



Modern Slavery Statement – FY 2022

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1. 2022 Highlights

PayPal continued to refine its approach to identifying, preventing, and mitigating human trafficking and modern slavery risks across its business. This has included:

- Establishing a global, cross-functional human rights working group to enhance our approach to effectively assessing and addressing human rights-related risks,
- Developing PayPal’s first introduction to human rights employee training module, which includes training on human trafficking and modern slavery risks,
- Continuing to evaluate opportunities for enhanced integration of human rights risks, including modern slavery risks into our third-party management processes and programs, and
- Extending public-private partnerships to combat human trafficking.

More information about these initiatives is highlighted below.

2. Introduction

PayPal Holdings, Inc., (“we” or “our”; NASDAQ: PYPL), is a leading technology platform that enables digital payments and simplifies commerce experiences 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 International Labour Organization’s fundamental

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. Our use of the term “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.

conventions and 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” or “PayPal Australia”) and PayPal (Europe) S.à.r.l. et Cie, S.C.A. (“PPEU”). Sections 4.1 through 5.3 of this statement set out the steps we have taken during the 2022 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.

The practices and procedures described in this statement apply to all entities set forth herein.

3. Structure, Operations, and Supply Chain

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 with 435 million active accounts across more than 200 markets, as of December 31, 2022. We provide proprietary payment solutions accepted by merchants that enable the completion of payments on our platform on behalf of our customers. We offer our customers the flexibility to use their accounts to purchase and receive payments for goods and services, as well as the ability to transfer and withdraw funds. We also help merchants connect with their customers, process exchanges and returns, and manage risk. PayPal is headquartered in San Jose, California, US, and employed 29,900 individuals located across 27 countries as of year-end 2022.

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 130 local employees as of December 31, 2022. 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 and Braintree.

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 is authorised as a credit institution under the prudential supervision of the Commission de Surveillance du

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

Secteur Financier and currently carries on business in the UK under an EU financial services passport, in the Temporary Permissions Regime of the Financial Conduct Authority. PPEU is actively working on transferring its UK business to a group entity established in the UK by the end of 2023. PPEU is also registered as a Virtual Assets Service Provider in Luxembourg. PPEU provides a range of products and services, including but not limited to, PayPal, PayPal Credit, Braintree, Zettle, Hyperwallet, and Xoom to customers throughout the region.

PayPal manages a global supply chain of more than 4,000 vendors, partners, and other third-party organisations (“third-parties”). Due to the digital nature of PayPal’s payments service business, our supply chain consists primarily of the procurement of various direct and indirect good 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.

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

4.1 Corporate-Level Approach to Human Rights

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. Informed by PayPal’s human rights saliency assessment, conducted in partnership with an external human rights advisory firm, we identified four categories of human rights risks most relevant to our business: Product Misuse, Product Design, Government Action, and Operations. The findings help to guide our approach to managing potential human rights issues, including modern slavery, in relation to our product and services, operations, and supply chain.

The assessment was essential to establishing PayPal’s broader project plan we began in 2021 to refine and enhance the Company’s commitment to respect human rights, which includes updating appropriate policies and procedures, developing targeted employee learning opportunities on human rights, and formalizing internal structures and processes for assessing and addressing human rights risks. For example, in 2022 we established an internal, cross-functional human rights working group and continued to develop an introduction to human rights employee learning module that we aim to deploy to select teams in 2023. Modern slavery risks, which are forms of human rights risks, were considered as part of, and incorporated within these activities, as appropriate.

Specifically, the assessment identified three areas of PayPal’s business and operations that are potentially at a higher risk of causing, contributing to, or being 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; and
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 back-end IT and customer services.

Our due diligence efforts for each of these salient areas is described in the sections below.

4.2 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. This includes enhanced customer verification and screening controls, and transaction monitoring, as well as investigations into suspicious activity by subject matter experts in human trafficking and human exploitation. Additionally, our analytics systems consider and use various metrics and information to distinguish, monitor, 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](#) ("AUP").

Modern slavery risks related to the use of PayPal's products are also addressed by our policies and agreements. 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, thereby binding each user to the terms of 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](#).

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.

PayPal's skilled and trained analysts and investigators review potential 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 Australia, PayPal reports suspicious matters including suspected sexual servitude, child exploitation material, and labour trafficking to the Australian Transaction Reports and Analysis Centre ("AUSTRAC"). For UK account holders, PayPal reports suspicious matters including suspected sexual servitude and child exploitation material, and labour trafficking to the Cellule de Renseignement Financier (CRF) in Luxembourg, and in the US, we report instances of suspected child online sexual exploitation to the Financial Crimes Enforcement Network ("FinCEN"). We also regularly report to the [National Center for Missing and Exploited Children](#) ("NCMEC") in the United States and partner with [the International Centre for Missing and Exploited Children](#) ("ICMEC") on global issues, including regional engagement in Australia and Singapore. Further, we devote significant resources globally to financial crime compliance, and we assist and refer cases to law enforcement officials in their efforts to identify, investigate, and stop illegal activity. In the UK, PayPal works collaboratively with government, law enforcement, and other financial services as a member of the Joint Money Laundering International Taskforce ("JMLIT") that supports law enforcement investigations into serious crime.

In Australia, PPAU is a founding member of the [Fintel Alliance](#), a public-private partnership initiative of 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 worked with [Polaris](#), a leading non-profit focused on ending human trafficking, to establish a Financial Intelligence Unit aimed at combatting sex and labour trafficking (see Section 5.2 Stakeholder Engagement).

