

PayPal Holdings, Inc. Stockholder Questions and Answers from the 2022 Annual Stockholders' Meeting

Below is the list of questions we received prior to and during our 2022 Annual Meeting of Stockholders held on June 2, 2022 (the "Annual Meeting"), including answers to questions that we posted prior to the Annual Meeting for the convenience of our stockholders. In a few cases, we have consolidated multiple questions on the same topic together and provided a summary response. We have also made minor edits for clarity, corrected typos, removed inappropriate language and removed names of individuals.

PayPal's answers to these questions may contain forward-looking statements that are based on management's current expectations, forecasts and assumptions, and involve risks and uncertainties. PayPal's actual results could differ materially from those predicted or implied by forward-looking statements. Information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors", "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's [Investor Relations](#) website or the SEC's website at www.sec.gov. You should not rely on any forward-looking statements. All information in this document is as of June 2, 2022. PayPal does not undertake, and expressly disclaims, any obligation to update the information.

Questions Received and Posted to PayPal's Investor Relations Website Prior to the Annual Meeting:

Question: How can I find more information on the Stockholder Proposal regarding Special Shareholder Meeting Improvement?

Company Response:

For more information on *Proposal 5: Stockholder Proposal – Special Shareholder Meeting Improvement*, including PayPal's statement in opposition, please see pages 81-83 of our [Proxy Statement](#).

Question: Could you please explain the advisory vote to approve compensation of Named Executive Officers (NEOs)?

Company Response:

An explanation of the advisory vote to approve the compensation of our NEOs can be found on page 48 of our [Proxy Statement](#).

Additional Questions Received Prior to and During the Annual Meeting:

BOARD MATTERS

Question: Why does PayPal have 12 directors? Have you considered decreasing the size of your Board?

Related Questions:

- *Why do you have so many Board members?*
- *Why does PayPal require so many Board members?*
- *Have you thought about decreasing the size of the Board?*

Company Response:

Our Board is composed of highly accomplished individuals who contribute a wide variety of relevant skills, backgrounds and experiences. The Board believes that the current number of directors is appropriate to oversee our business, our strategies and executive management.

One of the responsibilities of the Corporate Governance and Nominating Committee (“Governance Committee”) of our Board of Directors is to make recommendations to the Board as to changes that the Governance Committee believes to be desirable to the size of the Board or any Board committee. In addition, as part of the Board’s annual self-evaluation process, directors consider the appropriateness of the current number of Board members.

Question: Have there been any changes in committee chairs in the last five years?

Company Response:

No. Board committee assignments (including committee chairs) are reviewed annually by the Governance Committee.

Question: Is there diversity within the Board of Directors? How are diversity considerations integrated into the Board composition and nominating process?

Related Questions:

- *Why are only 4 out of 12 directors female?*

Company Response:

We believe a diverse Board that brings a broad range of skills, experience, backgrounds, viewpoints and perspectives is critically important for PayPal. Our ability to deliver on our mission of democratizing financial services starts from the inside, with a Board of Directors and a global team of employees that reflects the communities where we work and live, and the diversity of the customers we serve. Consistent with our commitment to inclusion and diversity at all levels of the Company, 50% of PayPal’s Board of Directors (6 of 12 directors) identify as women and/or from diverse ethnic groups. Since 2016, we’ve added five directors to our Board – all identify as either women or ethnically diverse.

The Governance Guidelines of our Board of Directors specify that in assessing prospective Board members, diversity characteristics such as gender, sexual orientation, race, ethnicity, nationality, cultural background and age should be considered to complement the skills, qualifications and expertise that directors bring to the Board. The Governance Committee values diversity as a factor in selecting nominees. When searching for new directors, the Governance Committee actively seeks out highly-qualified women and individuals from underrepresented communities to include in the initial pool from which Board nominees are chosen.

Question: Can PayPal make it possible to vote for all directors with one vote, rather than voting for each Director individually?

Company Response:

PayPal has adopted a majority voting standard for the election of directors, which is a leading governance practice. As such, stockholders have the right to vote “for,” “against” or “abstain” on each director. The system used by Broadridge, our vote tabulator, requires that these three voting options be listed separately for each individual director to properly record the vote. Broadridge is only able to facilitate a “vote all” option for companies that have a plurality voting standard where there are only two voting options (“for” or “withhold”). If Broadridge changes its systems in the future to accommodate a “vote all” alternative for majority voting, we would certainly explore it.

EXECUTIVE COMPENSATION

Question: Can you please explain why PayPal's CEO pay ratio is 1:382? Why are Dan Schulman and other executives paid so much relative to your employees?

Related Questions:

- *Can Compensation Committee Directors Dorman, Christodoro and McGovern explain why the median employee compensation is only 1/382 that of the CEO?*

Company Response:

The compensation of our Named Executive Officers (NEOs) is determined under the same compensation philosophy that applies to all of our employees: simple, transparent and clear programs that enable employees to directly link company and individual performance to their pay and enable stockholders to directly connect returns on their investment to company performance. We prioritize nimble compensation strategies to attract and retain key talent, ensure compensation is commensurate with results, both on the upside and downside, and that employees are held accountable for individual performance and results.

