



PayPal's Climate Transition Plan

The following summarizes PayPal's approach to managing and reporting on climate-related governance, strategy, risk management, and metrics and targets in alignment with IFRS S2 Sustainability Disclosure Standards. For additional climate-related disclosures, we encourage you to review our latest [Global Impact Report](#) and our latest [CDP Climate Change response](#).

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Introduction

Strategic approach

The frequency and intensity of extreme weather events are increasing, disproportionately affecting small businesses and vulnerable communities. We believe that addressing climate-related risks and opportunities enhances the resilience of our business and supports PayPal's ability to serve its customers over the long-term.

As a global company, we recognize that our business has an impact on the planet. While our environmental footprint is relatively small compared to companies in other industries, we are committed to supporting climate-focused initiatives that are relevant to our business, customers, investors, employees, suppliers, and the communities where we operate.

Our Climate Transition Plan outlines the steps we plan to take, intended to meet our net-zero by 2040 target, which is aligned with the objective of limiting global temperature rise to 1.5°C above pre-industrial levels. Informed by stakeholder feedback, we detail our approach to managing climate-related risks identified in our climate risk assessments, the targets we have set, and the decarbonization levers available to us to meet those targets. We believe the transition to a low-carbon economy can be accelerated through partnerships. As such, we continue to collaborate within our industry and across sectors to drive the change necessary to meet our target of net-zero by 2040.

Scenario analysis and climate risk assessment

In 2025, we undertook a refresh of our scenario analysis and climate risk assessment, initially conducted in 2023. Led by PayPal's Corporate Sustainability & Impact (CS&I) team with participation from relevant teams across PayPal, we identified four climate-related risks and one opportunity. The risks were analyzed in the context of two climate scenarios discussed below. The four climate-related risks were then mapped to PayPal's enterprise risk taxonomy and integrated in the Enterprise Risk Management process.

Identified climate-related risks and opportunities

Table 1 – Climate-Related Risks

Risk Type	Climate-Related Risk
Physical - Acute	Increasing frequency and severity of extreme weather events (e.g., severe storms, wildfires), could result in power outages or closures to PayPal facilities (offices, data centers), networks, and other critical assets as well as inhibit our employees' ability to perform essential business functions.
Physical - Chronic	Climate change events may lead to increased operating costs and inefficiency throughout the value chain (e.g., consumers, merchants, suppliers) and reduced demand for PayPal's products and services (including volume and size of transactions on payments platform).
Transition - Policy and Legal	Increasing and changing climate-related regulations and obligations across jurisdictions could create uncertainty for PayPal and lead to higher compliance costs and added complexity.
Transition - Reputation	Failure to meet stakeholder expectations for climate action, particularly regarding greenhouse gas (GHG) emissions (including our reduction targets described elsewhere in this plan) and the potential negative impacts of energy-intensive products and services (e.g., digital currencies, artificial intelligence (AI)), may erode stakeholder trust, weaken competitive positioning, and affect financial performance. Additionally, certain positions or actions with respect to the issue of climate change may create reputational or legal exposure.

Through this assessment, we also identified one unique climate transition opportunity for PayPal. As climate change intensifies the frequency and severity of extreme weather events, PayPal can enhance community and customer financial resilience through innovative lending, risk protection, and fundraising products. We are evaluating ways to further enhance our product and service offerings to best meet customer needs in this area.

Scenario analysis

Two climate scenarios were used to assess PayPal's climate risks:

- High-carbon economy (HCE) where emissions continue to rise at current rates and physical risks are more pronounced (Representative Concentration Pathways 8.5 Scenario).
- Low-carbon economy (LCE) where emissions are aggressively mitigated and climate regulations more pronounced (Representative Concentration Pathways 1.9 Scenario).

As part of the climate scenario analysis and risk assessment that we undertook, we have assessed the impact of climate-related risks on PayPal's business, strategy, and financial planning across the short-term (1-3 years), medium-term (3-5 years), and long-term (5+ years).

Climate risk assessment

As a digital payments company, PayPal's GHG emissions footprint is relatively small and our customers are diverse in terms of geography and economic sector, which helps to mitigate direct risks and impacts from climate change on PayPal's business.

