



June 2010

UN Global Compact
eBay Inc. Communication
on Progress

Dear Mr. Secretary General:

Fifteen years ago, eBay was founded with the purpose of connecting buyers and sellers to one another, around a fundamental belief in the inherent goodness of people. Our unique and disruptive marketplace model created a new paradigm for commerce and opened a window of opportunity for millions of people around the world.

As members of the United Nations Global Compact, we intuitively understand the role that business plays in advancing markets, commerce, and technology in ways that benefit communities and individuals around the world – it is, in fact, our very reason for being.

Our business is organized around three core beliefs that not only guide our decision-making; they provide the rationale and framework for the work that we do to drive social and environmental change. These core beliefs include:

We create opportunities for people. We foster the success of entrepreneurs throughout the world by providing open access to new markets, capital, and platforms for trusted global trade. In a time of economic uncertainty, this inspires us to make sure that we continue to support them as best we can, and grow to support others like them. This report details our efforts to create meaningful and lasting opportunity, through not only our core business, but through disruptive new initiatives that extend this commitment to some of the most underserved communities around the world.

We care, because we know people depend on us. We maintain a deep understanding that the health and success of our business affects not only our employees and shareholders, but the hundreds of thousands of people whose livelihoods depend on eBay. This report seeks to demonstrate that the way we run our business is a direct reflection of this idea, and details the ways in which we extend our commitment to our community of users by creating systems that allow them to contribute to the causes they care about, and enable NGOs to leverage our business assets to achieve scale.

We make a difference in the world. We enable people to do more with less and make smarter decisions about the way they consume, sell, and pay. As the largest engine for reuse on the planet, our marketplace extends the useful life of millions of products, keeping items out of landfills and reducing the need for new manufacturing. PayPal balance-funded payments generate fewer emissions than similar transactions made through traditional banking infrastructure. For us, those intrinsically greener aspects of our businesses are not an end game, but a terrific starting point, and this report includes information on the initiatives we have undertaken in the last 18 months to extend our commitment to environmental responsibility, through more sustainable commerce experiences.

Today, we are proud to submit our first Communication on Progress to the Secretariat, highlighting our purpose-driven business models and the impact they have on the Compact's four key areas of focus (Human Rights, Labor, Environment, and Anti-Corruption), as well as our efforts to extend that positive social impact through innovative new programs and initiatives.

Sincerely,



John Donahoe

President and CEO, eBay Inc.

HUMAN RIGHTS

eBay Approach

Our purpose as a company is supported by a set of founding values that, at their core, reflect the basic principles articulated in the United Nations Declaration of Human Rights.

Our founding values explicitly state:

1. We believe that people are basically good
2. We recognize and respect everyone as a unique individual
3. We believe everyone has something to contribute
4. We encourage people to treat others the way we want to be treated
5. We believe that an honest, open environment can bring out the best in people

As a way of living these values, we hold our nearly 17,000 employees in 30 countries around the world to high legal and ethical standards, basic among them is a respect for human rights in accordance with local laws and regulations.

Recent Accomplishments

eBay's Code of Business Conduct reflects our values and expectations for employees including the legal requirements that we must meet. To educate our employees around our Code of Business Conduct and other important policies, our Office of Compliance and Ethics conducts formal, annual company-wide training, as well as other periodic training. In 2009, more than 95 percent of our employees completed this training.

To ensure the integration of the eBay founding values in each and every employee we hire, we also conduct new employee training campaigns. 2,229 employees were provided this training in 2009.

eBay also deploys a global network of Business Ethics Officers (BEOs), who are charged with answering questions about, and enforcing, eBay's Code of Business Conduct. BEOs rely on their local and subject matter expertise to address issues and interpret the Code in light of local laws.

eBay achieves alignment with our values by ensuring that employees' individual performance reviews include assessments of how they "live" the eBay values through their work. Promoting our values in this fashion ensures that we build and reinforce a work environment that recognizes that eBay's human capital is its greatest asset.

Empowering Individuals and Communities around the World

Our marketplace and platforms are important tools of economic empowerment that help break down barriers of business for people of varying abilities, regardless of whether they reside in rural or metropolitan communities, or the developing or developed world.

In 2007 and 2008, we further extended our commitment to economic empowerment in the developing world through the launch of two key initiatives: WorldofGood.com by eBay and MicroPlace.