NEOs' compensation is determined by the Compensation Committee with input from an independent compensation consultant and is based on a number of factors, including, but not limited to: performance against measures and objectives; executing against strategy and roadmaps; organizational development and leadership; improving and supporting innovation and execution;

external market data for comparable role; individual performance and potential; and intense competition for proven executive talent.

Question: Why did management's compensation increase in 2021 when PayPal's stock price declined?

Related Questions:

- *How can CEO pay be so out of line, compared to stock price growth?*
- *Why did the CEO get \$32 million last year when PayPal's stock is down to less than \$100 per share?*
- *Why are you proposing increasing the salaries of PayPal executives if they have not delivered any additional value to the equity of the company?*
- *Why should the Board of Directors and senior management receive enhanced compensation when PayPal's stock has dropped?*
- *Your stock value has declined for the past 6 months plus, why are bonuses being paid to top level executives?*
- *Why did Net Earnings drop in 2021, as did the Total Stockholder Return, while our CEO's total compensation rocketed up by 37%, resulting in a CEO Pay Ratio of 382? How many other employees got such pay increases? What justifies that huge compensation increase, and how is such a CEO Pay Ratio ever justified?*

Company Response:

The Compensation Committee of the Board of Directors increased the compensation packages of certain Named Executive Officers (NEOs) at the beginning of last year – in January 2021 – to align their pay relative to internal and external peers.

The compensation of our NEOs is determined by the Compensation Committee with input from an independent compensation consultant and is based on a number of factors, including, but not limited to: performance against measures and objectives; executing against strategy and roadmaps; organizational development and leadership; improving and supporting innovation and execution; external market data for comparable role; individual performance and potential; and fierce competition for proven executive talent.

Retention is one of our core business risks and competition for proven executive talent has increased dramatically over the past two years. We believe that the leadership of our NEOs will help enable PayPal to continue to deliver sustainable, long-term growth.

Question: Why aren't shareholders able to vote on the compensation of PayPal's hourly employees?

Company Response:

As a public company, PayPal is required by the U.S. Securities and Exchange Commission (SEC) to disclose the compensation of our Named Executive Officers (NEOs) and allow our stockholders to vote on an advisory basis to approve the compensation paid to our NEOs.

Employees are our most important stakeholder. We follow the same core tenets in compensating all of our employees:

- Simple, transparent and clear programs that enable employees to directly link company and individual performance to their pay and enable stockholders to directly connect returns on their investment to company performance;
- Prioritizing nimble compensation strategies to attract and retain key talent; and
- Ensuring compensation is commensurate with results, both on the upside and downside, and that employees are held accountable for individual performance and results.

Question: Is management's compensation directly tied to PayPal's stock price?

Related Questions:

- *When are the Board of Directors and the CEO going to have their compensation tied to stock performance?*
- *Is management compensation directly associated with equity value? If not, why?*

Company Response:

Yes. To emphasize the importance of long-term growth, 75% of PayPal Named Executive Officers' (NEOs) annual incentive target under our Annual Incentive Plan (AIP) is granted in equity, in the form of Performance-Based Restricted Stock Units (PBRsUs), which are company performance targets.

Furthermore, NEOs receive PBRsUs and Restricted Stock Units (RSUs) under our Long-Term Incentive Plan (LTI). The PBRsUs granted under the LTI plan vest contingent upon PayPal achieving performance goals for the FX-neutral revenue compound annual growth rate (CAGR) and free cash flow CAGR over a three-year performance period, and vest following the performance period end date. The RSUs granted under the LTI plan vest over three years, with the ultimate value being based on PayPal's stock price performance.

Question: What is the ratio of compensation and benefits for the top 10 executives to stockholder equity increase for the last year?

Company Response:

In accordance with Securities and Exchange Commission (SEC) regulations, on page 76 of our [Proxy Statement](#), PayPal discloses the ratio of the annual total compensation of our CEO, Dan Schulman, to the median of the annual total compensation of all our employees (other than Mr. Schulman), which is referred to as the "CEO pay ratio." We also disclosed the compensation of our Named Executive Officers (NEOs) for 2021 on page 50 of our [Proxy Statement](#).

Question: What percentage of last year's profit was spent on executive compensation?

Company Response:

PayPal has disclosed the compensation of our Named Executive Officers (NEOs) for 2021 on page 50 of our [Proxy Statement](#).

Question: Do executives receive stock options?