Consistent with PayPal's Enterprise Risk Management practices, we evaluated the four climate risks in accordance with our risk assessment guidelines. As summarized in Table 2, overall, we found the expected impact of climate-related risks on PayPal's business to be generally low across the short-term, with impacts in certain risk areas anticipated to increase to moderate over the medium- and long-term due to changes in the nature of physical and transition climate risks over time. These exogenous changes are outside of PayPal's control, and our assessment of the risk profile over longer time horizons is inherently uncertain and not related to any anticipated changes to the nature of PayPal's business.

Based on the results of our assessment, we have not found any climate-related risks in the short-, medium-, or long-term that we categorize as high or moderately high. We will continue to monitor and assess climate-related risks and their impact on PayPal's business, strategy, and financial planning across the specified time horizons. We recognize that climate change is evolving and difficult to predict, and that the nature of the climate-related risks that are or may be applicable to our business could change. We will periodically evaluate these results and consider future opportunities to refresh our climate risk assessment as necessary.

Table 2 – Climate-Related Risk Assessment

Climate-Related Risk	Scenario	Overall Risk Assessment		
		Short (1-3 years)	Medium (3-5 years)	Long (5+ years)
Physical - Acute	High-Carbon Economy	Low	Moderate	Moderate
Physical - Chronic	High-Carbon Economy	Low	Moderate	Moderate
Transition - Policy and Legal	Low-Carbon Economy	Low	Low	Moderate
Transition - Reputation	Low-Carbon Economy	Low	Moderate	Moderate

Risk rating scale:  Low  Moderate  Moderately High  High

PayPal's processes for managing climate-related risks

The CS&I Steering Committee comprises senior leaders across PayPal and provides strategic direction and leadership for the continued development of our CS&I strategy. The CS&I Steering Committee also oversees program implementation through the Environmental Working Group and partners with functions across PayPal on the management of climate-related risks.

PayPal's Environmental Working Group, a cross-functional team of employees with responsibility for implementing, developing, and managing PayPal's environmental sustainability matters, is responsible for completing the annual review of environmental risks and opportunities, including those related to climate change, and reporting the results to members of the CS&I Steering Committee for consideration.

We conduct periodic CS&I significance and prioritization assessments of non-financial risks and opportunities. This work, which includes peer benchmarking and internal and external stakeholder engagement, helps to inform the prioritization of non-financial topics relevant to PayPal, including climate change, based on their potential importance to PayPal's long term business performance.

Additionally, our Safety and Security team develops and executes emergency response plans, which include response procedures for extreme weather events. The team monitors and tracks events around the world and evaluates the potential impact on PayPal employees, facilities, and operations. For example, PayPal monitors the potential impacts of water stress on our direct operations. Local Event Management teams are also established for each PayPal office to better prepare for and respond to any climate-related situation, including inclement weather and natural disasters.

Our Resiliency and Safety and Security teams prepare incident response procedures for our physical locations to help inform emergency response plans in the event of potential disasters or other crises. PayPal has implemented disaster recovery plans in the event of damage and/or business interruption.

Business model and value chain

We do not anticipate any significant changes to our business model or value chain in order to implement our strategic approach with respect to climate change.

Key assumptions and external factors

Assumption/External Factor	Description
Regulatory developments	New or changing laws and regulations may affect our product offerings or compliance requirements
Supplier decarbonization	Our Scope 3 emissions depend on the operational practices of our suppliers, most significantly, our cloud service suppliers
Changes to reporting standards	Changes made to reporting standards such as the GHG Protocol may affect our target tracking and achievement
Availability of cost-effective clean energy	Future availability of cost-effective clean energy in local geographies could affect our clean energy purchasing
Technological developments	New technological developments in clean energy and/or digital processing could lead us to change our business practices
Customer behavior	Changing demand for digital currencies and AI could affect our energy use and/or trust in our brand

See "Forward-Looking Statement" below for important information regarding our climate-related risk assessment and related assumptions and external factors.

