

# **MasterCard Incorporated**

## **Corporate Governance Guidelines**

### **Overview**

MasterCard Incorporated (the “Company”) aspires to the highest standards of ethical conduct; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company’s business and affairs.

### **Board of Directors**

The business and affairs of the Company are overseen by the Board of Directors. The Board of Director’s responsibility is to provide direction and oversight. The Board oversees the strategic direction of the Company and the performance of the Company’s business and management. The management of the Company is responsible for presenting strategic plans to the Board of Directors for review and approval and for implementing the Company’s strategic direction.

In addition to its general oversight of management, the Board of Directors also performs a number of specific functions, including:

1. Understanding and approving the Company’s long-term, key strategies;
2. Understanding the issues and risks that are central to the Company’s success;
3. Selecting, evaluating and compensating the Chief Executive Officer and overseeing Chief Executive Officer succession planning;
4. Overseeing the performance of management;
5. Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
6. Ensuring processes are in place for maintaining an ethical corporate culture; and

7. Overseeing the quality and integrity of the Company's financial statements and reports and the Company's compliance with legal and regulatory requirements.

The Board of Directors, with the assistance of the applicable committee, shall adopt a charter for each of the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee and the Audit Committee, and such charters shall comply with and include, at a minimum, those responsibilities required to be set forth therein by the rules of the New York Stock Exchange (the "NYSE"), by law or by the rules or regulations of any other regulatory body or self-regulatory body applicable to the Company.

In all actions taken by the Board of Directors, the directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the Company. In discharging that obligation, directors may rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

### **Number and Selection of Directors**

The Board of Directors consists of not less than three and not more than fifteen directors, the exact number of directors to be determined by resolution adopted by the affirmative vote of the majority of the Board. The Nominating and Corporate Governance Committee shall consider and make recommendations to the Board of Directors concerning the appropriate size of the Board. Industry Directors (as defined in the Company's certificate of incorporation) and directors who are officers or employees of the Company or any of the Company's subsidiaries may serve on the Board of Directors subject to the limitations set forth in the Company's By-Laws.

Candidates for nomination for election to the Board of Directors to fill new positions or vacancies are selected by the Nominating and Corporate Governance Committee, and recommended to the Board of Directors or stockholders for approval in accordance with the guidelines recommended by such Committee.

Each director holds office until a successor is elected and qualified, or until the director's earlier death, resignation, removal or automatic termination. In no case shall a decrease in the number of directors remove or shorten the term of any incumbent director.

## **Qualification of Directors**

With the exception of Industry Directors or any director who is an officer or employee of the Company or any of its subsidiaries, any person who is or has been during the prior 18 months a director, officer, employee or agent of, or represents or has represented, or is or has been during the prior 18 months otherwise affiliated with or otherwise has any business relationship that is material to such person with, a Member or Similar Person (as such terms are defined in the Certificate of Incorporation), may not serve as a director of the Company.

At least two-thirds of the members of any Executive Committee of the Board, the Audit Committee, the Human Resources and Compensation Committee or the Nominating and Corporate Governance Committee shall be Directors who are not Industry Directors, and no more than one Industry Director may serve on the Nominating and Corporate Governance Committee. No Industry Director shall participate in the process of nominating any person to serve as a director of the Company or selecting any person to serve as a director of The MasterCard Foundation. No Industry Director may serve as Chairperson of the Board. No officer or employee of the Company may serve as Chairperson of the Board of Directors unless the election or appointment of such officer to serve as Chairperson of the Board is approved by the affirmative vote of at least 75% of the entire Board of Directors.

In addition, no director shall be a trustee, officer, employee or agent of, or represent or otherwise be affiliated with, The MasterCard Foundation, or have been a director, officer, employee or agent of, or represented or been affiliated with, The MasterCard Foundation during the prior three years or otherwise have any business relationship with The MasterCard Foundation that is material to such person. No director shall be a director, regional board director, officer, employee or agent of or represent (1) an entity that owns and/or operates a payment card program competitive with the Company's comparable card programs, as determined by the Board of Directors (a "Competitor"), or (2) an institution that is represented on any board of a Competitor.

Each director of the Company shall also serve as a director on the board of MasterCard International Incorporated.

