



# Doing well by doing good

Corporate Sustainability Report 2018



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# "It's time for 'doing well by doing good' to become business as usual."

Why? Because when the world thrives, businesses thrive.

Businesses are part of the global ecosystem. And ecosystems, by definition, require balance and diversity. They also require a point of view larger than oneself and longer than the immediate future. They require an understanding that we are stronger as a connected whole than as isolated actors.

At Mastercard, this is what we call the network effect: the idea that the value of the total is greater than the sum of its parts, and that enabling the whole system benefits all the components. Our network is the foundation of our business and how we operate. It's what allows us to make inclusive growth a reality — because we're activating our network to enable the digital economy to work for everyone, everywhere. And we're doing it in ways that consider our workforce, the environment and

the ethical standards to which we hold ourselves accountable — because the ways and means matter, too.

As the digital economy increasingly becomes the economy, it is both our business strategy and our social responsibility to ensure that people and organizations have access to the networks, tools and solutions that can help them reach their potential and achieve financial security. That means approaching everything through the lens of our culture of decency and using our technology and experience to empower each individual — no matter where they come from — as well as the system as a whole.

Our work is as much about connecting farmers in developing regions to a digital marketplace as it is about working with a range of public and private partners to build the inclusive, accessible and sustainable

cities of the future. And it is as much about inspiring the best and brightest talent to drive our company's innovation as it is about infusing them with the ethics that guide the way we manage the business, treat customers and contribute to society.

All that is just a taste of what we're delivering on today. Our purpose drives us forward. Our sense of Mastercard as a member of society, with the responsibility to benefit people and partners, shareholders and customers alike, compels us to make more connections, further amplifying the network effect. We're working to scale "Doing Well by Doing Good" by making commercially sustainable social impact the new paradigm for business as usual, because we believe being purpose-driven is fundamental to sustainability — for everyone.



**Ajay Banga,**  
president and CEO,  
Mastercard



Mastercard is proud to contribute to a sustainable and inclusive future. Below are highlights from our 2018 annual corporate sustainability report:



## INCLUSIVE GROWTH

We are dedicated to building an inclusive world in which the digital economy works for everyone, everywhere. By creating scalable solutions for sustainable and inclusive economic growth, we can build pathways to a more secure future for everyone.

- **Together with our partners, we have reached more than 400 million people previously excluded from financial services toward the goal of providing access to 500 million by 2020.**
- Mastercard pledged \$500 million for inclusive growth and established the Mastercard Impact Fund. To date, the Fund has committed more than \$40 million in grants.
- To date, the Center for Inclusive Growth has collaborated with more than 50 research organizations and fellows and invested in programs reaching more than 575,000 people in 17 countries.
- In early 2019, we launched a Data Science for Social Impact collaborative with the Rockefeller Foundation, which will increase the capacity of social sector organizations and government to solve systemic problems.



## INSPIRED WORKFORCE

The success of our business is inextricably tied to our people. Mastercard relies on our global workforce to help us achieve our goal of building a sustainable, inclusive global economy, and we work to make our company the place where the best people choose to be.

- **We continued our progress toward gender equity and equal pay for equal work, with our female employees earning \$0.996 for every \$1.000 earned by men.**
- In addition to expanding our generous employer contributions to employee retirement plans, we strengthened our employee health and well-being programs to further support employees in their physical, emotional and financial well-being.
- Our employees supported more than 2,200 charities through monetary donations or by contributing nearly 70,000 volunteer hours, including through more than 75 events at which our employees served as educators, role models and mentors for our signature Girls4Tech STEM education program.



## ENVIRONMENTAL STEWARDSHIP

At Mastercard, we have set ambitious goals and are taking action across our company and supply chain to continuously improve the environmental footprint of our offices and operations. We also take advantage of opportunities to apply our people, assets and innovation to contribute environmentally conscious solutions for a more sustainable future.

- **Mastercard is the first in the payments industry to receive external validation of our science-based target to reduce our greenhouse gas (GHG) emissions 20% by 2025, from a 2016 baseline.**
- We source renewable energy for 100% of our global operations, and we are committed to maintaining this goal on an ongoing basis, even as our energy footprint expands.
- We are pioneering environmentally conscious solutions and cross-sector partnerships, such as the Greener Payments Partnership and the UN Global Compact Cities Programme, to help consumers, businesses and cities lessen their impact on the planet.
- We launched City Possible, a new model for urban collaboration that brings cities, companies and communities together to identify common challenges and create solutions that can be scaled up broadly.



## ETHICAL AND RESPONSIBLE STANDARDS

Our success is tied in part to the trust that people place in us to deliver our products and services in the right way. For us, acting ethically and responsibly is not only the right thing to do, but also the right way to do business.

- **Our enterprise-wide Code of Conduct guides our Ethics and Compliance system and sits at the foundation of our culture of decency. It shapes how we manage our business, treat our customers and contribute to society.**
- We continued our compliance efforts to the European GDPR by appointing a Europe-based Data Protection Officer to oversee our ongoing compliance with the General Data Protection Regulation (GDPR) and by our launch of Trūata, an independent data trust working to anonymize data and continue providing analytic services in a GDPR-compliant manner. We expanded our commitment to ethical data practices by making the core consumer protections of the EU-GDPR available to individuals in other jurisdictions by the end of the first quarter of 2020.
- We continued to leverage our innovation expertise in developing the next generation of technologies to make payments faster, more convenient and more secure.

# ABOUT MASTERCARD



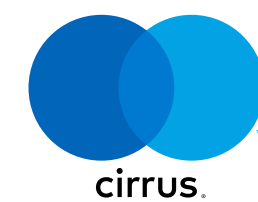
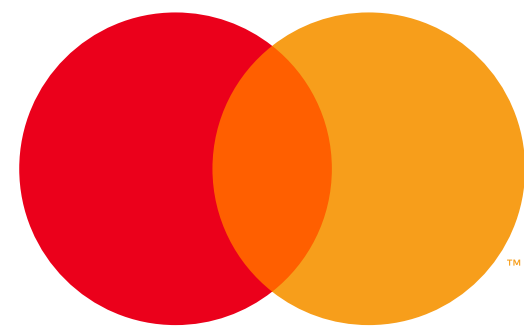
## WHO WE ARE

Mastercard is a technology company in the global payments industry that connects consumers, financial institutions, merchants, governments, digital partners, businesses and other organizations worldwide, enabling them to use electronic forms of payment instead of cash and checks.

## Key results in 2018

### Our brands

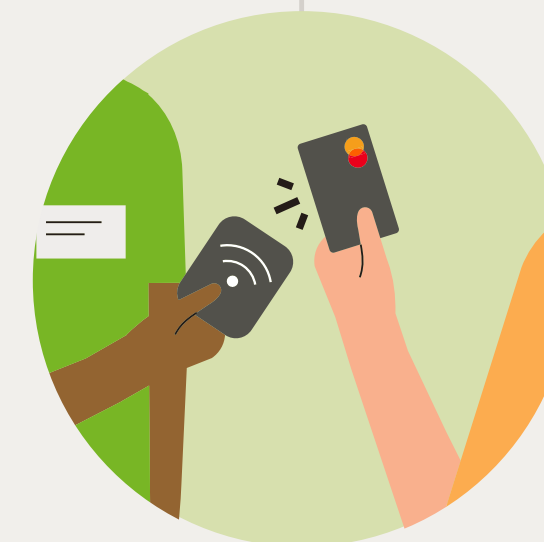
We make payments easier and more efficient by creating a wide range of payment solutions and services, using our family of well-known brands, including Mastercard®, Maestro® and Cirrus®.



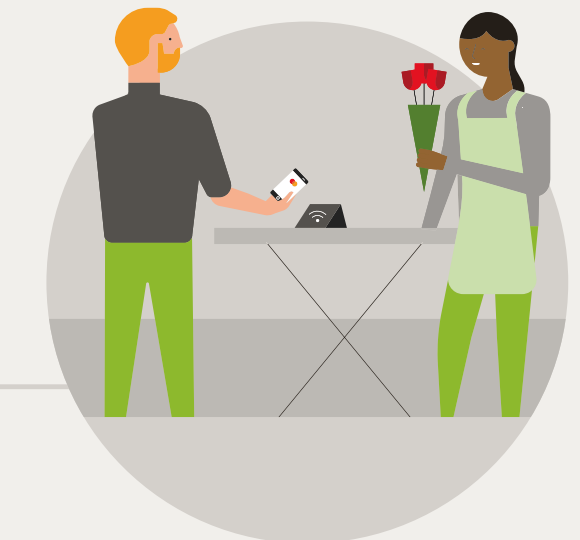
More than  
**150 currencies**  
and  
**210 countries**  
and territories

We authorize, clear and settle transactions through our core network for our issuer customers around the world.

**\$5.9 trillion**  
Gross dollar volume



**2.5 billion**  
Mastercard- and Maestro-  
branded cards in use



**73.8 billion**  
Transactions switched

## Our core business

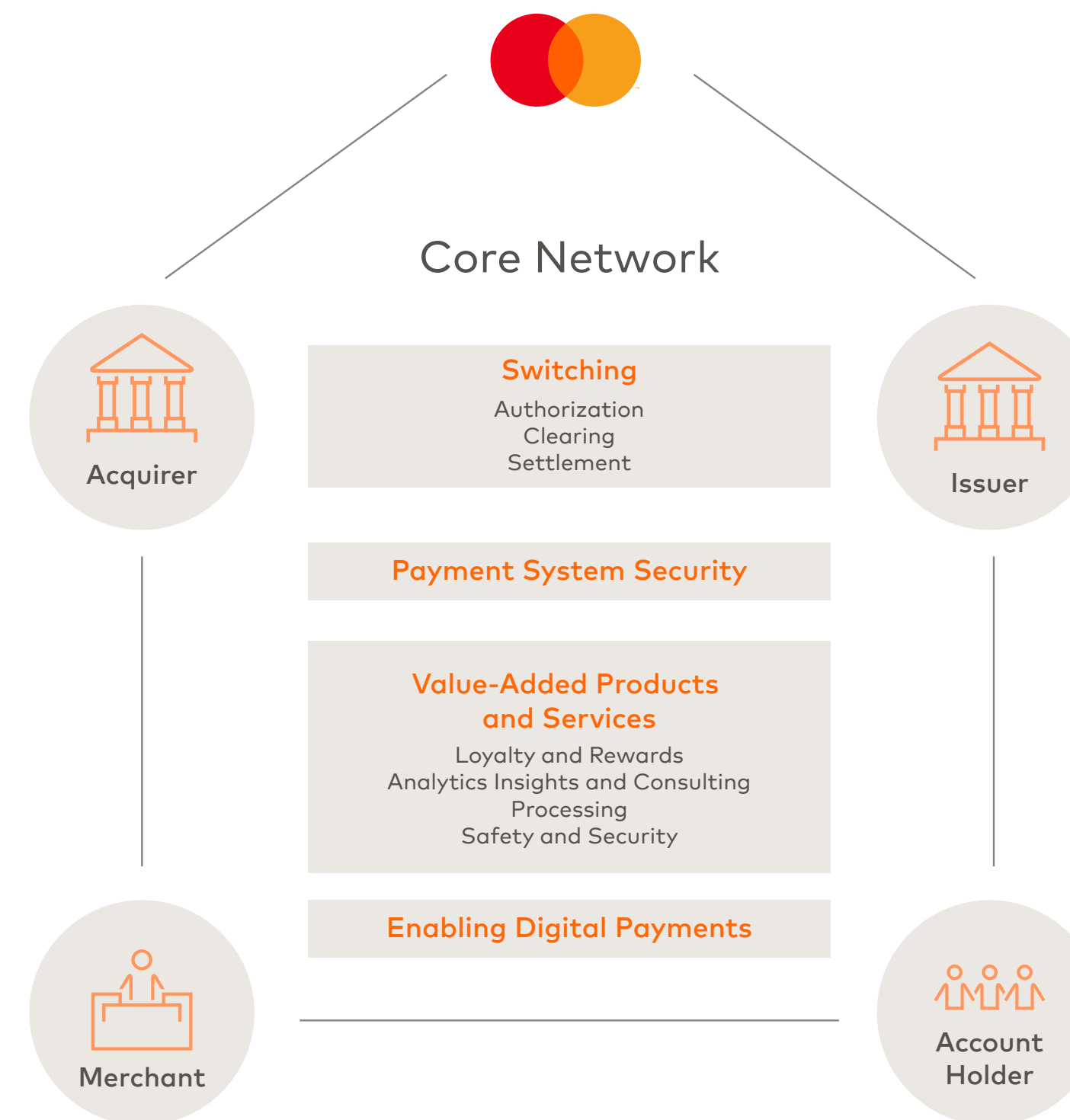
**Our core network supports what is often referred to as a “four-party” payments network. Through our core global payments processing network, we facilitate the switching (authorization, clearing and settlement) of payment transactions and deliver related products and services.**

With additional payment capabilities that include real-time account-based payments, including automated clearing house (ACH) transactions, we offer customers a single partner to turn to for both domestic and cross-border needs.

## OUR CORE NETWORK SUPPORTS WHAT IS OFTEN REFERRED TO AS A “FOUR-PARTY” PAYMENTS NETWORK\*

We operate in a dynamic and rapidly evolving legal and regulatory environment, with heightened regulatory and legislative scrutiny, expansion of local regulatory schemes and other legal challenges, particularly with respect to interchange fees. These challenges create both risks and opportunities for our industry, as detailed in our annual report.

The following diagram depicts a typical transaction on our core network, and our role in that transaction:



## How we make money

**Mastercard does not issue cards or other payment devices, extend credit to account holders or determine the interest rates or other fees charged to account holders. Each issuer determines these and most other competitive payment program features. In addition, we do not establish the discount rate that merchants are charged for acceptance, which is the responsibility of our acquiring customers.**

We generate revenues from:

- Assessing our customers based on the gross dollar volume (“GDV”) of activity on the products that carry our brands
- The fees we charge to our customers for providing transaction-processing
- Other payment-related products and services

\* To learn more about our “Four-Party” payments network, click [here](#).

Mastercard is a publicly traded company listed on the New York Stock Exchange. Our headquarters is in Purchase, New York. As of Dec. 31, 2018, Mastercard and its subsidiaries owned or leased 169 commercial properties.



## Digital enablement and digital payments

**Leveraging our global innovations capability, we work to digitize payment services across all channels and devices.**

### **Delivering better digital experiences everywhere**

We are using our technologies and security protocols to develop solutions to make digital shopping and selling experiences, such as on smartphones and other connected devices, simpler, faster and safer for both consumers and merchants. We also offer products that make it easier for merchants to accept payments and expand their customer base, and we are developing products and practices to facilitate acceptance via mobile devices.

### **Securing more transactions**

We are leveraging tokenization, biometrics and machine-learning technologies in our push to secure every transaction. These efforts include driving EMV-level security and benefits through all our payment channels.

### **Digitizing personal and business payments**

We provide solutions that enable our financial institutions and merchants to offer consumers the ability to send and receive money quickly and securely to any destination, globally and in real time.

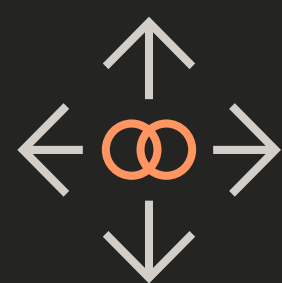
### **Simplifying access to, and integration of, our digital assets**

Our Mastercard Developer platform makes it easy for customers and partners to leverage our many digital assets and services. Our best-in-class Application Program Interfaces (APIs) enable easy integration of our services into new and existing solutions.

### **Identifying and experimenting with future technologies, startups and trends**

Through Mastercard Labs, our global innovation and development arm, we continue to bring customers and partners access to thought leadership, innovation methodologies, new technologies and relevant early-stage fintech players.

**WE ARE LEVERAGING  
TOKENIZATION, BIOMETRICS  
AND MACHINE-LEARNING  
TECHNOLOGIES IN OUR  
PUSH TO SECURE EVERY  
TRANSACTION**



Grow

### CORE

Credit  
Debit  
Commercial  
Prepaid  
Digital-physical convergence  
Acceptance



Diversify

### CUSTOMERS AND GEOGRAPHIES

Financial inclusion  
New markets  
Businesses  
Governments  
Merchants  
Digital players  
Local schemes/switches



Build

### NEW AREAS

Data analytics  
Consulting, Managed Services  
Safety and security  
Loyalty and processing  
New payment flows

ENABLED BY BRAND, DATA, TECHNOLOGY AND PEOPLE

## Our strategy: grow, diversify, build

**We grow, diversify and build our business through a combination of organic growth and strategic investments.**

Growing our business includes supplementing our core network with enhanced payment capabilities to capture new

payment flows, such as business-to-business (B2B), person-to-person (P2P), business-to-consumer (B2C) and government payments, through a combination of product offerings and expanded solutions for our customers.

Our teams are innovating to create solutions that meet the needs of our consumers and merchants, and applying emerging technologies to maximize our opportunities around the world. We are working with EMVCo — the global consortium that develops and maintains payments standards — to support the development and implementation of a simple and unified digital experience for consumers, issuers and merchants. Taking the form of a common checkout button, we announced plans to enable token services on all cards, removing the primary account number from the transaction flow.

### New payment flows

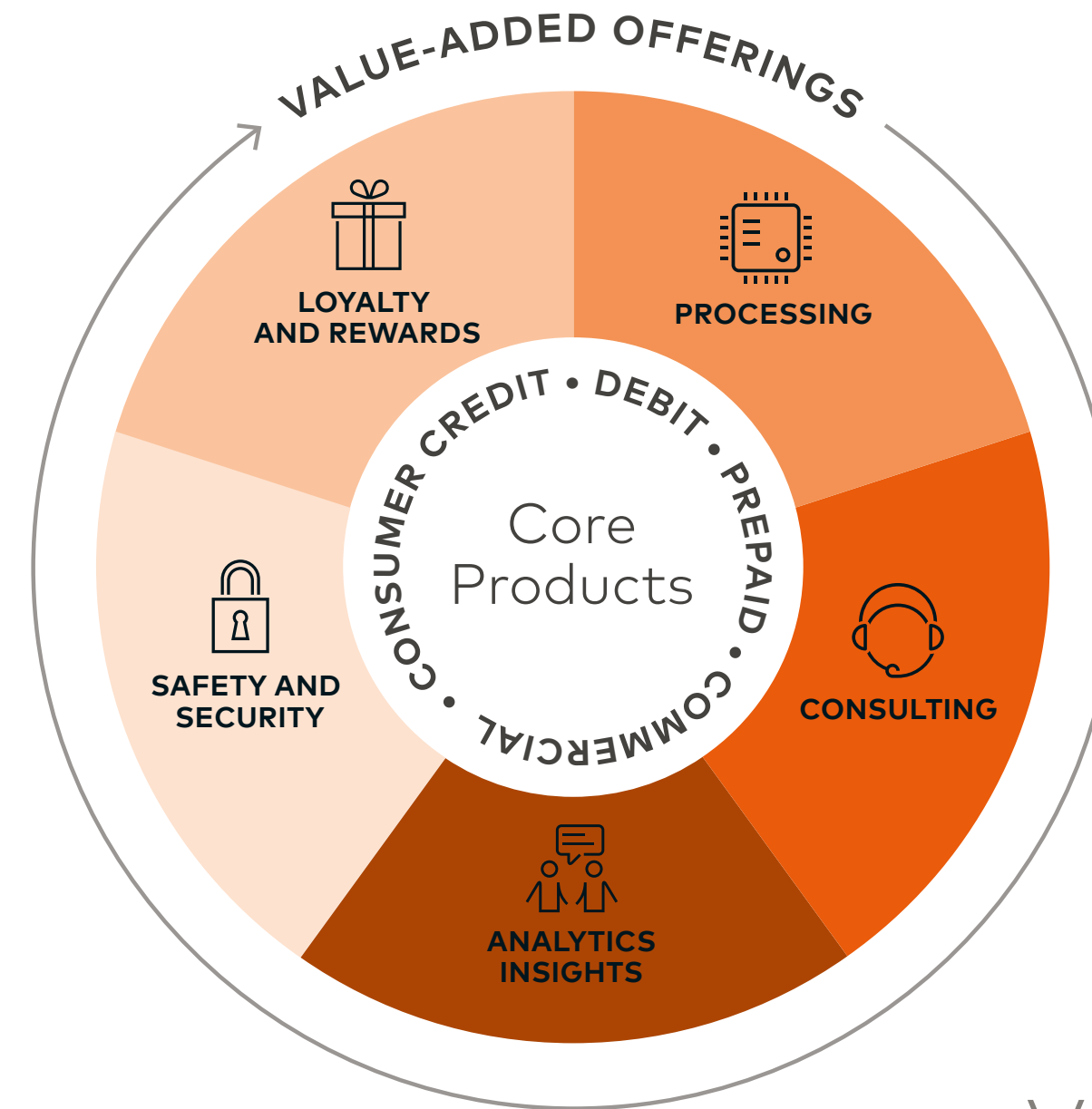
In order to help grow our business and offer more electronic payment options to consumers, businesses and governments, Mastercard has developed and enhanced solutions beyond the principal switching capabilities available on our core network.

### Strategic partners

We work with a variety of stakeholders to conduct our daily business and achieve our long-term strategy. We provide financial institutions with solutions to help them increase revenue by driving preference for Mastercard-branded products. We help merchants, financial institutions and other organizations by delivering data-driven insights and other services that help them grow and create simple and secure customer experiences. We partner with technology companies such as digital players and mobile providers to deliver digital payment solutions powered by our technology, expertise and security protocols. We help national and local governments drive increased financial inclusion and efficiency, reduce costs, increase transparency to reduce crime and corruption, and advance social programs. For consumers, we provide faster, safer and more convenient ways to pay and transfer funds.

## Our products and services

We provide a wide variety of integrated products and services supporting payment products that customers can offer to their account holders.



## Core products

### Consumer credit

We offer a number of programs that enable issuers to provide consumers with credit that allows them to defer payment.

### Debit

We support a range of payment products and solutions that allow our customers to provide consumers with convenient access to funds in deposit and other accounts.

### Prepaid

Prepaid programs involve a balance that is funded prior to use and can be accessed via one of our payment products.

### Commercial

We offer commercial payment products and solutions that help large corporations, midsize companies, small businesses and government entities.

## Value-added offerings

We also provide value-added offerings such as safety and security products, information and analytics services, consulting, loyalty and reward programs, and issuer and acquirer processing.

### Safety and security

We offer integrated products and services to prevent, detect and respond to fraud and cyberattacks and to ensure the safety of transactions made using Mastercard products.

### Processing

We extend our processing capabilities in the payments value chain in various regions and across the globe with an expanded suite of offerings. These include issuer solutions and payment gateways that offer a single interface to provide e-commerce merchants with the ability to process secure online and in-app payments. We also offer value-added solutions and mobile gateways that facilitate transaction routing and processing for mobile-initiated transactions.

### Analytics insights and consulting

We provide proprietary analysis, data-driven consulting and marketing-services solutions to help clients optimize, streamline and grow their businesses, as well as deliver value to consumers.

### Loyalty and rewards

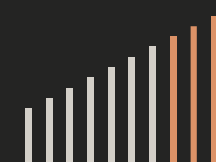
We have built a scalable rewards platform that enables financial institutions to provide consumers with a variety of benefits and services.

# Innovation portfolios

Innovation portfolios define our focus as we explore areas that include AI Solutions, Strategic Growth, New Payment Flows, Provenance, and Digital Payments.



AI  
SOLUTIONS



STRATEGIC  
GROWTH



NEW PAYMENT  
FLOWS



PROVENANCE



DIGITAL  
PAYMENTS



## INNOVATION AND NEW TECHNOLOGIES

At Mastercard, innovation is deeply woven into our company culture. We continuously experiment and explore ways to transform our network, operating models and mindset.

**This keeps us at the frontline of emerging technologies and game-changing trends that cut across our products and services.**

Mastercard Labs is looking to the future today as we pursue transformational opportunities to deliver growth for Mastercard and our customers. We co-create breakthrough solutions with customers beyond the payment, keeping pace with the evolving needs of consumers. Our agile approach enables us to de-risk the development and execution of new products and services, helping to make how we interact

and transact faster, simpler, more convenient and more secure.

We worked on developing products and services that improve payments, supply chain management and pay-as-you-go initiatives leveraging technologies such as artificial intelligence, biometric authentication and blockchain, to name a few.

Guided by principles that foster creativity, collaboration and speed, Labs creates the environment and provides the tools to accelerate innovation for Mastercard and our partners.

## Research and Development

At Labs, the Research and Development team works with cutting-edge technologies, including blockchain, mixed reality and artificial intelligence, to explore the market value of new solutions. Headquartered in Dublin, we bring a truly global focus, with team members from Singapore to Pune, Nairobi, New York and San Francisco.

Our deeply skilled technical team utilizes lean startup principles and agile engineering to validate whether we have a robust solution to an existing problem or a still-unmet need. We then test for the solution's desirability, product-market fit and viability. From there, we look for commercial opportunities and build the framework through transition to full-scale launch. Our team experiments and iterates continuously to help Mastercard and our partners unlock the commercial potential of emerging technologies.

## Innovation Management

Innovation at Mastercard is more than the work of Labs. Every aspect of our organization — from accounting to engineering — needs to think and operate differently to help Mastercard instill an execution mindset across the enterprise. We are building the foundation to foster internal innovators to develop execution skills by implementing tools such as design thinking.

We launched Innovation Week, a five-day global program sponsored by senior executives that featured nearly 200 events. More than 260 ideas were generated by Take Initiative, our global hackathon that brings together cross-functional teams. As we look to the future, our Innovation Management team is developing accelerated work sessions (focused on ideation and commercialization and innovation-as-a-service) to improve the execution and delivery of new products and services.

## Labs as a Service

Our Labs as a Service team works externally with customers to transform their businesses. Since 2015, we have executed on nearly 300 engagements around the world with clients in the airline, banking and retail industries, among others. Our flagship service is Launchpad, a rapid prototyping, rapid-design, co-development sprint, during which our innovation specialists — user experience and interface designers, as well as software engineers — work side-by-side with our clients' product teams to ideate and design new digital products.

With our co-creation methodologies and tools, we help clients reduce product development cycles and compress months of work into shorter time periods. We partnered with a global bank looking to elevate its payments capabilities. We helped it bring a wearable payment product to market in fewer than 10 months. By combining our global expertise with startup agility, we deliver lasting benefits in our pursuit of groundbreaking solutions for customers.



## Start Path

Our deep connection to startups leads to new insights beyond payments. Start Path is our award-winning program that provides support to innovative, later-stage startups. We provide operational scale support and connect these companies to our own Mastercard executives, as well as to leaders from partner financial institutions, the tech industry and global retailers, to create the future of commerce together.

The Start Path team vetted more than 1,400 applicants in 2018 and has partnered with more than 200 global startups over the past five years in areas as diverse as digital identity, health care, security and more. For example, Mastercard is working with MAX, a Nigeria-based motorcycle-share company, to provide digital payment capabilities and installments for typically unbanked riders, enabling riders to purchase motorcycles over time and, as a result, build their credit profiles.

Collectively, the startups in the program have raised more than \$1.3 billion in capital investment.

## Lab for Financial Inclusion

With 1.7 billion adults lacking access to basic financial tools and services, there is a critical need to develop products and services that can help people in underserved communities thrive. The Nairobi-based Mastercard Lab for Financial Inclusion has created groundbreaking solutions to help individuals better manage risk, financially plan for the future and lead empowered lives.