Company Response:

No. Named Executive Officers (NEOs) receive Performance-Based Restricted Stock Units (PBRsUs) and Restricted Stock Units (RSUs) under our Long-Term Incentive Plan (LTI). The PBRsUs granted under the LTI plan vest contingent upon PayPal achieving performance goals for the FX-neutral revenue compound annual growth rate (CAGR) and free cash flow CAGR over a three-year performance period, and vest following the end of the performance period. The RSUs granted under the LTI plan vest over three years, with the ultimate value being based on PayPal's stock price performance.

Question: Why does PayPal's executive and director compensation approach include equity awards that can be dilutive to other shareholders?

Company Response:

Our compensation program is based on our "pay for performance" philosophy that is designed to align the compensation of our Named Executive Officers (NEOs) and directors with the key drivers of profitable growth. Program elements include a base salary for NEOs and annual retainers for directors, as well as equity awards that motivate the achievement of short-term and long-term performance goals. Our stock ownership guidelines require significant sustained ownership of PayPal common stock to align the long-term interests of our NEOs and non-employee directors with those of our stockholders and promote our commitment to sound corporate governance.

STOCK PERFORMANCE

Question: Why has PayPal's stock price declined? What are you doing to increase the price?

Related Questions:

- *Why do you believe your stock performance has fallen below Visa and Mastercard's stock performance?*
- *Do you think the stock value is a direct reflection of the changes made at the customer service level?*
- *What is being done to raise the stock price?*
- *What measures are management taking or proposing to improve stock price?*

Company Response:

We do not comment on share price movements.

It's clear that the impacts of the pandemic and the uncertain macroeconomic environment, with resulting shifts in consumer behavior, have made visibility more challenging throughout the beginning of 2022. On our Q1 earnings call, we level set expectations by lowering our full year 2022 guidance and withdrawing the medium-term outlook we provided at our Investor Day last February.

While it remains a dynamic environment, PayPal's Board and management team are focused on delivering on our commitments and creating long-term value for our stockholders – rather than achieving a specific stock price target.

Our top priorities are executing across our strategic initiatives and enhancing the value proposition for the consumers and merchants on our platform. We are focused on growing our core business, enhancing our platform, expanding into key international markets and developing new, innovative products and solutions. We continue to have strong conviction in the growth potential of our business and our ability to sustainably create value for our stockholders.

Question: Will PayPal consider paying dividends on its stock?

Related Questions:

- *Will PayPal ever pay dividends?*
- *Has the Board discussed a dividend?*
- *How about a dividend for shareholders?*

Company Response:

We feel good about our financial flexibility to pursue any number of strategies in the current environment. We remain very focused on investing in growth – which we believe is good for long-term value creation. On a regular basis, we evaluate our capital allocation plans and priorities, including the potential introduction of a dividend, and it may be something we consider implementing in the future.

BUSINESS STRATEGY

Question: What are PayPal's competitive advantages?

Company Response:

PayPal is uniquely positioned as one of the world's largest, open digital payments platforms. We are one of the most recognized and trusted brands in the world, and we've built a two-sided network at scale, which we believe is a critical competitive advantage given the intrinsic network effects. A key differentiator is the breadth of products that we offer and our portfolio approach. We also have the benefit of operating a very profitable business with strong free cash flow to fund our initiatives, regardless of the operating environment.

We strongly believe that we are in a much stronger competitive position than we were two years ago with respect to scale, engagement trends and product innovation. Furthermore, the secular tailwinds in our business – growing ecommerce and the digitalization of payments – have not changed. PayPal has remained at the forefront of the digital payment revolution for more than 20 years and we believe our vision of becoming an essential, daily consumer financial app and a comprehensive platform for merchants to move into the digital economy is even more relevant today.

Question: What is PayPal's business strategy to remain competitive and gain market share in this difficult business environment?

Related Questions:

- *What is the plan to revive the business and strategy to stay ahead of the competition?*
- *Why is PayPal doing poorly? Is there too much competition?*
- *What is PayPal doing to remain competitive?*
- *What type of business plan do you have to compete with other fintech competitors (such as Block) and gain market share in this difficult business environment?*
- *How will the company stay relevant in the coming years?*
- *What is PayPal doing to capture market share from Square and others?*
- *How will PayPal's Board and management increase the company's profitability and grow its market share?*

Company Response:

2022 is a year of continued transformation and investment as we focus on sustainably growing our business and driving engagement to achieve our financial results. We believe that PayPal is uniquely positioned as one of the world's largest, open digital payments platforms, and we are in a much stronger competitive position than we were two years ago at the start of the pandemic. The PayPal brand is recognized and trusted around the world, and we've already built a two-sided network at scale, which we believe is a critical competitive advantage given the intrinsic network effects. We also have the benefit of operating a very profitable business with strong free cash flow to fund our initiatives, regardless of the operating environment.

To remain competitive and gain market share, we are mobilizing around five key strategic priorities: accelerating our leadership in checkout, becoming the world's leading digital wallet, bringing the PayPal value proposition to in-person commerce, strengthening our merchant platform and enhancing our commerce enablement capabilities and investing in foundational capabilities. We recognize that there are opportunities for us to operate more efficiently and effectively. We are adapting to the environment that we are operating in – and we are focused on executing against our strategic roadmap.

