

PCI SECURITY STANDARDS COUNCIL, LLC

CHARTER OF THE BOARD OF ADVISORS

~~~~~

The PCI Security Standards Council, LLC (the “Council”) is an open global forum for the ongoing development, enhancement, storage, dissemination and implementation of security standards for payment card industry (“PCI”) account data protection. The Council’s mission is to enhance payment card account data security by fostering broad adoption of payment card account data security standards (“Standards”).

1. *Mission.* The Council has established the Board of Advisors to assist and support the Council and its objectives by (a) expressing the views and opinions of the Council’s PCI Participants and the broader community of PCI constituents to the Council’s Executive Committee (“Executive Committee”), (b) advising and providing strategic guidance to the Executive Committee regarding all technical and strategic aspects of the Council’s PCI Standards, the global development, promotion and adoption thereof, and matters relating generally to Council management, and (c) reviewing, commenting on, and voting with respect to the publication of all Major Standards Work Items (as defined in the Standards Development Policy on the Council’s website). In achieving its mission, the Board of Advisors will be called upon to (i) approve the publication of new Standards and Major Revisions, (ii) contribute to the Council’s understanding of qualifications, certification processes and expected performance of the qualified security assessors, approved network scanning vendors, and approved laboratories that evaluate conformance to common security frameworks, and (iii) advise the Executive Committee on matters relating to publication and distribution of Standards, security framework products, security assessor programs, training, awareness building, current strategies and future business plans. Except as provided herein with respect to approval of Standards and Major Revisions, the role of the Board of Advisors shall be purely advisory in nature, and shall not in any way bind the Council, the Executive Committee, any other committee of the Council, or any Founding Member, Strategic Member or Affiliate Member of the Council (each a “Member”). Capitalized terms used but not defined herein are defined in the Standards Development Policy.

2. *Responsibilities.* The primary responsibilities of each PCI Participant seated on the Board of Advisors (each such company, an “Advisor”) shall be to:

a. Provide advice, feedback and guidance to the Executive Committee as requested regarding:

- i. The development of Council priorities;
- ii. The development of the Council’s strategic roadmap and monitoring the Council’s long term business plans;
- iii. The initiation of proposals for new security assessment tools, compliance documents, forms, interactive solutions and processes;

- iv. The release of new versions of Standards;
  - v. The introduction of new Standards;
  - vi. Development of Standards release schedules;
  - vii. Security issues such as known vulnerabilities that emerge from the Advisor's markets and lines of business;
  - viii. Other security Standards that impact the Council's business plan;
  - ix. Setting the agenda for the Council's annual "Community Meeting" and all Regular Meetings (defined below) of the Board of Advisors; and
  - x. Emerging government legislation and potential impacts.
- b. Vote with respect to the Council's publication of all new Major Standards Work Items;
- c. Attend all Regular Meetings, Special Meetings (defined below) and the Community Meeting;
- d. Keep abreast of market changes, trends and drivers of payment data security issues that could impact the Council's strategic direction or business plan;
- e. Represent the views and interests of the PCI Participant community;
- f. Represent the Advisor's region and business industry;
- g. Assist in the recruitment of new PCI Participants, Council supporters and other PCI stakeholders;
- h. When directly requested by the Council, serve as a spokesperson for PCI Participants;
- i. When requested, participate in special projects of interest to the Executive Committee and/or other Council committees;
- j. Provide advice, guidance and feedback to the Executive Committee on the Council's business objectives prior to release to the broader PCI Participant community; and
- k. Provide such other advice and assistance, and fulfill such other responsibilities and duties, as the Executive Committee may reasonably request from time to time within the stated mission of the Board of Advisors.

3. *Eligibility.* Except as otherwise determined by the Executive Committee and subject to the terms hereof, while in Good Standing, any PCI Participant that is a Principal Participating Organization ("Principal PO") or Associate Participating Organization ("Associate PO"), and any Affiliate Member (each an "Eligible Organization") shall be eligible to serve as an Advisor; provided, that (a) former Founding Members and Strategic Members (and affiliates of each of the foregoing) and Founding and Strategic Members (and affiliates of each of the foregoing) that have transferred their Council memberships shall be eligible to participate as

Advisors on the same basis as they would otherwise have been eligible to participate prior to becoming Members; and (b) only one Eligible Organization within such Eligible Organization's Related Entity Group (defined below) may serve as an Advisor at one time. For purposes of this Charter: (i) "Related Company Group" means the group comprising an Eligible Organization and each legal entity, division or business unit, whether or not formally established, that directly or indirectly controls, is controlled by, or is under common control with that Eligible Organization (each a "Related Company"); and (ii) the term "control" (and each derivate thereof) means the direct or indirect beneficial ownership or right to exercise a majority of the voting power of, or the power to direct the activities or operations of, the Related Company or Eligible Organization in question.