The Lab focused on scaling its solutions across multiple markets. The award-winning Mastercard Farmer Network, which digitizes marketplaces, payments and transactions for farmers, was launched in India in partnership with the Government of Andhra Pradesh. Kupaa, an education payments platform developed with UNICEF, was adopted by more than 300 schools in Uganda. And following a successful pilot in East Africa, Kionect, a multi-sided supply chain platform that enables the growth of unbanked small merchants by efficiently linking them to financial service providers, is poised to scale in Egypt.

With the support of the Bill and Melinda Gates Foundation to support these projects, the Lab brings together Mastercard's innovation and global financial inclusion capabilities under one roof, combining these with local expertise and insight to empower the underserved.

## Provenance

The world is more connected than ever, and cross-border trade in goods and services has grown with technological innovation and the globalization of commerce.

As a result, companies are managing complex supply chains and an ever-growing number of moving parts — raw materials, operational processes, finished products and suppliers. At the same time, consumers and companies alike are increasingly interested in how sustainably and equitably goods are produced and delivered from the factory to the point of sale.

Mastercard's Provenance solution addresses this growing demand by providing the tools to trace a product's provenance, from origin to end consumer. Using our extensive capabilities with blockchain technologies, artificial intelligence, fraud solutions, brand-protection programs and our global networks, we have built a scalable, flexible solution to help companies achieve transparency with their partners while also stopping counterfeit trade, complying with regulations and supporting greater sustainability.

Whether we're partnering with startups, mining innovation from within or piloting new technologies to accelerate business growth, Mastercard Labs is shaping the future of commerce with and for our customers across the globe.

## Tech Hubs

Mastercard Tech Hubs are specialized workplaces designed to create a culture of collaboration and innovation.

These offices in our key markets around the world are staffed with cross-functional innovation teams working in an empowering environment that helps technologists and technologies to thrive.

Our five Tech Hubs — in St. Louis, New York, Dublin, Pune and Sydney — are home to a diverse mix of local, regional and global teams working autonomously and in global alignment to achieve our commitment to operate and deliver "Faster, Better and Smarter."

Our Dublin Tech Hub became home to an AI practice built by Mastercard Labs. The AI practice is focused on leveraging the power of machine learning, predictive analytics and other advanced technologies to improve existing products and develop new products. The team has already applied AI to improve our "Security by Design" methodologies to further upgrade our fraud detection in payments.

Our Sydney Tech Hub opened in a world-class facility that closes the gap among employees and customers, products and development. Among the projects the Sydney Tech Hub has already begun to address are Smart Cities technologies. We are working with Transport for New South Wales to bring contactless ticketing to Sydney Ferries and Light Rail, which will allow commuters, for the first time in Australia, to purchase transit fares via their Mastercard contactless cards or mobile wallets.

## SUSTAINABILITY AT MASTERCARD

As a global company that serves customers in more than 210 countries and territories, we understand how interconnected the world is, and we see firsthand how our commitment to environmental and social responsibility — and our core value of operating ethically and responsibly — is directly connected to our continuing success as a business.

**This understanding is foundational to our approach to sustainability: doing well by doing good. We recognize that Mastercard cannot succeed in a failing world. We thrive when economies thrive, and a successful economy is sustainable only when it is inclusive and when prosperity is shared.**

We envision — and we are working toward — a world in which people are on a path of shared prosperity. The more people join the formal economy and begin to earn, spend and save, the greater our collective economic growth,

and the more the benefits of that growth are widely shared. Doing well by doing good means greater opportunities for individuals and businesses of all sizes, while also creating stronger financial institutions and more effective governments.

To achieve this vision, we must examine our technology, our products and our business models to determine how they can best be applied to improve our social impact. And if we are to make that social impact scalable and sustainable, we must be able to see the commercial benefit of

our investments in this area. That is the root of doing well by doing good — an approach to sustainability that supports Mastercard's business vision and aligns with our strategy.

- **Our vision:** A World Beyond Cash®
- **Our mission:** Every day, everywhere, we use our technology and expertise to make payments safe, simple and smart.
- **Our commitment:** We're committed to being a force for good in the world and to doing well by doing good. As a core component of our strategy, we're conducting business in an open and transparent way, advancing inclusive growth, building an inspired workforce and being good stewards of the environment to create a sustainable future for Mastercard and the world around us.

**A SUCCESSFUL  
ECONOMY IS  
SUSTAINABLE  
ONLY WHEN IT IS  
INCLUSIVE AND  
WHEN PROSPERITY  
IS SHARED**



## Materiality and our focus areas

**To help determine the priority areas for Mastercard's sustainability work, in 2016 we conducted a materiality analysis in partnership with Business for Social Responsibility (BSR), a global nonprofit business network and consultancy dedicated to sustainability. We prioritized topics across two dimensions: their influence on our business success and their importance to our external stakeholders. We also conducted a current-state assessment that helps us understand how we are managing our priorities.**

Informed by this assessment, as well as by our ongoing engagement with stakeholders, we focus on four priority areas, each of which includes several topics:

### **Inclusive Growth**

We combine expertise, data, technology and philanthropic investments to empower those working on the front lines of inclusive growth. We bring together businesses, governments, academic institutions and nongovernmental organizations to create new models of collaboration that ignite inclusive growth.

### **Inspired Workforce**

At Mastercard, our industry expertise is enhanced by the diverse insights of our global workforce. Our dedication to cultivating an environment for all employees that respects their individual strengths, views and experiences drives a global and collaborative culture of inclusion.

### **Environmental Stewardship**

We understand the importance of addressing environmental sustainability and have undertaken a variety of initiatives regarding greenhouse gas emissions, real estate, energy, landfill diversion and transportation, as well as products and services.

### **Ethical and Responsible Standards**

Ethics and compliance are embedded in our core values, and we take a proactive approach to conducting business in a trusted and transparent way. Mastercard fosters sound governance through an independent board structure and robust risk and compliance programs.

**Mastercard believes it is good practice to internally review our material issues each year, as we have this year with our partner BSR.**

In addition, every few years we plan to conduct a more formal materiality refresh that will involve a variety of external and internal stakeholders.

**WE SET PUBLIC SUSTAINABILITY TARGETS AND FORGED PARTNERSHIPS TO FURTHER OUR SUSTAINABILITY WORK**



SUSTAINABILITY GOVERNANCE

Sustainability at Mastercard is driven from the top by our Board of Directors and CEO.

The Nominating and Corporate Governance Committee of our Board of Directors considers issues significant to the company with respect to corporate social responsibility and diversity initiatives, as well as any concerns raised by stockholders.

Other topics included in this report that are the subject of presentations to the Board and its committees by senior executives include risk management, diversity, our environmental initiatives and more.

Our senior management team works together to support our culture of doing well by doing good across the organization, advancing our global sustainability efforts. This includes understanding how we can best engage with our customers and others in the payments ecosystem to address broader social issues in a constructive way.

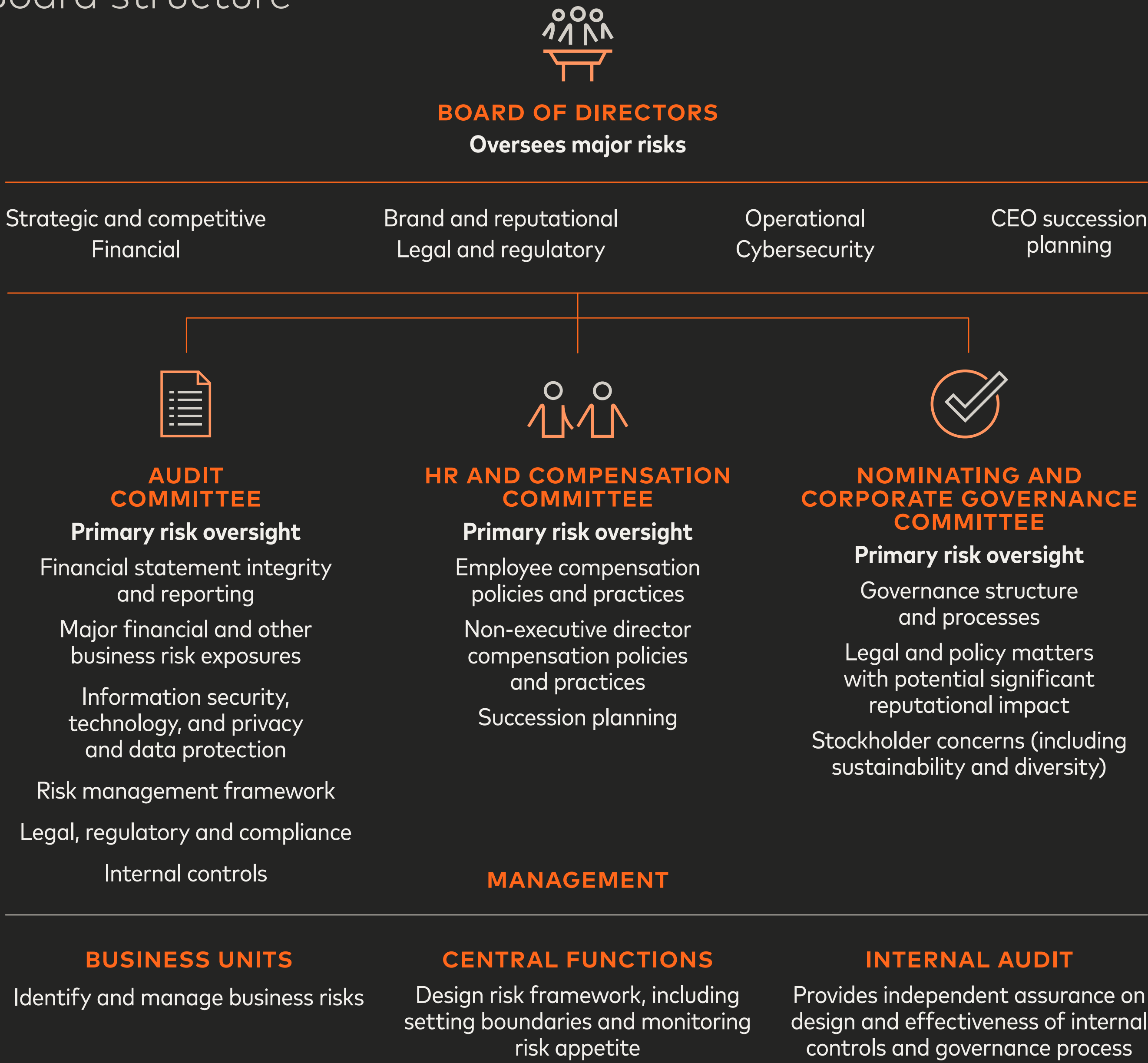
Mastercard appointed our first Chief Sustainability Officer (CSO). Tasked with integrating sustainability initiatives across business units and leveraging them as enterprise-wide drivers

of growth, the CSO reports to the Vice Chairman and President of Strategic Growth, who reports directly to the CEO. Mastercard has set public sustainability targets and forged partnerships to further our sustainability work.

For example, we launched the Greener Payments Partnership with three of the industry's leading card manufacturers to develop environmental best practices and reduce first-use polyvinyl chloride, or PVC, in card manufacturing. Mastercard also proudly joined Queen Máxima of the Netherlands' CEO Partnership for Economic Inclusion, a United Nations initiative intended to grow sustainable private-private financial inclusion efforts. And we partnered with IBM to launch Trūata, a data trust working to anonymize data while providing General Data Protection Regulation (GDPR)-compliant analytics services.

These partnerships guide us as we work to create a comprehensive approach to sustainability, articulating that approach in a clear, unified way.

Board structure



## Awards

Mastercard is honored to have earned recognition for our **environmental, social and governance work**.

We received the following sustainability recognition, among others listed in the relevant chapters of our report:



**Dow Jones Sustainability**  
North America Index

**FTSE**  
4Good Index

**Fortune**  
World's Most Admired Companies

## STAKEHOLDER ENGAGEMENT

At Mastercard, we welcome the views of diverse stakeholders, internal and external, who serve as key partners in identifying the environmental, social and governance issues that are most material to our business, and where we can make the biggest impacts.

## Stakeholders

We regularly engage with these stakeholders to ensure that we understand their views and sustainability concerns. Some of Mastercard's key stakeholder categories include:

- Civil society organizations
- Employees
- Financial institutions, merchants and other business partners
- Governments
- International organizations
- Investors
- Regulators

## Memberships

In addition to our broad community of stakeholders, Mastercard is an active participant in a number of sustainability membership organizations and peer networks focused on environmental, social and governance topics.

Our membership in these groups allows us to learn from other companies' sustainability efforts and share our own best practices with our peers. Our memberships include:

- BSR
- CECP
- Conference Board
- Corporate Eco-Forum
- Global Reporting Initiative
- GreenBiz Executive Network
- Green Lease Leaders
- Sustainability 50 (part of World 50)
- Sustainability Council
- Sustainable Brands
- Sustainable Purchasing Leadership Council
- UN Global Compact
- U.S. Green Building Council

## Financial inclusion partnerships

**Core to our business objectives, as well as our sustainability initiatives, is our work to connect the underbanked and unbanked to formal financial services as a way of driving shared economic growth.**

Mastercard is involved in a number of partnership efforts that approach financial inclusion through financial innovation, policymaker and key-stakeholder engagement, financial education, philanthropy and academic research. Our partnerships include:

- Alliance for Financial Inclusion
- Better Than Cash Alliance
- CEO Partnership for Economic Inclusion
- G20 Global Partnership for Financial Inclusion
- International and regional development banks
- International Finance Corporation
- International Telecommunication Union
- United Nations agencies
- World Bank Group
- World Economic Forum

## Supporting the UN Sustainable Development Goals

**Our business goals and the UN Sustainable Development Goals (SDGs) are inextricably linked.**

Our technology, expertise and approach to partnership are helping drive implementation and scale for the global goals, while advancing our mission to create a more inclusive economy. In active support of these goals, we have programs in more than 60 countries designed to reach the financially excluded.



**Mastercard is most closely addressing these goals:**

### **1. Zero Hunger (Goal 2), Good Health and Well-Being (Goal 3) and Quality Education (Goal 4):**

Mastercard and the World Food Programme are working together to reverse the cycle of hunger and poverty. We are connecting Mastercard's partnership network and digital innovation with the World Food Programme's work in providing vital food assistance and resilience-building programs to vulnerable communities. We contributed 33 million meals as part of our commitment to provide 100 million meals in total through partnerships with NGOs and our customers around the world that raise visibility for the cause and incentivize donations. Our partnerships have enabled us to further support health and education improvement initiatives globally. (Read more on [page 37](#).)

### **2. Gender Equality (Goal 5):**

Mastercard's signature STEM education platform, Girls4Tech, was created to inspire girls to pursue STEM careers and help narrow the gender gap in technology fields. Since the program launched in 2014, we have reached more than 400,000 girls and are well on our way to achieving our goal of reaching more than 1 million by 2025. (Read more on [pages 33 and 54](#).)

### **3. Decent Work and Economic Growth (Goal 8):**

One way we are lifting individuals out of poverty and supporting the overall economic growth of local communities is through the Mastercard Farmer Network. This mobile platform digitizes agriculture marketplaces, payments and workflows, providing farmers an easy and secure way to buy, sell and receive payments for agricultural products through their feature phones. (Read more on [page 30](#).)

### **4. Sustainable Cities and Communities (Goal 11):**

Through City Possible, a new public-private partnership model powered by Mastercard, participating cities can access a network to identify shared challenges and seek sustainable business models to address them. City Possible provides a framework to co-create, pilot and scale solutions, connecting cities with private-sector players that are equally committed to people-centered design. (Read more on [page 74](#).)

### **5. Partnerships for the Goals (Goal 17):**

In partnership with Unilever, Mastercard is unlocking growth for micro-merchants through an innovative digital supply chain platform. Our Jaza Duka system (Swahili for "fill up your store") helps shopkeepers use their purchasing history — rather than the formal credit history or collateral that lenders normally require — to access microcredit. This frees them to buy and sell more goods, opens doors to other financial service products in the future and helps entrepreneurs avoid needing to borrow from informal lenders at high interest rates, which can trap them in a cycle of debt. Jaza Duka is one example of how Mastercard is developing new models of partnership for commercially sustainable social impact. (Read more on [page 31](#).)



## ABOUT THIS REPORT

This report covers the 2018 fiscal year, spanning Jan. 1 to Dec. 31, 2018. In some cases, we include data and information about programs and activities relevant to our corporate sustainability priority areas that occurred in the 2019 fiscal year, as noted.

### Report scope

Unless otherwise noted, the information in this report covers Mastercard's global operations. Our corporate sustainability report focuses on our efforts in four key areas as noted in the highlights and presented in greater detail throughout the report.

- **Inclusive Growth**
- **Inspired Workforce**
- **Environmental Stewardship**
- **Ethical and Responsible Standards**

In selecting content for inclusion in our 2018 report, we used the Global Reporting Initiative (GRI)'s reporting principles of materiality, sustainability context and stakeholder inclusiveness and completeness, as well as the UN Sustainable Development Goals. This report was prepared in accordance with the GRI Standards: Core option.

An index of the relevant GRI disclosures can be found on [page 94](#).

### Reporting history and frequency

Mastercard published its first corporate sustainability report in 2018, documenting the 2017 fiscal year and presenting highlights from our long-standing sustainability efforts. Previously, Mastercard had reported on our commitment and approach to sustainability via our website, our annual proxy disclosure, Carbon Disclosure Project (CDP) and other sources.

As we continue our journey of innovation, transformation and leadership, we regularly review our strategy and approach to corporate sustainability. This ongoing analysis helps us to identify and prioritize the issues relevant to our business and our stakeholders. Our materiality analysis with BSR and the priority areas identified in that process were incorporated in the approach and content of this report.

### External assurance

Mastercard did not employ an external agency or organization to audit the contents of this report. However, certain elements of our external disclosures have gone through external independent assurance.

This includes calculations of our greenhouse gas (GHG) emissions and reduction targets. The assurance letters are included in this report on [page 93](#). Information about our business and financial performance is provided in our 2018 annual report and quarterly Securities and Exchange Commission filings. Please direct questions on this corporate sustainability report or topics relating to our corporate responsibility activities to [sustainability@mastercard.com](mailto:sustainability@mastercard.com).

# INCLUSIVE GROWTH



## OUR APPROACH

At Mastercard, we envision a world in which economic growth is inclusive and sustainable and the digital economy works for everyone, everywhere. As the global economy increasingly goes digital, all people should have access to the tools and the networks that are key to their prosperity.

Inclusive growth is an imperative for every individual, from farmers in the developing world to gig workers in global cities, as well as for small and micro-businesses striving to grow and create jobs.

**Inclusive growth is equally important to communities, from towns working to attract investment in distressed neighborhoods to villages still in need of electricity. By creating scalable solutions for sustainable and inclusive economic growth, we can build pathways to a more secure future for all people.**

## Refining our inclusive growth strategy

**We pulled together a number of different efforts across the organization to form Mastercard Strategic Growth, which spans from the purely commercial to the fully philanthropic, to further our commitment to pursue commercially sustainable social impact.**

To achieve the most impact, we embarked on an initiative to refine our inclusive growth strategy. The Mastercard Center for Inclusive Growth led the process, engaging leaders from government, nongovernmental organizations, philanthropy, academia, civil society and business to examine how such issues as digitization, economic growth, income inequality, changing demographics, urban migration and the changing nature of work create challenges and opportunities for inclusive growth.

The process revealed four key pillars where Mastercard could have the greatest impact:

- 1. Moving individuals toward greater financial security,** building on our long-standing financial inclusion efforts, to ensure that all people have access to the tools and resources they need to thrive in the digital economy.
- 2. Improving how communities drive economic development** by harnessing our technology and data science expertise to help attract investments that can have the most significant positive impact on communities, helping ensure that growth is inclusive.
- 3. Helping people navigate today's rapidly changing economy** so that, as the nature of work changes, all people have access to tools that facilitate their transition among places, positions and careers.
- 4. Leveraging the power of data science for good** by increasing the capacity of social sector organizations and government to solve systemic problems with data tools and insights.

## OUR INCLUSIVE GROWTH EFFORTS SPAN FROM THE PURELY COMMERCIAL TO THE FULLY PHILANTHROPIC

### Driving impact in 2018 and beyond

We used our refined strategy to guide our ongoing investments in inclusive growth. The pages that follow highlight our progress.

Looking ahead, we also see the urgency in mobilizing other purpose-driven companies to achieve our shared vision. Through partnerships with others in business, we can apply our collective resources and move at speed and scale to create additional pathways for inclusive growth.

## CEO Partnership for Economic Inclusion

**Mastercard joined the newly created CEO Partnership for Economic Inclusion, which is led by the UN Secretary-General's Special Advocate for Inclusive Finance for Development, Queen Máxima of the Netherlands.**

Through this collaboration, 10 multinational companies are partnering to expand and accelerate financial inclusion initiatives for underserved people in rapidly emerging economies. We are excited about the opportunities to advance economic inclusion through this partnership, which includes Mastercard's work with Unilever. (Read more on [page 31](#).)

## MASTERCARD'S COMMITMENT TO INCLUSIVE GROWTH

### 2011–2013

#### EARLY AGENDA-SETTING

- Established Mastercard's Center for Inclusive Growth
- Launched "Cost of Cash" studies
- Co-chaired the World Economic Forum's financial inclusion steering committee

### 2014–2015

#### DEMONSTRATING COMMITMENT

- Announced the Mastercard Lab for Financial Inclusion with the support of the Bill and Melinda Gates Foundation
- Announced goal to provide access by 2020 to 500 million people previously excluded from financial services

### 2016–2017

#### BREAKTHROUGH LEADERSHIP

- Led first public session on financial inclusion at Davos
- Launched the Jaza Duka partnership with Unilever to help micro-merchants
- Piloted Mastercard Farmer Network and Kionect
- Built Mastercard's Quick Response (QR) partnerships to bring the technology to Africa

### 2018

#### DRIVING IMPACT

- Pledged \$500 million for inclusive growth
- Established the Mastercard Impact Fund
- Kicked off the CEO Partnership for Economic Inclusion with Queen Máxima of the Netherlands
- Partnered with Accion to unlock growth for millions of small and micro-businesses
- Mastercard Lab for Financial Inclusion launched Kupaa in Uganda
- Created inaugural Data Fellows program

## Our inclusive growth initiatives



Center  
for Inclusive  
Growth

Several institutions underpin our inclusive growth strategy and impact.

### Mastercard Center for Inclusive Growth

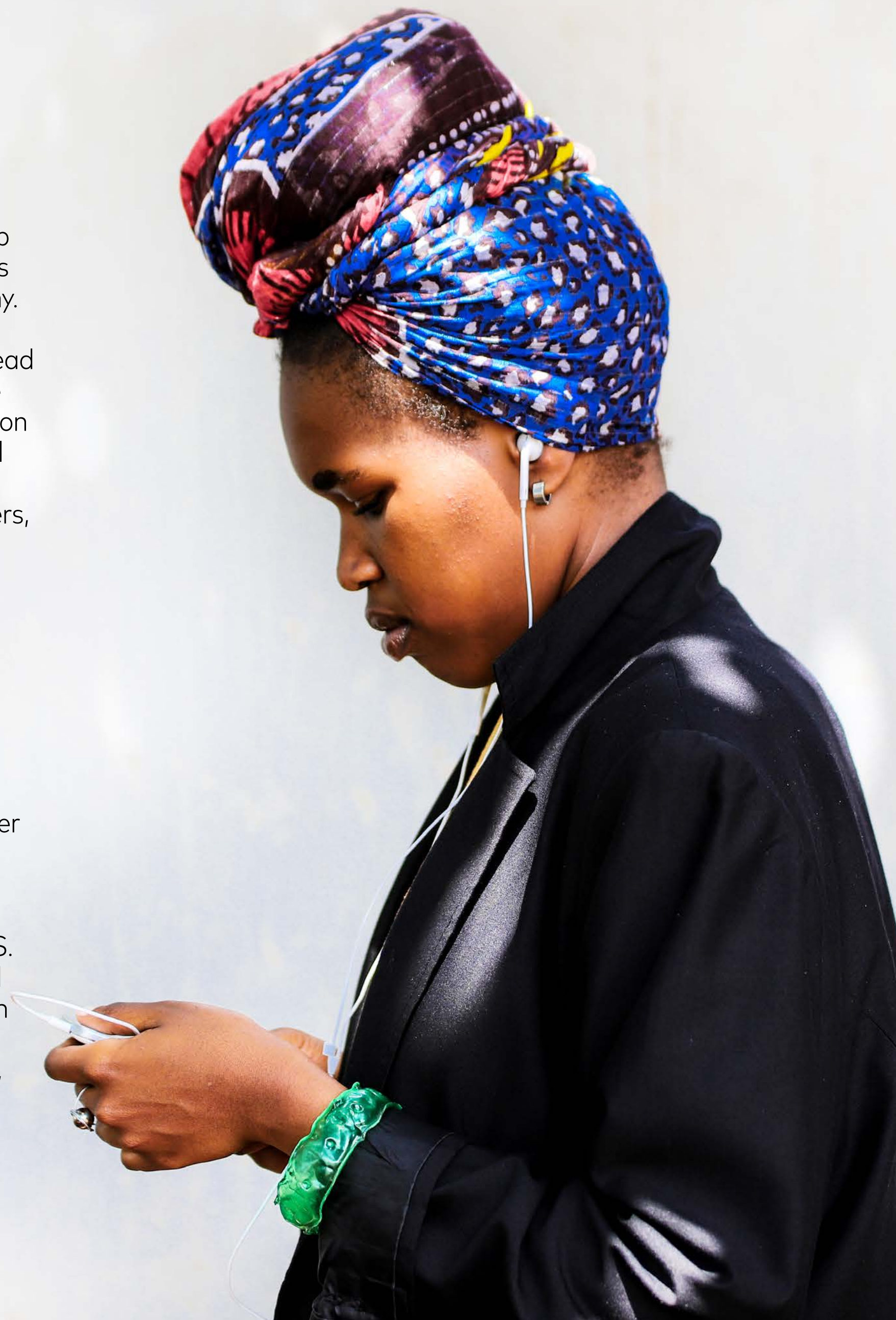
Established in 2013, the Center leverages the company's data, technology and expertise to catalyze action on inclusive growth through research, programs, data philanthropy and engagement. To date, the Center has collaborated with more than 50 research organizations and fellows and invested in programs reaching more than 575,000 people in 17 countries. The Center's ongoing initiatives are focused on furthering the financial inclusion and security of individuals, connecting small and micro-businesses with the tools and resources they need to grow, equipping policymakers and community leaders with data-driven insights to inform economic development, and accelerating the use of data science in the nonprofit and public sectors. The Center has led the practice of responsible data philanthropy, working with partners and scholars to develop insights that support smart policy and NGO strategies to advance social impact.

### Mastercard Lab for Financial Inclusion

Created in 2014 and located in Nairobi, the Lab seeks to create groundbreaking solutions to help individuals and micro-merchants benefit from the digital economy. Current projects include the Mastercard Farmer Network (read more on [page 30](#)), Kupaa (more on [page 29](#)) and Kionect (more on [page 28](#)), which facilitate digital payments and other solutions that respectively support farmers, parents of schoolchildren and small-scale merchants. With the support of the Bill and Melinda Gates Foundation to support these projects, the Lab brings together Mastercard's innovation and global financial inclusion capabilities under one roof, combining these with local expertise and insight to empower the underserved.

### Mastercard Impact Fund

In part due to the benefits of U.S. tax reform, Mastercard pledged \$500 million for inclusive growth and established the Mastercard Impact Fund. To date, the Fund, which is administered by the Mastercard Center for Inclusive Growth, has committed more than \$40 million in grants.



## Our New Mastercard Impact Fund

We created the Mastercard Impact Fund to promote long-term inclusive economic growth around the world.

