


PAYPAL HOLDINGS INC

MEETING DATE	Thu, 21 May 2020 8:00 am	TYPE	AGM	ISSUE DATE	Mon, 18 May 2020
MEETING LOCATION	www.virtualshareholdermeeting.com/PYPL20				
CURRENT INDICES	S&P500				
SECTOR	Business services, not elsewhere classified				

PROPOSALS		ADVICE
1a	Elect Director Rodney C. Adkins Independent Non-Executive Director. Although there are concerns over potential aggregate time commitments, this director has attended all Board and committee meetings during the year under review. On balance, support is recommended.	For
1b	Elect Director Jonathan Christodoro Independent Non-Executive Director. Support is recommended.	For
1c	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. Support is recommended.	For
1d	Elect Director David W. Dorman Independent Non-Executive Director. Support is recommended.	For
1e	Elect Director Belinda J. Johnson Independent Non-Executive Director. Support is recommended.	For
1f	Elect Director Gail J. McGovern Independent Non-Executive Director.	For
1g	Elect Director Deborah M. Messemer Independent Non-Executive Director. Support is recommended.	For
1h	Elect Director David M. Moffett Independent Non-Executive Director. Support is recommended.	For
1i	Elect Director Ann M. Sarnoff Independent Non-Executive Director. Support is recommended.	For
1j	Elect Director Daniel H. Schulman President and Chief Executive.	For
1k	Elect Director Frank D. Yeary Independent Non-Executive Director. Support is recommended.	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. The Company does not consider non-financial metrics in its assessment of performance. The Company uses only one performance metrics to determine the payout of performance awards. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. The compensation rating is: ACA Triodos abstains this resolution.	Abstain

3 Appoint the Auditors

PwC proposed. Non-audit fees represented 9.94% of audit fees during the year under review and 11.17% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.

For

4* Shareholder Resolution: Provide Right to Act by Written Consent

Proponent's argument John Chevedden requests that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any valid topic for written consent. This proposal topic won majority shareholder support at 13 major companies in a single year. This included 67% support at both Allstate and Sprint. This 67% support would have been higher if all shareholders had access to independent proxy voting advice. Hundreds of major companies enable shareholder action by written consent. It is especially important to open up a new avenue of communication with the Board of Directors, such as written consent, after the Board shut down the long-established in-person annual meeting avenue of communications without even allowing shareholders to vote on such a downsizing of shareholder rights. We now have a virtual annual meeting which in reality means that virtually any shareholder question can be avoided. Any question that is not screened out can be given a vague answer with no shareholder opportunity to seek clarification. Shareholders have a right to cast a negative vote for Ms. Gail McGovern, who chaired our corporate governance committee, and would seem to be responsible for virtual meetings. Since Ms. McGovern is the President and Chief Executive Officer of the American Red Cross, it makes one question the caliber of governance that the American Red Cross has. Plus a Board of Directors that does not need to attend a real annual meeting can be inclined to think that the Board and management walk on water, but this is not borne out.

Company's response The Board believes that PayPal's stockholders are best served by holding meetings in which all stockholders are provided with notice of the meeting and an opportunity to consider and discuss the proposed actions and vote their shares. PayPal's Certificate of Incorporation and Bylaws provide that special meetings of PayPal's stockholders may be called at the request of holders of 20% of PayPal's outstanding common stock. The Company's special meeting requirements strike an appropriate balance between providing stockholders with a meaningful ability to propose actions for stockholder consideration between annual meetings and protecting against the risk of a small minority of stockholders using this mechanism for their own special interests, which may cause disruption in the effective management of the Company and be detrimental to stockholders' interests. The lack of transparency where stockholders are able to act by written consent would permit subsets of stockholders, including short-term or special interest stockholders, to use the written consent procedure at any time and as frequently as they choose with full power to act on significant matters, potentially without notice to all stockholders, and without all stockholders having a fair opportunity to consider and vote on the merits of a proposed action. This would effectively disenfranchise stockholders who are not given an opportunity to participate and deprive them of the critical opportunity to discuss, deliberate, and vote on pending actions that could have significant ramifications for both the Company and its stockholders. In addition, the stockholder proposal could create significant confusion and inefficiency for a widely held public company like PayPal. Under the stockholder proposal, multiple groups of stockholders could solicit written consents at any time on duplicative or contradictory matters, causing substantial confusion and inefficiency. This disordered state of corporate affairs would impose significant administrative and financial burdens on the Company, while providing little or no corresponding benefit to stockholders.