WorldofGood.com opens the door for entrepreneurial craftsmen and women to offer their wares to a global audience without having to uproot their lives and move to a rapidly growing, new urban location—domestically or abroad. To date, the site has featured products from artisan groups and entrepreneurs representing more than 80 countries around the world. Many of the participating artisan groups support local community services, employ disadvantaged and/or marginalized groups, and financially empower producers.

MicroPlace, since its inception in 2007, has raised more than \$14 million USD for various microfinance institutions that lend money to the world's working poor. MicroPlace's innovative business model has opened up a way for microfinance institutions to cost-effectively tap a new and scalable source for funding. Both WorldofGood.com and MicroPlace are young but promising initiatives, which harness the eBay business model to create opportunity for people from all walks of life.

Our business model has also been leveraged to respond to the growing needs of the nonprofit sector. eBay Giving Works, which launched in 2003, harnesses the power of eBay's 90 million active community members by empowering them to buy and sell items that support their favorite nonprofits. Thanks to eBay's generous community, the eBay Giving Works program has raised \$191 million USD for more than 22,000 nonprofits since 2003, many of which support human rights and environmental causes.

Our company and community come together in times of greatest need and tragedy. Most recently, in February of this year, eBay and the eBay Foundation mobilized our community to action in the aftermath of the Haiti earthquake. As a result, we were able to collect more than \$12 million USD for relief agencies through the generous support of the company and the eBay and PayPal communities.



LABOR

eBay Approach

At eBay, our workplace is characterized by fairness and mutual respect; by a sense of camaraderie and pride; and by credibility, as we see our values not only written and spoken, but lived.

As expressed in our Code of Business Conduct, “eBay is an equal-opportunity employer. Employment here is based solely upon [one’s] abilities. We don’t discriminate on the basis of race, color, religion, national origin, ancestry, pregnancy status, sex, age, marital status, disability, medical condition, sexual orientation, or on any other basis protected by law. We will also make all reasonable accommodations to meet our obligations to accommodate disabilities and religious practices.”

Everyone who works for eBay is expected to do his or her utmost to promote a respectful workplace culture that is free of any kind of harassment, intimidation, bias, or discrimination. Our hiring and employment practices go above and beyond the labor principles cited in the UN Declaration of Human Rights.

Recent Accomplishments

In September 2008, eBay received a 100 percent rating from the Human Rights Campaign 2009 Corporate Equality Index. We were honored for having strong inclusive policies and programs that support gay, lesbian, bisexual, and transgendered employees.

eBay was ranked in Fortune’s Top 100 Great Places to work in both 2008 and 2009.

All employees are entitled to form and join trade unions for the protection of individual or collective interests.

We do not employ children at eBay, nor do we support the use of child labor under any circumstance.

During routine inspections of our global offices in 2009, we found no labor violations.

Creating Opportunities for Women in the Workplace



At eBay, we find value in empowering our diverse workplace. We provide regular seminars from a number of groups that promote diversity in the workplace, including Women of Color Action Network and Women in Technology International. In 2007, we formed a group called eBay Women in Technology to create a supportive network for women working in a traditionally male-dominated industry. To date, the group has more than 700 participating women in our offices around the world.

In 2009, we created a group called eBay Women's Initiative Network to provide similar support and opportunities for our female employees working in non-technical roles in Europe. This group has 120 participating women in our offices throughout Europe and focuses on creating great careers for women in every discipline. In addition to these formal affinity groups, there are several other informal grassroots efforts supporting our women employees in various regions outside of North America and Europe. These regional groups receive support from the two formal networks identified.

Supporting Small Businesses and Entrepreneurs

At eBay, we provide an ecommerce platform through which our 90 million buyers and sellers are able to connect and find the items they want and need. Further, PayPal's technology opens a global market to small business owners by enabling any individual or business with an email address to securely, easily and quickly send and receive payments online.

Hundreds of thousands of entrepreneurial sellers around the world use eBay as a significant source of income and PayPal as their primary transaction mechanism. eBay commissioned a study in France in 2009 and found that 26 percent of small business sellers established their businesses on eBay following unemployment; 14 percent of these sellers have physical disabilities; and 49 percent do not have a diploma higher than high school. These numbers illustrate the striking opportunity that eBay represents for people who are historically disadvantaged to gain access to income and support their livelihoods.