Highlights of Fund grants committed to date include:

**DataKind:** The Fund will support DataKind's efforts to enhance the use of data science and artificial intelligence by nonprofit organizations and governments for social impact. (This grant is part of the Mastercard Center for Inclusive Growth's new partnership with the Rockefeller Foundation, which is described in more detail on [page 34](#).)

**Accion:** The Fund will help Accion digitize and modernize financial service providers serving small and micro-businesses. This initiative is intended to help up to 10 million people scale their businesses.

**Business for Social Responsibility (BSR):** The Fund will help BSR expand financial inclusion and security for workers in garment supply chains, especially women. BSR's efforts include supporting the transition to digitized wages and advancing women's economic empowerment in seven countries, starting with Bangladesh, Cambodia and Egypt.



### Mastercard Foundation

Created in 2006, at the time of Mastercard's initial public offering, when the company gifted 10 percent of its shares to pioneer an independent model for philanthropy. Its assets have grown to exceed \$30 billion, making it one of the world's largest foundations. In 2018, the Foundation received \$112 million in stock dividends from Mastercard to support its ongoing efforts. To date, the Foundation has committed \$2.2 billion to programs that are improving the lives of 33 million people<sup>1</sup> living in poverty. Today, it works in 29 African countries, with 118 active partners.

<sup>1</sup> Direct outreach is defined as the number of beneficiaries directly reached through the Mastercard Foundation's program activities. The variety of methodology and measurement tools used to calculate direct outreach reflects the different types of programming interventions undertaken by the Foundation. Its programming areas include education and learning, youth livelihood and financial inclusion, with direct outreach in each of these programming areas respectively totaling 124,000 people, 3 million people and 30 million people. Since the Foundation's inception, an aggregate 33.1 million beneficiaries were directly reached.

## Mastercard Foundation highlights

### Key 2018 accomplishments include:

- The launch of the Young Africa Works strategy to enable 30 million young people, especially young women, to secure dignified and fulfilling work by 2030.
- The opening of an office in Kigali, Rwanda, and the co-creation of two initiatives with the Rwandan government: Hanga Ahazaza ("create the future" in Kinyarwanda), which will increase employment opportunities for young people in the tourism and hospitality industry, and Leaders in Teaching, which is to develop passionate, skilled teachers and prepare them to deliver high-quality secondary education.

To date, the Mastercard Foundation Scholars Program, an education- and leadership-development program supporting Africa's next generation of leaders, has committed 35,000 scholarships. The program enables students whose talent and promise exceed their financial resources to complete their education at universities in Africa, Europe, North and South America, and the Middle East. The majority of the scholars are young women.



## Financial inclusion goals and performance

We are dedicated to increasing the opportunity for individuals and small and micro-merchants to achieve financial security and greater prosperity. Since 2011, the number of adults excluded from the financial system has dropped by nearly a third, to 1.7 billion.

Together with our partners, we have reached **more than 400 million people** previously excluded from financial services toward the goal of providing access to **500 million by 2020**.

"Over the next decade, how can Mastercard be an even greater force for good than we are now? How can we play a role in rebuilding trust in corporations and other institutions? How can we put even more of the talent and treasure of this company to work in not only building profits, but building a better world?"

**Ajay Banga,**  
president and CEO, Mastercard

## SOLUTIONS FOR INCLUSION

When it comes to inclusion, there is a need for solutions that bring together innovative technology, business models and ecosystems.

We partner with customers, technology and telecommunications companies, governments and international organizations to create solutions that advance financial inclusion — helping consumers access basic financial services, helping merchants run their businesses more efficiently, helping small-enterprise owners gain access to credit and helping governments manage critical social services.



"We are focused on using our products, technology, expertise and understanding of ecosystems to ensure that the digital economy delivers on the goal of inclusive growth."

**Michael Froman,**  
vice chairman and president of  
Strategic Growth, Mastercard

# WE HELP CONSUMERS ACCESS BASIC FINANCIAL SERVICES **AND MERCHANTS** **RUN THEIR BUSINESSES** **MORE EFFECTIVELY**

Kionect:  
a technology  
platform to help  
micro-merchants  
grow their  
businesses

**Around the world, micro-, small and medium-size enterprises account for 90%<sup>2</sup> of all businesses, including approximately 162 million businesses in emerging markets.<sup>3</sup> These businesses are key drivers of economic growth, yet many are stuck in the cash economy, making it difficult for business owners to access credit and grow their businesses.**

In emerging markets, many micro-merchants — small-scale traders with kiosks — rely on informal business systems, typically buying wares from wholesalers with cash and receiving cash payments from customers. This reliance on cash limits their ability to grow and build the credit history needed to access formal financial products.

This cash-based system also makes it more challenging to capture data of quality. Data on consumer demand and purchases can improve decision-making and efficiency, and can help financial institutions create and tailor products and services that help micro-merchants grow their businesses. Data also allow consumer goods companies to offer incentives and rewards targeted directly to micro-merchants.

The Mastercard Lab for Financial Inclusion created the supply chain platform Kionect to connect micro-merchants, suppliers and financial institutions. Kionect offers financial institutions better data to extend credit to micro-merchants, who use that credit to buy more stock from their suppliers, better serve their customers and grow their businesses. We enhanced Kionect to become a functional working-capital credit platform to be rolled out in several markets in the coming years.

<sup>2</sup> United Nations. Micro-, Small and Medium-sized Enterprises Day.

<sup>3</sup> International Finance Corporation. (2017). MSME Finance Group: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets.



## Kupaa: digitizing school payments in Uganda

**Mastercard Lab for Financial Inclusion launched Kupaa, a digital platform that helps families in Uganda make school payments. Kupaa is implemented in partnership with the Ugandan Ministry of Education and Sports, UNICEF Uganda and Yo Uganda.**

Kupaa (which, in Swahili, means “to fly high”) reduces inefficiencies and increases the security of school payments by digitizing payments and information flow between schools and parents and by enabling access to such education-related products as loans for school fees and insurance. To register, students and parents are given a unique identifier that Kupaa uses to track payments and other student-related actions.

The platform delivers benefits to parents, schools and the government. Parents are able to receive Kupaa updates by SMS, while schools access the system via an app. The platform also has a government dashboard for a ministry of education to track teacher attendance, see grants and view aggregated student enrollment data to inform policymaking.

To date, Kupaa is available in six school districts, reaching more than 400 schools with nearly 175,000 students; more than 115,000 parents and guardians have used the platform.

## Wellness Pass: using our technology to improve health outcomes

**We announced a global partnership with GAVI, the Global Alliance on Vaccine Innovation, to use our technology to digitize vaccination records in developing countries in a safe and secure manner.**

This is part of a larger effort to digitalize the base of the pyramid, creating an infrastructure and ecosystem that can provide access to the digital economy and help governments, multilateral organizations and NGOs more effectively deliver critical services to marginalized individuals and communities.

## Leveraging our payment technology to make access to clean energy and water affordable

**We are partnering with M-KOPA, initially in Uganda, to provide affordable solar energy services, using a “pay-as-you-go” model and Mastercard’s Quick Response (QR) payment technology.**

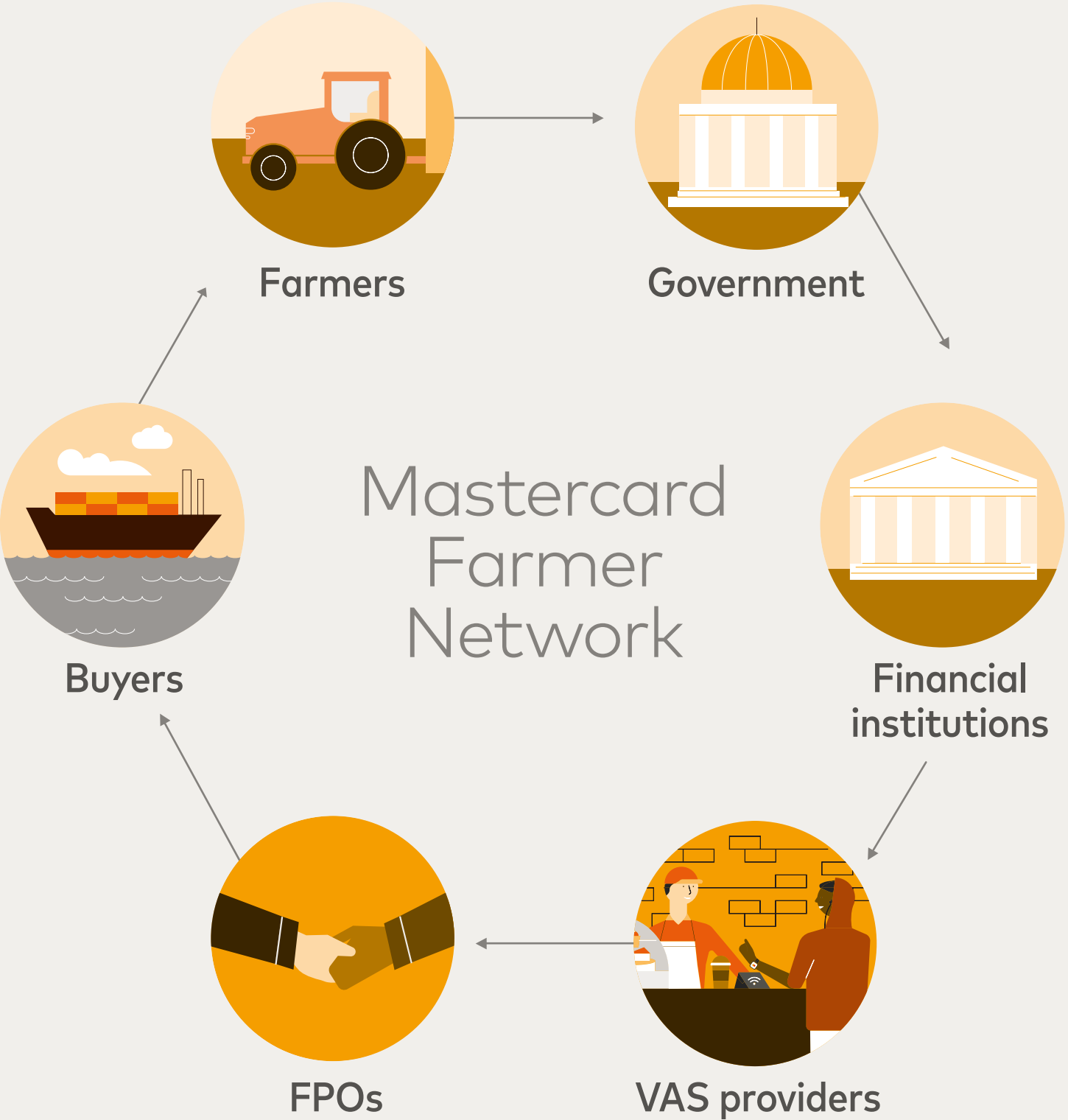
Our PayGo API solution combines low-cost QR technology — an open and interoperable technology — with the “internet of things” (IoT), allowing customers to make secure, efficient payments from their mobile phones to access necessities like clean energy and water, while building a credit record. (Read more about how we’re applying this technology toward “pay-as-you-go” environmental solutions on [page 72](#).)

# Mastercard Farmer Network: helping farmers leverage digital tools

The Mastercard Lab for Financial Inclusion created the Mastercard Farmer Network to provide smallholder farmers with a simple digital platform to gain access to agriculture markets and formal financial services, including payments and financial histories. Not only does this help smallholder farmers and their families fulfill their aspirations, the Mastercard Farmer Network facilitates greater efficiency in the agriculture value chain.

We launched Mastercard Farmer Network with the International Center for Tropical Agriculture (CIAT) in Uganda, the Government of Andhra Pradesh in India and the National Microfinance Bank (NMB) in Tanzania. To date, more than 275,000 farmers have been registered on the Mastercard Farmer Network.

## Mastercard Farmer Network: who's involved and how they benefit



### FARMERS

Extends access to new markets and new buyers. Creates a digital transaction history so farmers can access credit. Also supports transparent pricing, so farmers get more value for their crops.

### BUYERS

Reduces sourcing costs through a direct sourcing platform. Helps buyers build strong relationships with producers to better understand the availability of produce. Provides data and analytics for buyers to better manage their businesses.

### FARMER PRODUCER ORGANIZATIONS (FPOs)

Increases FPOs' services for members. Allows FPOs to help farmers increase profits and helps build more sustainable FPOs.

### GOVERNMENT

Provides near-real-time visibility of transactions across the value chain, supporting the development and implementation of effective policies.

### FINANCIAL INSTITUTIONS

Helps financial institutions make better decisions about issuing credit via greater visibility of data. Lowers transaction costs for the delivery of financial services.

### VALUE-ADDED SERVICE PROVIDER

Provides an accessible platform to scale services through an installed customer base for selling products and services.



## Digitizing payments for smallholder farmers

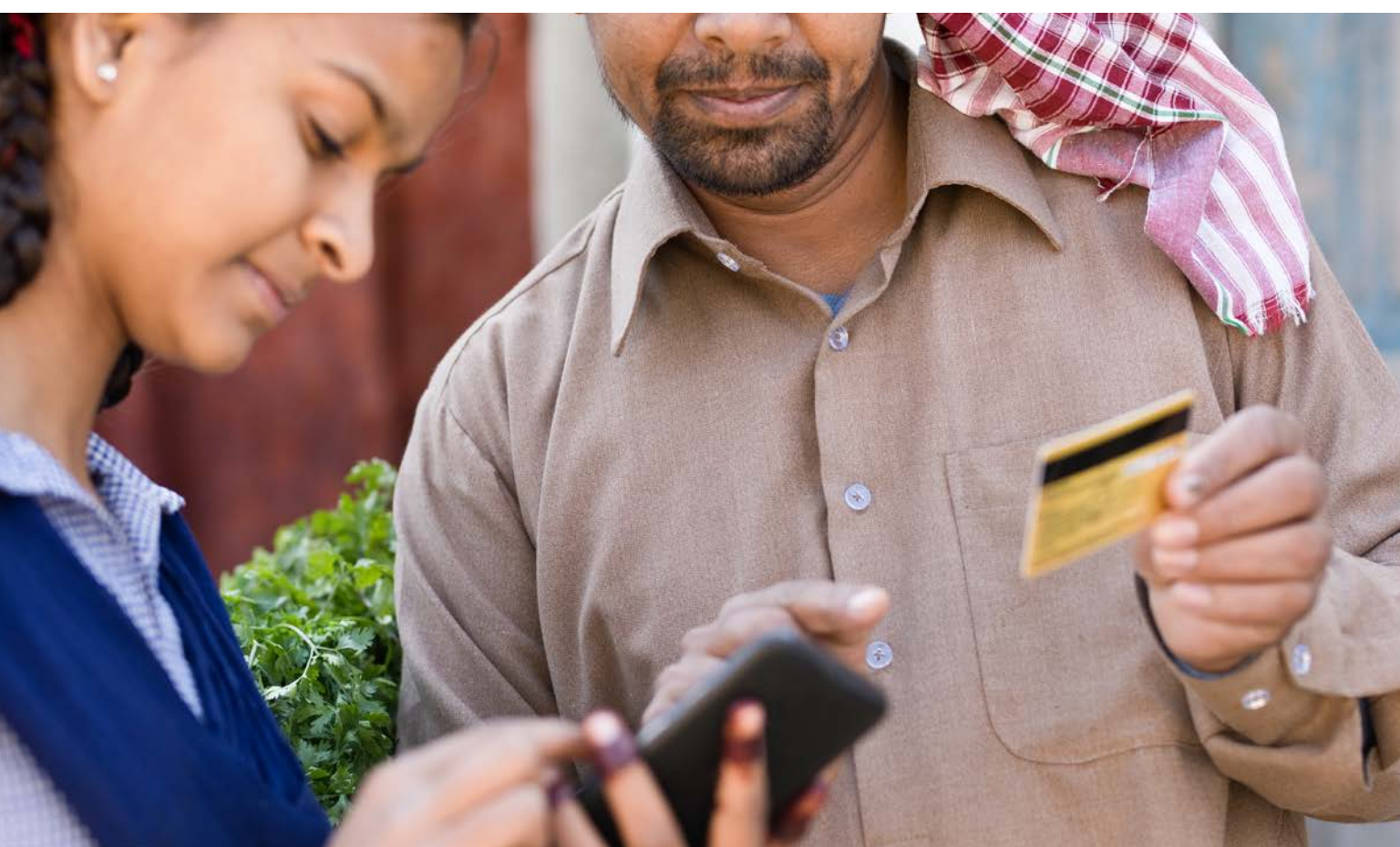
**We announced our global partnership with the Neumann Kaffee Gruppe, one of the world's largest coffee trading groups, to digitize payments and enhance financial inclusion and transparency in the company's supply chain. Together, we aim to position coffee production as a main driver of an inclusive economy, creating a source of long-term income for growers and securing a sustainable supply of coffee for the company.**

Many farmers rely on cash systems, which creates risks of loss or theft and reduces farmer access to better pricing, as well as to financial products and services that could help them weather tough times and build their businesses.

We collaborated with Neumann Kaffee Gruppe's Mexican subsidiary, Exportadora de Café California (ECC) on a pilot program called Café Paga, which gave an initial pilot of 150 farmers in Chiapas access to a safe, secure account.

The digital payment system reduces cash leakage, improves the transparency of payment flows and allows farmers to earn up to 10% more for their product. We also brought on a local payment facilitator, Qiubo, to offer micro-merchants a way to accept digital payments and offer services such as cashback, bill payments and mobile phone top-ups in the places the coffee growers live and work.

As part of this partnership, the Mastercard Center for Inclusive Growth is also supporting the farmers with financial-literacy training. With our support, Fundación Capital is giving farmers the financial tools and education they need to use digital financial products and develop new behaviors that will help them achieve financial security. Our goal is to replicate and scale the approach in other regions.



## Jaza Duka: financing for small businesses in Kenya

**In Kenya in 2017, we began a partnership with Unilever and KCB Bank to provide low-interest credit to shopkeepers and to digitize Unilever's supply chain. Jaza Duka ("fill up your store" in Swahili), the program prototype for our Kionect development, helps KCB Bank assess credit risk and provide shopkeepers with digital credit and accounts, which run on the Mastercard network. It also helps Unilever expand its distribution. Since launch, more than 15,000 shopkeepers have registered to buy their products through the program.**

A key element of the program is equipping merchants with basic financial knowledge, including the importance of using their credit responsibly. With this in mind, the Mastercard Center for Inclusive Growth partnered with the nonprofit TechnoServe, which gives micro-merchants in-person training on topics such as financial and credit management, merchandising and other business operational skills. In 2017 and 2018, this training reached nearly 5,000 merchants, more than half of them women. As a result of the program, shopkeepers who were trained have reported an average increase in daily revenue of nearly 20%.

To expand the training program, we are using digital training models, including SMS-based platforms. Mastercard is committed to scaling the program with other consumer goods companies across several emerging markets. This will give shopkeepers a wider choice among financial propositions, training programs and other benefits.

## FINANCIAL LITERACY

Education about the financial products and services and how to use them is an important component of any inclusive growth strategy. As a key part of our financial inclusion efforts, we develop, lead and sponsor financial literacy programs for consumers and small-business owners.

## Mastercard Academy

**For more than 25 years, Mastercard Academy has educated 30,000 people annually about the payments industry and technology.**

With more than 600 courses, the program strengthens the understanding of topics such as financial technology, digital payments, fraud, risk management and regulation for industry professions and our stakeholders. Courses are offered in local languages, and Academy attendees can choose from in-person or online courses, via our Academy On The Web platform. We also partner with local universities and institutions to enrich their curriculum and host technology conferences featuring trainings, hands-on technology demonstrations and networking.

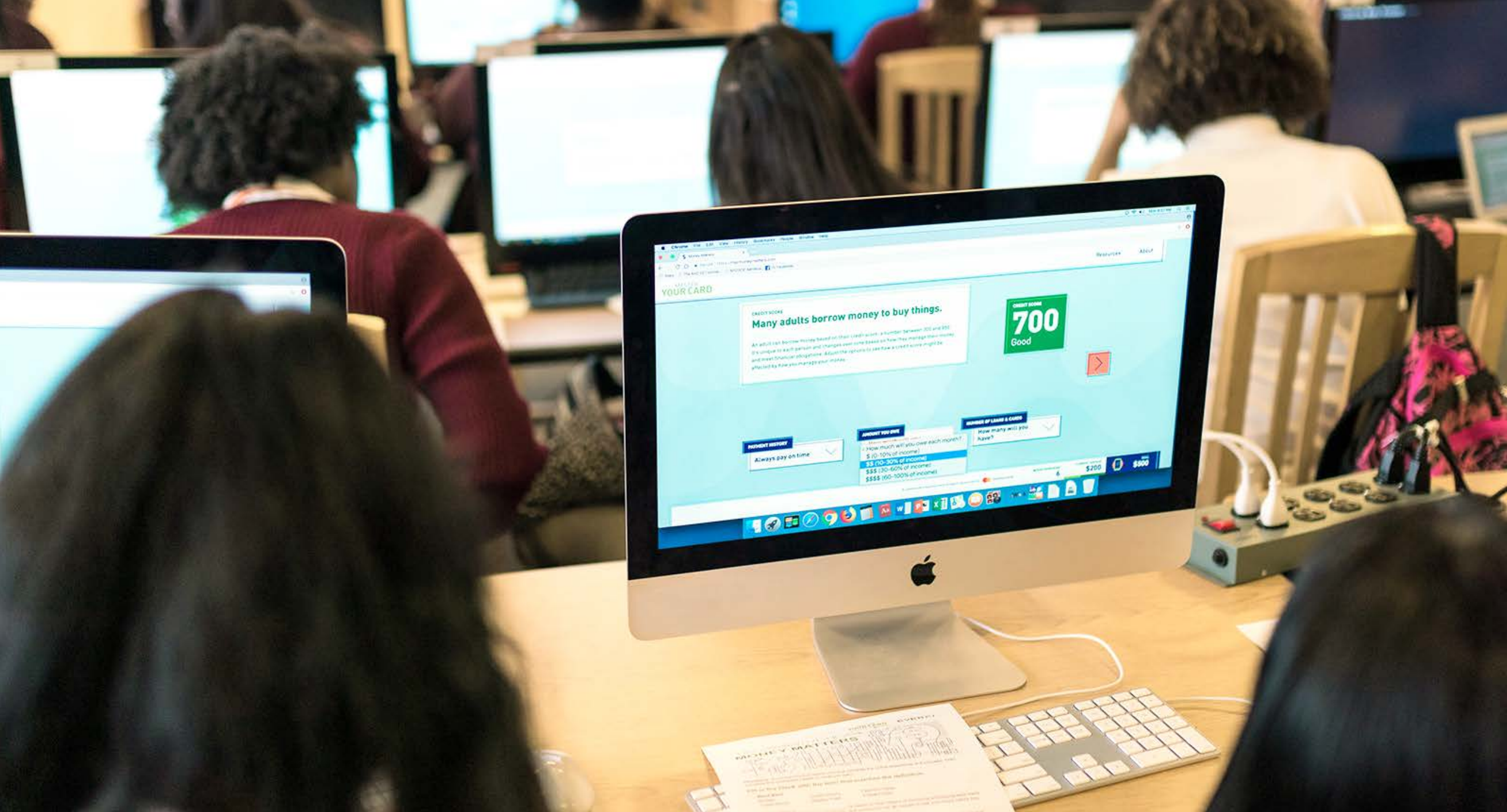
## Master Your Card

**Since Master Your Card launched in 2011, Mastercard has collaborated with more than 120 community partners across the United States around our shared goal: driving understanding of electronic payments and financial security through access to educational programs. We are focused on working with people of all ages, as well as new business owners, to feel empowered to use technology to make the most of their money.**

Through the support of our dedicated Mastercard employees, Master Your Card has participated in hundreds of events to deliver training and capacity-building sessions in partnership with community organizations, local governments and other civic groups. In 2018, Master Your Card presented 17 financial literacy workshops and training sessions to more than 2,500 people in diverse communities.

We also believe that partnerships with key national stakeholder groups afford us the opportunity to educate and align on policy issues of importance to the various constituency groups and customers we serve. For example, Mastercard is a corporate partner of the National Urban League, focusing on economic empowerment, equality, workforce development, criminal justice and education. We work collaboratively to address issues of importance to urban communities, including the future of work, financial inclusion, stem education, and recruitment and retention.

By the end of the 2018-19 school year, we also reached more than 30,000 students in more than 400 public schools through our partnership with the leading U.S. education-technology company, EVERFI Inc., providing financial education to students at no cost to schools or taxpayers. Through the program, which is now in its third year, we have been able to teach students about money management and electronic payments, helping set their foundation for a sound financial future.



## Girls4Tech

Mastercard is helping to narrow the gender gap in science, technology, engineering and math (STEM) education through our signature Girls4Tech program with a goal of reaching more than 1 million by 2025. As of the fifth anniversary of Girls4Tech in April 2019, the program had reached more than 400,000 girls aged 8 to 12 in 25 countries, and it has engaged more than 3,500 employee mentors worldwide. The program has been translated into 11 languages.

We built this fun, hands-on, inquiry-based curriculum around global science and math standards to inspire young girls to pursue STEM careers. Developed by our leading technologists and curriculum experts, Girls4Tech incorporates Mastercard's deep expertise in payments technology and innovation and gives girls a window into our work, focused on encryption, fraud detection, data analysis, network innovation and digital convergence. In 2018, Mastercard hosted more than 75 events at which our employees served as educators, role models and mentors.

**GIRLS4TECH HAD  
REACHED MORE  
THAN 400,000 GIRLS,  
WITH A GOAL OF  
REACHING MORE  
THAN 1 MILLION  
BY 2025**

To scale the program, we have partnered with Scholastic, Be Better China, Singapore Committee for UN Women and the Network for Teaching Entrepreneurship (NFTE). As part of our partnership with Major League Baseball, we created Girls4Tech & Sports and hosted two events in the District of Columbia prior to the MLB All-Star Game. We also expanded the Girls4Tech program into Peru and Scotland. We were pleased that this program received external recognition: Girls4Tech won the Global Citizen and Global Campaign of the Year from PRWeek Global.



## DATA FOR GOOD

Mastercard is working with leading scholars and institutions to conduct research and generate data-driven insights that guide evidence-based solutions and policymaking.

Some of this work leverages Mastercard data insights, some uses third-party data; in some cases, we provide capacity-building for an organization to extract insights from data. In all these cases, Mastercard uses robust privacy and data-protection controls.

We also help NGOs, nonprofits, city and regional planners, and others improve their capacity to work with their own data-related resources.

Our Data for Good program initiated a number of activities. We launched our Data Fellows' program with our first six data fellows (read more on [page 35](#)), partnered with three academic institutions on research efforts, participated in Bloomberg's Data4Good Exchange and supported the Stanford PACS Digital Impact World Tour.

## Data Science for Social Impact collaborative philanthropy initiative

In January 2019, Mastercard and the Rockefeller Foundation announced a new collaborative philanthropy initiative, Data Science for Social Impact, dedicated to accelerating the use of data science by giving nonprofit, civic and government organizations the tools, expertise and knowledge they need to help solve some of the world's most pressing challenges.

Through this collaborative, the Rockefeller Foundation and the Mastercard Impact Fund have made an initial five-year commitment of \$50 million, which we are hoping to grow through participation from other companies and philanthropies.

## The Mastercard Center for Inclusive Growth's new Data Fellows for social good

**Mastercard launched the Data Fellows program, a collaboration that brought together six highly regarded data scientists from diverse academic and government institutions to spend 12 months collaborating with Mastercard's data scientists. Together, they are studying trends and developing insights to help policymakers implement new programs to improve the economic stability of the world's vulnerable communities.**

For example, this program supported the research of Data Fellow Michelle Thompson, an associate professor with the University of New Orleans' Department of Planning and Urban Studies. Together with Mastercard's Data & Services team, the Center for Inclusive

Growth teamed up on a 36-hour "datathon" to gather insights about economic development and financial inclusion in New Orleans. More than 60 volunteers from six offices spent more than 1,000 hours analyzing anonymized Mastercard data, as well as publicly available third-party data, to develop a holistic picture of New Orleans' economic activity.

