



Mastercard Sustainability Financing Framework

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01

Introduction and Background



01 Introduction and Background

BACKGROUND

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments and businesses realize their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all.

SUSTAINABILITY AT MASTERCARD

At Mastercard, we are focused on building an inclusive, sustainable digital economy, where everyone has an opportunity to reach their potential. We see firsthand how our commitment to environmental and social responsibility - and our core value of operating ethically and responsibly and with decency - is directly connected to our continuing success as a business.

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 are building a sustainable world that unlocks priceless possibilities for all by focusing on the following key areas of impact:

- **Environmental Stewardship:** Responsibly managing our environmental footprint and creating environmentally conscious solutions
- **Inclusive Growth:** Creating a more inclusive world through our products, programs and partnerships
- **Our People and Culture:** Leveraging our core values to make our company the place where the best people choose to be
- **Ethical and Responsible Standards:** Acting responsibly and with integrity guided by the highest standards of ethical behavior

ENVIRONMENTAL STEWARDSHIP

Mastercard is furthering its commitment to create a more sustainable and inclusive digital economy, with a pledge to reach net zero emissions by 2050. The company's global action plan aims to continue to reduce greenhouse gases (GHG) by remaining focused on the decarbonization of its operations and bolstering its efforts to decarbonize its supply chains. Mastercard's net zero goal builds upon its existing GHG commitments that align with the Business Ambition for 1.5°C pledge. The first in the payments industry to gain Science Based Targets initiative (SBTi) approval for its GHG goals, Mastercard is currently working towards its SBTi-approved goal to reduce total Scope 1 and 2 emissions by 38% and Scope 3 emissions by 20% by 2025 from a 2016 baseline. These targets reflect a long-term commitment to monitor and implement best practices to reduce emissions across the value chain including suppliers to drive decarbonization. Progress already made towards these goals includes achieving 100% renewable electricity in 2020, reinforced by a commitment to RE100.



Mastercard is also using its experience in financial inclusion to help build sustainable, scalable solutions and drive collective action for long term climate impact. This includes working with banks, merchants and other industry partners to empower consumers with environmental choices, such as through the Priceless Planet Coalition. Mastercard believes that by working with our partners in the private sector we can have a real impact by combining efforts and engaging businesses and consumers to take action. Mastercard is working with 40+ partners to regrow 100 million trees over 5 years - together with forest restoration partners.

INCLUSIVE GROWTH

Mastercard is focused on connecting people and businesses to achieve financial security, providing workers with the tools they need to thrive in a rapidly changing landscape, ensuring that economic development is inclusive, and building up the field of data science for social impact. In 2015, we made a commitment to bring 500 million financially excluded individuals into the digital economy. Having achieved that goal, we have raised the total commitment to 1 billion people worldwide by pledging to bring another 500 million people into the digital economy by 2025. We also committed to bringing 50 million small and micro merchants into the digital economy, with a direct focus on providing 25 million women entrepreneurs with solutions that can help them grow their businesses.

To further sustainable and equitable growth and financial inclusion, Mastercard created the Center for Inclusive Growth in 2014. As the social impact hub of Mastercard, the Center advances equitable and sustainable economic growth and financial inclusion around the world and leverages the company's core assets and competencies, including data insights, expertise and technology to produce independent research, scale global programs and empower a community of thinkers, leaders and doers on the front lines of inclusive growth.

The Center also administers the Mastercard Impact Fund, an independent not-for-profit entity created by Mastercard in 2018. Mastercard Impact Fund's mission is to provide funding for a broad range of worthy causes in two priority areas related to inclusive growth – growth that benefits disadvantaged populations not just growth that benefits those with adequate means:

- Sustainable and equitable economic growth, and
- Financial inclusion

Mastercard also operates the Mastercard Lab for Financial Inclusion, which creates groundbreaking solutions to help individuals and micro and small businesses achieve increased financial security by bringing together Mastercard's innovation and capabilities, combining these with local expertise and insight.

More than ever, it is clear that growth can only be sustainable when it is inclusive. Mastercard's response to COVID-19 is focused on helping individuals and businesses weather these challenging times not only by ensuring our network remains secure, resilient and reliable but also by applying our technology, providing access to our products and data science expertise to rebuild healthy communities and ensure that economic growth is inclusive.