Analysis

It is considered that a Special General Meeting should be called to discuss topics in-between AGMs as Acting by Written Consent does not encourage and facilitate broader and responsible participation of shareholders in decision-making, as there is no meeting open to all shareholders and the company to discuss the topic. In addition it is considered that the practice disadvantages minor or retail shareholders. Furthermore, Acting by Written Consent may be used to force hostile take-overs, which is not considered appropriate.

5* **Shareholder Resolution: Adopt Human and Indigenous People's Rights Policy**

For

Proponent's argument John C. Harrington TTEE Harrington Investments request that the PayPal Board of Directors pursue modifications of its formal governance documents, such as committee charters, Bylaws and/or Articles of Incorporation, to articulate the fiduciary duties of Board and management to ensure due diligence on Human and Indigenous Peoples' Rights. Whereas, the Proponent believes it is a fiduciary duty of the board and management to consider Human Rights when making all decisions where there is a significant potential impact or consequences of our Company's involvement, as well as significant risk to our Company; none of our 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.

Company's response We believe that our Company serves multiple stakeholders and that purpose and profit are not in conflict. Our customers, employees, and other stakeholders increasingly expect us to take meaningful action. Our mission and vision to empower all people to thrive in the global digital economy extends to how we treat one another and how we operate in the world. It shapes our culture, strengthens our communities, guides our actions, and is evidenced in our drive to create a fully inclusive workplace. Across our business, we continue to focus on democratizing financial services, while ensuring we effectively manage our key environmental, social and governance (ESG) risks and opportunities to drive sustainable long-term performance. We publish our annual Global Impact Report that highlights some of our key ESG programs and policies, including inclusion and equality, which are at the heart of our mission to make moving and managing money a right for all. Consistent with our mission, vision, and values, we work meaningfully to respect and honor global human rights in our business operations and continue to strengthen the oversight and management of ESG topics.

PIRC's AnalysisThe Proponent asks for a report on the risks associated with potential and actual human rights risks of its operations and supply chain, including indigenous rights. In 2006, the United Nations adopted the United Nations Declaration on the Rights of Indigenous Peoples, and it is considered that such risks can have significant reputational and financial consequences for a company and it is in the best interests of shareholders to be informed of the Company's exposure to and management of such risks. Ensuring that all of company's operations and suppliers are not violating indigenous rights is considered to be due diligence, in order to uphold company's policies on human rights and minimize corresponding risks. As such, a vote for the resolution is recommended.

* = *Special resolution*

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A The Company has provided the level of fees paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the Company. The grant of performance awards was based on the achievement of set levels of specific performance targets for 2019 were based on the company performance portion of the 2019 AIP which was issued in the form of PBRsUs with a one-year performance period The Company performance portion is expressed as the target number of PBRsUs and the individual performance portion is expressed as the target cash amount . The performance-based long term incentive is subject to quantified performance targets for 2019 were based on Performance-Based Restricted Stock Units (PBRsUs) which are the CAGR of FX-Neutral Revenue and Free Cash Flow over the three-year performance period from January 1, 2019 to December 31, 2021, as equally-weighted measures, for each of the eBay marketplaces business and the rest of PayPal.

Balance: C The Company does not consider non-financial metrics in its assessment of performance. The Company uses only one performance metrics to determine the payout of performance awards. Instead of the use of a sole performance metric, it would be preferred that payout be linked to at least two or more performance metrics, with the inclusion of an non-financial performance criteria. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. Performance shares have a three-year performance period, which is a market standard. However, a five-year

performance period is considered best practice. Executive compensation is not aligned with peer group averages.

Contract: A The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Cash severance is limited to three times base salary; which is welcomed. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. Equity awards are subject to pro-rata vesting, which is line with best practice. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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