Question: What is PayPal's plan to accelerate growth?

Related Questions:

- *What is the plan to get the company on an accelerated growth path and get back to 20+% growth trajectory again?*
- *How will PayPal's Board and management increase the company's profitability and grow its market share?*

Company Response:

We continue to have strong conviction in the growth potential of our business and expect revenue growth to accelerate during the remainder of 2022. As we have previously discussed, as the year progresses, we will experience less revenue drag from eBay's in-house payments migration. We will also see year-over-year comparisons ease in the second half of the year, when we will be comparing

against prior year periods that had less benefit from government stimulus and consumers spending more time at home during the pandemic. Lastly, we believe that our ongoing strategic initiatives will continue to contribute to revenue growth and create value for our shareholders.

We believe that the secular tailwinds for our business have not changed. Over time, we expect to continue to benefit from growing e-commerce activity and the digitization of payments. We continue to innovate, launch new solutions, and deepen engagement with the consumers and merchants on our platform. To drive growth across the business, we are mobilizing around five key strategic priorities: accelerating our leadership in checkout, becoming the world's leading digital wallet, bringing the PayPal value proposition to in-person commerce, strengthening our merchant platform and enhancing our commerce enablement capabilities and investing in foundational capabilities. We're excited about the new features coming to market this year as well as ongoing efforts to build more awareness. We continue to focus on refining our digital wallet. We have fully ramped new products like savings, and we are seeing strong growth in first-time users for existing products within the wallet, such as cryptocurrencies, bill pay, giving and credit and debit card sign-ups. We also remain focused on improving the checkout experience.

Question: How will you improve your return on invested capital (ROIC) to increase shareholder value?

Company Response:

We believe our ongoing strategic initiatives will drive improved ROIC and create value for our stockholders. The level of growth we saw over the past few years was not without its challenges and we believe there are opportunities for us to operate more efficiently and effectively to drive profitable growth.

Question: What cost-cutting measures is PayPal taking in the wake of its declining financial performance, specifically regarding executive compensation?

Company Response:

The level of growth we saw over the past few years was not without its challenges and we believe there are opportunities for us to operate more efficiently and effectively. We are now prioritizing initiatives we had planned prior to the pandemic, namely measures to simplify and enhance our operations. While there are opportunities for cost reductions in certain areas, we also want to reduce operational complexities. We want to foster faster decision-making and make it easier for our teams to innovate and accelerate our ability to bring products to market. We have plans underway to address inefficiencies and better position ourselves for long-term profitable growth. It is likely we will reinvest a portion of any savings we identify, as a way to help fund our strategic initiatives.

To emphasize the importance of long-term growth, 75% of PayPal's Named Executive Officers' (NEOs) annual incentive compensation under our Annual Incentive Plan (AIP) is paid in equity, in the form of Performance-Based Restricted Stock Units (PBRsUs), which are contingent on the achievement of company performance targets for revenue, non-GAAP operating margin and NNAs over a one-year performance period. Based on PayPal's 2021 results, the 2021 AIP paid out at 60% of target.

Furthermore, NEOs receive PBRsUs and Restricted Stock Units (RSUs) under our Long-Term Incentive Plan (LTI). The PBRsUs granted under the LTI plan vest contingent upon PayPal achieving performance goals for the FX-neutral revenue compound annual growth rate (CAGR) and free cash flow CAGR over a three-year performance period and vest following the performance period end date. The RSUs granted under the LTI plan vest over three years, with the ultimate value being based on PayPal's stock price performance.

Question: Are the Board and management considering share buybacks to improve financial performance? What about mergers and acquisitions (M&A)?

Related Questions:

- *Are there any plans for taking over similar businesses in order to increase earnings and profit?*

Company Response:

At our Investor Day last February, we talked about prioritizing organic growth, balanced capital returns and a disciplined M&A strategy. Our priorities and our high-level framework have not changed. Our intention is to be very deliberate and thoughtful in our approach to both investment and capital allocation.

We discussed allocating approximately 30-40% of free cash flow for share buybacks over the medium term. We intend to take a disciplined approach to repurchasing shares over time, though we have recently been more opportunistic in our share buyback activity. Over the past two quarters we have allocated approximately ~\$3 billion to share buybacks, compared to an annual average of ~\$1.5 billion in 2019 and 2020.

Acquisitions are just one part of our broader capital allocation strategy. We will continue to take a disciplined approach to M&A and focus on high-quality assets that can help to accelerate our growth in areas where we believe an acquisition would be more efficient than developing on our own or partnering.

Question: Does PayPal have plans to acquire any companies in the Buy Now, Pay Later space?

