

# Corporate Governance Report

## Introduction

Visa Europe's purpose is to uplift everyone, everywhere by being the best way to pay and be paid. - 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.

## 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 or she 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 uplift everyone, everywhere by being the best way to pay and be paid. 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 and ensuring the right resources to deliver the strategic objectives.

At Visa Europe, we recognise the importance of strengthening our organisation's culture of accountability, and have voluntarily implemented an Individual Accountability Model (IAM). The IAM mirrors key aspects of the Senior Managers and Certification Regime, showing the clear accountabilities for those Board members who have prescribed responsibilities (in addition to key executives), and monitor against those on an annual basis. We have tailored the IAM to our business ensuring it is reflective of the risk and regulatory oversight Visa Europe receives as a recognised payment system. In addition, Visa's Leadership Principles guide the way we act and the way we lead and 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 seeks to make decisions in the best interests of Visa Europe, having due regard to all of our stakeholders (as detailed below in principle 6) 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. This creates a culture driving the right behaviours through various programmes including training and awareness initiatives, senior executive podcast interviews, a wellbeing portal and wellness benefits for employees, such as wellness hours.

**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**), (1 of whom is appointed as Board Chair and 1 of whom is appointed as Senior Independent Director), 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 Financial 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#1>

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 INEDs. 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. Both internal and externally led 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 to the Board. These, along with Committees' 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 responsibilities relating to a) risk management, b) internal controls and compliance, and c) financial risk.

**The Audit Committee:** chaired by Hamayou Akbar Hussain. Responsible for oversight and providing advice to the Visa Europe Board on responsibilities relating to a) 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 planning.

**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 certain 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 to the Board, Terms of Reference of the Board Committees, Individual Accountability Model, and Conflicts of Interest Policy, 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 regularly 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 & Committee 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 Europe People executive. The framework is aligned with performance, 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, we regularly review 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 financial year 2022, the Board continued to oversee the business of the Company in light of Visa Europe being a financial market infrastructure and continued active engagement with our primary regulator, the Bank of England, as well as other regulators including the Payment Systems Regulator, European Central Bank, Dutch National Bank and the National Bank of Poland.

**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. Certain Visa Inc. executives also meet with the Visa Europe Board to provide updates on their priorities from a global perspective.

**Employees:** At Visa, we want our employees to feel like they belong. We invest in a workplace that encourages diversity of thought, culture and background so that diverse perspectives are embedded in the work that we do. We create an inclusive workplace by encouraging employees to come as they are and by investing in robust inclusion and diversity training. 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, which is regularly reviewed and updated.

Visa Europe also conducts annual equal pay audits to ensure that women and men who are doing similar work are paid fairly, and we comply with gender pay gap reporting in the UK. The results in our gender pay gap report show long term progress in the diversification of our workforce. Visa Europe continues to drive conversations on equal pay and employee diversification. Gender pay equality is only one dimension of our broader diversity policy. We actively seek diverse talent, who will offer different perspectives from a variety of backgrounds to enhance us as a company. Our gender pay gap report is available to view on:

<https://www.visa.co.uk/about-visa/visa-in-europe.html#3>.

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 ahead of its deadline of 2023 and have reset additional stretch targets for this period to 2025. These new goals demonstrate our ongoing commitment to improving the representation of women in Visa Europe. 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, circulating a self ID survey in the UK which will allow analysis of non-gender based diversity recruitment and leadership in the UK.

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 the People team, and an annual report from the Visa Europe's Pensions Trustee Company.

During 2022, Hamayou Akbar Hussain, our Employee Engagement Director (EED), held a number of cohort meetings during the year with a range of employees from across the business seeking their views on Visa Europe, and reported back to the Board on those discussions.

**Key Third Party Suppliers:** We foster effective relationships with our 3rd party service and product providers through a supplier relationship management framework with all critical suppliers including Visa Technology & Operations LLC (VTO), a subsidiary of Visa Inc. As part of this governance framework, suppliers engage with Visa Sourcing and business relationship owners through monthly reporting and meetings and quarterly business reviews and annual performance reporting. In addition, given the importance of VTO (as an intra-group critical supplier) the Visa Europe Board engages with VTO through monthly reporting from VTO, twice yearly meetings held between VTO and the Visa Europe Chief Executive officer and annual reporting to the Visa Europe Board. The Visa supplier code of conduct can be found here:

<https://insite.trusted.visa.com/content/dam/insite/work-resources/finance/documents/Visa-Supplier-Code-of-Conduct.pdf>

Our other suppliers are covered by our Supplier Code of Conduct as outlined under "Operating responsibly" below.

In financial year 2023, we will be expanding our governance framework to include those suppliers identified as being strategically important to Visa (in addition to those Critical suppliers already managed). This will include standardised meetings, reporting, and assigned roles and responsibilities, including a senior leader in Visa involved in the relationship and performance oversight of each strategic supplier.

As part of Visa's Supplier Management, Visa Europe has created an ESG in Supply Chain program, designed to engage with Visa's Third Party Suppliers, influence change, monitor and report on progress to improve their ESG performance.

**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 Visa's 2021 Environmental, Social and Governance report:

<https://usa.visa.com/content/dam/VCOM/regional/na/us/about-visa/documents/2021-environmental-social-and-report.pdf>

- 0 **Empowering People & Economies:** Visa is committed to advancing inclusive, equitable and sustainable economic growth for everyone, everywhere. We are focused on reaching people who have been traditionally undeserved, providing them with access to resources that can help improve their economic livelihoods, business and communities.
- 0 **Securing Commerce & Protecting Customers:** Visa's ecosystem is a network of networks that enables participants to move money for everyone, everywhere. For payments security, we are committed to making our ecosystem the most secure, resilient and trusted engine of commerce.
- 0 **Protecting the Planet:** Our initiatives to deliver on our corporate goals for environmental stewardship and climate action begin with our efforts within Visa. We take a proactive approach to reducing the environmental footprint from our business activities, which primarily include data centres and offices, employee commuting, business travel, corporate events and purchased goods and services. Visa recognises the importance of protecting our planet and natural resources and of supporting climate action. We continue to use our products, services, network, expertise, brand and partnerships to minimise the environmental footprint of our operations, inspire and empower sustainable commerce and support the global transition to a low-carbon economy.
- 0 **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>
  - <https://www.visa.co.uk/content/dam/VCOM/regional/ve/unitedkingdom/pdf/visa-in-europe/code-of-conduct-update-april-2020-final.v2.pdf>

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:

- <https://www.visa.co.uk/content/dam/VCOM/regional/ve/unitedkingdom/PDF/visa-modern-slavery-act-transparency-statement.pdf>

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