

Presentation of Proposal 5 to the AGM of PayPal Shareholders, May 21st 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.

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. One such minefield for civil rights, human rights, and indigenous rights is in determining access to our company's financial platform services. PayPal is facing increasingly growing public pressure, appeals from investors, political, legal, and ethical risks, 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 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 which provide services to these illegal Israeli settlements have faced international condemnation, legal and reputational repercussions, and even divestment by large institutional investors. This is not going away. 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?

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 a response to politically motivated disinformation campaigns, which insinuated that these organizations were somehow connected to terrorism. [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”.

“Disinformation about [nonprofits] that work in conflict zones, with politically marginalized communities, or that speak out against human rights abuses is nothing new... Groups spreading this disinformation have now taken their messages to the financial services industry... These tactics, targeted at groups with which they disagree, aim to delegitimize and silence lawful, legitimate and often lifesaving nonprofit work... This affects humanitarian aid, peacebuilding, development and human rights programs”.

The lack of clear, transparent, and professional human rights standards means that such decisions may be abused by politically motivated groups, making all our clients 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.