Our business enables hundreds of thousands of people to reach their personal aspirations of owning their own business, and during the last 15 years, we have trained hundreds of thousands of people on how to use eBay to grow their businesses. Additionally, in 2009, in collaboration with the Ewing Marion Kauffman Foundation - the world's largest foundation devoted to entrepreneurship - we launched the Sellers Challenge with the goal of empowering and inspiring entrepreneurs to start or grow businesses. Four sellers were awarded \$25,000 USD business grants, along with marketing and consulting support from eBay, helping them attain economic independence and entrepreneurial success.

As an extension of our support for entrepreneurs and small businesses, the eBay Main Street program, a grassroots network formed in 2004, allows eBay to keep small business owners informed of legislative matters that affect their ability to buy and sell on eBay. To date, more than 300,000 eBay users have participated in the program.



ENVIRONMENT

eBay Approach

At eBay, we understand the adverse impacts that climate change can have on our open spaces and communities around the world.

We operate a business that, by its inherent design, drives more sustainable consumption patterns. As the world's largest engine for the re-use of goods, our business model extends the useful life of products, preventing the unnecessary manufacturing of new goods and associated environmental impacts, as well as diverting waste from landfills.

Additionally, our peer-to-peer e-commerce business model has created opportunities to reduce the environmental footprint of commerce by eliminating the need for brick-and-mortar infrastructure, reducing transportation of goods, and streamlining operations. We build on this heritage by actively engaging our buyers, sellers, and employees in making smarter, greener consumption decisions.

We are committed to innovating solutions that reduce our overall corporate energy use in our employee facilities and data centers, as well as help transition us to cleaner forms of energy, reduce waste, and decrease our water use.

Recent Accomplishments

OPERATIONS

eBay maintains a corporate commitment to reducing our impact on the planet through effective and efficient energy, waste, and water management strategies.

In 2009, we established a cross-functional team (the Global Sustainability Steering Committee), comprised of business and functional unit leaders, chartered with the responsibility of holding their respective business units accountable for actions and practices that reduce eBay's environmental footprint, including greenhouse gas emissions.

In May 2008, we earned a Leadership in Energy and Environment Design (LEED) Gold Certification for our new 180,000 square-foot office building in San Jose, California, which houses more than 700 employees. Known as "Mint," this building's environmental design allows us to reduce water consumption by nearly 30 percent, and features a light-dimming system that adjusts to the amount of sunlight entering the building, saving 39 percent of the energy normally needed. Additionally, the building features a 650 kW solar installation – 3,248 solar panels covering 60,000 square-feet of roof – that produces 15 to 18 percent of the company campus' energy demands at peak performance.

In 2010, we turned on a 500 kW fuel cell installation at our North Campus in San Jose. The Bloom Energy fuel cells take more than 15 percent of the campus' energy needs off the grid. eBay was the site of Bloom's unveiling event in February 2010, hosting more than 200 thought leaders in the renewable energy space.

In September 2009, we integrated new, more efficient technology servers into our data centers to improve the energy efficiency of each transaction made on eBay. And to avoid creating e-waste, we donated the replaced servers to the AIDS and cancer research laboratories at the University of Notre Dame, and the laboratories were able to use the heat generated by the servers to warm an adjacent greenhouse.

ENVIRONMENT

EMPLOYEES

At select offices, we offer preferred parking for hybrid electric vehicles and commuter shuttle programs to eBay employees, consistently taking more than 60 cars off the road each work day.

In March 2010, we received the Just Means/Financial Times Social Innovation Award, recognizing our employee Green Team initiative.

In 2009, our employee Green Team grew from 1,000 to 2,400 members, representing 23 countries. The team, while grassroots in nature, is led by a core group of Green Team Leaders that coordinate with a central manager in San Jose to implement projects in five key areas of focus: natural resource consumption (i.e., energy and water), consumables (i.e., breakroom and office supplies), community engagement and sustainable development, employee engagement and education, and employee commuting and transportation.

CONSUMER ENGAGEMENT

In 2009, we invited eBay members to join our Green Team and launched ebay.com/greenteam, the online home for the eBay Green Team. To date, 230,000 consumers have signed-up and pledged to be smarter, greener shoppers with us.

In March 2010, we unveiled our new green shopping hub, green.ebay.com, designed to help consumers access the millions of green products available on eBay.com.

In early 2010, we launched a partnership with RecycleBank that incentivizes consumers for green behavior by offering reward points when they pledge to buy used goods on eBay.com.

