

REVISION TO MODERN SLAVERY STATEMENT – FY 2020

This Modern Slavery Statement was revised on 30 September 2021.

The purpose of the revision was the addition of section 6, which describes the process of consultation between the PayPal entities covered by this Statement, as required under the Australian *Modern Slavery Act 2018* (Cth).



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1. Introduction

PayPal Holdings, Inc., (we” or “our; NASDAQ: PYPL), is a leading technology platform and digital payments company that enables digital and mobile payments on behalf of consumers and merchants worldwide. We are committed to democratising financial services to ensure that everyone, regardless of background or economic standing, has access to affordable, convenient, and secure financial products and services to take control of their financial lives. Unless otherwise expressly stated or the context otherwise requires, references to “we,” “our,” “us,” “the Company,” or “PayPal” refer to PayPal Holdings, Inc. and its consolidated subsidiaries.

Acts of modern slavery¹ (“modern slavery practices”, “slavery”, or “human trafficking”) are directly opposed to our beliefs and values. PayPal recognises that as a business, we have a responsibility to ensure that across our value chain people are not being exploited due to their engagement with our Company. We have a zero-tolerance approach to modern slavery and are fully committed to preventing modern slavery practices in relation to the use of our products and services, through our business operations, and across our supply chain. We respect the rights enshrined in the Universal Declaration of Human Rights, including the right to human dignity, freedom from slavery, and freedom of movement.

This Modern Slavery Statement applies to PayPal Australia Pty Limited, ACN 111 195 389 (“PPAU”) and PayPal (Europe) S.à.r.l. et Cie, S.C.A. (“PPEU”). Sections 3.1 through 4.3 of this statement set out the steps we have taken during the 2020 financial year to prevent and mitigate the modern slavery risks related to our business in Australia and the United Kingdom (“UK”) and associated supply chains in accordance with the requirements under Australia’s Modern Slavery Act 2018 (Cth) and the United Kingdom’s Modern Slavery Act 2015.² This statement has been approved by PPAU’s Board of Directors and PPEU’s Authorised Management.

This statement also applies to PayPal Giving Fund Australia (“PPGF AU”) for the 2020 financial year. PayPal is the sole member of PayPal Giving Fund US (“PPGF US”) which is an IRS-registered 501(c)(3) public charity in the US (Federal Tax ID: 45-0931286). PPGF US is the sole member of PPGF AU. The practices and procedures described within apply to all entities covered by this statement. Any differences in localised practices from the procedures described in the main body of the statement are set out in separate Addendums where appropriate and approved by the relevant Board for each respective entity.

¹ According to Australia’s Modern Slavery Act 2018 (Cth) *modern slavery* includes eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services. As outlined by the [Modern Slavery Act 2018 Guidance for Reporting Entities](#) modern slavery is only used to describe serious exploitation. It does not include practices like substandard working conditions or underpayment of workers. However, PayPal recognises that these practices may also be illegal and harmful, and may be present in some situations of modern slavery. Modern slavery is also intended to align with *slavery and human trafficking* as defined by section 54(12) of the UK Modern Slavery Act 2015.

² PayPal’s previous Modern Slavery Statement is available [here](#).

2. Structure, Operations, and Supply Chains

For more than 20 years, PayPal has leveraged technology to improve the financial health of individuals and to increase equitable economic opportunity for entrepreneurs and businesses of all sizes around the world. In support of that mission, PayPal operates a global, two-sided network at scale that connects merchants and consumers and comprises more than 392 million active accounts across more than 200 markets, as of March 31, 2021. PayPal is headquartered in San Jose, California, US, and employed 26,500 individuals located across 30 countries as of year-end 2020. Our proprietary Payments Platform includes our core PayPal, PayPal Credit, Braintree, Hyperwallet, Zettle, Venmo and Xoom products and services and we also simplify and personalise consumer shopping experiences through our Honey Platform.

PPAU is a proprietary limited company incorporated in Australia under ACN 111 195 389 and does not own or control any other entities. Its registered office is in Sydney, Australia and includes approximately 130 local employees as of December 31, 2020. PayPal Australia holds an Australian Financial Services Licence (AFSL No. 304962) and is also a limited Authorised Deposit-Taking Institution that has obtained an authority from the Australian Prudential Regulatory Authority to provide purchased payment facilities. It provides payment and commerce solutions including, but not limited to PayPal, Braintree, and Honey.