Company Response:

We are pleased with the performance of our Global Pay Later business, which generated nearly \$8 billion of transaction volume in 2021. Our acquisition of Paidy in 2021 expanded the breadth of our global portfolio of Pay Later solutions, and we expect that it will significantly accelerate our capabilities, distribution and relevance in Japan, which is one of our key international markets and the third largest ecommerce market in the world.

We review hundreds of potential acquisitions every year as we think about how to expand our consumer and merchant capabilities and grow our business – whether that's through building,

buying or partnering. We have a very strong balance sheet with approximately \$15 billion of cash, cash equivalents and investments as of March 31, 2022. We generated nearly \$5.5 billion of free cash flow in 2021 alone, which we view as a significant strategic advantage. There are many ways we can deploy our cash to accelerate our roadmap or move into new areas. Acquisitions are just one part of a broader capital allocation strategy. We will continue to take a disciplined approach to M&A and focus on high-quality assets that can help to accelerate our growth in areas where we believe an acquisition would be more efficient than developing on our own or partnering. At our Investor Day last February, we outlined our capital allocation strategy with three core components: prioritizing organic growth, balanced capital returns and a disciplined M&A strategy. Our priorities and our high-level framework have not changed.

Question: What is PayPal doing to minimize user attrition in the face of new IRS requirements for accounts doing more than \$600 in transactions in a calendar year?

Company Response:

PayPal has undertaken significant customer education to ensure comprehension, reduce impact and lessen friction for our customers. We posted content to our [PayPal Newsroom](#) and social media platforms to educate consumers on the changes generally, as well as on the impact to Venmo users. Our Customer Service team has used these resources to respond to customer inquiries about the new reporting requirements. We continue to drive consumer comprehension and awareness about these changes through our Customer Service team and various external activities.

Question: Why does PayPal provide access to its services in Israel but not in Palestine?

Company Response:

PayPal's ambition is for everyone to ultimately have access to our services for digital payments and commerce, in accordance with applicable regulatory requirements. We appreciate the interest that the Palestinian community has shown in PayPal. While we do not have anything to announce, we continuously work to develop strategic partnerships, address business feasibility, regulatory and compliance needs and requirements and acquire the necessary local authority permissions for new market entries.

Question: Will PayPal seek to replace President and CEO Dan Schulman this year or in the near future?

Related Questions:

- *Will Dan be replaced soon?*
- *Is it time for a new CEO/President?*

Company Response:

PayPal's Board believes that Dan Schulman is the best person to lead PayPal and drive shareholder value. Dan's strategic vision for PayPal has allowed the Company to remain at the forefront of the digital payment revolution, and he has been instrumental in architecting our differentiated business model and growing the size and scale of our platform. Under his leadership, PayPal has consistently

delivered sustainable, long-term growth since becoming an independent public company that has outperformed the broader market. PayPal would not be where it is today without Dan's leadership and strategic vision for the Company.

PRODUCTS / PARTNERSHIPS

Question: Has PayPal considered expanding the features of its checkout platform?

Company Response:

We are intently focused on taking our best-in-class checkout experiences to even greater heights, and driving compelling experiences, like Buy Now Pay Later, that result in increased share of checkout. There is more internal emphasis on checkout initiatives than at any other point since we became an independent company in 2015.

Our share of checkout is strong – in fact, more than 80% of the top U.S. retailers accept PayPal or Venmo at checkout, and consumers continue to choose PayPal. That said, we recognize that there is always room to improve the consumer experience by removing friction and providing additional features for our merchants. Because of our scale and ubiquity, even small improvements in experience can drive meaningful benefit. We are investing to make it faster and easier to checkout, with some of the highest authorization rates in our history. We are focused on optimizing presentment with more key merchants, while continuing to innovate and remove friction for the consumer. Our sales and product teams are very focused on these opportunities – starting with our 100 largest merchants – where we have merchant-by-merchant plans that identify opportunities to improve presentment and technology integrations.

Question: How is PayPal growing its in-person payments business?

Company Response:

Our in-store efforts are multi-faceted and include Venmo and PayPal QR codes for large enterprises and small- and medium-sized businesses (SMBs), Zettle terminals for SMBs and credit and debit cards that provide unique consumer value propositions.

Zettle is strengthening our in-store and omnichannel offerings for merchants. The recent launch of the Zettle terminal for SMBs in the U.K., Sweden and Germany, as well as the introduction of Zettle in the U.S., demonstrate our confidence in the product. Since we launched in the second half of 2021, we have seen good traction and a high degree of interest in Zettle software and card readers by small businesses in the U.S. In addition to new merchants, we are seeing strong demand from a back book perspective as our merchants look to extend their digital sales channels to support in-person commerce interactions.

In addition, we see a significant opportunity to leverage our digital wallet apps (PayPal and Venmo) to drive adoption of our branded credit cards, while at the same time looking at changing customer behaviors. Our customers shopped across 34 different categories last year showcasing the diversity of their needs and interests, and the recent relaunch of our PayPal Cashback Mastercard provides

a credit product that better matches rewards with our customers' spending behaviors. The new PayPal Cashback Mastercard gives customers unlimited 3% cash back on every purchase with PayPal whether they're using us at checkout online, on mobile or in-store, and they get unlimited 2% cash back on all other purchases. This year, we're taking a close look at streamlining our products and enhancing our overall card payment strategy to bring functionality that deepens the incentives and offers we provide to help accelerate usage and adoption.