## **Director Independence**

To maintain the quality of the Board's oversight and to protect against the

possibility of damaging conflicts of interest, the Board shall have a majority of “independent” directors. No director will be considered “independent” unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). When making “independence” determinations, the Board shall broadly consider all relevant facts and circumstances, as well as any other facts and considerations specified by the NYSE, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the Company. When assessing the materiality of a director’s relationship with the Company, the Board shall consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others).

The Board has established the following guidelines to assist it in determining director “independence”:

- A. A director will not be independent if: (i) the director is, or has been within the last three years, employed by the Company, or an immediate family member of the director is, or has been within the last three years, employed by the Company as an executive officer; (ii) the director or an immediate family member of the director has received more than \$120,000 during any twelve-month period within the last three years in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service); (iii) (a) the director or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor, (b) the director is currently employed by such a firm, (c) the director has an immediate family member who is currently employed by such a firm and personally works on the Company’s audit, or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time; (iv) the director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee; or (v) the director is a current employee, or an immediate family member of the director is a current executive officer, of another company that has

made payments to, or receives payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or two percent of the consolidated gross revenues of such other company.

- B. The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence: (i) relationships involving the provision of products or services either by or to the Company or its subsidiaries or affiliates and involving a director, his or her immediate family members, or a company or charitable organization of which the director or an immediate family member is (or, at the time of the transaction, was) a partner, stockholder, officer, employee or director so long as the following condition is satisfied: the products and services are being provided in the ordinary course of business and on substantially the same terms and conditions, including price, as would be available to similarly situated customers; (ii) if a director is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payment from, the Company for property or services in an amount which, in any single fiscal year, are less than the greater of \$1,000,000 or two percent of the consolidated gross revenues of such other company; (iii) if a director beneficially owns, or is an employee of another company that beneficially owns, less than 10% of the Company's common equity; (iv) if a director is an executive officer or an employee of another company to which the Company is indebted, and the total amount of the indebtedness is less than one percent of the total consolidated assets of the company for which he or she serves as an executive officer or an employee; and (v) if a director serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than the greater of \$1,000,000 or two percent of that organization's consolidated gross revenues. Notwithstanding the foregoing, no relationship required to be disclosed by the Company pursuant to Item 404 of Regulation S-K shall be treated as categorically immaterial. The Board will annually review all commercial, charitable and other relationships of directors.

The Company will disclose in its annual proxy statement its independence determination, including the basis for determining that a relationship is not material and any other pertinent information, with respect to each director

standing for election.

An “immediate family member” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

### **Additional “Independence” Requirements for Audit and Compensation Committee Membership**

No director may serve on the Audit Committee or Human Resources and Compensation Committee of the Board unless such director meets all of the criteria established for audit committee or compensation committee service, as applicable, by the NYSE and/or (as applicable) the Sarbanes-Oxley Act, any other law and any other rule or regulation of any other regulatory body or self-regulatory body applicable to the Company.

### **Diversity of Directors**

To the extent practicable and subject to the Board of Directors’ fiduciary duties, the Nominating and Corporate Governance Committee shall seek to foster diversity on the Board when nominating directors for election (other than the Chief Executive Officer, to the extent such officer shall be nominated) by taking into account geographic diversity to reflect the geographic regions in which the Company operates in a manner approximately proportional to its business activity, as well as diversity of age, gender, race, ethnicity and cultural background, and shall endeavor to have a Board of Directors representing a range of leadership and other experiences relevant to the Company’s global activities.

### **Majority Voting**

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a Contested Election (as defined in the By-Laws) and (ii) acceptance of that proffered resignation by the Board. In the event an incumbent director fails to receive a majority of the votes cast in an election that is not a Contested Election, the Nominating and Corporate Governance Committee or such other committee designated by the Board pursuant to the By-Laws, shall make a recommendation to the Board as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board shall act on the proffered resignation, taking into account the committee’s

recommendation within ninety (90) days following certification of the election results. The committee in making its recommendation and the Board in making its decision each may consider any factors and other information that they consider appropriate and relevant.

An incumbent director who fails to receive a majority of the votes cast in an election that is not a Contested Election and who tenders his or her resignation pursuant to the By-Laws shall remain active and engaged in Board activities while the Nominating and Corporate Governance Committee and the Board decide whether to accept or reject such resignation, or whether other action should be taken; provided, however, it is expected that such incumbent director will not participate in any proceedings by the Board or any committee thereof regarding whether to accept or reject such director's resignation, or whether to take other action with respect to such director.