Thompson is using this research to analyze a range of economic issues and opportunities in New Orleans.

These include how tax incentives stimulate growth and spending in specific neighborhoods, how tourism dollars are spent across neighborhoods and industries, and whether major events such as Mardi Gras and popular tourist areas such as the French Quarter support low-income neighborhoods.

Going forward, we will be working with our partners to determine how to build actionable insights from these findings to benefit cities around the country.

**MASTERCARD'S DATA  
SCIENTISTS STUDY TRENDS  
AND DEVELOP INSIGHTS  
TO IMPROVE THE ECONOMIC  
STABILITY OF THE WORLD'S  
VULNERABLE COMMUNITIES**





## COMMUNITY SUPPORT AND DEVELOPMENT

We are committed to building solutions that channel aid quickly and securely to those who need it. We also support communities via charitable giving to organizations working at the frontlines to help people rebuild their lives during and after times of crisis.

## Crisis-response solutions

We enable humanitarian organizations to more efficiently and effectively serve populations affected by conflict, displacement or natural disaster. Through products such as the Mastercard Aid Network and initiatives like the Smart Communities Coalition, we are deploying technology and new partnership models to ensure more comprehensive responses.

Since 2015, the Mastercard Aid Network and our prepaid and debit cards have helped provide lifesaving assistance — including essential goods such as food, blankets, tarps and schoolbooks — to well over 3 million people in Greece, Jordan, Kenya, Lebanon, Mozambique, Nepal, Niger, Nigeria, the Philippines, Serbia, Syria and Yemen.

We established the Smart Communities Coalition, a public-private effort co-chaired by Mastercard and USAID Power Africa to improve energy access and connectivity and to increase the availability of digital tools in refugee settlements and host communities. The coalition comprises more than 35 organizations that facilitate innovative, sustainable approaches to delivering essential basic services. Our goal is to inspire hope and economic opportunity for refugees and the communities that host them.

## Disaster relief

We take a holistic approach to disaster relief by providing corporate and employee donations for relief agencies. We also use our products, services, insights and employee volunteer support to help relief efforts.

We committed \$720,000 to support disaster response efforts following hurricanes Michael and Florence and the California wildfires in the U.S.; earthquakes in Lombok and Sulawesi, Indonesia; and Typhoon Yutu in the Northern Mariana Islands.

We also worked with the American Red Cross to provide efficient aid distribution for victims of North Carolina's devastating hurricane and flooding. As part of our support, we sent a team of employees to assist the Red Cross with its on-the-ground disaster relief, including disaster assessment and inventory allocation.



## Funding for critical causes

We fund critical causes and community programs through Mastercard's Priceless Causes campaigns. Through these campaigns, we work in partnership with issuers and merchants to make a donation to a designated cause every time consumers use Mastercard products for a certain purchase.

In addition to these donations, we also enable consumers to raise funds for meaningful causes by leveraging our payment expertise. Our Donation Platform, currently available in 10 countries, allows consumers to sign up to add a small donation to their purchases.

## 100 million meals challenge

**We contributed 33 million meals as part of our commitment to provide 100 million meals in total during a two-year challenge with the UN World Food Programme and local nonprofit organizations. We funded those meals through 84 activities and campaigns in collaboration with our customers to combat extreme hunger and poverty. This program fed an estimated 200,000 children (13 children for every Mastercard employee) for an entire school year.<sup>4</sup>**

<sup>4</sup> Calculation based on global average cost of a school meal by WFP (\$0.25), the average number of school meals received by a child in one year (170), and the number of Mastercard employees in 2018.

## Stand Up to Cancer

Together with consumers, Mastercard has donated more than \$45 million since 2010 to help Stand Up to Cancer (SU2C) fund lifesaving cancer research. Mastercard has made donations on behalf of consumers and has run promotions during which we match donations consumers made through their Mastercards to SU2C.

Through the partnership, we engage our issuer and merchant partners to promote the program through various media channels. We also provide our employees access to valuable resources from the SU2C medical community, including information on how to receive the latest and most promising cancer treatments through clinical trials.

# INSPIRED WORKFORCE



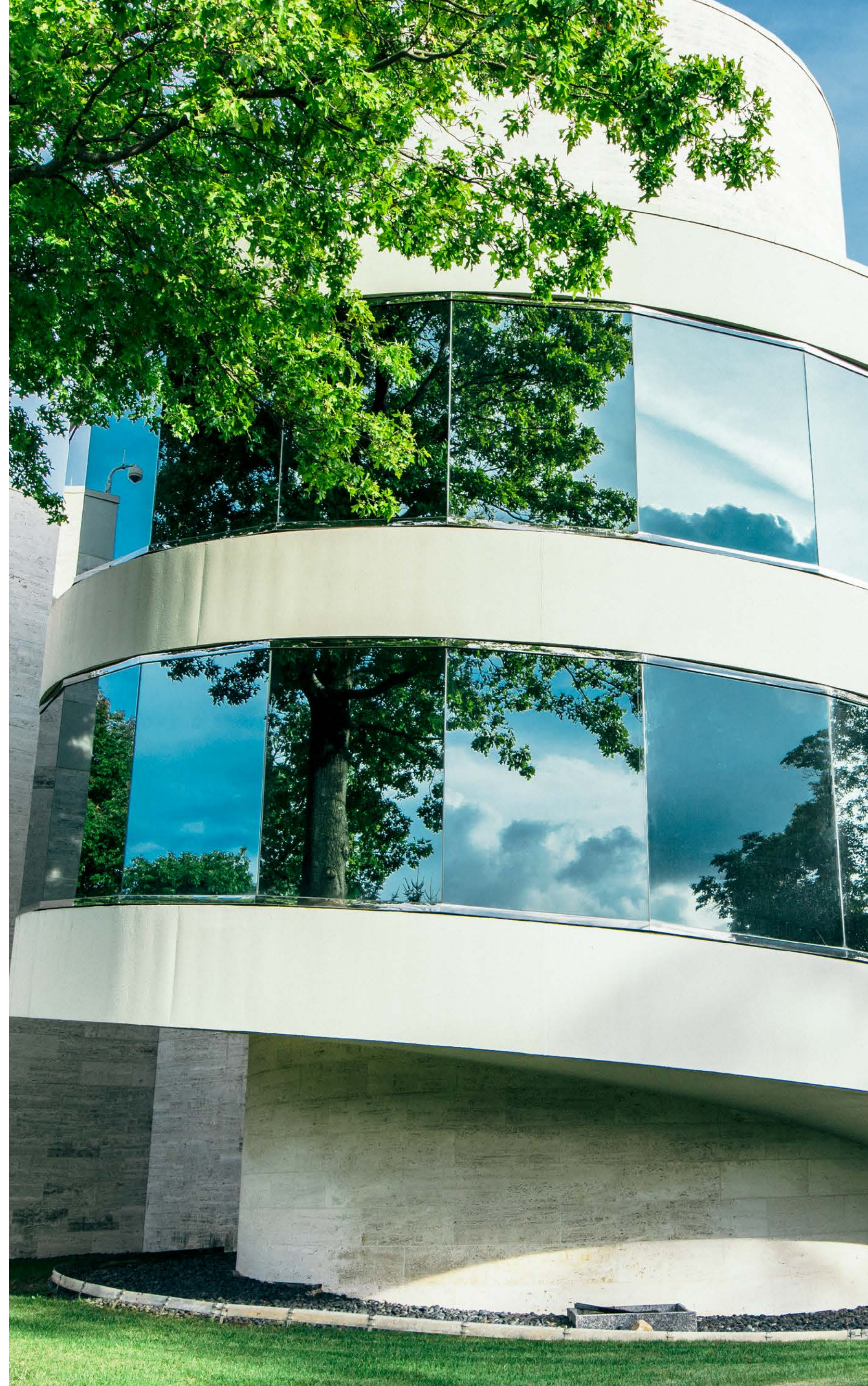
## OUR APPROACH

Mastercard relies on our global workforce to help us achieve our goal of building a sustainable, inclusive global economy. We leverage our core values of trust, partnership, agility and empowered initiative-taking to make our company the place where the best people choose to be.

## IN ORDER TO ACHIEVE OUR AMBITIOUS SUSTAINABILITY GOALS, WE WILL NEED TO ATTRACT AND RETAIN THE WORLD'S TOP TALENT

Our approach to our people enables us to implement our long-term business strategy, through which we encourage employees to upgrade current and future skills, offer competitive rewards and benefits, and secure our future through leadership while continuously evolving our culture and values.

In order to achieve our ambitious sustainability goals, we will need to attract and retain the world's top talent. We achieve this by offering our employees fulfilling career opportunities to be a part of purpose-driven work that benefits our customers, our stakeholders and our communities on a global scale. We support our diverse global workforce of 14,800 employees through an inclusive employee-experience strategy that encourages them to bring their whole selves to work each day.



"You need to harness the collective uniqueness of those around you to widen your field of vision — to see things differently, to fail harder, to innovate and to question everything. Widening that field of vision means widening your worldview."

**Ajay Banga,**  
president and CEO, Mastercard

## Awards

Mastercard was honored to receive the following awards in recognition of our **workforce inclusion** and **diversity** efforts:



**Bloomberg**  
Gender Equality Index

**Equal Opportunity**  
Publications Reader's Choice  
Top 50 Employers for Equal Opportunity

**Women's Choice Award**  
Best Companies  
for Millennials

**Forbes**  
America's Best Employers  
for Diversity

**Working Mother and AVTAR**  
Best Companies for Women  
in India

**Professional Woman's Magazine**  
"Best of the Best" Employers  
for Diversity

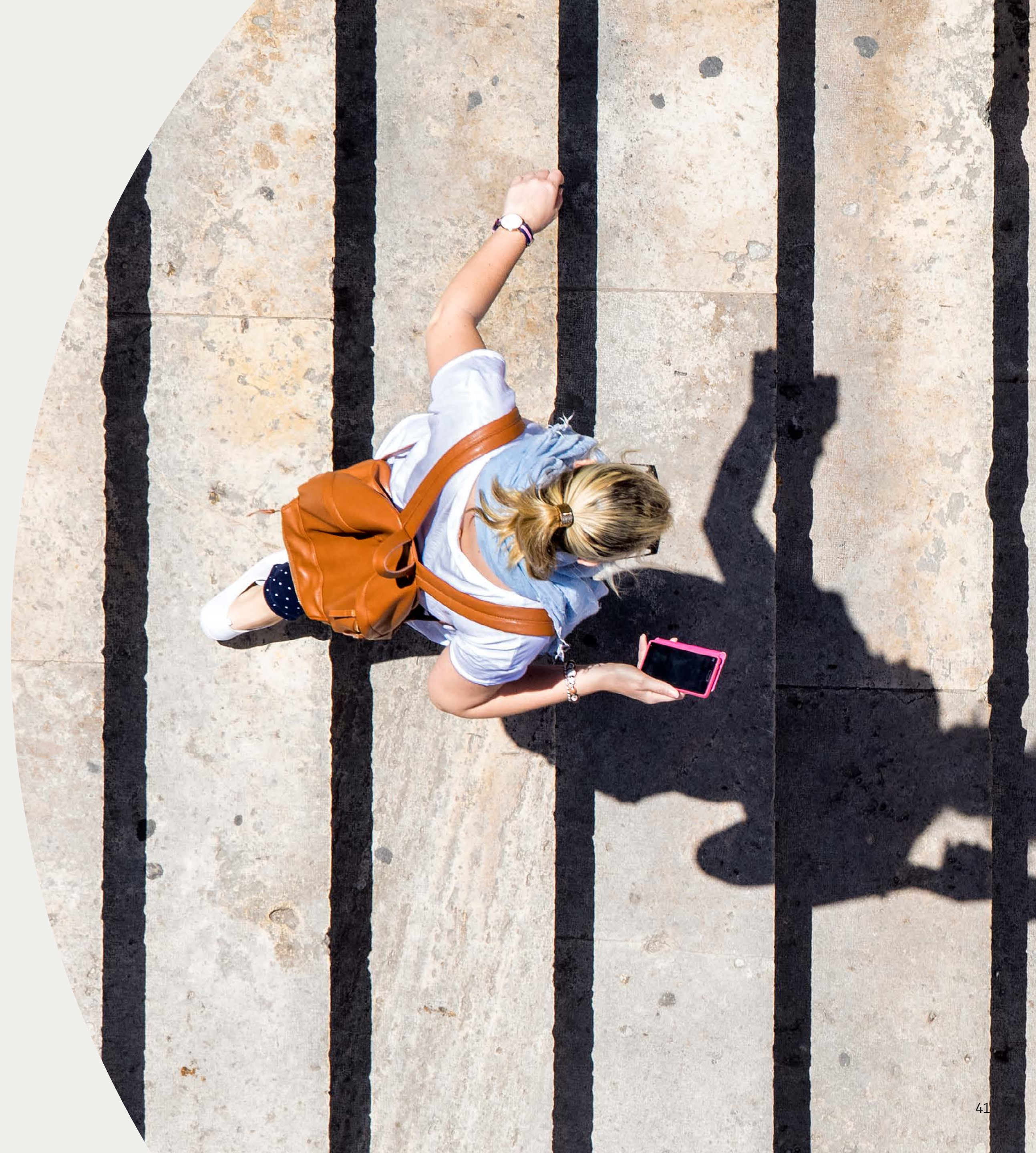
**100% on Disability: Disability Equality Index (DEI)**  
Best Places to Work for Disability Inclusion

**DiversityInc**  
Top 50 Companies for Diversity

**100% on Human Rights Campaign's Corporate Equality Index**  
Best Places to Work for LGBT Equality

**Fatherly**  
50 Best Places to Work for New Dads

**Great Place to Work:**  
Best Workplaces in Singapore, Top 50 Employer in Canada, Best Workplaces in Technology (Canada), Best Companies to Work for in Greater China



## GLOBAL INCLUSION AND DIVERSITY

For Mastercard, inclusion and diversity mean more than bringing together people from different backgrounds.

**It is a belief that our differences empower us to be a better team — one that makes smarter decisions, drives innovation and delivers stronger business results.**

Everywhere we work, we seek to create meaningful connections, inspire acceptance and cultivate a community where we all belong, regardless of — and because of — our differences in age, gender, ethnicity, experiences, abilities and perspectives.

The successes Mastercard has achieved in the world are made possible by the diverse experiences, insights and perspectives of our workforce. At the core of our strategy is recognizing and strengthening our diversity. Inclusion is a leadership skill that allows Mastercard to leverage its diverse workforce to deliver our innovative products and services.

Our emphasis on inclusion helps us understand and serve an increasingly diverse pool of customers and communities. Surrounding ourselves with talented people from many different backgrounds is how we limit potential blind spots and maintain our ability to prepare for future opportunities and challenges. Our employees, suppliers, customers and stakeholders expect Mastercard to reflect the diversity of our global presence and experience. We challenge ourselves to provide a workplace where the best individuals can thrive and apply their authentic selves to help our company succeed.

To help solidify the importance of Global Inclusion and Diversity as a business imperative, Mastercard launched Regional Action Plans across our five regions — North America, Europe, Middle East and Africa, Latin America and the Caribbean, and Asia Pacific. Our Chief Inclusion Officer met with country presidents and senior leaders to identify their regional priorities and develop plans to achieve them. Ideas of inclusion and balance in gender and ethnic representation appeared as high priorities across all of our regions; other regions also emphasized building local leadership skills, ensuring mobility of talent across the region and more. Developing these regional priorities will continue to reinforce our reputation as a great place to work. We also focused on closing the gender gap and increasing the female representation within our acquired companies, including through outreach at Women in Tech events and empowering their women leaders.

This year, we are taking our efforts a step further. Our new video, "What We're Made Of," was developed to express our belief that we can cultivate a culture of belonging by creating connections that inspire acceptance — of ourselves and of each other. The influence of diversity, inclusion and belonging leads to a winning culture with decency at its core. It's our standard at Mastercard, because it sparks passion and pride to do our best work.

## Global Inclusion Council

We strive to make measurable differences every day, and our Global Inclusion Council (GIC) reflects this. The board of directors for our Global Inclusion Office helps guide our collective vision to ensure we use our actions to cultivate a culture of inclusion and belonging throughout Mastercard. Our GIC brings a global perspective, with members representing all of our business regions — North America, Latin America/Caribbean, Europe, Asia/Pacific, and Middle East and Africa.

**THE INFLUENCE  
OF DIVERSITY,  
INCLUSION AND  
BELONGING  
LEADS TO A  
CULTURE WITH  
DECENCY AT  
ITS CORE**



"Building diverse teams is just one part of the equation; we also have to create an inclusive culture where employees, in all their diversity, feel valued and respected. Inclusion is a leadership skill that has to be developed. When we do it right, it's better for business and our communities."

**Randall Tucker,**  
chief inclusion officer, Mastercard

## Our commitments to a culture of inclusion and belonging

As we continue our journey of inclusion, Mastercard remains focused on taking actions that make an impact. Among our efforts:

**We are** committed to gender equity and the principle of equal pay for equal work.

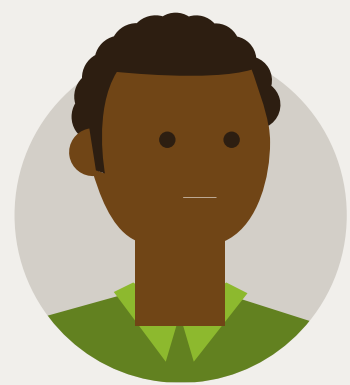
**We are** dedicated to recruiting and developing female leaders, and we have increased the representation of women in our workforce and in leadership positions.

**We offer** our employees compensation and benefits to support their entire experience, both personally and professionally.

**We work** to provide a safe and healthy workplace that enables employees to achieve their full potential.

We strive to attract and retain top talent while simultaneously ensuring **rich diversity** at all levels of the organization.

We provide management with information on the gender and ethnic diversity of their organizations so that they can build inclusive teams and support our talent pipeline around the world.



**ETHNIC BACKGROUND**  
U.S. WORKFORCE (ALL LEVELS)

Black or African American 5.6%

Hispanic or Latino 8.4%

Asian 19.9%

All other people of color 1.7%

White 64.4%



**ETHNIC BACKGROUND**  
U.S. SENIOR MANAGEMENT

Black or African American 6.2%

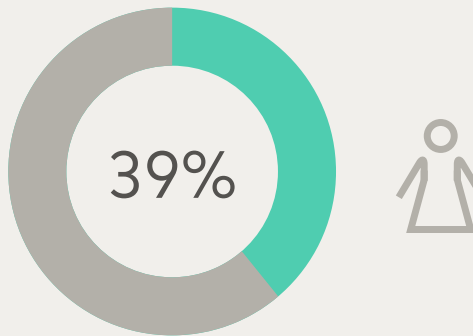
Hispanic or Latino 10.9%

Asian 14.4%

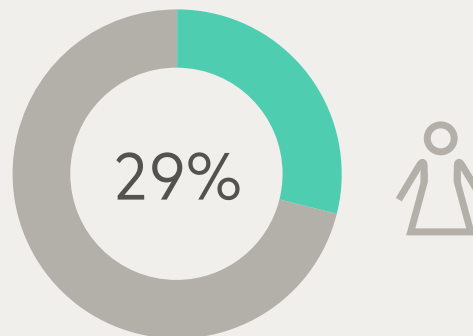
All other people of color 1.2%

White 67.3%

**GENDER**

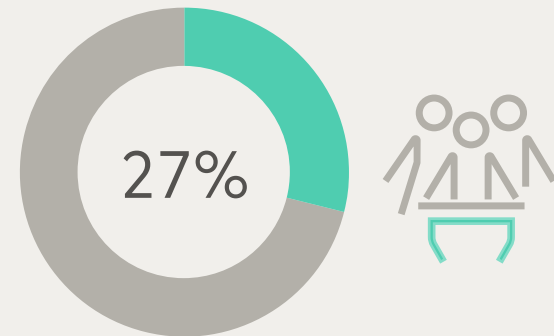


Female global workforce

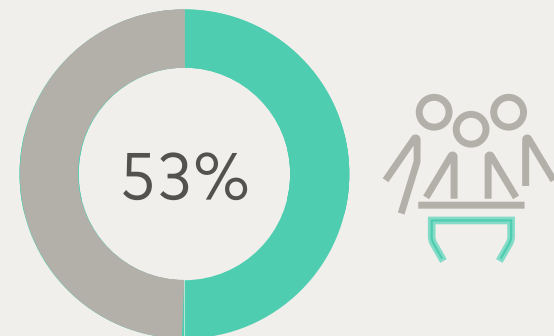


Female senior management

**OUR BOARD**



Women



From diverse backgrounds



**RECRUITING AND  
RETAINING A DIVERSE  
WORKFORCE**

Guided by our Chief Inclusion Officer, Mastercard continued to work to strengthen our inclusive culture.

**We built up our existing programs and developed new efforts to find, recruit, develop and retain the best and brightest talent.**

Each year, Mastercard partners with leading business organizations, universities and events to seek out exceptional recruits and encourage them to join the team. We continued our support of INROADS, an international nonprofit that works to increase the representation of people of color in corporate leadership, and the Posse Foundation, which identifies extraordinary public high school students who may be overlooked by traditional college selection processes. Our support of these programs strengthens the talent pipeline for Mastercard and provides students with opportunities to develop their personal and career-oriented goals. This year, Mastercard also committed to students from these partnerships joining the summer internship program in our St. Louis and Purchase, New York, offices.

Among the many conferences we supported, Mastercard was honored to have a presence at the Grace Hopper Celebration

of Women in Computing, Yale's Black Solidarity Conference, Harvard Business School's Africa Business Conference, the Corporate Counsel Women of Color Career Strategies Conference and many others. We also recruit through career fairs that focus on students and recent graduates from diverse backgrounds. We continued to recruit at historically black colleges and universities, including Jackson State University, Howard University, Hampton University and Delaware State University.

In addition to employee recruitment, Mastercard maintains a broad portfolio of partnerships and organization sponsorships that allow us to strengthen our connection with diverse communities. We sponsor approximately 45 organizations that represent diverse communities, including African Americans, people with disabilities, Hispanic and Latino groups, LGBTQ organizations, veterans and women.

**WE HAVE DEVELOPED NEW  
EFFORTS TO FIND, RECRUIT  
AND RETAIN THE BEST AND  
BRIGHTEST TALENT**

Diversity sponsorships

Mastercard has leveraged a number of **partnerships** to build our **inclusive culture**. Here are some of the organizations we sponsor.



**AFRICAN AMERICAN**

- Management Leadership for Tomorrow
- National Action Network
- National Museum of African American History and Culture
- National Urban League

**DISABILITY**

- Best Buddies
- Disability:IN

**HISPANIC**

- New York Hispanic Chamber of Commerce
- Puerto Rican Legal Defense Fund

**LGBTQ**

- Human Rights Campaign
- Lambda Legal
- OUT Leadership
- Stonewall UK
- World Pride

**VETERANS**

- American Corporate Partners
- The Wounded Warrior Project

**WOMEN**

- 30% Club
- Corporate Counsel Women of Color
- Financial Alliance for Women
- UN HeforShe
- Women in the World

**ALL COMMUNITIES**

- The Conference Board
- Gartner (formerly Corporate Executive Board)
- Professional Diversity Network
- The Council of Urban Professionals
- DiversityInc
- Launch Code
- The National Association of Minority and Women Owned Law Firms





# A workplace free of discrimination and harassment

**All Mastercard employees deserve to be treated fairly, with respect and dignity, and we are committed to supporting a diverse and inclusive workforce around the globe, free of discrimination, harassment and retaliation.**

As an equal employment opportunity workplace, we believe that job qualifications and performance should be the sole basis for employment decisions and opportunities. Every day, we work to create a culture that is built on decency and that is open, diverse and inclusive. We recruit, hire, train, pay and promote qualified individuals, regardless of factors that include:

- age
- alienage or citizenship status
- color, ethnicity, creed or race
- disability
- gender, gender identity or gender expression
- genetic information
- marital or family status (including pregnancy, childbirth or breastfeeding)
- national origin
- religion
- sexual orientation
- veteran status

We do not tolerate unlawful discrimination, harassment or retaliation by employees or by our vendors, contractors or business partners, including sexual harassment, degrading or offensive comments or jokes, violence, intimidation or threats. All Mastercard employees receive training on these policies and on our expectations. We enforce them by providing employees with several avenues to report concerns, including an anonymous Ethics Helpline. We also have an Employee Relations function that promptly investigates all complaints received and takes appropriate responsive action when warranted, in line with consistently applied principles of accountability and discipline.

**QUALIFICATIONS AND PERFORMANCE SHOULD BE THE SOLE BASIS FOR EMPLOYMENT DECISIONS AND OPPORTUNITIES**

# Business Resource Groups

**Mastercard's nine employee affinity groups — our Business Resource Groups, or BRGs — help to advance employees' professional development and leadership skills while deepening their connection to the company's work.**

In addition, these BRGs act as internal business consultants, helping the company with consumer research, cultural insights, customer segmentation and access to networks. While each BRG focuses on specific areas, they are all guided by our culture of inclusion and are open to all employees. Across our global operations, we have over 100 BRG chapters in 35 locations, with more than half of our global workforce participating in these groups.

- ADAPTability**  
Employees with disabilities and their friends and families
- EAST**  
Exploring Asian Societies and Trends
- ePros**  
Experienced Professionals
- Latin Network**  
Employees of Latin descent
- LEAD**  
Leading Employees of African Descent
- PRIDE**  
Fostering an environment of inclusiveness and respect for LGBTQ employees
- SALUTE**  
Active and veteran military personnel and their families
- WLN**  
Women's Leadership Network
- YoPros**  
Young Professionals



## Gender equality

Increasing female gender representation is a critical aspect of Mastercard's diversity and inclusion agenda. Today, women represent 39% of our global workforce and 29% of our senior leadership.

**WE EMBRACE PRACTICES DESIGNED TO ENSURE OUR WORKFORCE RECEIVES EQUAL PAY FOR EQUAL WORK**

## Pay equity

Equality is one of the foundations of our commitment to building an inclusive, high-performing culture at Mastercard. As we advance our efforts, we continue to embrace practices designed to ensure our workforce receives equal pay for equal work.

To support this commitment, each year we examine our pay practices with the support of third-party analysis. We review and benchmark every role in our organization to comparable positions in the external market, and we assess compensation decisions for potential pay disparities by gender, among other categories. If we uncover disparities that are not explained in an acceptable manner, we take appropriate responsive action to correct the situation. Furthermore, we offer employees multiple channels to raise pay-disparity concerns, including our Ethics Helpline, our Employee Relations team and the Law Department.

In 2018, our assessment and validation process found that, globally, women at Mastercard earn \$0.996 to every \$1.000 earned by men, continuing our progress toward full pay equality.

## Recruiting women and supporting their career growth

One key focus area for improving our gender mix is recruiting from diverse candidate slates for all open positions. Every year, Mastercard partners with leading business organizations, universities and events to seek out exceptional recruits and encourage them to join Mastercard.

We have formal, targeted discussions to address any development and succession-planning gaps by gender at our senior management levels. We work to ensure we remove any barriers that disproportionately disadvantage any employee segment, including women, and afford them the same opportunities for career advancement.

We also introduced a global female leadership development experience called Women Who Lead, which focuses on amplifying the voices and perspectives of the next generation of talented women to ensure that they have the necessary exposure and confidence to take on broader roles within the organization.