Question: With cybercrime on the rise, how is PayPal marketing the security of its platform to potential customers?

Company Response:

Trust and safety are core to our value proposition. We embody a privacy-first culture that prioritizes responsible use of data and customer empowerment through transparency, education, platform enhancements and product innovation. We remain committed to providing our customers with a trusted, value-driven experience, which incorporates a proactive approach to data protection and cybersecurity management. We share information and educational content about the safety and security of our platform with both our merchants and consumers, through online material, marketing and direct efforts by our sales teams.

We continue to empower our customers by providing them with meaningful education on the choices and controls they have about their personal data. Our automated self-service portal enables our customers in over 50 countries across Europe, Australia, Asia and the U.S. to exercise their individual right to access, correct, modify, manage and delete their personal data and marketing choices, as applicable. We also recently rolled out a refreshed and augmented online consumer [Security Center](#), providing educational resources and links for customers to report suspicious or unauthorized transactions as part of our commitment to customer security education awareness. Our sales teams educate current and potential merchants on our capabilities, as well.

Question: How will PayPal address the impact its pricing changes are having on small businesses?

Company Response:

Over the last several years, PayPal has accelerated the rollout of products, features and capabilities to our merchants that deliver more value. In doing so, PayPal has evolved beyond just a "button" or payment processor to become a full commerce platform capable of driving growth.

In support of these product enhancements and extended capabilities, in August 2021 we aligned our standard rates and fees in the US to reflect the value we deliver to merchants. We strongly believe that PayPal provides more value to merchants than ever before. PayPal is more than just another payment processor – it can be a growth engine for small businesses that provides a secure and trusted platform to accept major payment types and offers tools that help enable small business merchants to successfully run and grow their business.

Question: How has PayPal's market share changed for its bill payment products and services?

Company Response:

We are excited about the consumer response to new features in our revamped digital wallet, including bill pay. Changes in the user experience and personalization in our digital wallet, which better highlight these new features, are driving increases in product discovery, adoption and engagement. With bill pay in particular, we observed a more than 200% increase in first-time users of this product when comparing customer engagement before we revamped the digital wallet in spring 2021 to post-launch in November 2021.

Question: Can I send and receive money between my PayPal and Venmo accounts?

Company Response:

Yes. Customers can send and receive money between their PayPal and Venmo accounts using a common linked bank account. Please contact our Customer Service team at StockholderCustomerQuestions@paypal.com to learn more.

Question: Why is PayPal separating from eBay and when will it be complete?

Related Questions:

- *Why the divorce with eBay? Does it not make sense to try to stay with eBay?*
- *When will PayPal finally be independent from eBay?*

Company Response:

In July 2015, PayPal separated from eBay Inc. and became an independent publicly traded company. Separating from eBay allowed PayPal to have a sharper focus and greater flexibility to create sustainable, long-term value for stockholders and deliver world-class products and services for our customers. As we've demonstrated since separating from eBay in 2015, we have grown faster than the overall ecommerce market and we expect to continue to do so.

Question: Does PayPal partner with community credit unions, like First Tech Federal Credit Union?

Company Response:

Inclusion is inherent in PayPal's mission to ensure that everyone, regardless of background or economic standing, has access to affordable, convenient and secure products and services to take control of their financial lives. Our commitment to financial inclusion extends to all identities and backgrounds.

PayPal has deployed more than \$400 million of its capital into mission-driven financial institutions and management funds that help underserved communities of color to fight barriers to economic

equity, including Hope Credit Union, OneUnited Bank, Optus Bank, LISC's Black Economic Development Fund, SoLa Capital, Black Rock Impact Opportunities Fund, Self-Help Federal Credit Union, CNote's Wisdom Fund and various smaller institutions through a CNote Promise Account. These investments are part of PayPal's \$535 million commitment, initially announced in June 2020, to strengthen Black businesses and underserved communities, and help drive financial health, access and generational wealth creation.

Question: Is PayPal looking to partner with any e-commerce businesses, like Facebook Marketplace, to replace its relationship with eBay?

Company Response:

We forge strategic partnerships with many ecommerce and marketplace businesses to gain share, reinforce our role in the ecosystem and provide better experiences for our customers. We partner with small- and medium-sized commerce businesses, as well as large enterprises, and marketplaces including eBay and Shopify.

With respect to Facebook, we are one of a number of companies that process payments for Facebook Pay. We also power Facebook payments for Messenger, Donations and Instagram. Facebook has been a longstanding and valued strategic partner to PayPal for several years and we continue to partner with, and support, Facebook in various capacities.

