


PAYPAL HOLDINGS INC

MEETING DATE	Wed, 22 May 2019 8:00 am	TYPE	AGM	ISSUE DATE	Mon, 20 May 2019
MEETING LOCATION	www.virtualshareholdermeeting.com/PYPL19				
CURRENT INDICES	S&P500				
SECTOR	Business services, not elsewhere classified				

	PROPOSALS	ADVICE
1a	Elect Director Rodney C. Adkins Independent Non-Executive Director.	For
1b	Elect Director Wences Casares Independent Non-Executive Director.	For
1c	Elect Director Jonathan Christodoro Independent Non-Executive Director.	For
1d	Elect Director John J. Donahoe Non-Executive Chair. Not considered independent as he served as CEO of eBay Inc., PayPal's former parent company. There is sufficient independent representation on the Board.	For
1e	Elect Director David W. Dorman Independent Non-Executive Director.	For
1f	Elect Director Belinda J. Johnson Independent Non-Executive Director.	For
1g	Elect Director Gail J. McGovern Independent Non-Executive Director.	For
1h	Elect Director Deborah M. Messemer Independent Non-Executive Director.	For
1i	Elect Director David M. Moffett Independent Non-Executive Director.	For
1j	Elect Director Ann M. Sarnoff Independent Non-Executive Director. There are concerns over the director's potential aggregate time commitments as she serves as an executive of BBC Worldwide Americas.	Abstain
1k	Elect Director Daniel H. Schulman Chief Executive.	For
1L	Elect Director Frank D. Yeary Independent Non-Executive Director.	For
2	Advisory Vote on Executive Compensation The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. Specific targets have been provided for both the short and long-term awards. The long-term incentives are excessive and not in line with best practice, which considers that variable pay should be capped at 400% of base salary (200% for the annual bonus and 200% for the long-term). RSUs vest after a three year performance period, which is a market standard. However, a five year performance period is considered best practice. Furthermore, RSUs have no performance conditions, and vest in three equal installments beginning on the first anniversary of the grant. The Company has a compensation clawback policy in place. However, upon termination, cash severance is more than 300% of base salary, which is excessive. The compensation rating is: BDC. Triodos opposes this resolution.	Oppose

3 Appoint the Auditors

For

PwC proposed. Non-audit fees represented 10.63% of audit fees during the year under review and 12.77% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.

4 Shareholder Resolution: Report on Political Contributions

For

Proponent's Supporting Argument: The Proponent supports transparency and accountability in corporate political spending and believes that disclosure is in the best interest of the Company and its shareholders. The Proponent believes that relying on publicly available data does not provide a complete picture of the Company's political spending. For example, PayPal's payments to trade associations that may be used for election-related activities are undisclosed. This proposal asks the Company to disclose all of its political spending, including payments to trade associations and other tax exempt organisations, which may be used for political purposes.

Board's Opposing Argument: The Board is against this proposal as these proposed changes can have a significant effect on the business, operating results and shareholder value. Shareholders can find the Company's policies and practices regarding political contributions online. The Company's political contributions and lobbying activities are governed by extensive laws and regulations, including those requiring public disclosure of such contributions and activities. It is believed that adoption of the proposal could result in competitive harm without providing commensurate benefit to shareholders.

PIRC Analysis: Full transparency with respect to a Company's politically-motivated expenditures is in the best interests of shareholders. Not all indirect lobbying activity by the Company - as defined by the Proponent - has been disclosed. The report is a reasonable request for disclosure.

Triodos supports this resolution.

5 Shareholder Resolution: Amend Board Governance Documents to Define Human Rights Responsibilities Oppose

Proponent's Supporting Argument: The Proponent argues that currently, none of the Company's committee charters, Bylaws, or Articles of Incorporation mention human rights policies or statements that outline PayPal's official company policies on international human rights. In 2015 the Company endorsed the Human Rights Campaign (HRC) landmark federal non-discrimination legislation (Equality Act) to protect LGBT people from discrimination. In addition, the Company on its website has highlighted its long-time support for domestic partnership and against discrimination based on sexual orientation or gender identity. However, the Company has been attacked for hypocrisy for supporting government policies to expand business in Cuba and for conducting business in at least 25 countries where homosexual behavior is illegal. The Company has also been accused of discriminating against Palestinians and Palestinian businesses while not denying financial services to Israeli settlers in the occupied West Bank and Gaza Strip. The Proponent believes it is a fiduciary duty of the board and management to consider human rights when making all executive decisions where there is significant potential impact or consequences of the Company's involvement, as well as significant risk to the Company.

Board's Opposing Argument: The Board is against this proposal as they do not believe that formally amending the corporate governance documents is an effective or appropriate way to address human rights. The Board is committed to the highest standards of social responsibility and human rights in the business operations, and respecting the dignity of every person is a long-held commitment. PayPal is committed to improving the financial participation and health for individuals and businesses powering charitable giving to nonprofits around the world, and strengthening the communities in which the Company operates in. Examples include PayPals partnership with Village Capital, an organization that trains and invests in seed-stage social entrepreneurs. Another example is the support provided through products such as PayPals Working Capital to small businesses, which has provided more than \$4.5 billion in capital. The Company has also focused on their human rights responsibilities from a inclusion and diversity, and governance perspective. An example is the fact that in 2018, for the third year in a row, PayPal received a perfect score of 100 percent on the Human Rights Campaign's Corporate Equality Index, which is a U.S. national report from the Human Rights Campaign about practices and policies related to LGBTQ workplace equality, such as non-discrimination protections, domestic partner benefits, transgender-inclusive health care benefits, and public engagement.

PIRC Analysis: In principle, we support the modification of the committee charters, Bylaws or Articles of Incorporation to clearly define the fiduciary duties of the Board and management to respect and honour global and human and indigenous peoples rights in all relevant business transactions. However, the Company has adopted a policy on responsible practices which includes a developed human rights policy framework. Whilst these policies are not binding, the Company has demonstrated high level commitment to best practice in regards to the social, diversity, and governance human rights issues. Lastly, it is not clear how this proposal would be beneficial to shareholders, as the Company has shown no evidence of any wrong-doing.

Tridos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B - The Company has achieved an overall average level of disclosure. Specific targets have been provided for both the short and long-term awards. Annual cash incentives are based on Revenue (50%), Non-GAAP Operating Margin (50%), and Net New Actives (NNAs). The Company granted long-term incentives in the form of performance-based restricted stock units (PRSUs) (50%) and time-based restricted stock units (RSUs) (50%). The PRSUs vest at the end of a three year performance period based on a pre-established performance criteria of FX-Neutral revenue compound annual growth rate (CAGR) and free cash flow CAGR. However, the metrics used were set to non-GAAP standards, which raises concerns over the Compensation Committee's ability to manipulate the level of achievement.

Balance: D - The Company has achieved a below average balance for rewards. Rewarded CEO pay was aligned to peer group averages, however, payout reached above the average of companies of a similar market capitalisation. The long-term incentives are excessive and not in line with best practice, which considers that variable pay should be capped at 400% of base salary (200% for the annual bonus and 200% for the long-term). PRSUs vest after a three year performance period, which is a market standard. However, a five year performance period is considered best practice. Furthermore, RSUs have no performance conditions, and vest in three equal installments beginning on the first anniversary of the grant, which is not considered best practice as it does not link pay with company performance.

Contract: C - The Company has achieved an average approach to contracts with executives. The Company has a compensation clawback policy in place. However, upon termination, cash severance is more than 300% of base salary, which is excessive.

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