### **Term Limits and Retirement**

The Board's policy is that each non-employee director must retire from the Board by not standing for re-election at the next annual meeting of stockholders following the earlier of his or her: (i) 15<sup>th</sup> anniversary of service on the Board or (ii) 72<sup>nd</sup> birthday, unless the Board determines that due to unique or extenuating circumstances it is in the best interests of the Company and its stockholders to extend the director's service for an additional period of time; provided, however, that for directors who were elected to the Board at any time during 2006-2008, no more than two directors shall retire pursuant to this provision at any one time, and if more than two directors are impacted at any one annual meeting of stockholders by this provision, the director(s) with the shortest tenure on the Board and otherwise impacted by this provision shall be deferred until a subsequent annual meeting of stockholders for retirement.

### **Evaluation of Board of Directors' Performance**

In accordance with its charter, the Nominating and Corporate Governance Committee oversees an annual review of the performance of the Board of Directors and each committee of the Board of Directors. This review includes an examination of the composition of the Board of Directors as a whole and of each of its committees; an assessment of directors' skills and areas of expertise; consideration of any changes in a director's responsibilities since the director was last elected to the Board of Directors; and such other factors as may be determined by the Committee to be appropriate. The results of the Committee's review of the Board of Directors and each committee are reported to the Board.

## **Board of Directors Meetings**

Directors are expected to attend, and actively participate in, Board of Directors meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities as directors. Information and materials that are important to a director's understanding of the business to be conducted at a Board of Directors or committee meeting shall be distributed to the directors prior to the meeting, in order to provide time for review beforehand. The Chief Executive Officer, in consultation with the Chairperson of the Board (if not the same person) and Corporate Secretary, determines the business to be conducted at each Board of Directors meeting. Each director is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting but that are appropriate for the Board of Directors to address. The independent and non-management directors are afforded a regular opportunity to meet in executive session (and, in the case of independent directors, at least annually), or more frequently upon request of any independent or non-management director.

## **Annual Strategic Review**

At least annually, and/or in the course of its ordinary Board meeting agendas, the Board of Directors reviews the Company's long-term strategic plans and the principal issues that it expects the Company may face in the future.

## **Board Committees**

At present, the standing committees of the Board of Directors are the Audit Committee, the Human Resources and Compensation Committee and the Nominating and Corporate Governance Committee. Committee members are elected by the Board of Directors following nominations by the Nominating and Corporate Governance Committee. Committee membership and chairs may be changed from time to time, as deemed appropriate or necessary. Each committee has a written charter which sets forth the mission and responsibilities of the committee, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations.

The chair of each committee, generally in consultation with the committee members and management, determines the frequency and length of committee meetings consistent with any requirements set forth in the committee's charter.

The chair of each committee, in consultation with other members of the committee and/or senior management of the Company, determines the business to be conducted at committee meetings. The agenda for each committee meeting is distributed to all committee members prior to the meeting.

The Board of Directors and each committee have the power to hire, at the Corporation's expense, and fire independent legal, financial and other advisors as each may deem necessary or appropriate, without consulting or obtaining the approval of any officer of the Company in advance, and consistent with any applicable charter.

The Board of Directors may, from time to time, establish additional committees, such as an Executive Committee, or subcommittees, to serve at the pleasure of the Board of Directors.

### **Director Access to Senior Management**

Directors are afforded full and free access to senior management and other employees of the Company. Generally, any meeting or contact that a director wishes to initiate with a Company employee may be arranged through the Company's Chief Executive Officer or other member of senior management. At the request of the Chairperson of the Board or the Chief Executive Officer, members of senior management of the Company and others may be invited to attend meetings of the Board of Directors.

### **Director Compensation**

The form and amount of director compensation is determined by the Board of Directors, based upon the recommendation of the Human Resources and Compensation Committee. The Board of Directors believes that the amount and kind of director compensation should be guided by three goals: compensation should fairly pay directors for work required in an organization of the Company's size and scope; compensation should align directors' interests with the long-term interests of stockholders; and the structure of compensation should be simple, transparent, and easy for stockholders to understand. The Human Resources and Compensation Committee periodically reviews director compensation. Directors who are employees of the Company or any of its subsidiaries or affiliates do not receive compensation for their services as directors. Directors who are not employees of the Company or any of its subsidiaries or affiliates are not permitted to enter into any consulting arrangement with the Company.