In 2020, we launched In Solidarity, a company-wide, long-term initiative designed to use the full breadth of our company's resources to combat discrimination and racism—harnessing our culture of decency and building on our longstanding efforts to advance inclusion and equality. The initial focus will be on Black communities in the United States and will expand to other geographies to address the unique local needs and combat all forms of racism and discrimination around the globe.



02

Sustainability Financing Framework



02 Sustainability Financing Framework

SCOPE

In accordance with its strategy, Mastercard Incorporated (the "Company") has designed this Sustainability Financing Framework ("the Framework") under which it intends to finance or refinance new and/or existing projects, in whole or in part, that have environmental and/or social benefits. This Framework details which project types are eligible for financing / refinancing with the net proceeds of various types of financing the Company elects to use (e.g., term loans, bond issuances, preferred stock, among other options (each, a "Financing")).

This Framework addresses the four core components (shown below) of the International Capital Markets Association (ICMA) Green Bond Principles (2018), Social Bond Principles (2020), and Sustainability Bond Guidelines (2018) and the LSTA Green Loan Principles (2020) and their recommendations on the use of external review and impact reporting. These principles and guidelines are voluntary process guidelines for best practices when issuing Green Bonds, Social Bonds, Sustainability Bonds and/or Green Loans as referenced above.

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

USE OF PROCEEDS




For each Financing under this Framework, an amount equal to the net proceeds, will be allocated to the Financing, in whole or in part, of existing and new Eligible Projects (as defined below). Such allocations may occur either in the form of investments or expenditures by Mastercard and its subsidiaries or contributions to the Mastercard Impact Fund.

Eligible Projects will include those for which Mastercard made disbursements within the 3 years prior to the applicable Financing through the maturity of the applicable Financing, unless otherwise noted in the respective financing documents. Mastercard expects to allocate all or substantially all of the remaining amount within 3 years of the transaction, unless otherwise noted in the respective financing documents.





ELIGIBILITY CRITERIA

ELIGIBLE GREEN PROJECTS



Eligible Category per Green Bond & Loan Principles (and SDG Supported*)	Green Eligibility Criteria
<p>Green Buildings</p> 	<p>Expenditures related to:</p> <ol style="list-style-type: none"> 1. "White box" buildouts of newly leased space with energy intensity of less than 10 KWh/sqft per year 2. The acquisition of buildings, the development and construction of new building projects, and/or renovations/retrofits of existing owned and leased buildings, where in all instances such buildings have received during the 3-year period prior to the applicable financing (unless otherwise noted in the respective financing documents) or will receive during the life of the financing, a third party verified "green building" certification, such as: <ol style="list-style-type: none"> a) LEED: Gold or better b) BREEAM: Excellent or better c) Other equivalent certifications 3. Revamping Mastercard offices in Waterloo, Belgium which are expected to achieve BREEAM Very Good
<p>Energy Efficiency</p> 	<p>Expenditures related to energy efficiency projects with projected energy savings of 20% such as:</p> <ol style="list-style-type: none"> 1. Operational improvement and capital expenditures related to our technology infrastructure, including server virtualization 2. Capital expenditures for energy efficiency projects in real estate, including costs for upgrades and/or renovations/retrofits of existing owned and leased buildings, such as installation of LED lights, replacements of chillers, HVAC, and other efficiency improvements <p>Note: investments in or upgrades to fossil fuel-powered equipment are ineligible</p>
<p>Renewable Energy</p> 	<p>Expenditures for the technologies below, and related to (i) acquisition or development of new onsite or offsite generating capacity, or (ii) purchases of renewable energy pursuant to long-term power purchase agreements, virtual power purchase agreements, and project-</p>









