



Materiality & ESG Strategy

OUR FIRST ESG MATERIALITY & PRIORITIZATION ASSESSMENT

In 2019, PayPal undertook an inaugural materiality and prioritization assessment to identify key non-financial topics important to both our business and stakeholders. Partnering with [SustainAbility](#), a think tank and advisory firm, our process followed a three-phased approach:

Phase I — Research & Landscape Assessment

We first conducted an in-depth internal and external landscape assessment to analyze current company programs and reporting, peer performance, and global economic and ESG trends and standards. This Phase I assessment included research and findings from the [Sustainable Accounting Standards Board \(SASB\)](#), [Global Reporting Initiative \(GRI\)](#), [Task Force for Climate-Related Financial Disclosures \(TCFD\)](#), [U.N. SDGs](#), [U.N. Global Compact](#), [WEF Global Risks Report](#), [SustainAbility's Annual Trends Report](#), and financial and technology peer company disclosures, among others. Based on this assessment, we selected **19 key ESG topics** used in the evaluation.

Phase II — Stakeholder Mapping & Engagement

We leveraged results from Phase I to define the scope of our stakeholder interviews and surveys. In total, we interviewed or surveyed **130 internal and external stakeholders** to gather feedback on key ESG topics and their intersection with our business and society. We engaged with senior leadership including PayPal's President & CEO Dan Schulman, Corporate Governance and Nominating Committee Chair Gail McGovern, and various C-suite executives and business leaders globally. We also conducted our first ESG employee survey, which generated internal feedback from around the globe and a dozen business units.

Externally, our third-party consultant hosted confidential discussions with stakeholders from non-governmental organizations, peer companies, financial health experts, business trade groups, and customers, among others, to better understand their ESG priorities and expectations of PayPal.

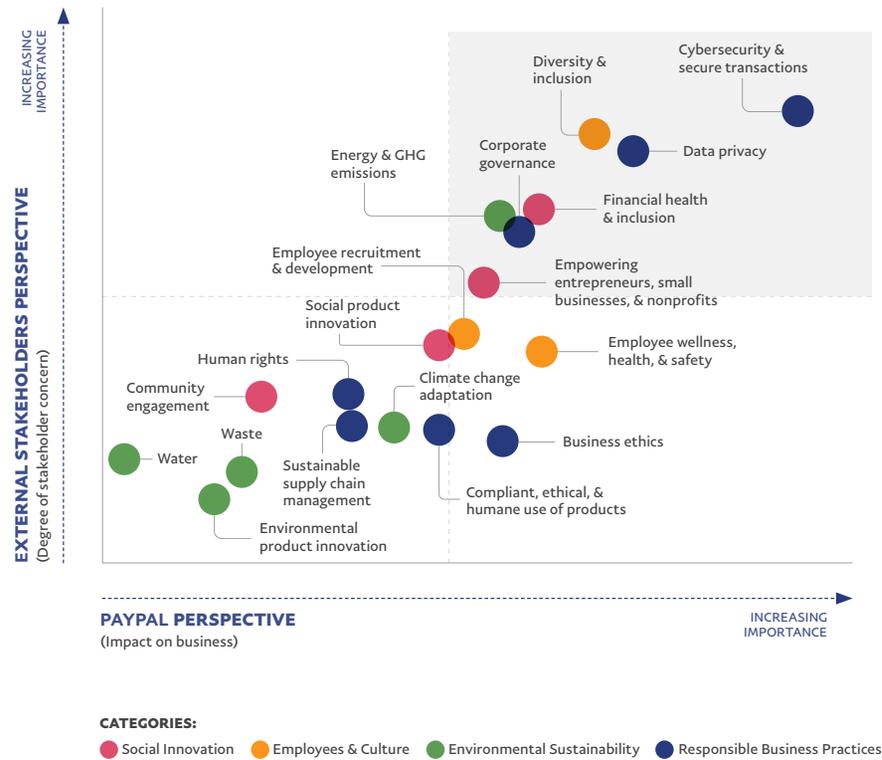
We also conducted an **industry-leading governance perception study**, which included engagement with 24 global investors from North America, Europe, and Asia holding more than \$4 trillion in assets under management. Our goal was to understand how they consider ESG factors in their investment decision-making, their views on PayPal's current ESG program, and recommendations for the future.

Phase III — Topic Analysis & Prioritization

Based on the landscape research and stakeholder feedback, we prioritized PayPal's 19 key ESG topics by applying a model based on the following five factors:

- 1 impact on our business
- 2 degree of stakeholder concern
- 3 perceived performance
- 4 degree of influence
- 5 societal/environmental impact

Our **materiality matrix** illustrates our findings and denotes each key ESG topic by focus area. The conclusions from this assessment highlight how our mission and values are central to everything we do, reinforce the importance of stakeholder feedback, and will help prioritize our ESG strategy and disclosures going forward.



ALIGNMENT WITH THE U.N. SUSTAINABLE DEVELOPMENT GOALS

As part of our ESG materiality assessment, we also examined how our business activities and key priority areas align with the [United Nations' Sustainable Development Goals](#) (SDGs). The U.N. SDGs are a collaborative, global effort to protect our planet, end poverty, and help people live in prosperity and peace, and are represented by 17 Global Goals and 189 targets. In 2019, we further refined our initial [U.N. SDG contribution mapping](#) to reflect where we have the greatest influence and contribution through our products, services, and business strategy. Throughout each section of this Global Impact Report, we provide high-level mapping into how our activities further address the broader set of U.N. SDGs. Over time, we will continue to enhance our reporting on this important global effort.

Overall, PayPal makes a direct, positive contribution to 10 of the 17 SDGs, with the greatest influence on the five goals listed below. Meanwhile, we remain focused on responsibly managing our operations and supporting our communities consistent with all of the Global Goals.³

GOAL 1

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

- We make the management and movement of money more accessible, secure, and affordable so that more people — including the financially underserved and small businesses — have access to economic opportunities.
- We provide digital financial solutions to 305M+ active accounts in 200+ markets globally. We also empowered 47K customers and employees to fund ~\$2.5M in Kiva loans since 2016.

GOAL 8

Target 8.5: *Achieve full and productive employment and decent work for all women and men, including equal pay for work of equal value*

- We promote the financial health of all employees through our comprehensive Employee Financial Wellness Program.
- In 2019, we maintained 100% pay equity for global women and US ethnic pay parity. We also recruited and developed a diverse talent pool by implementing our diverse hiring program and partnering with organizations including YearUp.

GOAL 9

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

- Since 2013, we've provided more than \$14.5B in funding through over 860K loans to more than 290K small- and medium- sized businesses.
- Through our ongoing partnership with Village Capital, we have supported ~250 startups and helped improve the financial health of over 2.8M people and 100K small businesses since 2014.

GOAL 10

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

- Through our digital remittance product, Xoom, we actively support people around the world, particularly immigrants and refugees, with a low-cost money transfer service.
- In 2019, Xoom remittances cost 2.7% on average — significantly less than the global average of around 6.8% according to an analysis from [The World Bank](#).

GOAL 17

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

- We're committed to engaging in public-private partnerships, as demonstrated by our close collaborations with the World Economic Forum, the Financial Health Network, and the CEO Partnership for Economic Inclusion, among others.
- In 2019, we launched [Financial Health for the Future of Work](#), a research project which explored the implications of the future of work on financial services based on interviews with over 100 experts.



³ Targets have been restated for brevity. For more information on the U.N. Sustainable Development Goals, [click here](#).