## **Non-Employee Director Ownership Guidelines; Hedging/Pledging Prohibitions**

The Board of Directors has adopted stock ownership guidelines for non-employee directors for the purpose of aligning their interest with the interests of stockholders. The Company's Code of Conduct includes an anti-hedging policy applicable to non-employee directors that includes various prohibitions against inappropriate trading activities with respect to MasterCard securities. In addition, as a practical matter, the Company's Code of Conduct and these anti-hedging policies in turn prohibit non-employee directors from entering into most pledging arrangements.

## **Director Orientation and Continuing Education**

The Company offers an orientation program for new directors and a periodic continuing education program available for all directors. This program generally includes presentations by senior management on the Company's strategic plans; significant financial, legal, accounting and risk management issues; compliance programs; Code of Conduct; management structure and executive officers; and its internal auditor and independent registered public accounting firm. All directors are expected to participate in the orientation program, as well as director education programs offered internally and by third parties. These orientation and continuing education programs will be overseen by the Nominating and Corporate Governance Committee of the Board.

## **Change in Director's Other Responsibilities**

The Board of Directors expects any director who has a material change in his or her other responsibilities, including retiring from his or her present employment, changing job responsibility in any significant way, becoming employed, retained or affiliated with any competitor of the Company or experiencing a significant change in his or her personal circumstances that reasonably may have an adverse effect on the director's reputation or the reputation of the Company, to offer to the Chief Executive Officer, Chairperson of the Board, General Counsel or Corporate Secretary, to resign from the Board of Directors. Upon receipt of such offer, the Nominating and Corporate Governance Committee will promptly evaluate whether the Board of Directors should accept the resignation. The evaluation will be based upon a review of the appropriateness of such director's continued service taking into account the changed responsibility. The Nominating and Corporate

Governance Committee will also review whether the director continues to satisfy the Board of Directors' qualifications for service and, as applicable, director independence standards.

While resignation may not be appropriate in all the foregoing instances, the Board of Directors believes that it would be desirable at that time to consider, through the Nominating and Corporate Governance Committee, the appropriateness of the Director's continued service.

In the event that a director elects to join another public company board of directors or a fourth or more public company audit committee, such director will notify the Chief Executive Officer, Chairperson of the Board, General Counsel or Corporate Secretary in advance of accepting such appointment. In such event, the number of other public company boards and the number of other public company board audit committees on which a director may serve shall be subject to a case-by-case review by the Nominating and Corporate Governance Committee in order to ensure that each director is able to devote sufficient time to carry out his or her duties as a director.

### **CEO Performance**

As set forth in its charter, the Human Resources and Compensation Committee conducts an annual review of the Chief Executive Officer's performance and reports the results of the annual review to the Board of Directors.

### **Succession Planning**

The Human Resources and Compensation Committee is responsible for ensuring that the Company has a thorough succession planning process. This succession planning process includes the input of other Board members and also includes identifying and evaluating potential successors to the Chief Executive Officer and other senior executive officers of the Company. The Chief Executive Officer meets periodically with the Board to discuss potential successors and to review succession planning and any development plans recommended for individuals. In addition, the Nominating and Corporate Governance Committee shall assist the Board from time to time with long-term succession planning efforts for the Chief Executive Officer role.

## **Code of Conduct and Supplemental Code of Ethics**

The Company has adopted a Code of Conduct and other internal policies and guidelines intended to support the Company's mission statement and to comply with the laws, rules and regulations that govern the Company's business operations. The Code of Conduct applies to all directors, officers and employees of the Company. In addition, the Company has adopted a Supplemental Code of Ethics applicable only to the President and Chief Executive Officer, the Chief Financial Officer, the Controller, and certain other senior officers of the Company, including those who serve in financial accounting, treasury, tax and legal advisory roles. Based on management reports, the Audit Committee monitors compliance with the Code of Conduct, the Supplemental Code of Ethics and other internal policies and guidelines of the Company.

## **Loans to Directors and Executive Officers**

The Company does not make personal loans to any director or executive officer of the Company, or to immediate family members of any director or executive officer of the Company.