	<p>specific fixed-price REC agreements, in all cases entered into prior to commercial operation of the renewable project</p> <ol style="list-style-type: none"> 1. Wind 2. Solar 3. Geothermal (< 100g CO2e/kwh) 4. Hydropower with capacity of 25 MW or less <p>Expenditures on the acquisition or development of new energy storage capacity, or purchases of energy storage capacity or services under long-term capacity agreements entered into prior to commercial operation of the facility.</p>
<p>Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</p> 	<p>Expenditures related to eco-efficient and circular economy products and processes including investment in and technical development to support delivery of:</p> <ol style="list-style-type: none"> 1. Carbon footprint tracking capability to Mastercard issuers. This solution provides consumers with visibility into their personal carbon footprint as a measure of their impact on the environment, and 2. Technology solutions to enable consumers to compensate for their carbon impact by contributing to organizations that will help to reduce atmospheric CO2 levels.
<p>Pollution Prevention and Control</p> 	<p>Expenditures intended to:</p> <ol style="list-style-type: none"> 1. Reduce waste and increase recycling at owned and leased facilities and corporate offices 2. Convert fossil fuel-powered machinery or processes to electric power
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> 	<p>Expenditures related to environmental improvement including forestation and tree planting initiatives.</p>
<p>Climate Change Adaptation</p> 	<p>Investments designed to make Mastercard's physical assets more resilient to climate change related impacts such as severe weather events, wildfires, and rising sea-levels.</p>



ELIGIBLE SOCIAL PROJECTS

Framework Category (and SDG(s) Supported)	Eligibility Criteria	Eligible Category per Social Bond Principles	Target Population
<p>Mastercard Impact Fund</p> 	<p>Contributions to the Mastercard Impact Fund, to the extent the fund uses such contributions to support technology, training, and other solutions in one or more of the following inclusive growth areas:</p> <ul style="list-style-type: none"> • Financial Security including increased entrepreneurial productivity • Economic Development including education for entrepreneurs in depressed communities or developing countries regarding credit and access to small business loans • Future of Workers including skillset training for the workforce • Data for Social Impact including data and analytics support for social sector organizations <p>Investments aligned with the criteria below for COVID-19 Response and In Solidarity, but funded by the Mastercard Impact Fund</p>	<p>Socioeconomic Advancement & Empowerment</p> <p>Access to Essential Services</p> <p>Employment Generation</p>	<p>Target populations are located in developing countries, emerging markets, and low-and-moderate income areas in developed countries and are often targeted indirectly via support for MSMEs, governments, academic institutions, and NGOs</p> <p>Financial Security: Excluded and/or marginalized populations (including the unbanked); Underserved (including the underbanked); Women</p> <p>Economic Development: Excluded and/or marginalized populations (including the unbanked); Undereducated; Underserved (including underbanked); Women</p> <p>Future of workers: Undereducated, Women, Underserved, Unemployed</p> <p>Data for Social Impact: Living below the poverty line, Excluded and/or marginalized populations (including the unbanked); Undereducated; Underserved (including underbanked); Women</p>
<p>COVID-19 Response</p>	<p>Investments related to COVID-19 relief for small business owners, including financial, technology,</p>	<p>Socioeconomic Advancement & Empowerment</p>	<p>General population, primarily targeted indirectly via support for MSMEs</p>



 	product, and insight asset programs	Employment Generation	
<p>In Solidarity</p>  	Investments and expenditures with the aim to combat discrimination and racism and to advance inclusion and equality, such as financial, technology, product, and insight asset programs	<p>Socioeconomic Advancement & Empowerment</p> <p>Access to Essential Services</p> <p>Employment Generation</p>	<p>Excluded and/or marginalized populations and/or communities; Underserved</p> <p>Specifically, Black-owned businesses, Individuals and communities in the United States</p>
<p>Commercially Sustainable Social Impact</p>  	<p>Expenditures related to programs bringing people into the digital economy and/or helping individuals, businesses and communities access tools – and the education to use them properly – to achieve financial security such as investments in:</p> <ul style="list-style-type: none"> • Programs using digital infrastructure and/or tools to enable access to financial services and non-financial services such as healthcare and education • R&D and associated operating expenses for financial inclusion via the Mastercard Lab for Financial Inclusion, Mastercard Center for Inclusive Growth and Mastercard • Financial and digital literacy education programs 	<p>Socioeconomic Advancement & Empowerment</p> <p>Access to Essential Services</p> <p>Employment Generation</p>	<p>Living below the poverty line, Excluded and/or marginalized populations (including the unbanked), Undereducated, Underserved (including the underbanked), Unemployed.</p> <p>Target populations are located in developing countries, emerging markets, and low-and-moderate income areas in developed countries and are often targeted indirectly via support for MSMEs, governments, academic institutions, and NGOs</p>

* Sustainable Development Goals (each, an "SDG") as defined by the United Nations



We will not allocate proceeds from any issuance of Financing to investments or expenditures which received an allocation of proceeds under any other Financing by Mastercard.