We developed our Relaunch Your Career (RYC) program to help mid-career employees returning to the workforce after a career break navigate recruitment and hiring challenges. By attracting mid-level and senior-career applicants to Mastercard, RYC allows us to tap into and benefit from the wealth of experience and talent they bring. Candidates eligible for RYC have taken a career break of two or more years and are prepared to return to work full-time and re-establish their careers. Because of the prevalence of women in caregiving roles who take such a career pause, we look to this program to bolster our efforts toward gender balance in the workplace.

RYC participants — “Relaunchers” — engage in a paid, 16-week program that offers training and experience to help smooth their path back into the workforce. RYC participants are paired with a hiring manager that provides coaching and regular feedback, as well as a mentor to assist with networking and navigating the workplace.

At the end of the program, we offer high-performing RYC candidates the opportunity to take on permanent roles.

We continue to grow the RYC program: In our 2017 pilot year for RYC, we hosted eight Relaunchers in two countries. In 2018, 31 Relaunchers in nine countries participated; at the end of that round, 48% of participants advanced to full-time positions at Mastercard.

We are also at work growing a diverse pipeline of future leaders. Through our Women in Tech initiative, Mastercard empowers girls and women entering STEM fields, identifying promising candidates in these career tracks and recruiting them to join the Mastercard workforce. We’re also a proud supporter of Launchcode’s CoderGirl program, a weekly meet-up that offers aspiring female coders mentoring from seasoned professionals.

Our work on these initiatives in recent years has helped Mastercard shape our new, comprehensive women’s empowerment strategy, which will launch in 2020. Through this strategy, our Executive Vice Chairman and Chief Inclusion Officer are leading a company-wide effort to guide our work to achieve a world beyond gender inequality and exclusion by focusing on three strategic pillars—people, market and society:

**People:** Strive for gender balance throughout the company and become the “Employer of Choice” for talented women around the world.

**Market:** Understand the needs of women, who make 80% of household buying decisions. Design products and services that meet their needs, and become the “Brand of Choice” for women.

**Society:** Invest in inclusive growth for all the communities we serve and become the “Partner of Choice” for economically empowering women around the globe and building a more inclusive society.



**WE CONTINUE  
TO GROW OUR  
RELAUNCH  
YOUR CAREER  
PROGRAM TO  
HELP MID-CAREER  
EMPLOYEES  
RETURNING TO  
THE WORKFORCE**



## ATTRACTING AND ENGAGING TOP TALENT

In order to remain the place where the best people choose to work, Mastercard offers a competitive benefits-and-rewards program to attract and retain the most talented employees around the world and provide the opportunity to bring their authentic selves to their work.

## Compensation and rewards

We have designed our Total Rewards programs to enrich our employees' experience at work and beyond, through a mix of fixed and variable pay that includes a base salary, annual cash incentives and long-term stock incentives. These compensation packages are guided by three core principles:

- 1 Align our long-term interests with our stockholders' interests.
- 2 Ensure market-competitive pay across our packages.
- 3 Design pay packages that encourage optimal short- and long-term performance.

Mastercard's executive compensation program is designed to support our strategic objectives to grow, diversify and build our business and to attract, motivate and retain our executives, who are critical to the company's long-term success. (See our [2019 Proxy Statement](#) for more details.) In 2018, we estimate that our CEO's annual compensation ratio to the median annual total compensation for all employees was 167-to-1.

## Employee benefits

Mastercard has always been an active and generous contributor to our employees' benefits, including a focus on the retirement readiness of our employees. We expanded our employer contribution to defined contribution retirement plans and introduced a minimum global standard contribution of 10% of an employee's salary across all of our markets. Introducing this standard will increase retirement benefits for 80% of our employees, including those in the U.S.

## Employee and leadership development programs

**At Mastercard, we place great emphasis on living our core principle of decency. We provide a number of training procedures to ensure that every employee feels valued and respected, with decency at the core, including:**

- **Respect in the Workplace**
- **People with Disabilities**
- **Annual Code of Conduct**
- **Videos on Decency**

We believe that creating the right experience for our employees empowers them to perform at their best. Our ongoing coaching and feedback processes support their career development and growth, including annual performance and development reviews for 95% of our employees in 2018. Additionally, formal and self-guided training and company-wide recognition opportunities help all employees feel valued in their contributions to the company.

As our employees seek to learn new skills or move to new roles, we offer a great breadth and depth of online, no-cost, self-paced learning opportunities, as well as a tuition assistance/reimbursement program to support our employees' continuous learning.

Our Career Launchpad program offers every employee a personalized career-development experience, including creating a career plan and detailing the skills, resources and relationships that will help them achieve their goals. In 2018, nearly 11,300 employees engaged in our formal learning tools for a total of more than 160,000 hours of training.

Last year, we continued our employee-recognition program, Recognizing You, which rewards behavior that drives business results. We designed the program to encourage all employees to celebrate the big and small wins every day, express gratitude for the great work we do and recognize the efforts required to accomplish our goals. Over the course of the year, employees offered more than 26,000 recognition moments across Mastercard in more than 60 countries.

Recognizing You allows us to harness the power of recognition and empower expressions of thanks among all employees. Simple expressions of appreciation and recognition inspire us personally, create meaningful connections between us and transform our culture as a whole.

## Listening to employee feedback

**Just as we strive to recognize the good work our employees do every day, we want them to be empowered to tell us what Mastercard is doing well — and where we could be doing better.**

Our annual employee-experience survey provides an opportunity to reflect on our progress as a company. In 2018, 86% of our employees completed the survey, and 91% agreed with the statement, "I am proud to work for Mastercard." Even so, our workforce highlighted a need to speed deployment of resources and to give feedback. In response, our Chief People Officer worked with the management committee to address opportunities for improvement on a global basis, including a continued focus on optimizing our operating model and developing new tools to provide more frequent coaching for employees while obtaining feedback from them.

## Graduate recruiting

**One way in which we have successfully recruited great new technologists to join our dynamic business is through our Management Graduate Development and MBA Management Associate programs.**

The full-time hires that joined the company through these programs represent diverse, high-performing talent in areas of strategic importance to Mastercard. They welcome the opportunity to work internationally and alongside senior leadership as a way of expanding their experiences and accelerating their career progression.

This year, the company expanded the program with a threefold increase in college hiring across the globe, and also by establishing a robust University Relations Strategy to attract top-notch students to compelling jobs at Mastercard. We have identified more than 100 schools across the globe, 67% of them outside the U.S., with which to build intensive, multiyear partnerships, creating mutually beneficial engagements to share our industry expertise with the world, accelerate the sharing of knowledge with the world's best universities and make Mastercard a top-of-mind employer for the best students.

**OUR ONGOING  
COACHING  
AND FEEDBACK  
PROCESSES  
SUPPORT CAREER  
DEVELOPMENT  
AND GROWTH**



## EMPLOYEE HEALTH AND WELL-BEING

Driven by our philosophy to care for our workforce, Mastercard has created The Whole You, comprehensive benefits packages designed to promote good health and financial stability for our employees and their families.

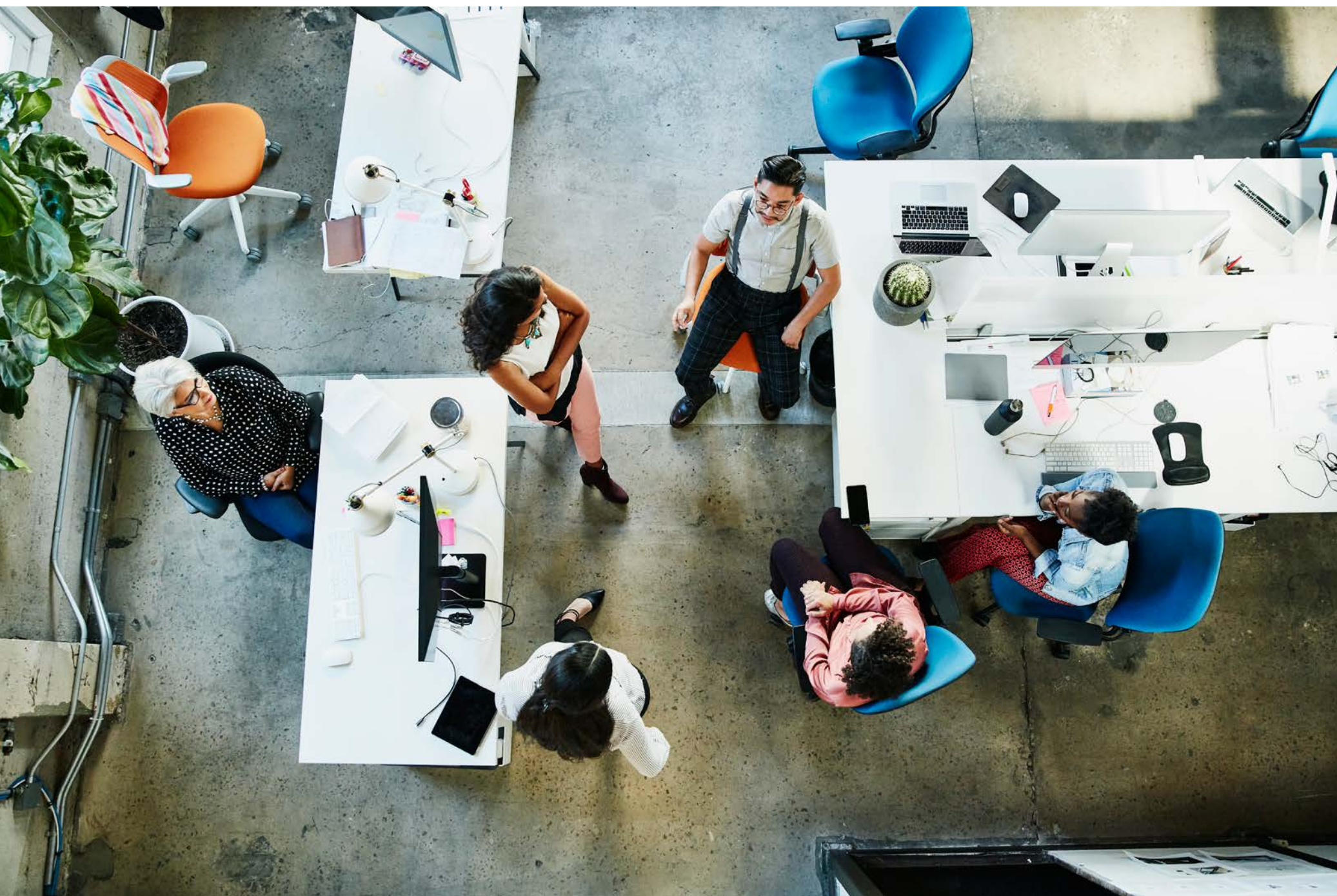
**Because our employees' needs and regional requirements vary around the world, we have developed a core set of benefits we offer to all employees globally, upon which we tailor and customize benefits to meet local and regional needs.**

Among the core benefits we offer are health-care coverage and life insurance and retirement plans, as well as disability insurance and accident benefits to help them weather life's misfortunes.

We strengthened our global well-being offerings to help all employees to perform at their best, personally and professionally, within our three focus areas: physical, emotional and financial well-being. In the coming months, we will create a personalized experience that inspires daily engagement with well-being programs, activities and events, allowing employees to set and track personally important goals and achieve sustainable behavior that improves their overall well-being.

Our parental leave policy supports all of our colleagues in all geographies — regardless of race, gender, sexual orientation or local laws — for adoption and childbirth. This is consistent with who we are and our support of marriage equality. We also provide back-up child- and elder-care options in several countries, as well as a bereavement-leave program globally.

As part of our wellness focus at our U.S. operations, we offer employees workplace ergonomic assessments and on-site fitness centers in our Purchase and St. Louis locations. In addition, Mastercard has partnered with Rally Health, a digital health platform that makes it easy for employees to incorporate exercise and wellness activities into their daily routine. Our U.S. workforce and covered spouses/partners are eligible to earn up to \$850 each year in their Health Savings Accounts by engaging with Rally to maintain and track their wellness activities, such as visiting a doctor for their annual physical exams.



Mastercard employs a HIPAA Privacy and Security Officer responsible for determining compliance with the U.S. Department of Health and Human Services regulations, and we protect all personal health information with physical, technical and administrative safeguards. In addition, personnel authorized to access employees' health data receive detailed training about HIPAA to ensure ethical use.

We are leveraging our offices as tools to improve and maintain our workforce's well-being. Our Worldwide Design standards guide us to locate workstations where they receive optimal natural light, and we encourage active use of our facilities by centrally locating pantries, recycling facilities and common areas. We encourage our employees to rest and recharge with in-office quiet rooms, meditation rooms, wellness rooms and game rooms. Our larger facilities also include fitness centers and walking trails to facilitate movement throughout the day.

## Workspace safety and security

**Mastercard is committed to protecting the security of our company, brand, employees, facilities and information with technology, personnel and physical and logical controls to provide a safe working environment.**

Our Corporate Security department provides comprehensive coverage, monitoring, awareness and intelligence, advising on risk-mitigation and threat preparedness. Whether during corporate events, employee travel or daily operations at our workplaces, the Corporate Security team is proactively protecting Mastercard and its employees.

In addition to making use of the latest security technologies for our workplaces, we've developed an e-learning platform to promote security awareness and communicate our security policies to our workforce, as well as virtual-reality safety training. Mastercard also offers enterprise-wide classroom training on first aid, CPR, automatic external defibrillator (AED) use and women's self-defense.

**WE STRENGTHENED OUR GLOBAL WELL-BEING OFFERINGS TO HELP ALL EMPLOYEES TO PERFORM AT THEIR BEST**



## EMPLOYEE VOLUNTEERISM AND PHILANTHROPY

Our purpose of doing well by doing good is most visible in the dedication Mastercard employees show in volunteering for causes they care about.

Every day, our people commit time, energy and passion to support local projects and address global challenges, and our company encourages them in the enduring effect they have on their communities.

Mastercard's donation-matching program doubles the impact of our employees' financial support for qualifying organizations. We also encourage every full-time employee to spend as many as five workdays per year engaging in volunteering and community activities. Every employee who volunteers at least 40 hours per year to a single organization is eligible to apply for up to four \$500 grants annually to help further that group's work.

**Below are some of the many worthy organizations our employees support:**

### Girls4Tech

Our award-winning Girls4Tech™ education program aims to create future problem-solvers and is designed for girls around the world aged 8–15. Based on STEM principles, Girls4Tech was developed in conjunction with our top engineers and technologists to showcase Mastercard's payments technology, incorporating our deep expertise in encryption, fraud detection, data analysis, big data, digital convergence and more.

As of its fifth anniversary in April 2019, Girls4Tech has engaged more than 3,500 employee mentors to reach more than 400,000 girls in 25 countries; it has been recognized by the Jefferson Foundation, PRWeek Global Campaign of the Year and Global Citizen, and PR Daily for best Global CSR Initiative and Community Affairs. We continue to expand the global reach of the program by translating the curriculum into 11 languages and creating partnerships with Scholastic, Be Better China, Singapore Committee for UN Women, Network for Teaching Entrepreneurship and Major League Baseball to advance STEM education.

### Military mentoring

For the past four years, we've served as a sponsor of American Corporate Partners (ACP), with 178 employees in the U.S. and U.K. serving as yearlong mentors to more than 350 members of the military, supporting them as they re-enter civilian life. As of December 2018, there were 43 active Mastercard mentorships, and since 2015, 99 veterans have obtained employment during their Mastercard mentorships.

In 2018, we conducted a survey of participants and learned that 100% are glad that Mastercard is participating, would recommend ACP to a colleague and would participate again. In addition, the majority of veterans said they had improved their resume and interview skills, with half translating their military service to corporate America.

### Teaching tomorrow's business leaders

Over the past 13 years, more than 5,000 employees in the St. Louis and New York areas have volunteered in local schools with Junior Achievement programs, teaching more than 80,000 K-8 students.

### Supporting future entrepreneurs

Mastercard has partnered with the Network for Teaching Entrepreneurship (NFTE) since 2010, working to inspire students in underserved areas to envision, develop and launch their own businesses in the U.S., Mexico and China. We've supported NFTE through our volunteering efforts, as well as several board memberships for our employees. In addition, we've donated nearly \$8 million to support its global mission.

### Mastercard talent as a force for good

Mastercard and the World Food Programme (WFP) have been partners since 2012, focusing on the transformational power of school meals, which can help improve children's health, cognitive development, access to education and future lifetime earnings. The partnership includes multiple elements, such as cause marketing, consumer fundraising, grants, support for emergencies, expertise and employee engagement.

In partnership with WFP, we provide opportunities each year for our employees to give back, using their knowledge and skills. Employees conduct cost-benefit analyses that help local governments around the world better understand the long-term benefits that school meals provide for children and their economies. Twelve Mastercard employees from 10 countries went on four-week missions to complete these analyses in Laos, Benin, Malawi, Uganda, Indonesia and Ghana.

Mastercard provides a number of opportunities for employees to support communities and charities through our employee giving program.

More than **3,000 employees** supported more than **2,200 charities** through monetary donations or by contributing nearly **70,000 volunteer hours** to support these charities.



Employees

\$2,250,000

Retirees

\$288,000

Volunteer Incentive Program

\$150,000

Political Action Committee (PAC) Match\*

\$197,000

Mastercard matching contributions

\$2,972,000

\*Employee PAC contributions that Mastercard is not allowed to match are allotted alternative dollars to donate to approved charities.

# ENVIRONMENTAL STEWARDSHIP



## OUR APPROACH

Global companies have both an opportunity and a responsibility to contribute solutions for the world's environmental challenges, including climate change.

OUR FIRST PRIORITY IS  
ENSURING WE MANAGE AND  
CONTINUOUSLY IMPROVE THE  
ENVIRONMENTAL FOOTPRINT  
OF OUR OWN OFFICES AND  
OPERATIONS

At Mastercard, we have set ambitious goals and are taking action across our company and supply chain to support the Paris Agreement target to limit global warming to well below 2 degrees Celsius.

In addition to addressing our climate impacts, we are working to improve Mastercard's overall environmental performance by reducing our waste and natural resource impacts and designing solutions for a sustainable future.

Our approach has not changed. Our first priority is continuously improving the environmental footprint of our offices and operations. The next step is ensuring our electronic payment solutions are built on a sustainable foundation by increasing the energy efficiency of our network and data centers and by investing in renewable resources. We also look to our supplier base. In 2018, we launched our Environmental

Development Initiative to reduce our biggest carbon impacts, Scope 3 emissions in our supply chain. We also continue to develop environmentally conscious solutions to help the world reach a sustainable future.

We take pride in our environmental leadership, which goes hand-in-hand with our vision for inclusive growth. Too often, the people excluded from economic opportunity are those who shoulder the burden of the world's environmental challenges, especially climate change. By using all our resources as a global company, we can be a force for good in building an inclusive, environmentally sustainable world.

Our environmental goals



CLIMATE

Reduce absolute Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions 20% by 2025, from a 2016 baseline.



ENERGY

100%

Continue to source 100% renewable energy.



WASTE

80%

In 2019, recycle, divert or compost 80% of the waste generated in facilities we own.



## Our environmental performance highlights

### CLIMATE

- By the end of 2018, we had reduced our Scope 1, Scope 2 and Scope 3 emissions 42% from our base year (2016), and we are continuing to reduce emissions toward our 2025 target.
- Mastercard became the first payments company to set an approved science-based target; external review helps ensure that we can help the world meet the Paris Agreement goals.
- We were recognized for our goal-setting at the 2019 Climate Leadership Awards by the Center for Climate and Energy Solutions (C2ES) and the Climate Registry.

### ENERGY EFFICIENCY AND GREEN BUILDINGS

- We joined Green Lease Leaders and began incorporating green leasing language into requests for proposals and leases to help tenants and landlords make sustainable decisions.
- We certified eight new buildings as green, bringing our total up from 74% in 2017.
- 79% of our owned and operated facilities' total square footage is either green-building certified or located in a building that achieved green certification in that area of the world.
- Our Vietnam office became the first in the country to achieve LOTUS GOLD for Small Interiors.

### WASTE

- 77% of waste in our owned facilities was recycled, diverted or composted. This exceeded our goal of 70%.

### ENVIRONMENTALLY CONSCIOUS SOLUTIONS

- We launched the Greener Payments Partnership with card manufacturers Gemalto, Giesecke+Devrient and IDEMIA to create environmentally friendlier card solutions.
- We expanded applications of our PayGo technology to increase access to affordable clean energy and water.
- We led new approaches to urban sustainability challenges, such as joining the Steering Committee of the UN Global Compact Cities Programme and pioneering City Possible, which harnesses the public sector's power to address the world's most pressing urban issues.



## ENSURING OUR SUSTAINABILITY

Making our payment solutions environmentally sustainable means minimizing Mastercard's contributions to climate change and limiting our natural resource use and waste output.

These efficiencies benefit our business and help us reduce our overall environmental impact. We are also working with suppliers to improve their environmental performance.

Our primary teams responsible for improving our environmental performance and that of our supply chain are our global Real Estate and Sourcing and Supplier Management, which regularly report results to our Chief Financial Officer. Our Board of Directors' Nominating and Corporate Governance Committee oversees all of our environmental initiatives, including investments in environmentally beneficial products and services.

## Doing our part on climate with science-based goals

**We are one of about 600 leading companies to align our climate goals with the Paris Agreement's commitment to limit global warming to well below 2 degrees Celsius. We announced an emissions-reduction goal that was independently assessed and approved by the Science Based Targets initiative. In undertaking a rigorous process to specify how much and how quickly we will reduce our GHG emissions, we became the first payments company to set a science-based goal.**

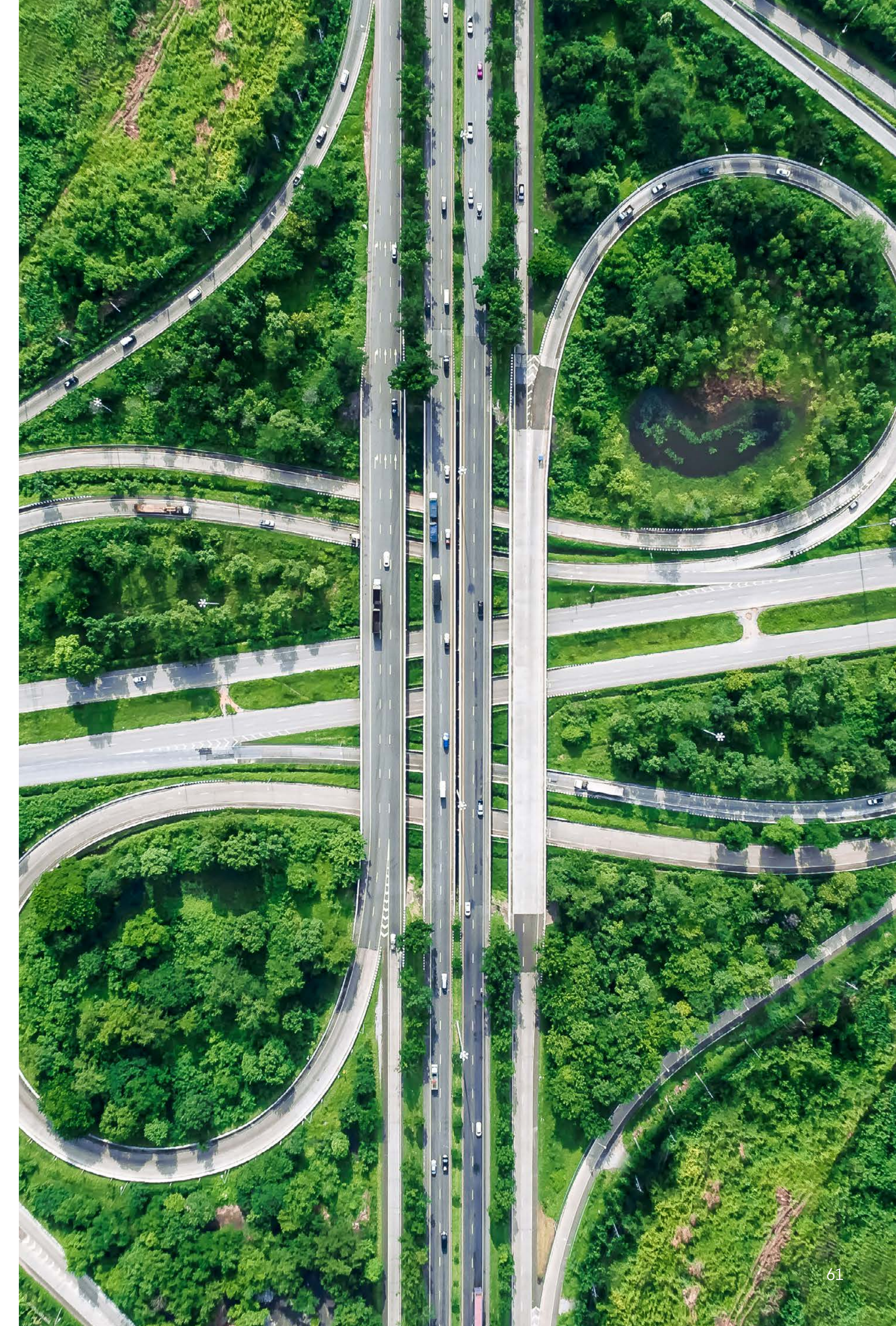
We are working hard to reduce our absolute Scope 1, Scope 2 and Scope 3 emissions — including our direct, indirect and supply chain emissions — by 20% by 2025, from a 2016 baseline.

Our first step has been to understand the origins of our climate impacts. Our biggest impacts come from the goods and services we purchase through our supply chain, followed by our buildings and facilities, including operation of our data centers.

The next step is managing emissions, and we have set an ongoing goal to source 100% renewable energy, even as Mastercard grows. We are implementing a long-term strategy to procure more renewable energy through on-site installations and, where practical, to reduce our dependence on renewable energy credits. We also cut our emissions through energy efficiency, green building and better transportation solutions. Additionally, we collaborate with our suppliers to reduce their emissions. In recognition of this work, Mastercard received a 2019 Climate Leadership Award from the Center for Climate and Energy Solutions (C2ES) and the Climate Registry.

We value transparency, and we have participated in CDP's Climate Change survey since 2010 and in its Supply Chain survey since 2013. We have quantified the emissions of our supply chain so we can identify opportunities for the greatest reductions. In 2019, CDP recognized Mastercard as a leader with an "A" Supplier Engagement Rating. We are also closely following the development of standardized climate disclosures, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

**WE CUT OUR EMISSIONS  
THROUGH ENERGY EFFICIENCY,  
GREEN BUILDINGS AND BETTER  
TRANSPORTATION SOLUTIONS**



# Emissions at Mastercard

Target: a 20% reduction in Mastercard's absolute Scope 1, Scope 2 and Scope 3 location-based emissions by 2025, based on a 2016 baseline.