PPEU is a corporate partnership limited by shares incorporated under the laws of Luxembourg whose registered office is at 22-24 Boulevard Royal, L-2449, Luxembourg and registered with the Luxembourg Trade and Companies register under number B118.349. PPEU operates in the UK on an EU financial services passport and provides a range of products and services, including but not limited to, PayPal, Braintree, Zettle, Hyperwallet, and Xoom to customers throughout the region.

PayPal manages a global supply chain of more than 5,000 vendors, partners, and other third-party organisations. Due to the digital nature of PayPal's payments service business, our supply chain consists primarily of the procurement of various direct and indirect goods and services (such as IT infrastructure, marketing, real estate, consulting and legal services, labour and outsourcing) and corporate partnerships. We work with a small number of third parties to manufacture certain goods (e.g., Zettle card readers) and do not directly manufacture any physical goods.

3. Identifying & Addressing Modern Slavery Risks across the PayPal Value Chain

3.1 Corporate-Level Human Rights Assessment

PayPal is committed to regular and ongoing human rights due diligence to surface and mitigate human rights-related risks, including those related to modern slavery. Beginning in 2020, PayPal conducted a human rights saliency assessment, in partnership with an external human rights

advisory firm, to surface and prioritise the human rights risks most relevant to our business. This process included industry and company-specific research, internal discussions with global leaders, and external interviews with organisations specialising in human rights related issues, including human trafficking. The assessment found four categories of salient human rights risks for PayPal: Product Misuse, Product Design, Government Action, and Operations. We then used the findings to inform PayPal's Global Human Rights Statement, which guides our approach to managing potential human rights issues, including modern slavery, in relation to our product and services, operations, and supply chain.

The assessment also identified three areas of PayPal's business and operations that have the potential to cause, contribute to, or be directly linked to modern slavery and human trafficking risks:

1. Customer misuse of PayPal's products and services
2. Contingent workers at our physical operations, such as for janitorial, security, and cafeteria services
3. Third-party employment in our supply chains, including for device and promotional item manufacturing (e.g., Zettle card readers, PayPal merchandise, etc.) and provision of backend IT and customer services

In addition, our due diligence efforts for each of these salient areas is described in the sections below.

3.2 Use of PayPal's Products & Services

Customer misuse of our products and services for illegal activities facilitated through direct transactions and/or money laundering present potential modern slavery risks for the Company. We continuously work to combat and prevent the illicit use of our services, including activities related to modern slavery, through advanced analytics, risk-based logic, and detection rules to identify and prioritise risks to PayPal. Our analytics systems consider and use various metrics and information to distinguish and assess these risks, including but not limited to, site content, account data linking, buyer monitoring, key words, patterns, and reporting on violations of our Acceptable Use Policy.

PayPal's skilled and trained analysts review surfaced risks, and complete comprehensive investigations to take appropriate actions for flagged accounts and activities. Outcomes of these investigations can range from limiting or terminating customer accounts, to providing customer education or working with external partners to highlight potential illicit transactions. For example, in the US, we report instances of suspected child online sexual exploitation to the [National Center for Missing and Exploited Children](#). Further, we devote significant resources globally to financial crime compliance, and we proactively assist and refer cases to law enforcement officials in their efforts to identify, investigate, and stop illegal activity. For example, in Australia, PayPal is a founding member of the [Fintel Alliance](#), an initiative of Australian Government regulatory body AUSTRAC, established to increase the resilience of the financial sector to criminal exploitation and support law enforcement investigations into serious crime. We also look to establish partnerships that will help

us make positive impacts for society. For example, PayPal is working with [Polaris](#), a leading nonprofit focused on ending human trafficking, to establish a Financial Intelligence Unit aimed at combatting sex and labour trafficking (see Section 4.2 Stakeholder Engagement).

Modern slavery risks related to the use of PayPal's products are also addressed by our policies and agreements. PayPal's Acceptable Use Policy ("AUP") details the activities that are prohibited when using our services. PayPal's AUP does not allow our services to be used for activities that promote hate, violence, or racial intolerance. We regularly assess activity against our Acceptable Use Policy, as well as carefully review actions reported to us, and will discontinue our relationship with account holders who are found to violate our policies. Additionally, PayPal services may not be used for violating any law, statute, ordinance, or regulation or for the financial exploitation of a crime. PayPal has a longstanding history of working to proactively prevent illicit activities from occurring on our platform. We remain resolute in our efforts to take swift and decisive action if we discover attempts to use our services for illegal purposes.