## **Board of Directors Confidentiality**

Each director is expected to keep confidential any confidential or proprietary information relating to the Company that has been furnished to or acquired by the director in connection with his or her service as a director. No director may disclose any material, non-public information concerning the Company, unless required to do so by law or as authorized by the Board of Directors.

## **Whistleblower Procedures**

The Company has adopted Whistleblower Procedures, which establish a process for the receipt, retention, investigation and action on complaints and concerns from employees, stockholders and others regarding (1) accounting, internal accounting controls and auditing matters, (2) possible violations of, or non-compliance with, applicable legal and regulatory requirements, (3) possible violations of the Company's Supplemental Code of Ethics for the Chief Executive Officer and senior officers or (4) retaliatory acts against anyone who makes such a complaint or assists in the investigation of such a complaint. The Audit Committee has assigned the General Counsel of the Company, who is the Company's chief compliance officer, to initially receive, on behalf of the Audit

Committee, and to investigate such complaints. The General Counsel is responsible for keeping a written docket of all complaints received under the Whistleblower Procedures and summarizing the nature of the complaint and other relevant information. The General Counsel will report any recent developments of items listed on the docket in reasonable detail to the Chairperson of the Audit Committee (or the full Audit Committee, if the Chairperson of the Audit Committee so directs) at, or in advance of, each regularly scheduled meeting of the Audit Committee (other than meetings convened principally to review the Company's periodic reports under the Securities Exchange Act of 1934, as amended) or more frequently, if warranted. The Whistleblower Procedures are intended to enable employees, stockholders and others to make confidential, anonymous complaints and protect employees that make complaints from retaliatory action.

### **Third-Party Communications with Non-Management Directors**

The Board has established the following procedures in order to facilitate communications between the Board and the stockholders of the Company and other interested parties. These procedures will be summarized on the Company's public website and otherwise publicly disclosed as required pursuant to the rules and regulations of the NYSE and other applicable law.

#### *Communications with the Board of Directors*

Stockholders and other interested parties may contact any member (or all members) of the Board (including, without limitation, the director that presides over the executive sessions of non-management directors, or the non-management directors as a group), any Board committee or any chair of any such committee by mail or electronically. To communicate with the Board, any individual directors or any group or committee of directors, correspondence should be addressed to the Board or any such individual directors or group or committee of directors by either name or title. All such correspondence should be sent by e-mail to [corporate\\_secretary@mastercard.com](mailto:corporate_secretary@mastercard.com) or by mail to MasterCard Incorporated, Board of Directors c/o the Office of the Corporate Secretary, 2000 Purchase Street, Purchase, NY 10577.

The Company's Corporate Secretary, or in his or her absence, another member of the Company's Law Department, will open all communications received for the sole purpose of determining whether the contents represent a message to the directors. All correspondence that is not in the nature of advertising, promotions of

a product or service, or is not trivial, irrelevant, unduly hostile, threatening, illegal, patently offensive or similarly inappropriate will be forwarded promptly to the addressee.

If correspondence reflects a complaint or concern that involves (1) accounting, internal accounting controls and auditing matters, (2) possible violations of, or non-compliance with, applicable legal and regulatory requirements, (3) possible violations of the Company's Supplemental Code of Ethics for the Chief Executive Officer and senior officers or (4) retaliatory acts against anyone who makes such a complaint or assists in the investigation of such a complaint, the correspondence will be forwarded to the chair of the Audit Committee. If no particular director is named, such communication will be forwarded, depending on the subject matter, to the chair of the Audit, Human Resources and Compensation or Nominating and Corporate Governance Committee, as appropriate.

*Communications Related to Whistleblower Procedures*

Anyone who has concerns regarding (1) accounting, internal accounting controls and auditing matters, (2) possible violations of applicable legal and regulatory requirements, (3) possible violations of the Company's Supplemental Code of Ethics for the Chief Executive Officer and senior officers or (4) retaliatory acts against anyone who makes such a complaint or assists in the investigation of such a complaint, may communicate these concerns by writing to the attention of the Audit Committee Chairperson at the address listed below:

MasterCard Incorporated  
Audit Committee Chairperson  
c/o General Counsel  
Room 2C-217  
2000 Purchase Street  
Purchase, NY 10577-2509

Employees shall report such complaints or questions in accordance with the Company's Whistleblower Policy. The Company prohibits any employee from retaliating or taking any adverse action against anyone who in good faith makes a complaint or provides assistance in resolution of a complaint.