100% renewable energy for our global operations:

- 2% solar generated onsite
- 11% directly procured renewable energy
- 87% renewable energy credits

## SCOPE 1

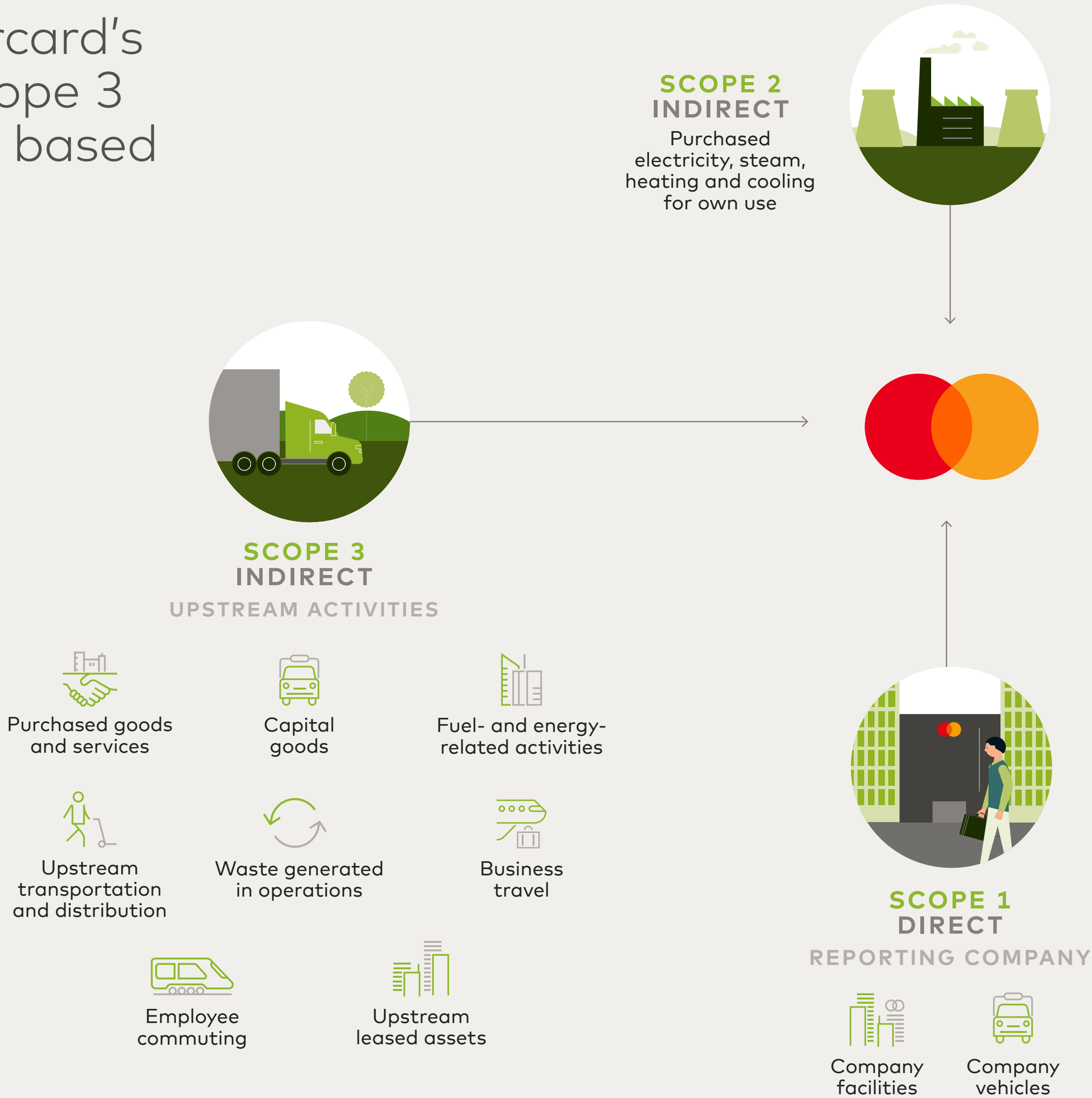
Stationary combustion of natural gas, diesel and jet fuel at owned and leased sites

## SCOPE 2

Purchased electricity at owned and leased sites, including data centers at two U.S. sites

## SCOPE 3

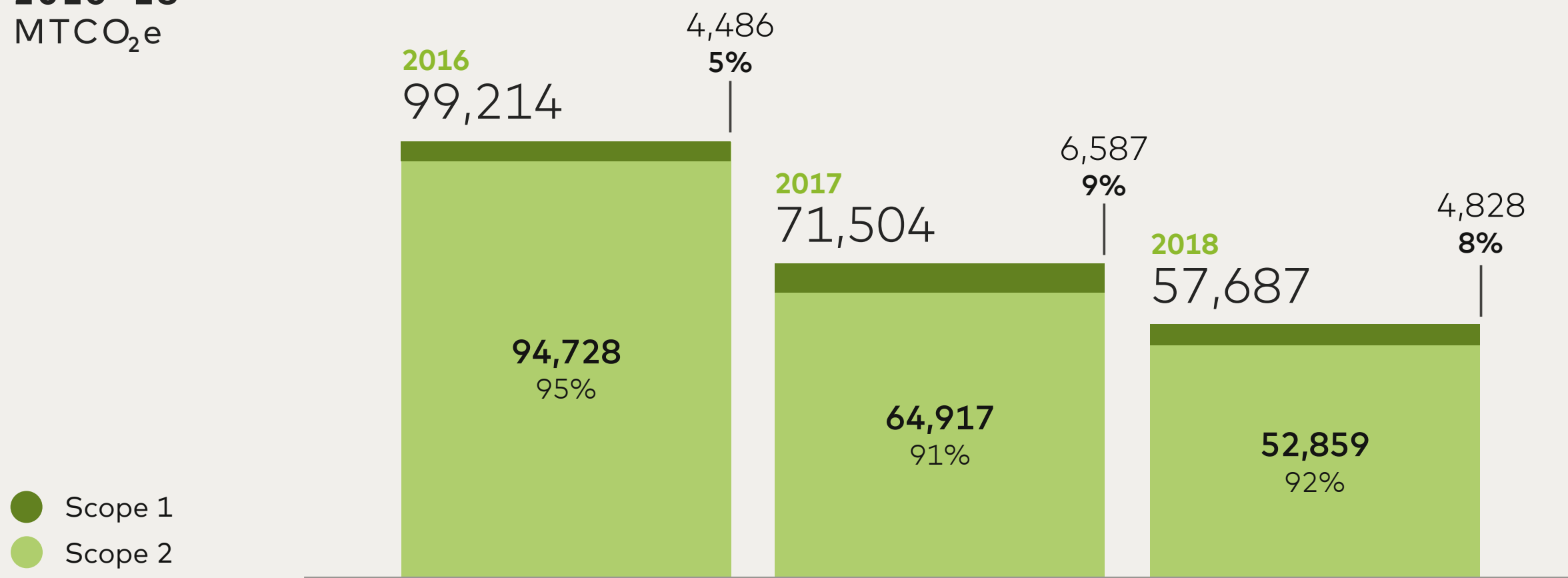
Purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and upstream leased assets



# Scope 1 and 2 emissions

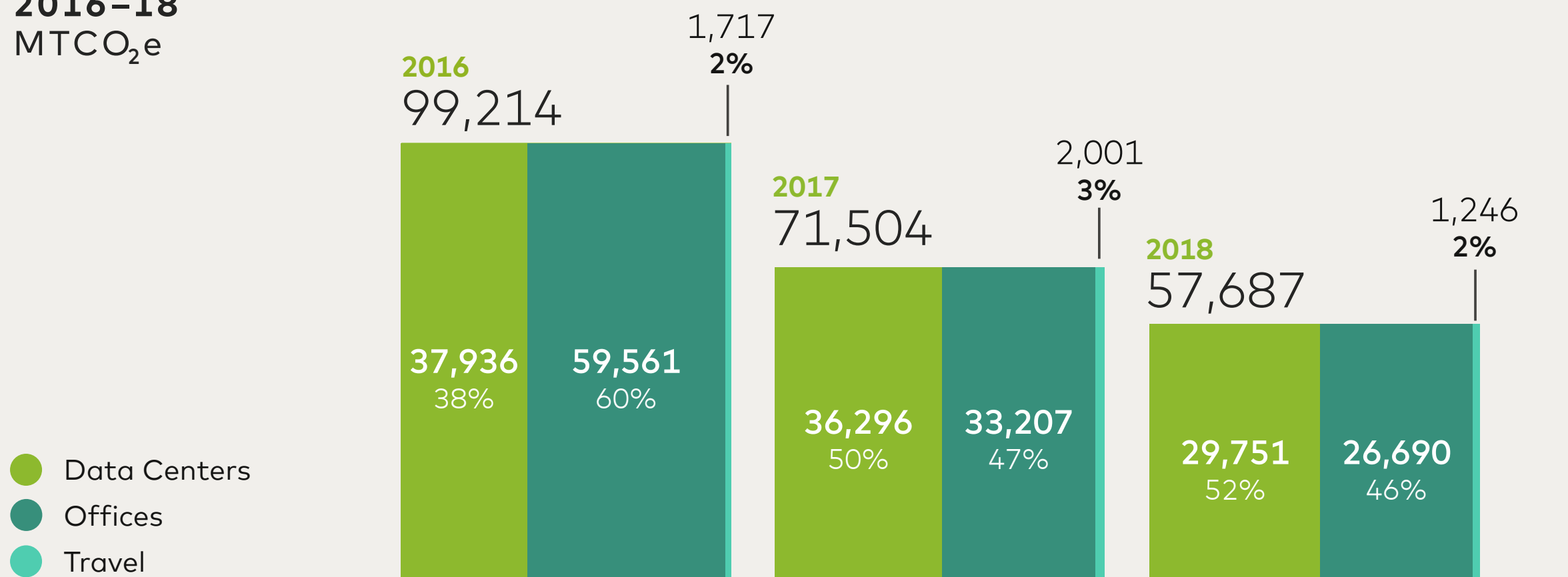
## SCOPE 1 AND 2 EMISSIONS

2016-18  
MTCO<sub>2</sub>e



## SCOPE 1 AND 2 BREAKDOWN

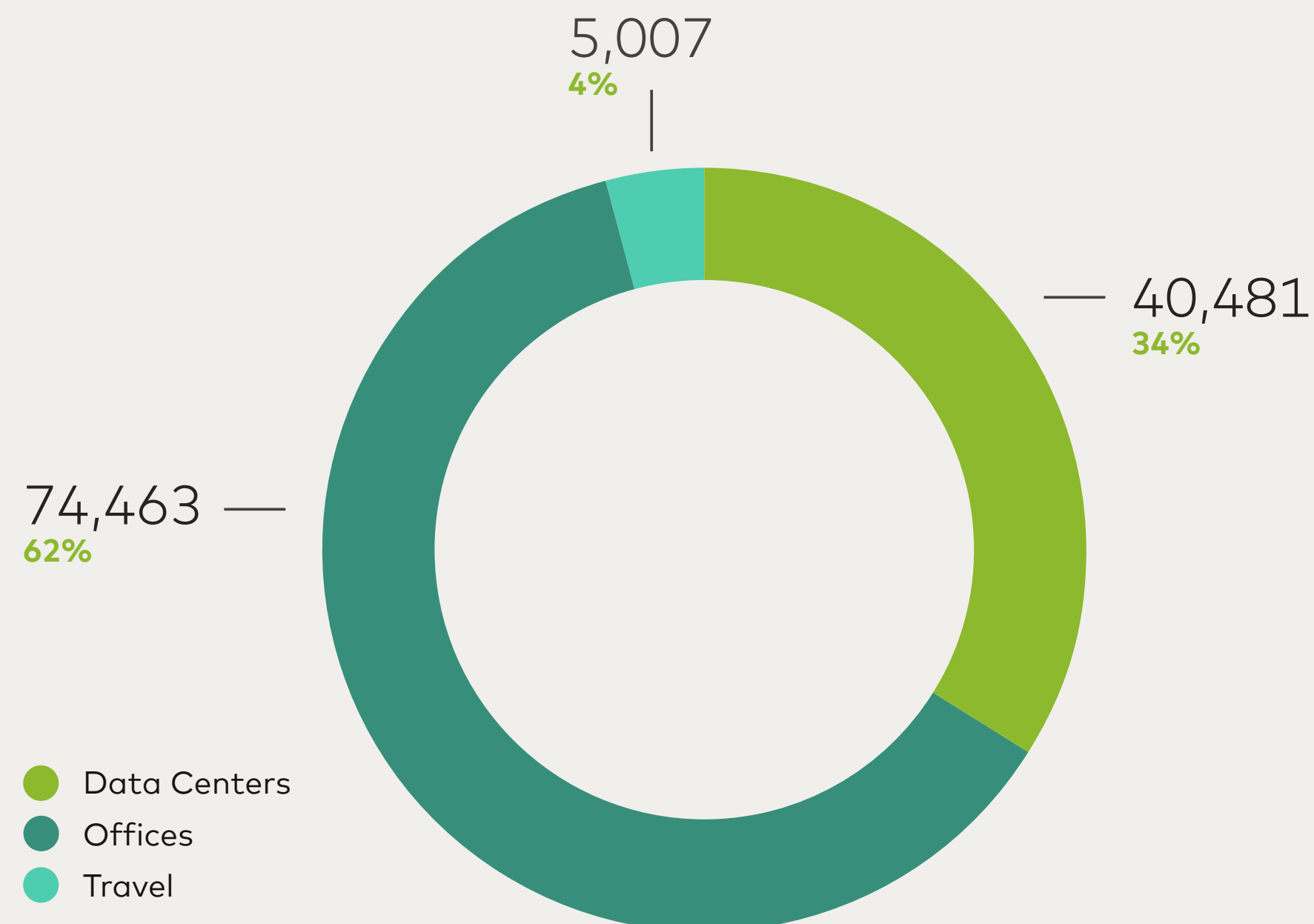
2016-18  
MTCO<sub>2</sub>e



# Energy consumption

## SCOPE 1 AND 2 BREAKDOWN BY CATEGORY

2018  
mWh



In 2016, we changed our GHG accounting methodology from ownership control to operational control in order to measure our emissions more comprehensively. Our Scope 1 and Scope 2 measurements now include both owned and leased sites. We also began calculating our Scope 3 emissions in 2016. Our data from previous years are therefore no longer comparable. The 2018 Scope 1 and Scope 2 decrease was the result of some of our larger energy-saving initiatives, including updated design standards, upgraded space design to use an open layout plan, and energy metering at all new and renovated spaces. Our GHG Inventory is subject to updates, per our Inventory Management Plan.

## Addressing our biggest carbon footprint: supply chain emissions

**Mastercard doesn't produce physical goods, so more than 70% of our emissions come from the goods and services we purchase from upstream suppliers.**

Addressing our Scope 3 supply chain emissions makes up a significant part of our effort to support the Paris Agreement. We have been working for quite some time to reduce our Scope 1 and Scope 2 emissions, and we increased our focus on Scope 3 emissions in 2018.

In collaboration with CDP Supply Chain Services and Trucost, our Sourcing and Supplier Management team identified the suppliers that contribute most of our Scope 3 emissions. Based on this analysis, we have defined four broad categories that constitute our biggest supply chain emissions: technical consulting, advertising, sponsorships and consumer benefits, and real estate and computer-related services.

Building on this analysis, we have been working one-on-one with suppliers to gain a deeper understanding of their emissions and to collaborate on strategies to measure, disclose and reduce their emissions.

Like many in our industry, we examine impacts from travel and employee commuting, but we go even further to include our purchased goods and services, the capital goods we use in our operations, and the fuel- and energy-related emissions not included in Scope 1 and Scope 2. We believe this broader approach supports both our climate goals and progress toward the Paris Agreement.

Since our base year of 2016, we have decreased our Scope 1, Scope 2 and Scope 3 emissions by 42%. Even as our total purchasing increased in the past two years, the overall GHG intensity of our supply chain decreased. Dollar-for-dollar, our expenditures are less GHG-intensive, putting us on a good path to meet our 2025 absolute goal.

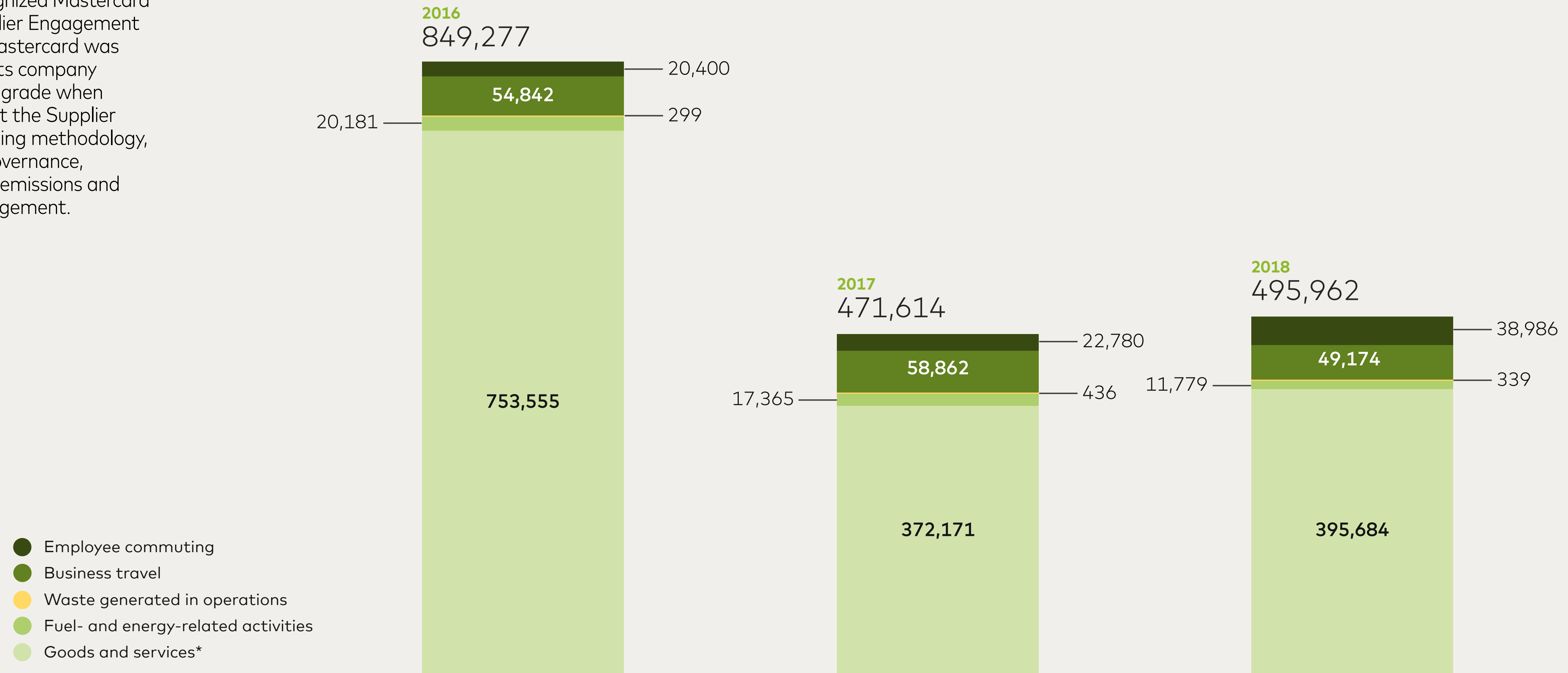


# Scope 3 emissions

By working with our suppliers, we are able to develop more effective strategies to help them measure, report on and reduce their emissions.

The CDP recognized Mastercard on its 2019 Supplier Engagement Leader Board. Mastercard was the only payments company to achieve an "A" grade when evaluated against the Supplier Engagement Rating methodology, which looks at governance, targets, Scope 3 emissions and value-chain engagement.

## SCOPE 3 EMISSIONS 2016-18 MTCO<sub>2</sub>e



Our GHG Inventory is subject to updates, per our Inventory Management Plan.  
\*Includes Purchased Goods and Services and Capital Goods

# Engaging our suppliers via CDP

**To support our Scope 3 emissions targets, we are working with suppliers on their climate initiatives.**

While some suppliers work with us for many years, we do not use the same suppliers every year, so we have established an annual target to engage a percentage of them. We aim to achieve that target every year through 2025.

An important strategy is to engage suppliers through the CDP, which affords greater visibility into our supply chain GHG footprint. This allows us to begin setting expectations and plan further engagement with the suppliers.

We invited suppliers that represented approximately 65% of our global procurement spend to report to the CDP. Of those suppliers, 50% responded, and we are pleased to report that of those who responded:

23%

have identified opportunities to collaborate with us on ways to reduce their GHG impacts.

71%

have an approved science-based target, are awaiting approval for one or anticipate setting one.

100%

have reported their Scope 1 and Scope 2 emissions, and 55% have reported at least one category of Scope 3 emissions.

50%

have allocated emissions to Mastercard, which helps us gain a better understanding of our true Scope 3 impacts.

For 2019, we increased the proportion invited to approximately 85% of our global procurement spend to drive progress toward our 2025 science-based target reduction goal.

## ENVIRONMENTAL SUSTAINABILITY SUPPLIER-ENGAGEMENT MODEL



INVITE TO DISCLOSE



EDUCATE AND DEVELOP



MEASURE AND SCORE



COMMUNICATE AND  
COLLABORATE



## Energy efficiency and green buildings

**We enhance our environmental performance by pursuing external green building certifications wherever possible and by working continuously to improve the energy efficiency of our buildings. We build, maintain and plan over time to improve the sustainability of all our owned and leased spaces.**

Mastercard's Global Workplace Design Standards embed efficiency into the design-and-construction process from the start. We pursue green certification for all eligible projects, aligning our green building practices with global and local standards. Today, our owned campuses are all Leadership in Energy and Environmental Design (LEED)–certified, and more than 79% of Mastercard's total square footage is either green-building-certified or in a building that meets green certification for its region. In 2018, we certified eight additional buildings. To ensure that our properties continue to meet our high standards, we recertify them as needed.

We also pursue certifications outside our owned campuses. Our Vietnam office was the first in that country to achieve the status of LOTUS Gold for Small Interiors, and we were able to LEED-certify more than 370,000 square feet in India.

We also require all new buildouts to meet a leading green certification standard and include energy-efficiency design standards. For instance, we are using LEED v4.1 to recertify the interior spaces in our leased offices in the U.S. and Latin America.

We gathered additional primary data about our leased sites by installing sub-metering technology in many of our new and existing office spaces. This allows us to make targeted, site-specific energy improvements that support our science-based emissions goals.

We were successful in reducing our Scope 1 and Scope 2 emissions by implementing some larger energy-saving initiatives, including updating design standards to require energy metering, plug-load management and energy-efficient appliances; upgrading space design to an open layout plan, saving 1.25 watts per desk; and using energy metering at all new and renovated spaces. Additional changes that contributed to energy savings include design guidelines that specify lighting levels per office area, advanced lighting controls that account for office occupancy and daylight hours, LED upgrades and retrofits, and partnerships with utilities to assess and identify energy-saving opportunities.

# Green buildings

## Countries with certified buildings

We certified green buildings in 25 countries – up from 20 in 2017:

Australia, Belgium, Brazil, Canada, Chile, China, France, Germany, Hungary, India, Indonesia, Ireland, Japan, Kenya, Korea, the Philippines, Poland, Singapore, South Africa, Spain, Taiwan, Turkey, United Kingdom, United States, Vietnam

100%  
of Mastercard-owned  
campuses are LEED-certified

79%  
of Mastercard's total square  
footage is certified



# Renewable energy

**We have achieved 100% renewable energy for our global real estate portfolio, and we aim to continue meeting this goal, even as our portfolio expands. We are developing a long-term strategy to shift a larger portion of our energy sourcing from renewable energy credits and directly procured renewable electricity to on-site solar and other direct, renewable sources.**

When it comes to purchasing renewable energy credits, we buy country-specific credits in many locations where we have offices to help “green the grid” in those countries.

In 2018, we completed the second phase of solar panel development at our technology headquarters in Missouri and at our global headquarters in Purchase, New York. These solar arrays will generate up to 15% of the electricity consumed at those locations.

In 2018, these solar arrays generated 1,725,811 kilowatt-hours (kWh) of renewable energy, or 9.6% of the electricity consumed at those offices, outperforming our projected annual creation of 1.3 million kWh. (This performance was a result of getting these projects online sooner than expected and reaping the benefits of a sunnier-than-average year.) In the next three years, we plan to more than double on-site renewable energy creation, partly via expansion to additional sites.

## Transportation

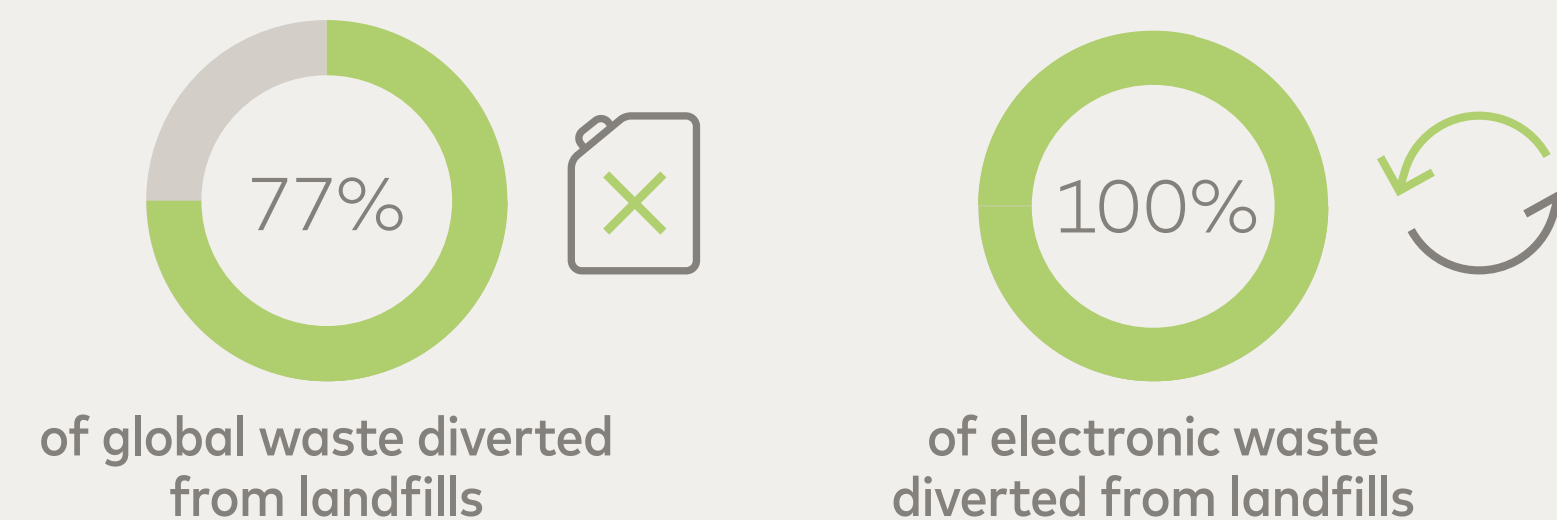
**We are helping reduce the impacts of employee travel and commutes through the use of virtual meetings and the purchase of carbon offsets for all business travel.**

We also try to minimize the need for employee car travel by selecting office spaces that have high walkability scores and are close to public transportation. We support our employees' green transportation choices by providing bicycle allowances, shuttle-bus services and car-charging stations (including new stations added at two of our U.S. offices and at our office in Belgium, plus charging stations available at other leased office spaces outside the U.S.). For people who bike, walk or run to work, we provide on-site bicycle storage and showers. We also offer work-from-home policies.

## Natural resource use

**We exceeded our goal of recycling, diverting or composting 70% of waste generated in our owned facilities: We diverted 77% of waste from landfills. Based on this success, we have updated our 2019 goal and intend to recycle, divert or compost 80% of the waste generated in facilities we own.**

### WASTE DIVERSION



### WATER CONSUMPTION

For owned buildings only



In all our spaces, we have bins in central locations to make recycling easier. Additionally, we implemented a food- and paper-waste composting program in our Purchase, New York, and St. Louis and Kansas City, Missouri, offices. We also established a global protocol to eliminate single-use plastics from our offices; we now provide reusable drinkware, dishware and flatware, and we use compostable straws or none at all in our owned and leased facilities.

We recycle, reuse or donate all of our office furniture globally, and we work with suppliers to decrease their use of packaging and waste. We have a pallet-return procedure for our deliveries, and we also work closely with our furniture suppliers to ensure they use reusable packaging such as blankets. Our global IT department works to ensure that we divert from landfills 100% of the electronic waste from each of our offices.