At the time of opening a PayPal account, customers are required to agree to the PayPal User Agreement, which governs the customer's use of the PayPal services and is reviewed and updated on a regular basis. Our [Australia User Agreement](#) and [UK User Agreement](#) are the contracts that exist between PayPal and its users in Australia and the UK and govern the use of PayPal accounts and services in those markets. These User Agreements include and incorporate PayPal's AUP. In order to use the PayPal services, our merchants are also required to agree to Commercial Entity Agreements with our banking partners, which include similar contractual obligations prohibiting the use of the PayPal services for illegal purposes and activities. Additional information about our agreements can be found in the PayPal [Australia Legal Hub](#) and [UK Legal Hub](#).

3.3 PayPal's Operations

As a financial technology services provider, our physical operations are primarily conducted out of corporate offices and customer service operations centres. These facilities are supported by vendors and contingent workers, who provide essential services such as janitorial, security, and cafeteria support.

Our [Code of Business Conduct and Ethics](#) ("Code of Conduct") outlines our values and expectations for all employees to behave ethically, responsibly, and in line with legal requirements. We contractually require third parties, including contingent workers, to act in accordance with our Code of Conduct and other specific third-party agreements referenced in Section 3.4. We strive to maintain the highest standards of employee conduct and ethical behaviour across our global operations and throughout our supply chain. We require all PayPal employees and non-employees³ to complete annual compliance and ethics training and provide regular inclusion focused learning

³ A non-employee is a contingent worker engaged in providing service(s) to PayPal.

opportunities to our employees. The Code of Conduct is reviewed annually to reflect evolving expectations, policies, and programs.

The health and safety of employees is of paramount importance to PayPal. PayPal's Environmental Health & Safety ("EHS") Policy & Procedures are in alignment with ISO 45001 International Standard for Occupational Health and Safety. The EHS Policy & Procedures apply to all PayPal facilities and functional areas and detail the EHS program requirements, roles and responsibilities related to environmental health and safety risks, controls, monitoring, reporting, and escalation. We regularly conduct reviews to ensure that our global sites comply with all relevant local and national EHS regulatory requirements. We are committed to continuous improvements of our EHS program.

3.4 Supplier & Third-Party Due Diligence

As described in Section 2, PayPal's global supply chain (including third parties, suppliers and vendors) consist primarily of banking and payments partnerships, and the purchase of goods and services (e.g., technology, facilities, labour, consulting). It includes a limited number of suppliers that support the development of physical goods such as the Zettle card readers, PayPal branded goods, and marketing materials. We work with vendors from around the world including North America, Latin America, South East Asia, and the Middle East and North African regions.

PayPal applies a risk-based due diligence approach for the responsible management of our suppliers, that considers country and industry risk assessments of potential political, social, human rights, and other material risks to our business. We conduct due diligence on all new suppliers during onboarding and on existing suppliers at regular intervals. Our Third-Party Management Team is responsible for developing, maintaining, and overseeing the third-party due diligence and risk assessment process, including for all suppliers and partners.

PayPal's supplier selection and on-boarding procedures include due diligence of the supplier's reputation, respect for the law, compliance with health, safety, and environmental standards, as well as requesting references where necessary. During this process, suppliers are expected to comply with [PayPal's Third-Party Code of Conduct & Ethics](#) or provide their own contractual obligations affirming:

- Their compliance with all applicable laws, statutes, regulations, and codes relating to modern slavery in the country or countries in which they operate
- They do not knowingly employ individuals who are not authorised to work, as determined by governing laws, and do not use any form of forced, compulsory, child, or slave labour
- They ensure that neither their officers nor employees have been convicted of any offence involving modern slavery
- Every employee is treated with respect and dignity and is not subject to any physical, sexual, physiological, or verbal harassment or abuse

- Employees are paid applicable legal wages under humane conditions
- Employees work voluntarily and are entitled to leave work
- Each employee is provided with an employment contract that contains a reasonable notice period for terminating employment, when not already incorporated in their employment category (e.g., at-will employees in US can terminate employment at any time)
- Employees are not required to post a deposit/bond and employers do not withhold their salaries for any reason not required by local laws and regulations
- Employees are not required to surrender their passports or work permits as condition of employment
- They include in their contracts with subcontractors and suppliers anti-slavery provisions that ensure subcontractors similarly comply with all applicable laws, statutes, regulations, and codes relating to slavery and human trafficking

Once onboarded, PayPal establishes a relationship of trust and integrity with its suppliers, which is built upon mutually beneficial factors. In general, a PayPal Third-Party Manager supports the relationship and oversees ongoing due diligence, including:

- Risk assessments relating to the provision of particular services or products
- Evaluations of risks related to sub-contracting, physical security, materiality, and consumer compliance
- Supporting suppliers on their health and safety standards, labour relations and employee contracts

These due diligence reviews occur annually for suppliers categorised as high/moderate risk, and every two years for suppliers categorised as moderate/low risk.