PROCESS FOR PROJECT EVALUATION AND SELECTION

Projects selected for allocation of a portion of any net proceeds from a Financing will be assessed and evaluated by a committee comprising of sustainability, finance and legal teams to ensure alignment with this Framework. All projects will be developed in accordance with the Mastercard Code of Conduct and Supplier Code of Conduct.

MANAGEMENT OF PROCEEDS

So long as a Financing remains outstanding our internal records will show the amount of the net proceeds from the issuance of such Financing allocated to Eligible Projects, as well as the amount of net proceeds pending allocation.

An amount equivalent to the net proceeds from any future Financing under this Framework will be allocated and managed by Mastercard's Finance department. Actual spend on Eligible Projects will be internally tracked. Pending allocation, proceeds will be managed in accordance with Mastercard's normal liquidity practices.

Mastercard expects to allocate the majority of the proceeds from any future Financing within 3 years of the date of such Financing. Amounts spent in currencies other than the currency of a Financing will be converted to the currency of the offering at Mastercard's discretion.

Payment of principal of and interest on the Financing will be made from Mastercard's general funds and will not be directly linked to the performance of any Eligible Projects. Mastercard will use reasonable efforts to substitute any material Eligible Projects that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Project.

REPORTING

During the term of the Financing we will provide, and keep readily available, on a designated website, information on the allocation of an amount equal to the net proceeds of the Financing, to be updated at least annually until full allocation and as necessary thereafter in the event of material developments. This information will include, subject to any confidentiality considerations, (i) amounts allocated to Eligible Projects, by category, (ii) the amount pending allocation, (iii) case studies with additional information on highlighted projects, and (iv) assertions by Mastercard management with respect to (i) and (ii) above.

Key Performance Indicators (KPIs): Where feasible, Mastercard will report estimated environmental and/or social impacts (on an annual basis where relevant) of Eligible Projects to which a portion of the net proceeds of a Financing under this Framework are allocated.

Potential KPIs could include those shown below. Mastercard reserves the right to report alternate KPIs to the extent relevant for allocated Eligible Projects.



1. Square feet of white box buildouts and green certified buildings (by certification type and level)
2. Annual greenhouse gas (GHG) emissions reduced/avoided in MTCO₂e
3. Annual energy savings from energy efficiency projects in MWh
4. Annual renewable energy generated and purchased in MWh
5. Amount committed within each inclusive growth area under the Mastercard Impact Fund
6. Number of businesses and/or individuals reached through discrete initiatives of the Mastercard Impact Fund, COVID-19 relief and/or In Solidarity
7. Number of businesses and/or individuals reached through discrete commercially sustainable social impact programs

Definition, calculation, and reporting of KPIs will be at the sole discretion of the Company.

EXTERNAL REVIEWS

SECOND PARTY OPINION

Mastercard has commissioned Sustainalytics to conduct an external review of its Sustainability Financing Framework, and to issue a Second Party Opinion on the Framework's environmental and social credentials, and its alignment with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and Green Loan Principles. The Second Party Opinion will be made available on Sustainalytics' website.

VERIFICATION

Each allocation report will be accompanied by a report from an independent registered public accounting firm in respect of its examination of management's assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



DISCLAIMER

The information and opinions contained in this Sustainability Financing Framework (the "Framework") are provided as of the date of this Framework and are subject to change without notice. None of Mastercard Inc. ("Mastercard"), its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Mastercard policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Mastercard and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Mastercard as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation the factors and uncertainties summarized under "Forward-Looking Statements" and "Risk Factors" in Mastercard's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the SEC and available on the SEC's website at www.sec.gov and available on our website at <https://investor.mastercard.com>. Any such forward-looking statements in these materials speak only as of the date of these materials and Mastercard does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. This Framework is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Mastercard, its subsidiaries or any of its affiliates ("securities"). This Framework is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities issued by Mastercard, its subsidiaries or any of its affiliates. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus supplement, an accompanying prospectus or other equivalent document and a related pricing term sheet (the "Offering Documents") and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of the Offering Documents describing any risk factors. The merits or suitability of any securities or any transaction described in these materials to a particular person's situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions.

Neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Providing this Framework does not mean that Mastercard certifies the materiality, the excellence or the irreversibility of the projects undertaken by the Eligible Projects described herein.