To reduce water use, we installed water-efficient fixtures in all of our owned facilities, with a special focus on data center cooling. We use stormwater runoff for landscape irrigation at our major campuses.



## ENVIRONMENTALLY CONSCIOUS SOLUTIONS

Beyond managing our own environmental footprint, we take advantage of opportunities to apply our people, assets and innovation toward a more sustainable future.

**We contribute environmentally conscious solutions in a variety of ways, from innovations that reduce first-use plastic in our cards to new kinds of payment systems that make it easier for people to afford and access clean energy and water.**

We also contribute to environmental solutions through such cross-sector partnerships as the Greener Payments Partnership and the UN Global Compact Cities Programme.

## Greener Payments Partnership: rethinking plastic cards

**Even as the use of plastics grows, people everywhere now recognize how plastics impact the environment. Every year, almost 400 million tons<sup>5</sup> of plastic are produced, with plastics in packaging materials now representing nearly half of all plastic waste generated globally.<sup>6</sup>**

Most is never recycled.<sup>7</sup> A lot of plastic waste ends up in water streams, and it is estimated that more than 8 million tons<sup>8</sup> of plastic annually makes its way into the sea.

Many consumers have started limiting single-use plastics such as bags and straws and have begun to demand that businesses use their influence for positive action on plastic. To support this movement, Mastercard joined with card manufacturers Gemalto,

Giesecke+Devrient and IDEMIA to launch the Greener Payments Partnership (GPP). Its mission is to reduce first-use polyvinyl chloride (PVC) in all cards and to research alternative materials for cards, including recyclable, bio-sourced and biodegradable materials. While plastic used in payments cards represents only 0.01% of plastic volume, we intend to do our part.<sup>9</sup>

The GPP is looking at the lifecycle of payment cards to identify viable, sustainable solutions that we can scale up across the industry via collaborative action. We are confident that we can build on recent research to drive large-scale adoption of environmentally friendly materials for payments cards, as well as support end-of-life card recycling.

<sup>5</sup> PlasticsEurope. (2018). Plastics - the Facts 2018.

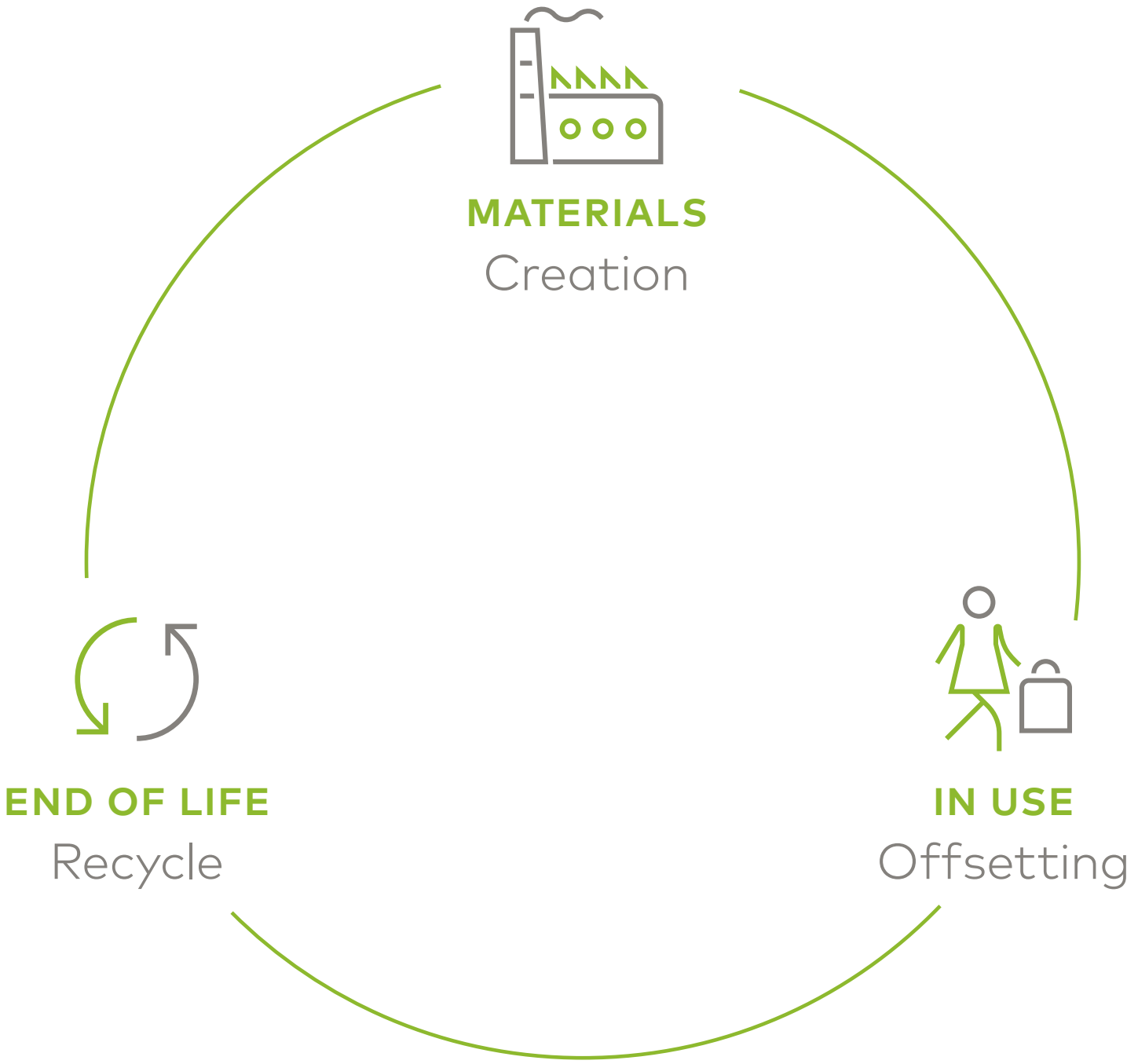
<sup>6</sup> United Nations Environment Programme. (2018). Single-Use Plastics: A Roadmap for Sustainability.

<sup>7</sup> Ibid.

<sup>8</sup> Jambeck, J. (2015, February 13). Plastic waste inputs from land into the ocean.

<sup>9</sup> According to the September 2018 Nilson report, payment card shipments worldwide reached more than 6 billion in 2017. Assuming a typical card weight of five grams, this represents more than 33,000 tons (30,000 metric tonnes) (less than 0.01% of annual plastic manufacturing, which reached nearly 400 million tons).

Reducing the environmental impacts of cards and raising awareness about the impacts of purchasing



We are looking holistically at the lifecycle of cards — from their creation to use and on through end-of-life — to identify ways to reduce environmental impacts and help cardholders track, understand and offset the carbon impacts from items they purchase.

**Creation:** How can we select better card material to reduce first-use PVC by 2025? We are considering a variety of materials, including ethically sourced PVC, bio-sourced industrially compostable options, ocean-recovered or ocean-bound plastics, and chlorine-free options.

**Offsetting:** How can we help cardholders track, understand and reduce their carbon footprints through carbon offsetting?

**Recycle:** How can we support centralized recycling programs by engaging the companies that issue cards? We want to encourage card issuers to return cards at expiration so we can recycle precious materials and help achieve our ultimate zero-landfill target.





## Expanding our PayGo technology to support access to clean energy and water

In many parts of the world, people do not have access to affordable, clean energy and safe water. In sub-Saharan Africa, for instance, 560 million lack access to electricity,<sup>10</sup> instead using kerosene, candles and batteries. These are unsafe and unreliable power sources, and they can also harm the environment. Water is also a challenge: Globally, one in nine people lacks access to safe water,<sup>11</sup> and one in three lacks access to a toilet. At Mastercard, we are looking for new ways to support access to environmental resources that are essential to everyday life, including clean energy and water.

We partnered with M-KOPA Solar and Centenary Bank to use Mastercard's Quick Response (QR) payment technology in Uganda, giving more people a simple, pay-as-you-go (PAYG) option to purchase M-KOPA's affordable, safe and clean solar energy. This program builds on our partnership announcement with M-KOPA Solar in 2017 by adding new product capabilities we hope will help scale PAYG solutions, so more people — in Uganda and beyond — gain access to clean energy and water.

Developed by Mastercard Labs, our new PayGo API solution combines low-cost QR technology, an open and interoperable technology, with the "internet of things." This technology allows customers to make secure, efficient payments from their mobile phones by scanning a QR (Quick Response) code or using a USSD (Unstructured Supplementary Service Data) interface. By expanding the PAYG partnership to include Centenary Bank — a commercial microfinance bank in Uganda serving 1.6 million customers<sup>12</sup> (a quarter<sup>13</sup> of the country's banking population) — we have the opportunity to scale up this payment solution.

Looking forward, we hope that by making this payment technology widely available and partnering with new organizations, we'll be able to help more people access the clean energy and water they need.

WE ARE LOOKING FOR NEW  
WAYS TO SUPPORT ACCESS TO  
**ENVIRONMENTAL RESOURCES**  
**THAT ARE ESSENTIAL TO**  
**EVERYDAY LIFE**

<sup>10</sup> United Nations Development Programme. (2009, November). The Energy Access Situation in Developing Countries."

<sup>11</sup> water.org. The Water Crisis.

<sup>12</sup> Centenary Bank. (2019). 2018 Annual Report.

<sup>13</sup> Ibid.

## IMPROVING SUSTAINABILITY IN URBAN TRANSIT

Cities are growing at an unprecedented rate, with 6 million people moving to urban areas every month in search of opportunity.

By 2050, around 70% of the world's population is expected to live in urban areas.<sup>14</sup> Urban tourism is also booming: By 2030, 1.8 billion people are expected to visit cities annually.<sup>15</sup>

## WE ARE PARTNERING WITH MORE THAN 150 GLOBAL CITIES TO MAKE PUBLIC TRANSIT MANAGEMENT SMARTER AND MORE EFFICIENT

This influx opens up tremendous opportunities, from increased cultural and commercial growth to innovation: Today, 93% of the world's patents are generated in cities.<sup>16</sup> Because rapid urban growth impacts the environment, however, 70% of global carbon-dioxide emissions now come from cities.<sup>17</sup>

Public transit can help reduce these environmental impacts, so we are partnering with more than 150 global cities to make public transit management smarter and more efficient. We are also working to encourage ridership and boost transit systems' capacity to meet growing demand. With our solutions, people can use payment cards or mobile devices as the only tickets they need to get around — by train, bus, ferry or bike-share.

This can shorten lines and speed passengers through turnstiles, helping make environmentally sound transit the more convenient choice. We are also developing incentives for people to travel during non-peak times, reducing congestion and helping transit systems support more riders.

Our next-generation urban mobility solutions fall into three categories: physical card solutions that help riders "tap and go," digital and mobile solutions that help riders book their entire trip through a single app and intelligent mobility solutions that allow cities to learn from data insights derived from commuting trends.

<sup>14</sup> United Nations. World Urbanization Prospects: The 2018 Revision.

<sup>15</sup> United Nations World Tourism Organization. (2011, October 11). International tourists to hit 1.8 billion by 2030.

<sup>16</sup> Metropolitan Policy Program at Brookings. (2013, February). Patent Prosperity: Invention and Economic Performance in the United States and its Metropolitan Areas.

<sup>17</sup> United Nations Human Settlements Programme. Global Report on Human Settlement 2011, Hot Cities: Battle-ground for Climate Change.





To date, our partnerships with cities have brought a number of positive impacts:

- In London, 55% of all Tube and rail PayGo journeys are regularly made using contactless payment cards or mobile devices,<sup>18</sup> serving cardholders from more than 100 countries.<sup>19</sup>
- In Sydney, following a successful trial with Mastercard, commuters and tourists can now Tap & Go® across all of the city's ferries and light railways.
- In Singapore, Mastercard was the first international payments network to partner<sup>20</sup> with the Land Transport Authority to launch SimplyGo, an account-based ticketing system that enables "tap & go" on the city's public transport system.
- In 113 stations<sup>21</sup> in Milan, Mastercard has implemented<sup>22</sup> campaigns to drive contactless usage in transit and encourage similar behavior for micropayments beyond transit.
- Over the course of just three months in Kaohsiung, Taiwan, we launched a fully open loop transit system.

<sup>18</sup> PaymentsSource. (2019, April 10). How the London Underground brings in 53,000 new contactless users a day.

<sup>19</sup> Transport for London. (2017, July 6). One billion journeys made by contactless payment on London's transport network.

<sup>20</sup> The Strait Times. (2019, March 7). New SimplyGo system to let bank cards double up as public transport travel cards.

<sup>21</sup> Finextra. (2018, June 29). Milan subway goes contactless.

<sup>22</sup> The ATM Group. (2018, June 28). First in Italy, Milan's Metro Goes Contactless.

## City Possible

Building on our partnership-based approach to improving public transit, we pioneered City Possible. This new model for urban collaboration brings cities, companies and communities together to identify common challenges and create solutions that can be scaled up broadly.

As a company, Mastercard focuses on advancing inclusive urbanization, using our technology, data insights and partnerships to improve efficiency, promote economic growth and ensure inclusion. We are excited that City Possible supports mayors and city leaders in upgrading urban quality of life.

Three interconnected pillars form the foundation of City Possible:

### 1. Global network:

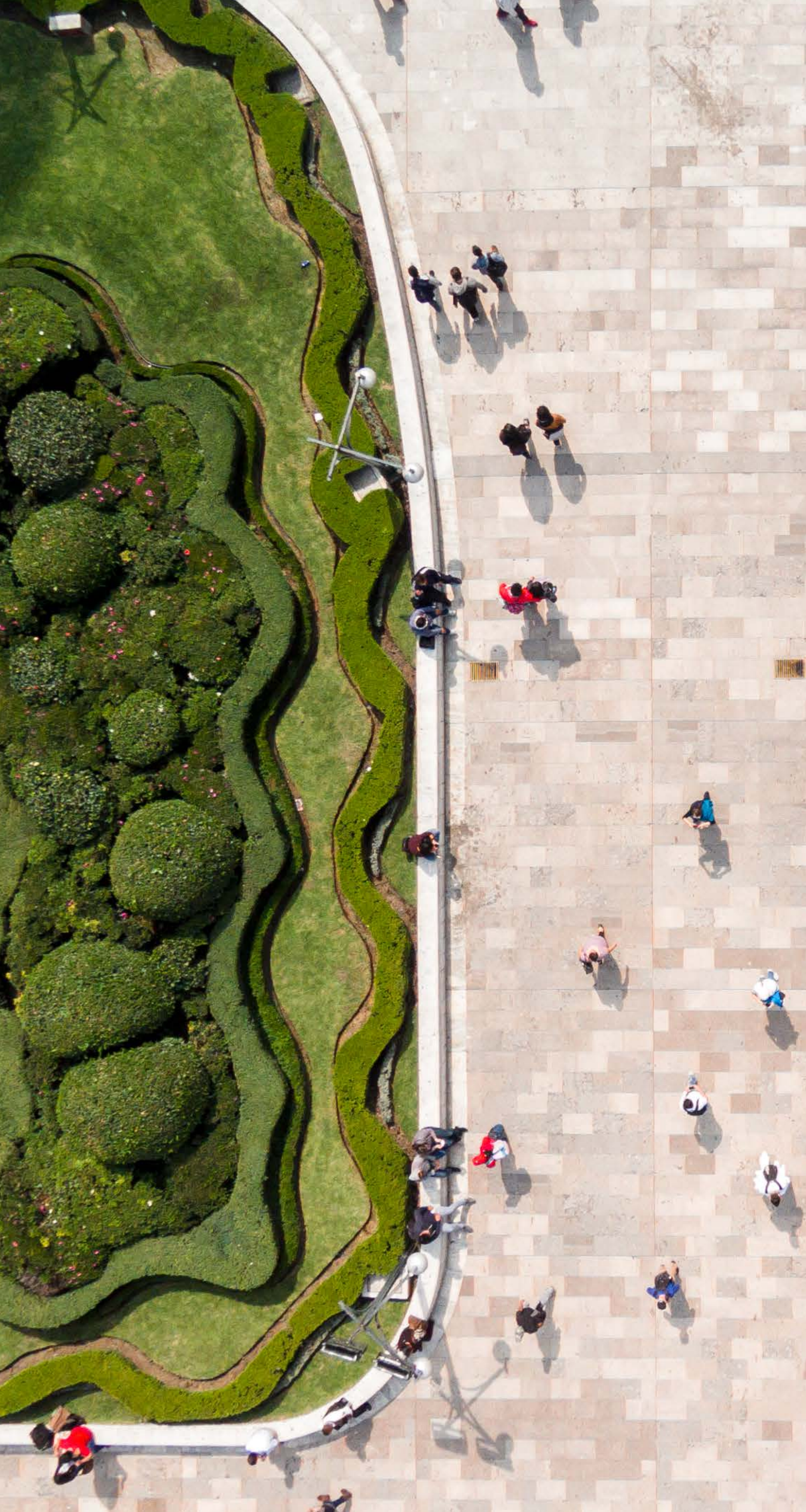
Cities and communities define challenges they have in common.

### 2. Urban co-creation:

The global network co-develops and pilots innovative urban solutions to those common challenges.

### 3. Solution scaling:

Network partners align social impacts with business objectives to rapidly scale and sustain co-created solutions.



## WE ARE HELPING LEAD PARTNERSHIPS THAT CAN ACCELERATE IMPLEMENTATION OF THE UN SUSTAINABLE DEVELOPMENT GOALS

As a key component of City Possible, Mastercard has partnered with Harvard University's Technology and Entrepreneurship Center (TECH), which is hosting a series of programs for global city leaders to identify common challenges, discuss solutions, share data and exchange insights related to urban planning, mobility services and more. To date, these programs have taken place in Las Vegas, Melbourne and Boston. Participants also have access to an online community where they can continue the dialogue with their peers.

Looking ahead, Mastercard and Kisio will invite and select cities from the global City Possible network to co-create and pilot a Mobility-as-a-Service platform that fully integrates with local transit authorities.

### UN Global Compact Cities Programme

**Mastercard joined the Steering Committee of the UN Global Compact Cities Programme (the Global Compact's urban arm), through which city and regional governments collaborate with the private sector and civil society to address complex global challenges on the local level.**

As the Steering Committee's only corporate partner, Mastercard helps select partner cities. We are supporting the development of a sustainable business model for the cities program, and we are helping lead partnerships that can accelerate implementation of the UN Sustainable Development Goals.

"Together, we can make cities more inclusive, more responsive and more sustainable — enabling cities to build on each other's progress."

**Miguel Gamiño Jr.,  
executive vice president  
for Global Cities, Mastercard**

# ETHICAL AND RESPONSIBLE STANDARDS



## OUR APPROACH

Our work is driven by the belief that upholding the highest standards of ethics and responsibility is not an option — it is the only way to succeed in business in today's world.

Our deep commitment to ethical operations and legal compliance shapes every interaction with our employees, our stakeholders and our customers. We build our operations around the touchstones of decency, integrity and respect in service of our four core values:

**Trust:** We act with integrity and respect; we encourage openness

**Partnership:** We work as one team to the benefit of all — consumers, merchants, business partners, governments and the communities we serve

**Agility:** We act with a sense of urgency and deliver value through our innovation and execution

**Initiative:** We are empowered to take bold and thoughtful action, and we hold ourselves accountable for delivering results

Upholding these values in our workplaces and across our operations is one reason why Mastercard is the place where the best people want to be.

Mastercard earned a number of awards recognizing our efforts to treat people with decency and to earn and maintain our customers' trust. We continued to build on those efforts with important updates to our data privacy practices, as with our EU General Data Protection Regulation (GDPR) compliance efforts, our data security innovations that include Threat Scan and AI Express, and our expansion of the scope of our supplier diversity efforts.

## Awards, recognition and partnerships

At Mastercard, we are proud to have received a number of prestigious awards recognizing our ethical and responsible performance.

### Ethisphere Institute

Mastercard earned its third consecutive place among the World's Most Ethical Companies for our efforts to lead with integrity and to promote ethical business standards and practices, internally and externally



### Reputation Institute

For the second consecutive year, Mastercard earned a place in the Global CSR RepTrak list of 100 companies recognized for their outstanding commitment to corporate social responsibility

### DiversityInc

Mastercard ranked No. 4 on the global list of Top 50 Companies for Diversity

In addition, we maintain professional partnerships with the Business Ethics Leadership Alliance and other organizations dedicated to advancing the integrity of business. Our participation in these groups allows us to share Mastercard's best practices and learn from our peers' successes and challenges.

We are empowered to take bold and thoughtful action, and we hold ourselves accountable for delivering results.





## ETHICS AND COMPLIANCE

Mastercard's continued business success is tied, in part, to our commitment to meet and exceed our partners' and customers' expectations that we will deliver our products and services in the right way.

### Ethical business practices

**Our approach to ethical operations starts with our Code of Conduct. It is the cornerstone of our Ethics and Compliance system and central to our culture of decency.**

We offer the Code in multiple languages to guide all our employees in making the right decisions, including detailing managers' responsibilities, avoiding conflicts of interest, honoring our policies and ensuring privacy and data protection.

We also require our CEO and other senior officers to abide by a Supplemental Code of Ethics, which reflects our heightened expectations for them to lead by example, particularly in taking special care to avoid conflicts of interest.

## Working to ensure compliance

**Every Mastercard employee participates in a mandatory, in-depth curriculum of online compliance training. The training curriculum consists of a two-year rotation of more than 15 training courses, including Code of Conduct, anti-money laundering, trade sanctions, data privacy, information security, preventing insider trading and workplace conduct that includes harassment and discrimination.**

In addition to the above training, which lays the foundation of our culture of decency and compliance, our Mastercard Ethics Helpline offers all employees, contingent workers, third parties and the public at large a confidential, around-the-clock service to report suspected violations of the law, our Code of Conduct or any other company policy. The Helpline is hosted by an independent third party, and anonymous reports can be made where permitted by local law. We promptly, thoroughly and objectively investigate all concerns with our relevant internal investigative functions, and we bring in external support, such as outside counsel, as needed.

To increase transparency regarding our investigative process and associated outcomes, twice a year we provide our employees with a Summary of Investigative Activity that contains investigative metrics and select anonymized case profiles.

To encourage the use of the Helpline and other avenues for raising ethical or legal concerns, we have a Non-Retaliation Policy that forbids retaliation against anyone who asks a question, raises a concern or provides good-faith information about potential legal or policy violations. Anyone found in breach of the Non-Retaliation Policy will be subject to disciplinary action, up to and including termination of employment. Mastercard sits at the center of the global payments industry, and we have made innovative efforts to prevent our products, services and technologies from being used for laundering money, financing terrorist operations or evading economic sanctions.



## EVERY MASTERCARD EMPLOYEE UNDERGOES IN-DEPTH TRAINING ON OUR CODE OF CONDUCT

Our comprehensive risk-mitigation strategy — including policies, procedures and employee education, in addition to our technological tools — ensures that we meet our regulatory obligations. We continue to incorporate technology and dynamic, data-driven controls to advance our ability to identify, assess and mitigate risks.

We comply with anti-corruption laws around the world, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Our Code of Conduct and related policies prohibit offering payments or anything of value to improperly influence a business decision or gain an unfair business advantage, and we have implemented training and internal controls to proactively manage corruption risks, wherever they arise.

We have developed an innovative compliance platform to allow us to regularly monitor compliance with anti-corruption procedures across our global operations, and each year we conduct a comprehensive anti-corruption risk assessment.

Our Chief Compliance Officer (CCO) leads and oversees our Ethics and Compliance system, which encompasses a broad set of integrated programs. The CCO also chairs Mastercard's Ethics and Compliance Operating Council, a network of Compliance Liaisons that spans our business lines and regions and helps drive organizational engagement, alignment and accountability within our Ethics and Compliance system. The CCO reports functionally to the Audit Committee of the Board of Directors and administratively to the General Counsel.

## Political activity and public policy

**Mastercard is committed to engaging appropriately in the political process and policy arena in a manner that informs and affects the debate concerning issues related to our business, investors and customers — including, but not limited to, payment system innovation, data privacy, the regulation of digital transactions, taxation and other issues disclosed in the company's public filings.**

We strive to engage on these issues in the most responsible and ethical way. Mastercard maintains internal procedures to ensure that the company's political and public policy activities fully comply with all laws, regulations and company policies. Any such activities in which Mastercard engages are based solely upon the best interests of the Company and are made without regard to the private political preferences of its officers and/or executives. Mastercard semiannually discloses on its website political contributions and independent expenditures, if any.

## Antitrust and competition law

**Mastercard is committed to a fully competitive marketplace, encouraging open and dynamic markets that drive innovation and value for our company and our customers. Mastercard competes independently in the marketplace by creating innovative products and services that are attractive to its customers. Mastercard maintains internal policies and training to educate employees regarding anticompetitive business practices.**

Mastercard's Global Antitrust and Competition Law Policy is incorporated into its Code of Conduct, which is reviewed annually and attested to by every employee. This policy is designed to ensure that every employee is aware of and sensitive to legal principles regarding competition and knows how to raise questions and voice concerns. In addition, Mastercard has developed Competitive Intelligence Guidelines that set forth areas for the appropriate gathering of market intelligence.

An online antitrust training course incorporates the key antitrust principles and guidance contained in both policies. Regional counsel also provides in-person training for relevant business units, where needed.



## RESPONSIBLE RISK MANAGEMENT

Properly managed risk-taking in business is a critical component of innovation and leadership.

Our Board of Directors, which oversees our risk-management framework, seeks to foster a risk-aware culture while engaging in thoughtful risk-taking to serve our business objectives.

We developed our Enterprise Risk Management (ERM) program to support comprehensive, integrated oversight and management of existing and emerging risks, and to facilitate transparent risk identification and risk reporting to senior management and the Board. All employees play a role in helping Mastercard achieve its strategic objectives through the execution of their assigned responsibilities and are expected to understand, monitor and escalate risks related to their roles, while recommending controls where appropriate.

An important element of our risk-management framework includes embedding risk champions in the business to help drive risk-management activities within business units in order to better prepare the company to respond to new and emerging risks.

The Risk Management Committee (RMC), composed of senior executives, is responsible for guiding our ERM program; several RMC members report regularly to the Board and its committees to help establish the appropriate risk culture and align risk management with Mastercard's strategy. More information about the three standing Board committees that further oversee risk management is available in our [2019 Proxy Statement](#) and [10-K Risk Factors](#) filing.

Mastercard's Board and management work to continuously improve our risk-management framework and organization at both the corporate and business-unit levels. We established new processes and methodologies to evaluate risks against our Risk Appetite Statement targets and to balance the need for stability and reliability against agility, innovation and entrepreneurial risk-taking.

## OUR BOARD AND MANAGEMENT CONTINUOUSLY IMPROVE OUR RISK-MANAGEMENT PRACTICES



## PRIVACY, DATA PROTECTION, AND SAFETY AND SECURITY SOLUTIONS

Privacy and data protection are woven into the fabric of our business and are a vital part of our responsibility to our customers, account holders and employees.

**Our long-standing commitment to data ethics helps us earn and maintain the trust of our partners and contribute to better outcomes while respecting people's privacy.**

We protect our network against security threats and also offer a range of security products and services designed to prevent and detect cyberattacks and fraud and to protect the security, confidentiality and integrity of our account holders' and customers' information.

## Organizational culture

**Our core commitment to privacy runs deep at Mastercard, starting with our Board, CEO and senior leadership.**

We train every employee to treat data with the utmost care in compliance with all applicable laws and regulations and in line with our culture of decency.

