

## Corporate Governance Report

### Introduction

Visa Europe's mission is to connect the world through the most innovative, reliable and secure payments network - enabling individuals, businesses and economies to thrive and in doing so, we apply high standards and best practice to its corporate governance arrangements, and complying with the regulatory governance requirements of our regulators. Following the implementation of the Companies (Miscellaneous Reporting) Regulations 2018 (the **Regulations**), and as a result of meeting certain thresholds, the Visa Europe Board has chosen to comply with the Regulations through applying the Wates Principles as our framework for governance reporting. This is the first year that Visa Europe is reporting on the application of the Wates Principles.

### Section 172 Statement

Section 172 sets out the duty of directors to promote the success of the company. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

### Principles

As a subsidiary of a larger global listed company, Visa Inc, our overall parent company and shareholder that is regulated by the Securities and Exchange Commission and supervised by the Federal Financial Institutions Examination Council, we have governance requirements in place to ensure local oversight of relevant Section 172 matters. The directors have chosen to apply each of the Wates Principles in setting out how we have had regard to Section 172, in our principal decision making during the financial year.

**Principle 1 - Purpose and Leadership** – *an effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Our purpose is to connect the world around the most innovative, reliable and secure payment network enabling individuals, businesses and economies to thrive. We have a clearly articulated strategy framed around the collective vision to be the best way to pay and be paid for everyone, everywhere (as further discussed in the Strategic Report). The Board and Executive team actively develop and promote the success of the company, acting with integrity and with a clear understanding of the views of all of our stakeholders. The Board engages regularly on strategic issues and planning, assessing the opportunities and risks facing the company. The strategy is clearly communicated and further embedded through regular interaction with colleagues, including through leadership briefings, all-colleague meetings and regular training, which inform expected behaviours and practices throughout the business. In addition, Visa's Leadership Principles (which can be found <https://usa.visa.com/about-visa/diversity-inclusion/life-at-visa/leadership-principles.html>) guide the way we act and the way we lead and principles provide a framework for how Visa colleagues are evaluated and rewarded. They are also used to identify individual opportunities for growth and development, and focus not only on what people accomplish but how they go about doing it.

The Board makes decisions in the best interests of Visa Europe, having due regard to all of our stakeholders (as detailed below) as well as our regulatory obligations, in particular in relation to our role as a systemic risk manager, including operational resilience, financial strength and stability (both relating to capital and liquidity) and the management of third party critical suppliers. The Board and Executive promote a positive, inclusive and diverse culture of wellbeing and social responsibility through various programmes including training and awareness initiatives, senior executive podcast interviews, a wellbeing portal and benefits for employees, wellness hours; and diversity and inclusion and education programmes.

**Principle 2 - Board Composition** – *effective board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.*

The Visa Europe Board is made up of 4 independent non-executive directors (**INEDs**), 2 non-executive directors (**NEDs**) (appointed by Visa Inc., as overall parent and shareholder representatives) and 2 executive directors (Europe Chief Executive Officer and Europe Chief Finance Officer). The Board consists of a broad range of diverse skills and experience drawn from regulated businesses and other sectors such as retail, business services and technology as well as Visa's own business. Board member biographies can be found on the company's website: <https://www.visa.co.uk/about-visa/visa-in-europe.html>

The Committees, reporting directly to the Board, consist of the Risk Committee, Audit Committee, Nominations Committee and Remuneration Committee, each composed of an independent Chair and a majority of independent NEDs. The Board Chair (Alison Deborah Hewitt) is a named person to whom whistleblowing claims can be escalated, in line with approved Compliance policies.

The Board and Committee structure and composition is agreed by the Board to be appropriate for Visa Europe (as a regulated subsidiary of a large listed global business) providing a good balance of experience, knowledge and skills. Board effectiveness reviews are carried out on a periodic basis to ensure the Board remains effective, skilled and diverse in its approach, and the Nominations Committee periodically reviews Board composition.

The Board is governed by the documented matters reserved for the Board. These, along with Committee terms of reference are reviewed annually to ensure their continued relevance and effectiveness

**The Risk Committee:** chaired by Philippe Tromp. Responsible for oversight and providing advice to the Visa Europe Board on a) responsibilities relating to risk management, b) internal controls and compliance, c) financial risk, and d) legal and regulatory matters.

**The Audit Committee:** chaired by Hamayou Akbar Hussain. Responsible for oversight and providing advice to the Visa Europe Board on a) responsibilities relating to internal Audit, b) external audit, and c) financial controllership.

**The Nominations Committee:** chaired by Alison Deborah Hewitt. Responsible for oversight and providing advice to the Visa Europe Board on Board appointments and succession.

**The Remuneration Committee:** chaired by Alison Deborah Hewitt. Responsible for oversight and providing advice to the Visa Europe Board on performance reviews and remuneration of executives.

**Principle 3 - Director Responsibilities** – *a Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making and independent challenge.*

Internal governance documents and policies including the articles of association of the company, matters reserved for the board, terms of reference of the board committees, conflicts of interest policy, code of conduct and ethics, are all in place. These set out the responsibilities of those who are members of the Board and respective committees. The governance documents provide directors the framework from which they make effective decisions and provide independent challenge, delivering long term value and success. These documents and policies are reviewed annually by the Board and the various committees. In addition to undertaking a detailed programme of induction training on appointment, the Board also takes part in periodic training sessions during the year on various topics, including refresher training where appropriate.