Implementation Strategy

Business operations

We remain committed to reducing our Scope 1 and 2 GHG emissions consistent with our target to be net-zero by 2040. In addition, we have updated our medium-term target to 85% absolute operational Scope 1 and Scope 2 GHG emissions reduction from a 2019 base year by 2030 (consistent with GHG Protocol market-based methodology (MBM)). We are working to expand clean energy sourcing and energy efficiency initiatives for our offices, and maintain clean energy sourcing for data centers.

Our Real Estate and Facilities team uses total lifecycle cost and simple payback analysis, as well as environmental sustainability considerations, to determine the financial feasibility of implementing energy efficiency projects. In partnership with our Environmental Working Group, the Real Estate and Facilities team continues to identify, evaluate, budget, and implement additional efficiency measures across our global office locations.

Our office building and data center decarbonization levers include:

- An onsite solar system in San Jose, which supplies a portion of our corporate headquarters' electricity use.
- Collaborating with major data center partners to secure clean energy attributes to match the electricity we use (consistent with GHG Protocol MBM). Our Data Center Services team requires that clean energy options be incorporated into any new vendor relationships for leased data center space.
- Matching 100% of the electricity used by our office operations in North America with clean energy; we are exploring opportunities to expand our clean energy purchasing for offices in Europe, the Middle East, and Africa (EMEA), and Asia-Pacific (APAC) regions.

Our business travel decarbonization levers include:

- Testing Sustainable Aviation Fuel for our corporate jet.

Products and services

Our products and services are primarily digital in nature. We believe that digital assets have the potential to increase financial access and economic opportunity globally. We have contributed to the Crypto Carbon Accounting Framework, which provides guidance for the crypto industry to account for the climate impacts of permissionless blockchain networks, certain of which require significant energy inputs to maintain security in a decentralized manner. We are also researching and testing mechanisms to incentivize Bitcoin miners to use renewable energy sources in a way that accelerates decarbonization while maintaining the decentralization inherent to this digital currency.

Policies and conditions

The implementation of our plan is supported by several PayPal policies.

Our [Environmental Risk Management Policy](#) guides our approach to addressing climate change, managing natural resources, and exploring environmental innovation across our products and services. The policy states our commitment to measuring and evaluating our environmental impacts on an annual basis, including progress on our GHG reduction targets.

Our [Third-Party Code of Business Conduct & Ethics](#) sets clear expectations for ethical business practices by all third parties in a contractual relationship with PayPal. The Code encourages third parties to measure and disclose GHG emissions and set emissions reduction targets.

Financial planning

PayPal intends to resource the work needed to meet our net-zero by 2040 target through a dedicated Environmental Sustainability team, supported by the Environmental Working Group.

Investments with respect to the Climate Transition Plan, including Finance (software), Flight Operations (Sustainable Aviation Fuel), and Real Estate and Facilities (clean energy), will be planned for and executed by the business teams responsible for the corresponding budget, and covered as part of the yearly financial planning and decision-making process.

The Climate Transition Plan is not expected to materially affect PayPal's financial position over the short-, medium-, or long-term.

Engagement Strategy

Engagement with value chain

We rely on a global network of suppliers to deliver our products and services to PayPal's customers around the world. We estimate that supplier activities represented approximately 95% of our Scope 3 GHG emissions footprint for 2024. As part of our sourcing practices, we evaluate supplier climate-related risk, including an assessment of supplier climate risk management maturity and analysis of PayPal's supplier-related GHG emissions. Supply chain climate risks and GHG emissions are beyond the boundary of PayPal's own operations. Accordingly, we prioritize supplier information gathering and communication in our approach to managing Scope 3 emissions.

In partnership with CDP, we engaged with approximately 300 of our top suppliers in 2025. We collected climate risk management data including GHG emissions and GHG reduction targets, communicated our climate risk management priorities, and provided resources to help suppliers learn more about climate-related risk management practices.

We set a new medium-term target for 80% of our suppliers by spend to disclose Scope 1 and 2 GHG emissions and set reduction targets by 2030.

We continue to engage with suppliers, industry peers, GHG accounting standard-setters, and supply chain sustainability experts with respect to best practices in supply chain climate risk management.