## Privacy by Design: embedded in how we work

**Privacy by Design is at the heart of Mastercard's privacy strategy. We build privacy and data protection into how we design, develop and deliver our products and services.**

We use personal information only in a legitimate, fair and inclusive manner, with full respect for the choices made by individuals. In addition, we always look for ways to encrypt, de-identify or anonymize personal information while making sure each product is still easy to use and convenient. For instance, when we process a transaction, we may replace an account holder's account number with a token so that the actual card number is not accessible to the merchants from whom the cardholder shops.

Any time we use personal information in a new way — such as by using biometric data to authenticate individuals — we conduct a privacy and data protection impact assessment to ensure we are aware of, and can minimize, any risks to people's privacy and security. We contractually require our partners and vendors to meet or exceed our high standards for privacy and security, and we conduct annual security reviews of our systems and theirs to ensure compliance.

# WE HOLD OURSELVES ACCOUNTABLE TO THE HIGHEST STANDARDS OF GLOBAL PRIVACY AND DATA PROTECTION LAWS



## Accountability

**We hold ourselves accountable to the highest standards of global privacy and data protection laws. When the EU General Data Protection Regulation (GDPR) entered into full force in May 2018, Mastercard took advantage of the opportunity to review all of our products, services and processes to ensure we meet and exceed the law's requirements.**

We have also taken the opportunity to expand our commitment to ethical data practices by making the core consumer protections of the EU-GDPR available to individuals in other jurisdictions by the end of the first quarter of 2020. This includes the right for individuals to understand the personal data Mastercard has collected about them, the right to obtain a copy of the data, have the data corrected and/or deleted.

Our new Data Protection Officer, appointed in 2018 and based in Europe, is responsible for ensuring our ongoing compliance with the GDPR. The Data Protection Officer is involved in all issues that relate to the GDPR and the protection of personal data in the European Economic Area (EEA), including the handling of privacy requests from individuals, and is the contact point for the EEA data protection authorities.

Mastercard partnered with IBM to launch Trūata, an independent data trust designed to anonymize data and continue providing analytic services in a GDPR-compliant manner. In November, Mastercard was recognized by the International Association of Privacy Professionals for the innovation mindset that helped shape Trūata.

## Individuals' data rights

**Under the GDPR and many privacy laws, individuals have a right to understand how Mastercard handles their data. We updated our Global Privacy Notice and our service-specific privacy notices to provide a clear and simple explanation of how we handle their personal information.**

In response to the GDPR, we launched a new My Data online portal to enable individuals to exercise their new rights to access, correct, modify or move their personal information. The portal is currently available to all users in the European Union and will soon be accessible worldwide. We have also updated our comprehensive incident-response process to investigate and remedy any data incident and inform people if the incident may have put their privacy at risk. We regularly conduct data-breach exercises to test and continuously improve the effectiveness of our process.

## Audits and Certifications

**Privacy and compliance checks, as well as audits of our data and privacy practices, are a regular feature of how we ensure the health of our policies and practices.**

Mastercard's security, privacy and information practices are reviewed by U.S. financial regulators on a biannual basis. Our Binding Corporate Rules (BCRs), which have been reviewed and approved by European data protection authorities, allow us to transfer European personal information to other Mastercard entities globally in a way that respects people's privacy. In Asia-Pacific, we've been awarded privacy certifications under the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules and the Privacy Recognition for Processors system. (For more information: <http://cbprs.org>.)

## WE BUILD PRIVACY AND DATA PROTECTION INTO HOW WE DESIGN, DEVELOP AND DELIVER OUR PRODUCTS AND SERVICES

### Constructive collaboration

**We believe that ethical, responsible data use can be a transformative force for societal good.**

That is why we actively engage with governments, regulators and policymakers around the world to show how our industry uses information for innovation and economic development and to explain how we incorporate privacy, security and data protection into all of our products, services and technologies. These discussions enable us to continue building the next generation of payment technologies while also protecting the rights of individuals and groups. We also partner with think tanks, academics and nonprofit organizations such as the Rockefeller Foundation to promote the use of data for social impact.

### Information security

**Mastercard takes a proactive approach to monitor and combat the growing cybersecurity threat environment.**

We make strategic investments to keep our network secure, and we partner with industry experts to anticipate future threats.

Our four integrated Corporate Security functions — Prevention, Security Engineering, Response and Regional Security — lead our global asset-protection efforts. Led by our Chief Security Officer, this corporate function is staffed with teams consisting of industry-leading professionals and experts from government services around the globe, including the U.S. Secret Service, the FBI, the U.K. National Crimes Agency, the NSA and the U.S. Army Cyber Command.

## Data and privacy governance

**Several of Mastercard's senior executives hold the responsibility of upholding our company-wide commitment to best practices in data security.**

### Chief Data Officer

Oversees Mastercard's efforts to maintain a responsible, ethical enterprise data program that adheres to our high standards for data quality, curation and governance. Reports to the President of our Data & Services Business but is an enterprise-wide position. On an as-needed basis, the Chief Data Officer provides an update to senior management and the Board of Directors on our data practices, including an assessment of our data risk and progress related to the use of information as part of our innovation strategy.

### Chief Privacy Officer

Leads our compliance with worldwide laws and regulations regarding how we collect, use, share, store and transfer data, and manages our relevant engagements with regulators and policymakers. Reports directly to Mastercard's General Counsel. On an annual basis, or more frequently if needed, the Chief Privacy Officer provides a

comprehensive assessment of the program and related privacy and data protection risks to the Audit Committee of our Board of Directors.

### Chief Security Officer

Develops and oversees the policies, programs and controls we have created to reduce and prevent logical and physical risks to our people, intellectual assets and tangible property. On an annual basis, and more frequently as needed, the Chief Security Officer (CSO) provides a comprehensive assessment of the program and related risks and vulnerabilities to the Audit Committee of the Board of Directors. Additionally, the CSO periodically conducts briefings for the Chief Executive Officer, or a designee, on security initiatives and emerging threats, trends and tactics that could impact the organization.

### Data Protection Officer

Supports our compliance with the GDPR and the protection of personal data in the European Economic Area (EEA), including the handling of privacy requests from individuals to exercise their new rights. Reports to the Global Chief Privacy Officer.

## Fusion Center

**Mastercard built on the success of our Fusion Center, a cross-functional security intelligence department that serves as a hub for all of our cyber and physical security defenses.**

Over the course of the year, we optimized our performance to improve response time and effectiveness during global events, natural disasters, and service and security incidents. The Fusion Center's Crisis Management team managed identified incidents, and by optimizing the Mastercard Intelligence Center's intelligence feeds and sources, the Fusion Center has significantly reduced analysis time, allowing us to act proactively rather than reactively, make better business decisions and more rapidly achieve closure of these crisis events.

We also established a partnership with the National Cyber Security Centre and other intelligence groups in London to prevent cash-out attacks on ATMs.

## Safety and security solutions

**In an increasingly complex security landscape, Mastercard puts safety first.**

We are continually developing new and better technologies to protect payments while ensuring a seamless consumer experience. We also help our stakeholders anticipate, mitigate and prevent threats of ever-greater frequency, scale, severity and sophistication.

Developing industry-leading standards to ensure the safety of Mastercard transactions is one part of our multilayered security strategy, which also involves protecting infrastructure, devices and data, helping banks and merchants identify genuine consumers and stop fraud, and applying cutting-edge technologies such as artificial intelligence and biometric and digital authentication to continue to protect payments around the world.

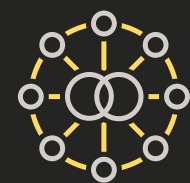
Our efforts in securing Mastercard

We have created a **multilayered security strategy** to respond to attacks on our corporate and payment networks through a number of efforts improving our core security programs.

We protect our network against security threats and also offer a range of security products and services designed to prevent and detect cyberattacks and fraud and to protect the security, confidentiality and integrity of our account holders' and customers' information.

Our security program is regularly audited. Several U.S. and international government agencies conducted detailed on-site assessments of our network security efforts. We also hosted numerous on-site and remote customer assessments and penetration tests.

The methodology for these assessments — and our annual certifications — incorporates multiple industry-recognized frameworks, including those of the U.S. National Institute of Standards and Technology (NIST), Special Publication (SP) 800-115 Technical Guide to Information Security Testing and Assessment, Open Web Application Security Project (OWASP) methodology, Payment Card Industry (PCI) standards, Penetration Testing Execution Standard (PTES) and International Organization for Standardization (ISO/IEC 27000).



An enterprise-wide vulnerability management program that monitors the entire Mastercard network



An integrated security engineering program that has established foundational security practices it maintains within the business units



A holistic incident-management team that drives a far-reaching, consistent response to identified and active threats



An established Security Operations Center (SOC) and Fusion Center



A global insider threat program, led by our Corporate Security function, that monitors interdepartmental products



A scalable access-management infrastructure that strengthens our physical and virtual system-access controls

## Some of our leading solutions

### EMV chip cards to secure face-to-face payments

We are rapidly scaling up our EMV technology in the U.S. as a way to dramatically reduce fraud at the point of sale. By including this dynamic digital data in every transaction, we have reduced overall fraud levels in card transactions. Building on our 20 years of history in creating and maintaining the EMV standard, Mastercard is currently working to increase the use of contactless cards around the globe to even further reduce fraud while improving the consumer experience. Smart Cities and Transit use cases have formed the basis for change in consumer behavior and mass adoption of contactless functionality. The deployment of contactless functionality in London, through Transport for London, helped in reaching the “tipping point” in the U.K.; similarly, Mastercard expects to emulate this success in the U.S. by offering contactless functionality on New York City’s MTA and other transit systems in American cities.

## WE ARE WORKING TO INCREASE THE USE OF CONTACTLESS CARDS GLOBALLY TO FURTHER REDUCE FRAUD WHILE IMPROVING THE CONSUMER EXPERIENCE

### Tokenization

We created our tokenization platform — the Mastercard Digital Enablement Services (MDES) — in 2013 to leverage tokenization and bring the same comprehensive level of cryptographic protection to digital transactions that our EMV chip devices bring to in-store transactions. MDES has continued its rapid growth: We conducted 1.3 billion transactions through MDES by expanding our tokenization services to a total of 1,706 issuers in 60 markets.

Mastercard launched MDES for Merchants, which uses tokens and cryptographic data to free merchants of the need to store sensitive account details while also keeping consumers’ payment information safe and up-to-date, even if their account details change. This advance is making online payments more convenient and reducing declined transactions. MDES for Merchants has already accounted for more than 45 million payment authorizations since launch.

### EMVCo Secure Remote Commerce

Mastercard participated in the creation of the new EMVCo Secure Remote Commerce (SRC) standards, which will secure, streamline and scale e-commerce checkouts. Comparable to a single point-of-sale acceptance terminal in a physical store, SRC will provide a consistent digital checkout experience; when combined with our existing token and authorization standards, it will also deliver the ubiquity, security, convenience and transparency that merchants and consumers expect and deserve.



### Safety Net

Safety Net helps limit the financial, reputational and business impact of large-scale fraud attacks by leveraging Mastercard's global network via a turnkey solution.

For issuers, Safety Net provides network-level transaction monitoring that identifies and limits the impact of cyberattacks when issuer or processor systems are breached. Safety Net provides an external layer of defense — independent from customer systems — with selective online authorization controls that block transactions according to multiple criteria.

Safety Net operates in a passive state until a situation becomes critical, providing gradually escalated responses to detected threats that allow customers to control their fraud strategies and minimize any impact to consumer acceptance.

For acquirers, Safety Net provides specific monitoring criteria and rules designed to evaluate transactions from an acquirer perspective — analyzing overall activity for a specific acquirer and/or cardholder across multiple ATMs, merchants, countries and more to determine if a merchant is the target of a large-scale attack.

Designed to protect merchants from large-scale cyberattacks and fraud events, Safety Net monitors transactions at the global network level, employing artificial intelligence to continuously monitor more than 200 million transactions a day. By identifying and isolating systematic threats within milliseconds, Safety Net intelligently declines fraudulent transactions on behalf of an issuer within minutes. Since its introduction, Safety Net has saved banks millions of dollars in potential fraud.

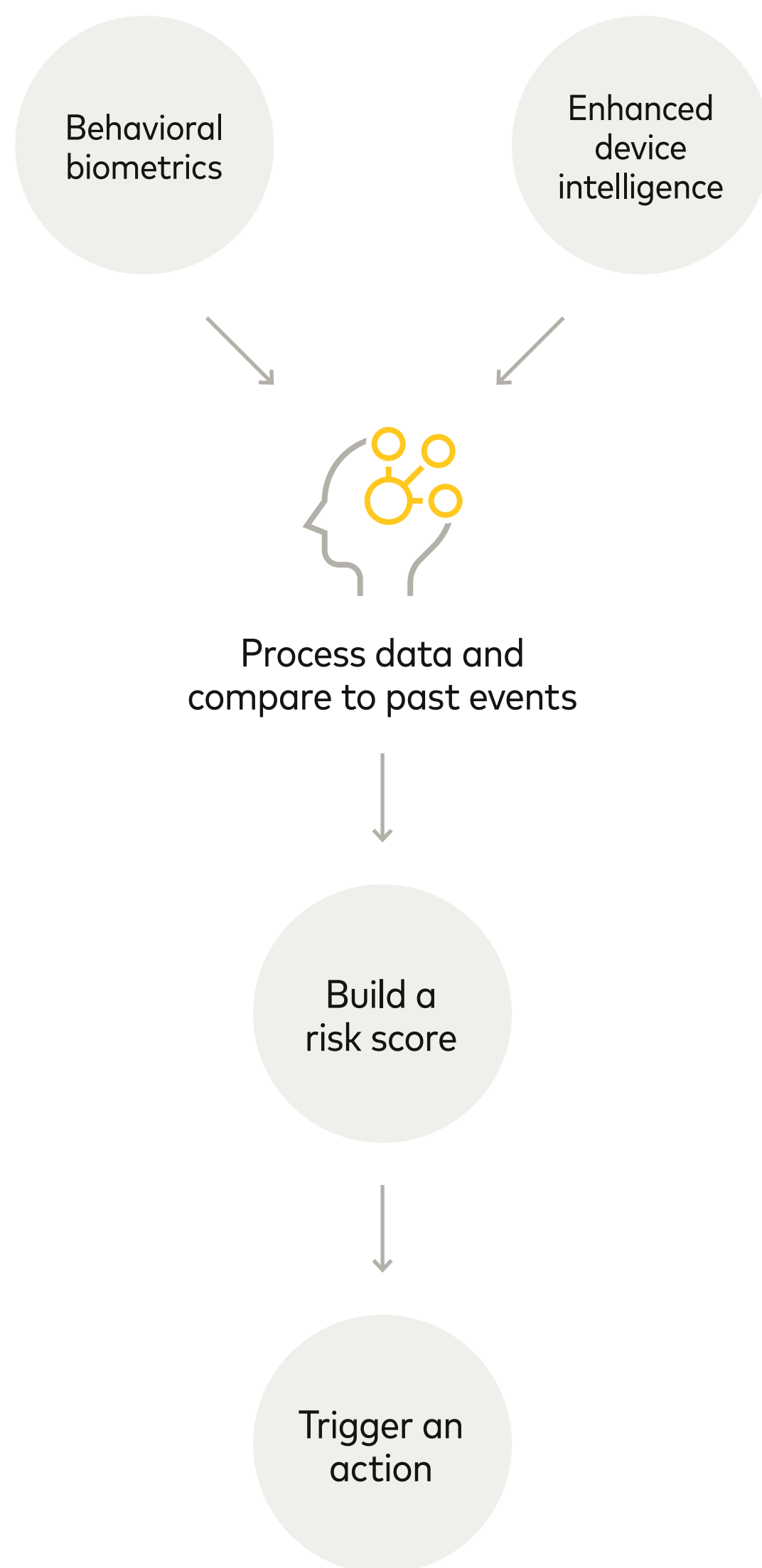
### Decision Intelligence

One of the key challenges in payments fraud, especially in the digital channel, is distinguishing between genuine and fraudulent transactions rapidly, accurately and with minimal friction for the consumer.

Mastercard's Decision Intelligence platform uses artificial intelligence to analyze insights from our network to improve consumers' shopping experiences, increase transaction approval rates, minimize fraud for retailers and prevent banks from losing money. Decision Intelligence is a real-time authorization-decisioning solution that applies thousands of data points and sophisticated modeling techniques to each transaction, simplifying these insights into a single transaction-decision score that helps issuers fine-tune their authorization decisions in order to approve more genuine transactions without increasing risk.

For each transaction, Decision Intelligence assesses:

- **Transaction security** based on widespread fraud monitoring, fraud rules, transaction fraud models and profiles — *does the purchase fit the consumer's transaction behavior?*
- **Consumer transaction attributes** based on consumer account and device information — *are the card, device, IP address and other attributes valid?*
- **Consumer segmentation** based on insights into account spending that help define the value and engagement of the consumer with their issuer — *how valuable is the consumer?*



### NuData Solutions

In March 2017, Mastercard acquired NuData and its passive biometrics and behavioral analytics capabilities. The solution distinguishes authentic users from potential fraudsters, based on their online, mobile app and smartphone interactions. These device-level insights enable merchants and issuers to improve their authorization decisions. We have been integrating NuData's tools into Mastercard's robust suite of fraud-management and security products. In 2018, we monitored 400 billion events worldwide, 28% of which we identified as high-risk and flagged to the merchant involved. In addition, we analyzed global login data to reveal that 49% of all login attempts are fraudulent.

### Early detection

In order to give issuers advanced alerts about potential fraud, we partner with specialist data providers that scan Dark Web marketplaces for information and combine that data with predictive technologies to stop fraud before it starts. This solution accelerates detection by six months to nine months ahead of a confirmed account-data-compromised alert.

## Security developments

**As part of our continuing efforts to stay ahead of the ever-changing threat environment, Mastercard unveiled a number of security innovations:**

### EMV 3DS 2.0

EMV 3-D SECURE (3DS2) is the new industry standard defined by EMVCo to help merchants and issuers authenticate card-not-present transactions. The 3DS2 transaction protocol addresses changes to the digital landscape and represents a continued effort to improve security and the cardholder experience by harnessing the rich data provided by digital commerce. As we introduce 3DS2 around the globe, consumers and merchants alike will benefit from stronger two-factor authentication and broader support for payment channels within apps, in browsers and through the "internet of things."

### Threat Scan

This payments-specific solution intelligently assesses issuer authorization processes for vulnerabilities. Threat Scan offers issuers a self-service solution to test their authorization-process configurations by simulating external threats, and we have developed the tool to test against a number of known criminal attack vectors that manipulate authorization data to breach security systems.

### Biometric Card

The Biometric Card adds security to each in-person transaction and provides the best user experience to the consumer. Users can add the biometric authentication feature to any existing Mastercard product, from the Standard card to the World Elite. The biometric card offers a variety of advanced capabilities to cardholders:

- Captures and matches biometric fingerprint image on the card
- Utilizes biometric (fingerprint) as an alternative to PIN/signature at EMV POS terminals
- Works with current merchant POS terminals to eliminate the need for hardware or software upgrades
- Secures biometric data — ensuring that no data leaves the card and that the data is not shared with merchants
- Offers a simple, at-home enrollment process that proceeds in two minutes, without issuer intervention; and
- Relies on PIN/signature authentication in case biometric fails or cannot be attempted.



## HUMAN RIGHTS AND RESPONSIBLE SOURCING

We extend our culture of decency and respect for all people across our operations. Everywhere we work, spanning our global workforce, we remain steadfastly committed to treating all people fairly and with dignity.

Within our workforce, Mastercard provides equal employment opportunities and treats all employees fairly and equally and without regard to any protected distinction such as age, gender (including gender identity), marital status, civil partnership status, sexual preference, disability, color, nationality, race or ethnic origin, or religious belief.

As part of the Responsible Sourcing Program's mission, we are shifting our supplier relationships from a transactional approach to one built on developing deep engagement around our shared values. In addition to working with more than 250 of our suppliers to help them manage, report and reduce their emissions, we are empowering our small and diverse-owned suppliers by providing resources and educational opportunities about financial literacy, sustainability and capacity-building.

In 2019, Mastercard increased our commitment to responsible sourcing by hiring a Responsible Sourcing and Supplier Diversity Lead, who will help us develop our formal program, including respect for ethics and human rights, supplier diversity and environmental sustainability.

More information about how our Responsible Sourcing Program engages with suppliers to decrease our Scope 3 greenhouse gas emissions is available in the Environmental Stewardship section on [page 66](#).

"We're committed to driving and fostering social and environmental sustainability throughout our supply base. With that said, our expectations are growing; it's no longer just about high-quality and cost-efficient solutions anymore. We want to do business with companies that share our values."

**Bryan Fuller,**  
executive vice president of supply chain  
and corporate services, Mastercard

Mastercard ranked No. 4 on DiversityInc's global list of the Top 50 Companies for Diversity, which includes recognition of our focus on minority- and women-owned suppliers.

## Ethics and human rights

Guided by our Supplier Code of Conduct, Mastercard requires every supplier we work with to abide by labor laws, operate in line with globally recognized human rights principles and avoid all use of forced labor, whether prison labor, indentured labor, bonded labor or otherwise. Although we expect each supplier to define its own human rights policy and approach, we require it to be consistent with both our Supplier Code of Conduct and the UN Universal Declaration of Human Rights.

In addition, our Supplier Code of Conduct details our expectations and requirements around child labor, freedom of association, compensation and working hours and conditions, discrimination, health and safety, and much more.

In accordance with the U.K. Modern Slavery Act, we have issued a statement outlining the steps Mastercard takes to ensure that no slavery takes place in our business or supply chains. We proudly endorse the principles of the Act; they mirror our stance as an ethical company that believes in doing well by doing good. Our full statement on modern slavery and human trafficking details the policies and provisions we have implemented to eradicate modern slavery from our operations and supply chain.

**WE REQUIRE  
EVERY SUPPLIER  
WE WORK WITH  
TO ABIDE BY  
LABOR LAWS,  
OPERATE IN LINE  
WITH GLOBAL  
HUMAN RIGHTS  
PRINCIPLES  
AND AVOID ALL  
USE OF FORCED  
LABOR**

## Supplier diversity

**Just as we value the unique contributions and perspectives of our global workforce, Mastercard strives to spread inclusion and diversity throughout our supply chain. Through our Supplier Diversity program, we actively seek to build and maintain business relationships with diverse and small businesses — suppliers that reflect our global operating environment, help enrich and strengthen the communities where we work, and provide us with high-quality, innovative products and services.**

We define diverse suppliers as companies that are majority-owned, -operated and -controlled by one or more U.S. citizens who identify as an ethnic minority, woman, veteran, LGBT+ or as a person with a disability. In our efforts around supplier diversity, we also include small businesses that are certified by, and eligible for, assistance from the U.S. Small Business Administration. We are hosting Supplier Diversity Days at some of our U.S. and U.K. locations to educate companies about winning business, diversity in the workplace and more.

Mastercard spent more with U.S.-based diverse suppliers than we ever did previously in a single year; our Tier 1 and Tier 2 spend with diverse suppliers represented more than 10% of our total U.S.-based spend. To further increase our impact, we are working to educate our suppliers about the importance of having a supplier diversity program of their own.

In early 2019, we launched a new partnership with WEConnect International, a global network that connects women-owned businesses with qualified buyers around the world, to determine the most effective strategy to increase our global spend with female-owned businesses. We are prioritizing our efforts to empower women-owned businesses as part of our investment in our economy and our communities.

"Mastercard's commitment to doing well by doing good reminds us that when the world thrives, businesses thrive. This report reflects what we do at Mastercard – we aim to benefit people, partners, shareholders and consumers alike through commercially sustainable social impact. We're on a journey and I'm excited to see how much further we can go and the impact we can make for ourselves, our communities and the world."

**Kristina Kloberdanz,**  
chief sustainability officer, Mastercard



# ASSURANCE LETTERS



info@sciencebasedtargets.org  
www.sciencebasedtargets.org



07/13/2018

Dear Mastercard,

Thank you for submitting your greenhouse gas emission reduction target(s) to the Science Based Targets initiative (SBTi) for an official validation.

Our team has assessed your target(s) against the SBTi criteria and, after careful review, we are happy to inform you that your submitted target(s) have been approved. Basic information about your company and the approved target(s) will be listed on the [Science Based Targets website](#). The following agreed target wording will be used:

*Mastercard commits to reduce absolute Scope 1, 2 and 3 GHG emissions 20% by 2025 from a 2016 base-year.*

A member of our communications team will follow up with you to coordinate the publication of your targets as well as other media outreach opportunities.

We are also happy to inform you that this target validation will qualify your company for Leadership level points in CDP's 2018 climate change questionnaire if you are a responder.

Congratulations on having science-based targets!

Kind regards,

The Science Based Targets initiative's Steering Committee

An initiative by



June 17, 2019

Mastercard  
2000 Purchase Street  
Purchase, NY

WSP has conducted an independent third party review of Mastercard's 2018 greenhouse gas inventory with the intention of providing limited assurance of its accuracy and completeness. The scope of the review includes all Scope 1 and Scope 2 emission sources, select Scope 3 emissions, including purchased goods and services (category 1), capital goods (category 2), waste generated from operations (category 5), business travel (category 6), and employee commuting (category 7). The GHG inventory applies to Mastercard's owned and leased facilities.

WSP provided a "Review Findings" report to Mastercard which lists in detail the specific review tasks completed and areas which have been flagged for clarification or improvement. Mastercard has addressed all requests for clarification and has completed all necessary corrective actions. The details of the scope of this assurance review can be found in Table 1.

Table 1: Assurance Scope

Assurance Parameter	Specification
GHG Calculation and Reporting Protocol	The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Verification Standard	ISO 14064-3
Level of Assurance	Limited
Organizational Boundary	Operational control (all owned and leased facilities)
Geography	Global operations
Inventory Period and Emissions Covered	Calendar Year 2018 (January 1, 2018 to December 31, 2018)
Scope 1	4,828 metric tons CO <sub>2</sub> e (all Scope 1 sources)
Scope 2 Location-Based Total	52,859 metric tons CO <sub>2</sub> e (all Scope 2 sources)
Scope 2 Market-Based Total	3,399 metric tons CO <sub>2</sub> e (all Scope 2 sources)
Scope 3	Category 1 Purchased goods and services: 329,880 MT CO <sub>2</sub> e Category 2: Capital goods: 65,805 MT CO <sub>2</sub> e Category 5: Waste generated in operations: 339 MT CO <sub>2</sub> e Category 6: Business Travel 49,174 MT CO <sub>2</sub> e Category 7: Employee commuting 38,986 MT CO <sub>2</sub> e
Supporting Documents Reviewed	Inventory software export files, energy purchasing data, supplier purchasing data, waste data, business travel data, employee headcount, Inventory Management Plans
Date Review Complete	June 17, 2019

## Assurance Finding

Based on these review processes and procedures, WSP has no evidence that Mastercard's 2018 GHG inventory is not materially correct, is not a fair representation of the GHG data and information, or has not been prepared in accordance with the Greenhouse Gas Protocol.

WSP USA  
Suite 300W  
4840 Pearl East Circle  
Boulder, CO 80301

Tel: +1 720 974-0250  
Fax: +1 720 974-0243  
wsp.com



## Professional Conduct

WSP has conducted this limited assurance review in its capacity as an independent third party in accordance with the ISO 14065 International Standard, *Greenhouse gases — Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition*. ISO 14065 specifies the principles and requirements employed by WSP to make this GHG assertion. WSP has not contributed to the compilation of Mastercard's 2018 GHG inventory and members of the Assurance Team are not working with Mastercard's 2018 GHG inventory beyond what is required of this assignment.

Sincerely,

Eric Christensen  
Project Director  
WSP

Anna Stephens  
Lead Reviewer  
WSP

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	102-42	Identifying and selecting stakeholders	About Mastercard: Stakeholder engagement, <a href="#">pages 17 to 18</a>
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