**Principle 4 - Opportunity and Risk** – *a Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

The Board actively promotes the long-term sustainable success of the company, identifying both long and short-term opportunities, through an annual Board strategy review process in line with the risk management framework and quarterly business unit reviews. Key risks are identified (see Principal Risks and Uncertainties outlined in the Strategic Report) and regularly reviewed and discussed along with any residual risks, and the methods of mitigating those risks by the Risk Committee and/or Board over the course of the financial year during board meetings and in dialogue with senior management.

**Principle 5 - Remuneration** – *A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Visa Europe has an established policy on remuneration within Visa Inc.'s Global Framework (for its employees and this is presented to the Visa Europe Board annually by the Visa Inc. global HR executive). The framework is aligned with performance and Visa's Leadership Principles (based on the principle of pay for performance) and the achievement of the company's strategy. This also takes account of wider employee pay and conditions, and a gender pay gap report is presented to and approved by the Board on a yearly basis. The Remuneration Committee, consisting of a majority of INEDs, has clearly defined terms of reference which include reviewing the performance and remuneration of key executives.

**Principle 6 - Stakeholder Relationships and Engagement** – *Directors should foster effective stakeholder relationships aligned to the company's purposes. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce and having regard to their views when taking decisions.*

We are committed to delivering value to all of our stakeholders for the future success of the company and our communities and consider the impact of our business on a range of stakeholders when making decisions. We are committed to transparency and effective engagement with our stakeholders, regularly reviews our relationships with key stakeholders, and the impact of these relationships on the company's business is monitored closely.

**Clients:** Our commitment to our clients remains at the forefront of our efforts, as does the critical role we play in maintaining the stability, security and resilience of the global payment ecosystem. Visa has continued to take steps to ensure the reliability of our network and provide operating and economic stability for all of our clients.

**Regulators:** Throughout 2020, the Board continued to oversee the business of the Company in light of Visa Europe being a financial markets infrastructure and continued our active engagement with our primary regulator, the Bank of England, as well as other regulators including the Payment Systems Regulator and European Central Bank.

**Shareholder:** A number of channels are used to receive feedback from the Shareholder, including two (shareholder representative) NEDs that sit on the Board and periodic 1:1 meetings between the Visa Europe Board Chair and the Visa Inc. Chief Executive Officer, and other Visa Inc. executives promoting transparent and effective engagement.

**Employees:** We conduct frequent polls and pulse surveys to keep abreast of our employee engagement and wellbeing and seek to offer an attractive benefits package which supports our focus on inclusion and diversity.

Visa Europe also conducts regular equal pay audits to ensure women and men doing similar roles are paid fairly, and we comply with gender pay gap reporting in the UK where the results show continued progress in the diversification of our workforce. Gender diversity remains a key metric of focus.

Visa Europe committed to and achieved gender diversity targets for the entire organisation as well as senior female leadership as part of the Women in Finance Charter in 2019 and 2020 and are now resetting additional stretch targets for the next period to 2023. In addition, we remain committed to diversity and inclusion more broadly within our employee population, for example across sexual orientation, ethnicity, caring responsibilities and mental health.

The Board has regard to interests of employees through regular updates from executive management on employee sentiment through employee survey results, reports from the business teams and human resources, and an annual report from the Visa Europe's Pensions Trustee Company.

**Key Third Party Suppliers:** We foster effective relationships with our service providers through a supplier relationship management framework with critical suppliers including Visa Technology & Operations LLC (VTO), a subsidiary of Visa Inc. As part of this governance framework, the Visa Board engages with VTO through annual meetings and the Visa Europe Chief Executive officer holds twice yearly meetings with VTO.

**Other Stakeholders:** Visa recognises the importance of corporate responsibility, sustainability and ethical leadership and we have summarised our efforts below. Further details are available in our Corporate Responsibility and Sustainability Report here:

<https://usa.visa.com/dam/VCOM/download/corporate-responsibility/visa-2019-corporate-responsibility-report.pdf>

- **Empowering People & Economies:** Visa believes inclusive economies are beneficial to everyone, everywhere. The company continues to empower economic growth by supporting small and micro businesses; expanding financial access; building financial capability; and strengthening our local communities.
- **Securing Commerce & Protecting Customers:** Visa are committed to implementing a multi-layered information security approach that enables reliable, trustworthy and frictionless digital payment experiences.
- **Protecting the Planet:** Visa continues to minimise the impact from our operations while expanding efforts to inspire and empower sustainable living in commerce and consumption, including reaching our goal to transition to the purchasing of 100% renewable electricity by 2020 across our offices and data centres.
- **Operating Responsibly:** Visa continues to operate as a responsible and ethical company by upholding the highest standards for integrity, compliance and corporate governance. We have built a new Supplier Code of Conduct through activities such as developing ethical and agile onboarding procedures and revising our Code of Business Conduct and Ethics to improve transparency and clarity. Links to these codes can be found here:

> <https://usa.visa.com/dam/VCOM/global/common-assets/documents/visa-supplier-code-of-conduct.pdf>

> [Code-of-Conduct-Update-Apri-19.pdf \(q4cdn.com\)](#)

The Visa Europe Board recognises the severity of modern slavery and has taken steps to ensure we have controls against modern slavery and human trafficking across our suppliers and approves Visa Europe Modern Slavery Act Statement annually. You will find the most recent statement available here:

> [20190320-uk-modern-slavery-act-statement-signed.pdf \(visa.co.uk\)](#)

In accordance with the Regulations, this Corporate Governance report will be published and available to view on the Visa Europe Limited website at [visa.europa.com](http://visa.europa.com).