

***Presentation of Proposal 5 to the AGM of PayPal Shareholders, May 21<sup>st</sup>, 2020 – By Dr. Dalit Baum, AFSC***

*Acting as proxy for Harrington Investments*

[Dear friends in PayPal, fellow investors and members of the board,]

PayPal does not have any binding human rights and indigenous rights policies. None of the committee charters, company bylaws, or articles of incorporation spell out this crucial fiduciary duty. Our proposal today urges our company to align its legally binding policies with its worthy intentional statements and voluntary procedures and commit to respect for human rights and indigenous people's rights in its governance documents.

Our company provides services in about 200 countries. This must create complex situations where local laws conflict with international human rights law or with the rights of indigenous populations. This is a material risk for us as investors, with possible severe reputational and legal implications. One such minefield for civil rights, human rights, and indigenous rights is in determining access to our company's financial services platform. PayPal is facing increasing public pressure, appeals from investors, political, legal, and ethical controversy, due to its lack of consistent, transparent, and informed human rights due diligence processes.

For example, after four years of appeals from the Palestinian business community, PayPal decided not to extend its services to the Palestinian market. Especially now, under Covid-19 social distancing regulations, small businesses and entrepreneurs in Palestine need our company's services in order to prosper. Obviously, PayPal does not need to work in all countries of the world, but in the occupied Palestinian territory, PayPal services are already available, through the Israeli settler systems, and not the indigenous Palestinian ones. Israeli settlers live on land confiscated by force from its indigenous Palestinian owners, use stolen natural resources, and travel freely as their Palestinian neighbors are subjected to a brutal foreign military regime, with no civil rights, no equal access to water and roads – and no equal access to PayPal services.

This Apartheid system is unconscionable. It is also risky business. Other financial institutions in the same situation have faced international condemnation, legal and reputational repercussions, and even divestment by large institutional investors. This mess is not going away, but it could have been avoided entirely had we conducted a thorough human rights due diligence process before expanding our business into this conflict area.

In a second example, recent reports claim that our company has de-platformed, or banned, human rights defenders and human rights organizations from using its services, in response to politically motivated disinformation campaigns, which insinuated false associations between these organizations and listed terrorist groups. [According to the Charity and Security Network](#), “[these organizations] are legitimate organizations recognized by regulatory authorities that, unlike white supremacy groups that promote violence, provide essential services and ... engage in constitutionally protected speech”.

Nonprofits that work in conflict zones, with marginalized communities, or that speak out against human rights abuses, face tremendous pushback from militarist and racist factions, local repressive regimes and their supporters. This includes increasing attempts, often carried out in the open, to use disinformation to delegitimize and silence this lawful, legitimate, and often lifesaving nonprofit work.

The lack of clear, transparent, and professional human rights standards means that our platform may be abused by coordinated propaganda attacks, exposing us to potential risks on all sides, and making all our clients feel vulnerable to such attacks.

If our company is to navigate these potentially explosive situations successfully, it must rely on a clear and binding, universal and ethical human rights policy. It is the fiduciary duty of the board and management to consider Human Rights when making all decisions where there are significant potential impacts or risks to our company. To ensure due diligence on Human and Indigenous Peoples' Rights, these fiduciary duties need to be clearly articulated as binding commitments. I urge you to support Proposal 5.

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In 2011, the UN unanimously adopted the UN Guiding Principles on Business and Human Rights, providing a step by step due diligence process for companies to fulfil their responsibility to respect international human rights. Over the next few years, this international effort expanded to include a reporting framework and an industry by industry implementation guide, [with governments, including the United State, setting up National Action Plans for implementation.]

Our company states that it strives to democratize financial services in the spirit of collaboration, inclusion, innovation, and wellness, and to be a responsible, transparent, and sustainable corporate citizen. This is a statement from the website. Our proposal today urges PayPal to align its legally binding policies with this lofty statement and commit to respect for human rights and indigenous people's rights in its governance documents.

At this time, PayPal does not have a binding human rights policy. None of the committee charters, company bylaws, or articles of incorporation spell out this crucial fiduciary duty. Even in its voluntary, non-binding ESG policies, the company does not cover the full scope of human rights. [Our company's Code of Business Conduct and Ethics, and its Global Impact Report are both impressive documents, which do not mention the term "human rights."]

This is a material risk for us as investors, with possible severe reputational and legal implications. Our company provides services in about 200 countries all around the world. This must create complex situations where local laws and regulations conflict with international human rights law or with the rights of indigenous populations.

Conflict zones create increased human rights risks, and occupied territories are notorious as a literal minefield for human rights. Just last month, Airbnb faced a lawsuit and a media storm over its services in illegal Israeli settlements and it announced it would donate all revenues from these to humanitarian causes.

Our own company also faces growing concerns about discriminatory practices in that part of the world. (And I choose this example because this is where I am from, I am an Israeli). Israeli settlers live on land confiscated by force from its indigenous Palestinian owners, use stolen natural resources, and travel freely as their Palestinian neighbors are subjected to a brutal military regime, with no civil rights, no equal access to water and roads – and no equal access to PayPal services.

This is unconscionable. It is also unsustainable. All other financial institutions which provide services to West Bank Israeli settlements, which are illegal by international law, have faced international condemnation, and divestment by large American and European institutional

investors. Over the last three years, the UN has collected a database of companies which enable and support these illegal Israeli settlements. Do know if our company on that list? Could we have avoided this situation entirely had we conducted a thorough human rights due diligence process before expanding our business into this conflict area?

For three years now, members of the Palestinian business community have appealed to PayPal, asking it to make it right and extend its services equally to the Palestinian community. Software developers and small entrepreneurs in Palestine use their smarts, guts, and audacious hope, to build new businesses under immensely harsh conditions. Our company can help them. 59 members of The UK House of Commons put forward a [motion](#) calling on PayPal “to expand its service to Palestinians and their banks.” More than 180,000 people signed a petition asking the company to rethink its discriminatory policies, and they were joined by institutional investors here in this room representing about \$16B in AUM.

If our company is to navigate these potentially explosive situations successfully, it must rely on a clear and binding, universal and ethical human rights policy. I urge you to support Proposal 5.