WHEREAS: Numerous studies by respected organizations such as The Wall Street Journal, Credit Suisse, Morgan Stanley, McKinsey, PwC and BCG have pointed to the material benefits of a diverse workforce.

Companies should look to hire the best talent. However, Black and Latino applicants face recruitment challenges. Results of a meta-analysis study of 24 field experiments, dating back to 1990, found that, with identical resumes, White applicants receive an average of 36 percent more callbacks than Black applicants and 24 percent more callbacks than Latino applicants."

Promotion rates show how well diverse talent is nurtured at a company. Unfortunately, women and non-White employees experience “a broken rung” in their careers. For every 100 men who are promoted, only 86 women are promoted. Non-White women are particularly impacted, comprising 17 percent of the entry-level workforce and only 4 percent of executives. Employees with the potential for advancement have a higher retention rate.

Morgan Stanley has found that: “Employee retention that is above industry peer averages can indicate the presence of competitive advantage. This advantage may lead to higher levels of future profitability than past financial performance would indicate.” Companies with high employee satisfaction have also been linked to annualized outperformance of over two percent.

PayPal Holdings, Inc. (PayPal) has stated “We strive to attract, develop, retain, and invest in a diverse global workforce.” However, PayPal has not shared recruitment or retention data by gender, race, or ethnicity, nor sufficient promotion rate data. Its reporting does not allow investors to determine the effectiveness of its human capital management programs.

Between September 2020 and September 2021, the number of S&P 100 companies releasing recruitment rate data by gender, race and ethnicity increased by 234 percent, companies releasing retention rate data increased by 79 percent, and companies releasing promotion rate data increased by 379 percent.

American Express, Apple, Autodesk, Cisco Systems, Dropbox, Fortinet, Intel, IBM, Microsoft, Splunk, Twilio, Visa and Xerox, along with many others, release more data on the effectiveness of their human capital management programs than PayPal does. PayPal is increasingly a laggard in its decision to continue to withhold these data sets.
BE IT RESOLVED: Shareholders request that PayPal report to shareholders on the effectiveness of the Company's diversity, equity, and inclusion efforts. The reporting should be done at reasonable expense, exclude proprietary information, and address outcomes using quantitative metrics for recruitment, retention, and promotion of employees, including data by gender, race, and ethnicity.

SUPPORTING STATEMENT: Quantitative data is sought so that investors can assess, understand, and compare the effectiveness of the Companies’ diversity, equity, and inclusion programs and apply this analysis to investors’ portfolio management and securities’ selection process.