If suppliers fail to meet our expectations, including in relation to modern slavery, we will engage with them to improve substandard practices. Should our suppliers fail to improve their performance in line with our requirements and expected timelines, the issue will be promptly escalated for further review and investigation.

Depending on the severity of the violation, consequences may include, but are not limited to removing the third party from PayPal's sites, termination of specific projects, immediate termination of the third-party relationships with PayPal, and/or potential civil and criminal liability. Where we suspect that modern slavery practices are occurring in our supply chain, we may also engage with law enforcement, local NGOs, industry bodies, trade unions, or other support organisations. In all cases, we consider the safest outcome for potential victims, local context, and the extent of PayPal's relationship in contributing to remediation efforts according to the UN Guiding Principles on Business and Human Rights.

4. Remediation Process for Modern Slavery Risks

As outlined in PayPal's Global Human Rights statement, where we may cause or contribute to adverse human rights impacts, including those related to modern slavery, we seek to provide or facilitate access to effective remedies.

4.1 Grievance Channels

Our [24-hour Integrity Helpline](#) allows stakeholders—including employees, business partners, customers, and community members—to raise concerns about our practices, including those related to modern slavery. We have a strict policy of non-retaliation, for any individual that raises concerns in good faith, documented in our Code of Conduct. If modern slavery is identified through our Integrity Helpline, PayPal ensures each case or report is carefully considered and, where appropriate, investigated and responded to in a timely manner.

Our [Whistleblowing Policy](#) applies to all employees and to other stakeholders, such as contingent workers, vendors, and other parties that do business with PayPal. The Whistleblowing Policy outlines the rights and the responsibilities of employees to raise concerns about improper business conduct, including suspicions relating to modern slavery practices. PayPal prohibits and has zero tolerance for retaliation of any kind against stakeholders for raising a good faith report.

4.2 Stakeholder Engagement

Ending modern slavery requires multi-stakeholder engagement and collaboration. PayPal contributes to these efforts by partnering strategically with organisations that help us drive change at scale.

In 2019, PayPal launched a partnership with [Polaris](#), a leader in combating human trafficking, to help interrupt human trafficker cash flows and enable prosecutions related to financial crimes, including money laundering. Together, PayPal and Polaris are establishing a Financial Intelligence Unit dedicated to these efforts. PayPal is also a founding member of the [Fintel Alliance](#), an Australian government initiative established in 2017 to deliver innovative solutions to detect, disrupt, and prevent serious crime. The Fintel Alliance has worked to harden the Australian border to child offenders resulting in multiple arrests and rescuing children from harm.

PayPal also partners with key stakeholders to combat other forms of exploitation, including child online sexual exploitation and abuse. PayPal has been a member of the [Internet Watch Foundation](#) ("IWF") since 2004 and supports the IWF in its mission to minimise the availability of potentially criminal internet content hosted around the world. PayPal is also a member of the [Technology Coalition](#), where we work collaboratively with several internet-based companies to prevent and eradicate online child sexual exploitation and abuse through innovation and collective action. We

also engage regularly with the [Center for Missing and Exploited Children](#) to discuss emerging trends and collaborate on opportunities.

4.3 Training & Capacity Building

Every employee at PayPal completes Annual Compliance and Ethics Training, which covers areas such as our Code of Conduct, Anti-Money Laundering, Information Protection and Data Privacy, Safety and Security, and Sexual Harassment Awareness and Prevention. In addition, upon joining PayPal and annually thereafter, our employees must certify that they understand and will comply with the Code of Conduct. This training ensures all PayPal employees and contingent workers abide by the Company's policies.

Our Brand Risk Management team also works to educate our Global Financial Compliance team, including our business unit partners, to identify Acceptable Use Policy violations where appropriate.

5. Measuring the Effectiveness of our Efforts

We recognise that we are early in our journey to mitigate modern slavery risks related to PayPal's business and operations. As such, this statement represents the foundational efforts that we have implemented to minimise these risks and to meet the legal standards under relevant legislation. As we continue to develop our approach, we are committed to ongoing improvement and reflection on our programs moving forward. We will develop appropriate evaluation processes to assess, and better inform our understanding of, our modern slavery risks across our value chain.