CRYPTOCURRENCY

Question: What actions is PayPal taking to promote responsible adoption of cryptocurrencies in other parts of the world?

Company Response:

Cryptocurrencies and central bank-issued digital currencies will play a critical role in shaping a more equitable financial system, and we believe that PayPal can play an important role in helping to shape the future of this financial system. While crypto is still relatively new, PayPal has a long history as a trusted brand in the payments space that puts the customer first.

We are focused on promoting responsible investing in cryptocurrencies amongst consumers. We continue to expand the educational content we provide to our customers to help them understand the cryptocurrency ecosystem, the risks and opportunities related to investing in cryptocurrency and information on blockchain technology. We believe educating consumers about digital currencies will be key to adoption as we continue to scale our efforts, and we are continuing to focus on ensuring our customers are well-informed.

In 2021, we expanded our cryptocurrency-related products to encourage adoption amongst consumers. Checkout with Crypto, Cash Back with Crypto and the launch of the ability of PayPal customers in the UK to buy, hold and sell cryptocurrency are bringing new consumers onto our platform and engaging our existing base. Our leadership in all forms of digital currency has been

widely embraced, enabling numerous positive conversations with central banks, regulators and government officials around the world.

Question: How does PayPal plan to continue to expand in the crypto space, for example purchasing crypto for corporate reserves, providing tax preparation tools, launching a stablecoin, payments for the metaverse, etc.?

Related Questions:

- *Is there a plan in place to purchase more bitcoin (BTC) for the reserve?*
- *Will there be tools for tax prep in the crypto space?*
- *Does PayPal plan to launch a stablecoin?*
- *Is it possible to see a hardware or crypto product down the line?*

Company Response:

We are focused on promoting responsible investing in cryptocurrencies amongst consumers. In 2021, we expanded our cryptocurrency-related products to encourage adoption among our consumers, including providing free tax forms for cryptocurrency users through our participation in the TaxBit Network. We continue to expand the educational content we provide to our customers to help them understand the cryptocurrency ecosystem, the risks and opportunities related to investing in cryptocurrency and information on blockchain technology.

We do not purchase crypto for investment or cash management purposes, and we have no plans to do so in the future. As we further develop our product offerings, we may determine it appropriate to hold certain balances of crypto for operational purposes.

Question: What is PayPal doing to protect the company from wide swings in crypto pricing?

Company Response:

We do not purchase crypto for investment or cash management purposes, and we have no plans to do so in the future. As we further develop our product offerings, we may determine it appropriate to hold certain balances of crypto for operational purposes.

We are focused on promoting responsible investing in cryptocurrencies amongst consumers. We continue to expand the educational content we provide to our customers to help them understand the cryptocurrency ecosystem, the risks and opportunities related to investing in cryptocurrency and information on blockchain technology.

Question: When will PayPal users be able to pay with crypto using the app?

Company Response:

PayPal users in the U.S. can check out with crypto at millions of merchants. PayPal and Venmo users in the U.S. and U.K. can buy, sell and hold cryptocurrency through the PayPal and Venmo apps. We also recently launched Cash Back to Crypto for the Venmo Credit Card, giving card holders the ability

to automatically purchase cryptocurrency from their Venmo account using cash back earned from card purchases.

We continue to evolve our products to meet the increasing consumer demand for digital currencies, while also applying our rigorous security and compliance controls.

Question: Is it possible to submit a “limit” price to purchase or sell cryptocurrency on PayPal.com?

Company Response:

We are always evolving our products to meet the increasing consumer demand for digital currencies, while also applying our rigorous security and compliance controls. We will keep our customers updated as we launch new cryptocurrency products and services.

ESG

Question: Why does PayPal place so much focus on ESG initiatives rather than on maximizing shareholder value?

Related Questions:

- *Why does PayPal engage on ESG topics when not all shareholders believe this is important for the business?*
- *Why is the ESG aspect of the business so prominent when it does not necessarily represent the views of the actual shareholders?*
- *Will PayPal please commit to stay out of taking political positions and focus on their business?*
- *Is the Board committed to a policy of "social neutrality" for PayPal, in which the company will refrain from taking proactive positions as a company on social and cultural matters that are unrelated to the business interests of its stockholders?*
- *Will the Board please drop the ESG initiatives?*
- *Why does ESG matter at PayPal? What does it have to do with your fiduciary responsibility to shareholders?*

Company Response:

We believe that effectively managing ESG risks and taking advantage of these opportunities is essential to deliver on our mission and strategy and to our long-term performance. Responsibly managing our global business helps to enable us to create value for all of our stakeholders, including our employees, stockholders, partners and communities. PayPal has always been driven by its mission, vision and values. We take care of ourselves, each other and our community. Our mission to build a more financially inclusive and interconnected world is the foundation of our values-led culture, which is grounded in inclusion, innovation, collaboration and wellness. We also believe that companies have a moral obligation to stand up for what’s right, and we will speak out in support of issues that impact our employees, customers and the communities we serve.

