunity to accumulate equity awards yearly, elevating total annual earnings above peers with less tenure.

PayPal is a relatively small employer in the UK, so a few joiners and leavers can significantly impact the overall results.

## How We Are Addressing Representation

Inclusion is one of PayPal's core values, and we recognize that while we have made progress, we remain at the beginning of a multi-year journey. In addition to the work we are doing across inclusive hiring, sponsorship, learning resources, our external partnerships and operational progress, we also want to recognize the critical importance of providing women with the space and opportunity to speak. We believe that creating a sense of psychological safety so that our employees can speak authentically to their lived experiences is invaluable in strengthening our culture of inclusion as well as helping everyone to feel seen, heard, and valued.

### Inclusive Hiring and Talent Development

- To ensure we are addressing potential bias in the workplace, our recruitment process is designed to integrate inclusive hiring practices. We provide our talent acquisition teams and managers with the tools and training they need to be intentional around identifying diverse candidate slates and diverse interview panels.
- PayPal's Compensation Committee has embedded DIE&B considerations into our executive compensation program.
- Businesses are increasingly recognizing the importance of creating a culture of sponsorship in addition to mentorship. PayPal's Unity Employee Resource Group for women and allies launched a sponsorship program targeted toward increased retention and identifying leadership opportunities.

### Inclusion@PayPal

- We are not limiting education and investment to hiring alone, we are also committed to supporting all our employees globally with a multi-year, multi-module learning journey, 'Inclusion@PayPal.' Developed by DIE&B

and learning specialists, the first module in the series focuses on providing fundamental learning on our D&B strategy helps each person recognize inherent biases and identify opportunities for conscious changes. Additional targeted modules further employee understanding and actions for the future, including topics such as code switching and covering, power dynamics in the workplace, and understanding experiences from the view of various personas.

- PayPal continues to invest in systems to help more accurately understand and pinpoint specific areas across the employee lifecycle where additional support and equitable programs would be useful in driving change across various functions, levels, and geographies.
- We have developed new partnerships to help broaden our talent pipelines, developed targeted employee career development and sponsorship and mentorship programs for underrepresented communities.
- We also host Employee Resource Group (ERG) listening sessions to gather insights and maintain an open line of communication for any concerns that employees may like to raise in a safe space.

### United Nations Partnership

In 2021 we announced a commitment of more than \$100 million to advance financial inclusion and economic empowerment for women and girls around the world over the next five years.

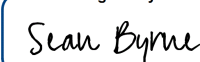
- PayPal will deposit \$100 million of its capital into investment funds and depository institutions that are led by women or focused on serving women, as well as other endeavors that can produce greater financial health or economic empowerment of women, among other gender equality outcomes.
- PayPal will invest \$7 million in partnerships to increase access to microloans for women entrepreneurs around the world.
- PayPal will contribute \$1 million to raise awareness and provide incentives to mobilize donations to civil society organizations that support gender equality through the PayPal Giving Fund. As part of this, PayPal will recruit gender equality-focused charities to its platform in at least 34 countries by 2023 to further advance resource mobilization for Sustainable Development Goal 5
- In support of its mission to build a more inclusive economy, PayPal was selected to join the Generation Equality initiative as a private sector lead for the Economic Justice and Rights Action Coalition.

### Statutory Declaration

I confirm that the information and data in this report are accurate and in line with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Signed:

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Sean Byrne

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