Engagement with industry

Industry engagement is key to the transition to a low-carbon economy. In support of our strategy, PayPal is a member of the following organizations:

- BSR
- Climate Innovation for Adaptation and Resilience (CIFAR) Alliance
- Crypto Council for Innovation
- Financial Executives International - Committee on Corporate Reporting
- Financial Technology Association
- NationSwell
- TechNet
- WRI - Corporate Consultative Group

We are exploring ways that digital finance technology can help entrepreneurs and small businesses adapt to changing global climate conditions and capture income opportunities in the transition to a low-carbon and sustainable economy. We take a partnership approach to learning about innovations at the intersection of digital technology and climate innovation. As an example, we participate as a founding member of the CIFAR Alliance.

We are also exploring ways for PayPal's technology to specifically help small- and medium-sized businesses (SMBs) adapt to and capture economic opportunities resulting from changing climate conditions. We are in the early phases of researching the potential of digital climate finance solutions in this area, which could require significant research and development to deliver at scale.

Policy engagement

Our strategic approach to policy engagement is informed by a 1.5°C climate scenario, which aligns with the Paris Agreement and the Australian Sustainability Reporting Standards.

Metrics and Targets

GHG metrics

PayPal tracks climate-related metrics related to total energy consumed, percentage of clean energy used in our operations, Scope 1, 2, and 3 GHG emissions (consistent with GHG Protocol MBM), and carbon intensity per transaction. FY25 GHG emissions information was not finalized at the time of this publication.

Table 3 - PayPal's Climate-Related Metrics¹

	FY24	FY23	FY22
Total GHG Emissions (MTCO ₂ e in thousands)	478.1	515.1	517.1
Scope 1	2.1	3.5	3.9
Scope 2 (MBM)	8.8	9.8	6.7
Scope 3 ¹	467	502	507
Purchased Goods and Services	399	431	448
Crypto-Related ²	115	80	68
Capital Goods	26	27	16
Fuel and Energy-related Activities (FERA)	7.2	9	8.8
Upstream Transportation and Distribution	5	12	11
Business Travel	12.3	5.8	6.2
Employee Commuting and Remote Working ³	18	18.3	17
Scope 2 (Location-Based Method)	79	86.8	101.4
Scope 3 FERA (Location-Based Method)	18.1	23	34.4
Carbon intensity per transaction (grams CO ₂) ⁴	0.4	0.5	0.5

We engaged an external third party to perform an attest review engagement for select metrics above. The external third-party report is available on our website.

1. Total Scope 3 emissions and spend-based emissions estimates are rounded to the nearest 1,000 metric ton CO₂e to reflect limitations in the underlying data sources and estimation methodology.
2. Cryptocurrency-related emissions are estimated using calendar year activity data and the Hybrid Emissions Allocation Method as presented in the Accounting for Cryptocurrency Climate Impacts guidance published by Crypto Carbon Rating Institute and South Pole in 2022.
3. Employee commuting emissions are estimated using average monthly office attendance data, employee transportation survey data, and U.S. EPA transportation mode emissions factors and are limited by data availability. Employee remote working emissions are estimated using average monthly remote working data and the remote working emissions methodology published by Anthesis Group in the Estimating Energy Consumption and GHG Emissions for Remote Workers white paper.
4. Calculation includes operational emissions from all Scope 1 and 2 sources, including a corporate jet.

GHG targets

Our medium-term GHG reduction target is calculated from a baseline year of 2019, where our Scope 1 and Scope 2 GHG emissions (consistent with GHG Protocol MBM) totaled 53,100 metric tons of CO₂ equivalents (MTCO₂e).

Table 4 - PayPal's Climate-Related Targets

Long-term target
Reach net-zero GHG emissions by 2040
Medium-term target
Reduce absolute operational (Scope 1 and 2) GHG emissions by 85% by 2030 (from a 2019 base year) (consistent with GHG Protocol MBM)
Procure 80% of our spend from suppliers that disclose Scope 1 and 2 GHG emissions and have set reduction targets by 2030

See "Forward-Looking Statements" below for important information regarding our GHG reduction targets.