Question: What is PayPal doing to build, develop and support a diverse workplace? How do you report externally on your efforts and progress?

Company Response:

We understand the importance of attracting, recruiting and developing a best-in-class diverse workforce. This is an ongoing long-term commitment and is a priority at every level of our business – from entry level to our Board of Directors. We have a hiring policy that requires us to consider diverse candidates for all open positions.

As part of our continuing focus on developing and hiring underrepresented talent, we've been able to identify and tap talented Black and Latinx students for internships and summer programs, in close partnership with organizations such as CodeHouse and INROADS. PayPal was instrumental in mentoring and supporting the inaugural cohort of the CodeHouse Scholars Initiative summer academy, which welcomed more than 25 students from three historically black colleges and universities (HBCUs) in 2021.

As to advancement, we have an inclusive promotion process which ensures we are considering our entire talent pool for promotion and mobility opportunities. In addition to early-career mentoring programs, we are establishing sponsorship initiatives for women and underrepresented populations in our organization to access coaching, support and connection with leaders who will champion their development.

We are fully committed to providing all of our employees with equitable opportunities for growth and development. We developed and launched the Inclusion@PayPal learning program for all employees, which leverages real-world examples and personal stories to inform and engage employees on their diversity, inclusion, equity and belonging (DIE&B) journey. We also bring together cross-functional leaders to align on priorities and further embed diversity and inclusion into every facet of our business.

Our [Global Impact Report](#) provides additional information and specific reporting of our ESG priorities and progress, including in this area.

Question: How does PayPal attract new talent?

Company Response:

At PayPal, our employees are our most valuable resource. Attracting, developing and ultimately retaining exceptional talent is core to our ability to build a sustainable company and to create the best products and services for our customers. Our global talent strategy is focused on empowering the next generation of diverse talent who are highly engaged and are proud to work at PayPal today and in the future.

We remain focused on recruiting and hiring talent with the skills and specializations required to advance and support our business priorities. Our strong mission and values help attract employees – from university to executive hires – who are passionate about democratizing financial services. Recently, we entered into multi-year partnerships with CodeHouse, INROADS, and the National

Association of Black Accountants (NABA) to expand our diverse talent pipeline and we are deepening engagement with our historically black college and university (HBCU) partners and Latinx organizations, such as the Hispanic Association on Corporate Responsibility, Hispanic Scholarship Fund, Hispanic Alliance for Career Enhancement and Latinas in Tech.

Question: Will PayPal withdraw from China in light of recent human rights violations?

Company Response:

We are a mission driven company. We believe that connecting China's vast ecosystem with the strength of PayPal's network of consumers and merchants outside of China will improve the financial health for people in all parts of the world. We believe it is only through operating in diverse, global markets with differing political landscapes that we can fulfill our mission. By engaging globally in China and other major economies, we can offer a global payments platform that connects millions of people, provides access to secure and affordable financial services and creates economic opportunity for people, families and businesses worldwide.

Question: What criteria or guidelines does PayPal follow when giving money to charitable organizations?

Company Response:

PayPal uses various criteria for evaluating organizations before making a donation, and alignment with our values is one of the criteria that we use. We follow our corporate charitable contributions policy to guide our decision-making in this area.

Question: Did PayPal make a financial contribution to the Anti-Defamation League (ADL) as part of its recently-announced partnership?

Company Response:

Yes, PayPal made a financial contribution to the ADL as part of our partnership. Funding for this partnership is in line with our other signature partnerships. We are committed to protecting our customers and fighting financial crime while doing so. We have one of the most sophisticated private financial crime units in the world, and we have a clear mission – to not only monitor for and report illicit activity, but also prevent it from happening in the first place. Through our partnership with ADL, we are able to amplify our work of uncovering and disrupting the financial pipelines and support for extremist movements.

PayPal has a long-standing commitment to not allow our services to be used for activities that promote hate, violence or racial intolerance. This partnership allows us to amplify our commitment and support broader external efforts to fight hate and extremism.

POLITICAL CONTRIBUTIONS

Question: Does PayPal have a policy in place to manage political contributions through its Political Action Committee (PAC)?

Company Response:

You can find more detail on our political engagement and transparency policies on PayPal's Government Relations website [here](#). The PayPal PAC paused all donations to individuals in early 2020 to review its contribution guidelines and has not made any contributions since October 2020. A complete list of PayPal's corporate donations at the state and local level, as well as our federal PAC donations, can be found on our website [here](#).

Question: Does or will PayPal support political candidates that have pro-choice views on issues including abortion rights and voting rights?

Company Response:

The PayPal Political Action Committee (PAC) paused all donations to individuals in early 2020 to review its contribution guidelines and has not made any contributions since October 2020. A complete list of PayPal's corporate donations at the state and local level, as well as our federal PAC donations, can be found on PayPal's Government Relations website [here](#).