4.3 PayPal's Operations

As a financial technology services provider, our physical operations are primarily conducted out of corporate offices and customer service operations centres. Third parties provide essential services such as janitorial, security, and cafeteria support to our facilities. Vendors supporting PayPal's operations are subject to the third-party due diligence activities and other specific third-party agreements referenced in Section 4.4.

Our [Code of Business Conduct and Ethics](#) ("Code of Conduct") outlines our values and expectations for all employees and directors to behave ethically, responsibly, and in line with legal requirements. The Code of Conduct is reviewed at least annually to reflect evolving expectations, policies, and programs.

We contractually require contingent workers, to act in accordance with our Code of Conduct and other specific third-party agreements referenced in Section 4.4. 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 contingent workers to complete our annual training and provide regular inclusion focused learning opportunities to our employees.

In addition, the health and safety of our employees, other onsite visitors, and third parties 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, apply to all PayPal facilities and functional areas, and undergo regular reviews to ensure we provide a safe workplace.

4.4 Third-Party Due Diligence

As described in Section 3, PayPal's global supply chain 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 third parties 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 third parties, 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 third parties during onboarding and on existing third parties 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 third parties and partners. In addition, our separate Third Party Risk Management Team defines the policies and standards for third-party risk management and due diligence and collaborates with functional partners on the Company's end-to-end third-party management process. In 2022, we continued to implement improvements to the Company's Third Party Risk Management program, including considerations for developing a risk-based, industry and geographical screening tool to enhance the due diligence of modern slavery and human trafficking in future years.

PayPal's third-party selection and on-boarding procedures include due diligence of the third-party's reputation, respect for the law, compliance with health, safety, and environmental standards, as well as requesting references where necessary. During this process, third parties 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; and
- They include in their contracts with subcontractors anti-slavery provisions that ensure similar compliance with all applicable laws, statutes, regulations, and codes relating to modern slavery and human trafficking.

Once onboarded, PayPal establishes a relationship of trust and integrity with third parties, which is built upon mutually beneficial factors. In general, a PayPal Third-Party Engagement Manager supports the engagement 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; and
- Supporting third parties on their health and safety standards, labour relations, and employee contracts.

PayPal requires ongoing third-party due diligence based on inherent risk level of third-party engagements. Critical and/or high inherent risk engagements must be reviewed annually, moderately-high and moderate risk engagements must be reviewed every two years, and low inherent risk engagements must be reviewed every three years. PayPal continuously reviews

its reassessment requirements and capabilities including by implementing new systems and digital capabilities to enhance our due diligence process.

If third parties fail to meet our expectations, including in relation to modern slavery, we will engage with them to improve substandard practices. Should third parties 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 how far-reaching PayPal's relationship is with the relevant third-party in contributing to remediation efforts according to the UN Guiding Principles on Business and Human Rights.

5. Remediation Process for Modern Slavery Risks

We seek to provide or facilitate access to effective remedies where we may cause or contribute to adverse human rights impacts, including those related to modern slavery. This includes by providing a grievance channel to securely report and address concerns, partnering with public and non-profit stakeholders to address modern slavery risks at scale and support appropriate mitigation steps, and internal training for employees to identify, escalate, and address potential modern slavery activities.

5.1 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, including third 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.

5.2 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 established a [Financial Intelligence Unit](#) (FIU) dedicated to these efforts. PPAU is also a founding member of the [Fintel Alliance](#), an Australian government public-private partnership 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.

5.3 Training & Capacity Building

Every employee at PayPal completes required annual training, which covers areas such as our Code of Conduct, Anti-Money Laundering, Information Security Awareness, 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, including our commitment to respecting human rights. Our Brand Risk Management team also works to educate our Global Financial Compliance team, including our business unit partners, to identify potential policy violations where appropriate.

In 2022, we worked to develop an introductory human rights training module that includes information on potential modern slavery risks, actions to mitigate these risks, and the responsibility each employee has to raise concerns. We aim to deploy this training to select teams in 2023 and assess broader learning opportunities in the future.

6. Measuring the Effectiveness of our Efforts

We continue to develop our approach to mitigating human trafficking and modern slavery risks across our business and remain committed to ongoing improvement and reflection on our efforts. Progressing forward from our initial human rights impact assessment, we worked to establish a cross-functional human rights working group to enhance our approach to effectively assessing and addressing risks, and plan to further integrate human rights considerations in key policies and procedures. Alongside these efforts, we will continue to advance our evaluation processes to assess, and better inform our understanding of, our modern slavery risks across our value chain. This will include monitoring human rights training completions, adverse events and media pertaining to our third parties, modern slavery concerns raised through relevant grievance channels, and customer investigations.

7. Process of Consultation

The PayPal entities covered by this statement engaged in an active process of consultation in preparing this statement. Our global, cross-functional working group with stakeholder and subject matter expert representation across PPAU, PPEU, and other PayPal entities was briefed on the requirements under the Australia's Modern Slavery Act 2018 (Cth) and the UK's Modern Slavery Act 2015. Members across the working group, in consultation with experts across the business, identified, and reviewed the actions we take to mitigate modern slavery risks and provided input on the topic areas addressed in this statement, including by reviewing draft statements for any material updates and providing relevant documentation. Senior executives from PPAU and PPEU were also involved in reviewing and finalising this statement.

8. 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



SEAN BYRNE
Chief Executive Offer and Authorised
Manager
PayPal (Europe) S.à.r.l. et Cie, S.C.A.

UK Regulatory Status Disclosure: PayPal is deemed authorised and regulated by the Financial Conduct Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary

Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.