Governance

Board level oversight

The Corporate Governance and Nominating Committee of PayPal's Board of Directors (the "Governance Committee") provides oversight of CS&I matters, including climate-related issues. The Governance Committee's responsibilities include reviewing progress in developing and implementing strategies for managing environmental issues, including management of climate-related risks and opportunities, as well as overseeing the establishment of and progress toward fulfilling public environmental sustainability targets. The Governance Committee receives quarterly updates on CS&I-related topics, including climate-related topics from the CS&I team.

Management and committee-level oversight

PayPal's CS&I program is directed in collaboration with the CS&I Executive Council, which is composed of C-suite executives including our Chief Financial and Operating Officer, Global Chief Risk Officer, Chief Technology Officer, Chief Corporate Affairs Officer, Chief People Officer, and Chief Legal Officer. Members of the CS&I Executive Council supervise the development and execution of the Environmental Sustainability program and related initiatives. This includes monitoring the implementation of our Environmental Management System, consistent with the ISO 14001-aligned [Environmental Risk Management Policy](#), and other actions to help mitigate our environmental impacts, explore sustainable innovations across our products and services, and support employee engagement activities.

PayPal's CS&I Steering Committee, a cross-functional group of PayPal leaders, provides strategic guidance on CS&I topics on an ongoing basis. PayPal's CS&I team is responsible for programmatic management of environmental and climate-related issues, and is supported by cross-functional working groups, including the Environmental Working Group, chaired by the Director of Environmental Sustainability. The Environmental Working Group comprises of individuals from across the company, including Sourcing, Real Estate and Facilities, Legal, Communications, Government Relations, and Product Development. Members of the CS&I team present to the Enterprise Risk Management Committee at least annually to review current and emerging non-financial risks, including climate-related risks.

Management incentives

Certain senior members of the CS&I team have monetary incentives for management of environmental issues as part of their overall compensation. Additionally, members of our Data Center Services team and Real Estate and Facilities team have environmental performance factors that are incorporated into their overall compensation.

Skills and training

We are committed to equipping our employees with the climate knowledge needed for their roles. At the Board level, the Governance Committee receives periodic updates on relevant climate issues.

We bring together our CS&I community for a yearly virtual summit to provide education and spark inspiration on how all areas of the company can contribute to our CS&I targets. In addition, PayPal fosters a growth mindset by providing learning experiences for all employees on a variety of social and environmental topics through LinkedIn Learning and Udemy.

Culture

Our core values of inclusion, innovation, collaboration, and wellness are the foundation of our culture and are inherent in the identity of our company. These values along with our [Code of Business Conduct & Ethics](#) and [Environmental Risk Management Policy](#) will guide the implementation of our Climate Transition Plan and our target of reaching net-zero GHG emissions by 2040.

We plan to continue to actively engage our workforce throughout our journey through educational events, internal communications vehicles, and our Community Impact Program. We empower employees to contribute their time, skills, and resources to organizations aligned with our mission.

Forward-Looking Statements

This climate transition plan contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features or services, climate-related metrics and targets (including GHG emissions targets), climate-related risks and opportunities and related assumptions and external factors, or management strategies). These forward-looking statements can be identified by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “continue,” “strategy,” “future,” “opportunity,” “plan,” “project,” “strive,” “aim,” “forecast,” and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in the “Risk Factors,” “Quantitative and Qualitative Disclosures about Market Risk” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our Annual Report on Form 10-K for the year ended December 31, 2024 and our subsequent filings with the U.S. Securities and Exchange Commission (SEC). We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this document to reflect actual results, new information or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The standards of measurement and performance contained in this climate transition plan are developing and may be based on assumptions, estimates or information collected on a delayed or incomplete basis. The inclusion of information in this report is not an indication that we deem such information to be material or important to an understanding of our business or an investment decision with respect to our securities.

Incorporation by Reference

All website addresses contained in this climate transition plan are intended to provide inactive, textual references only. The content on, or accessible through, any website identified in this report is not a part of, and is not incorporated by reference into, this climate transition plan or in any other report or document that we file with the SEC.