In 2007, we partnered with the U.S. Postal Service to create Cradle-to-Cradle certified, co-branded boxes that are now offered to our sellers, free of charge, at the eBay shipping hub, an online resource for eBay sellers accessible at eBay.com/sellgreen.

STAKEHOLDER ENGAGEMENT

We disclose our environmental risks and opportunities, quantitative year-over-year environmental impacts, and governance practices in our annual Carbon Disclosure Project submission, publicly available at www.cdpproject.net.

In 2009, we joined Ceres and committed to a public endorsement of the Ceres Principles, formalizing our dedication to environmental awareness, accountability, continuous improvement.

Also in 2009, we joined Businesses for Innovative Climate and Energy Policy (BICEP), a group of businesses committed to encouraging meaningful energy and climate change legislation that is consistent with nine core principles. See www.ceres.org/bicep for details.

At eBay, we are committed to being both early adopters of renewable energy technology, as well as lending our voice and reach in support of widespread adoption. In 2009, in collaboration with SolarTech, CALSEIA, and the Silicon Valley Leadership Group, we hosted the groups' inaugural solar summit. In 2009 and again in 2010, we partnered with the Environmental Defense Fund to host their annual Solutions Lab conference, which draws hundreds of sustainability influencers and thought leaders.

We regularly collaborate with state and local partners in geographical areas where we have operations to drive dialogue about creating the right business conditions for rapid adoption of renewable energy.

Engaging Consumers and Inspiring Collective Action



In 2009, we launched an expanded version of our internal eBay Green Team initiative to engage our buying and selling community in practicing more sustainable shopping habits on eBay. The eBay Green Team program emphasizes the need for collective action to protect the planet, and has more than 230,000 members engaging with eBay, and with one another, on actions they can take to be better stewards of the environment. Providing relevant and inspiring content, promoting two-way dialogue, and instilling mechanisms to reward and promote good, green practices are all part of the ongoing engagement strategy for the program.

In an effort to increase the size of our Green Team membership and engage consumers in our sustainability efforts, we launched the Green Team Challenge in March 2010. Throughout the month of March up to Earth Day (April 22nd), consumers were encouraged to visit the eBay Green Team site to pledge their commitment to reuse. For every person who made this commitment during the time period, one acre of rainforest was protected through a partnership with Conservation International's Team Earth. By the Earth Day, more than 67,000 acres of rainforest in the Congo, Brazil, and Mexico were protected as a result of this campaign.



We also commissioned the environmental research firm, Cooler, Inc., to help us validate the tangible environmental impact of buying used products on eBay versus new products through traditional retail outlets. The findings were published in a number of Hearst publications and social media channels. Products in 18 categories were tested and the findings demonstrated the enormous impact our reuse business has on the environment. For example:

- Buying a blender used on eBay saves 98 percent of the CO₂ it takes to make a new one
- Buying a used leather handbag used saves 63 percent of the CO₂ it takes to make a new one
- Buying a previously owned espresso machine saves 90 percent of the CO₂ needed to produce a new one



ANTI-CORRUPTION

eBay Approach

At eBay, we have a strict policy of doing business based on the merits of our services, not based on any form of bribery, or any other corrupt or unethical business practice. Our Code of Business Conduct outlines our policies and principles on bribery and extortion in countries around the world.

The United States and countries around the world strictly prohibit the bribery of government officials, and we abide by these laws and regulations. We educate our employees to ensure that they do not intentionally or inadvertently make any unlawful payment, kickback, or gift to any U.S. or foreign public or government official or candidate for office in order to get or keep business.

As a money transmitter, our PayPal business is also committed to actively deterring and detecting money-laundering (AML) and terrorist financing activities. Using a sophisticated system of controls, we aggressively work to report and identify any abnormalities in the transaction system that could be indicators of corrupt activity, coordinating with law enforcement and regulators around the world in this effort.

Recent Accomplishments

We provide regular training to all employees around our anti-bribery and AML policies, and provide more detailed training to those employees whose job descriptions may create touch points with government officials.

We have a 24-hour help line that employees can call or email to make anonymous reports of violations, or ask questions about our anti-bribery and AML policies, as well as Code of Business Conduct. Additionally, our Business Ethic Officers are able to provide in-person assistance and guidance to employees who wish to raise concerns.

We treat all reports as confidential to the extent permitted by law, and have a strict no-retaliation policy for those who have reported misconduct in good faith.

As of 2009, no eBay employees were cited for infraction of our anti-bribery policies