6. Process of Consultation

The PayPal entities covered by this statement engaged in an active process of consultation in preparing this statement. A global, cross-functional working group with stakeholder representation across PPAU, PPEU, PPGF AU and other PayPal entities was established and briefed on the requirements under the Australia's Modern Slavery Act 2018 (Cth) and the United Kingdom's Modern Slavery Act 2015. Members across the working group reviewed and aligned on the actions we take to mitigate modern slavery risks and provided input on the topic areas addressed in this statement, including by participating in interviews, providing relevant documentation, and reviewing draft statements. Senior executives from PPAU, PPEU and PPGF AU were also involved in reviewing and finalising this statement.

7. Conclusion

PayPal is committed to continually developing and improving our policies to ensure appropriate systems are in place to effectively prevent modern slavery related to our products, operations, and supply chain.



ERIC LASSEN

Chief Executive Officer
PayPal Australia Pty Ltd

[Signed electronically]

STEEVES OSTER

Authorised Manager
PayPal (Europe) S.à.r.l. et Cie, S.C.A.

Addendum to PayPal's Modern Slavery Statement - PayPal Giving Fund Australia

PayPal Giving Fund ("PPGF") helps people support their favourite charities by receiving donations through PayPal and other technology platforms and making grants to donors' recommended charities.

In Australia, the PPGF program is provided by PayPal Giving Fund Australia (ABN 65 106 950 945), which is a Public Ancillary Fund and charity registered with the Australian Charities and Not-for-profits Commission. PayPal Giving Fund Australia Company Ltd (ACN 627 130 563) ("PPGF AU") is the corporate trustee of PayPal Giving Fund Australia and a reporting entity under Australia's *Modern Slavery Act 2018* (Cth) for the 2020 financial year. PPGF AU adopts PayPal's Modern Slavery Statement for the purposes of complying with its requirements under the Act. The purpose of this Addendum is to supplement PayPal's Modern Slavery Statement and describe any differences in operations, practices, and procedures, as they relate to PPGF AU.

Structure, Supply Chain and Operations

PPGF AU is a separate legal entity from PayPal and receives in-kind support from PayPal for its office space, customer service operations, marketing, and other support services. It has two full-time employees managing the PPGF program in Australia, and receives in-kind operational support from its sole member, PayPal Charitable Giving Fund ("PPGF US"). PPGF US is an IRS-registered 501(c)(3) public charity in the United States (Federal Tax ID: 45-0931286). It is also a separate legal entity from PayPal and receives in-kind support from PayPal for its payments infrastructure and operations, including modern slavery and human trafficking risk management, due diligence efforts, and internal statements as set out in the main body of PayPal's Modern Slavery Statement.

PPGF AU does not have a physical supply chain. Rather, PPGF AU allows customers to support their favourite charities by accepting donations to PPGF AU through platforms, including PayPal. PPGF AU issues donation receipts and grants those funds to vetted charities.

Identifying & Addressing Modern Slavery Risks

In addition to those risks outlined in the PayPal's Modern Slavery Statement, PPGF AU's modern slavery risks pertain to the use of donated funds by charitable recipients for activities which constitute, or contribute to, modern slavery practices. PPGF AU acknowledges that it is vital to review donations made through its platform to prevent and mitigate the risk of modern slavery practices. It benefits from due diligence conducted on donations made through PayPal's Payments Platform in accordance with section 3.2 of PayPal's Modern Slavery Statement.

In addition, PayPal conducts due diligence, including sanctions checks and anti-money laundering customer due diligence, on all recipient charities, who are required to agree to and comply with

PPGF AU's [Charity User Agreement](#) and PPGF AU's [Charity Certification Policy](#). Under these agreements, charities are required to be registered with the appropriate regulatory body, must not promote violence, hate, or racial intolerance, and agree to not use granted funds to engage in illegal activities, whether directly or indirectly through support of, or cooperation with, other persons and organisations. As PPGF AU's payments processor, PPAU may also require PPGF AU to remove any charity from its directory for violations of PayPal's [Acceptable Use Policy](#).

Remediation Process for Modern Slavery Risks

PPGF AU shares PayPal's grievance and remediation channels, including the Integrity Helpline. Should a charitable recipient be found in violation of the Charity User Agreement or the Charity Certification Policy, we will evaluate the circumstances and take all necessary appropriate actions, which may include termination of our relationship with the charity.

Measuring the Effectiveness of Our Efforts

PayPal's Modern Slavery Statement, which includes this Addendum, will serve as the foundation for measuring PPGF AU's future efforts to mitigate and prevent modern slavery risks and meet our legal obligations. As we move forward, we will continue to evaluate best practices for minimising modern slavery risks and opportunities for improvement.



DAVID SEXTON

Non-Executive Director and Chairman

PayPal Giving Fund Australia Company Ltd as Trustee for PayPal Giving Fund Australia