4. *Composition; Nomination and Selection.* Except as otherwise determined by the Executive Committee, the Board of Advisors shall have (A) up to sixty-four (64) seats, comprising: (i) up to twenty-six (26) seats reserved for Principal POs and allocated in accordance with Section 4(b)(i) below ("Principal Seats"), (ii) up to twenty-six (26) seats reserved for Principal POs and Associate POs not otherwise serving on the Board of Advisors and elected in accordance with Section 4(b)(ii) below ("Elected Seats"); and (iii) up to twelve (12) seats reserved for Principal POs and Associate POs not otherwise serving on the Board of Advisors and appointed in accordance with Section 4(b)(iii) below ("Appointed Seats"); and (B) up to three (3) additional seats reserved for the then current Chairs of the Council's Regional Engagement Boards; provided that the Executive Committee may fill any open seats in accordance with Section 4(b)(iii) below. Every two (2) years, a new Board of Advisors will be seated through applicable designations, lotteries, elections, and/or appointments, in accordance with this Section 4. The Executive Committee shall conduct all general Board of Advisors elections and make all appointments pursuant to Section 4(b)(iii) below.

a. *Nomination.* Nomination procedures for the election and appointment of Advisors shall be determined by the Executive Committee. At the direction of the Executive Committee, the Secretariat of the Council (the "Secretariat") will conduct the nomination process and notify each Eligible Organization as of the beginning of the nomination process of the relevant dates and procedures for making nominations. Each Eligible Organization then in Good Standing will have the right to nominate one candidate, and to be nominated as a candidate, to serve as an Advisor. All nominations shall be delivered in writing to the Secretariat, along with supporting materials, and the Secretariat will gather and disseminate the list of candidates and appropriate supporting materials to applicable Eligible Organizations.

b. *Selection.*

i. *Principal Seats.* Each Principal PO in Good Standing is eligible for one Principal Seat. In order to ensure a diverse range of industry representation on each Board of Advisors, Principal Seats are allocated among Principal POs based on six industry categories (Multi-Category, Merchant, Financial Institution, Hardware or Software Solution Provider/Vendor, Service Provider, and other payments industry stakeholder group) (each an "Industry Category"). Each PCI Participant self-selects its Industry Category when applying to become a PCI Participant. In the absence of a separate determination of such categories or the number of available Principal Seats for any such category by the Executive Committee in advance of nominations for the applicable Board of Advisors term, of the twenty-six (26) available

Principal Seats, up to six (6) shall be reserved for multi-category, up to four (4) shall be reserved for merchants, up to four (4) shall be reserved for financial institutions, up to four (4) shall be reserved for hardware or software solution providers/vendors, up to four (4) shall be reserved for service providers, and up to four (4) shall be reserved for other payments industry stakeholder groups). Principal Seats for a given Industry Category shall be designated by the Principal POs in that Industry Category if the number of such Principal POs is not greater than the number of available Principal Seats for that Industry Category, and otherwise shall be determined by lottery, managed by an independent third-party service. Principal POs in Good Standing that are not serving as an Advisor in a Principal Seat through designation or lottery are eligible for an Elected Seat or Appointed Seat.

ii. *Elected Seats.*

A. The Eligible Organizations, voting together as a single class, shall elect up to twenty-six (26) Advisors for each slate of Advisors, from among the eligible nominated candidates (such elected Advisors, “Elected Advisors”). Such elections shall be held by written or electronic ballot, to be delivered to the Eligible Organizations by the Secretariat. Each Eligible Organization in Good Standing as of the date such ballots are sent by the Secretariat shall be entitled to an equal vote in the elections and all ties shall be resolved by the Executive Committee. In order to ensure a diverse range of industry representation among Elected Advisors, Elected Seats also are distributed by Industry Category. In the absence of a separate determination of such categories or the number of available Elected Seats for any such category by the Executive Committee in advance of corresponding nominations for the applicable Board of Advisors term, Elected Seats shall be distributed as follows:

1. Multi-Category (up to 6 seats)
2. Merchants (up to 4 seats)
3. Financial Institutions (up to 4 seats)
4. Hardware or Software Solution Provider/Vendors (up to 4 seats)
5. Service Provider (up to 4 seats)
6. Other (up to 4 seats)

B. *Grouping and Election of Nominees.* All nominated Eligible Organizations not otherwise serving on the Board of Advisors shall be placed in the ballot for the selection of Elected Advisors, and each shall, for purposes of achieving diversity, be identified by Industry Category. By way of example, if five financial institution Eligible Organizations were nominated in an election where four seats were reserved for Eligible Organizations in that category, then all five such organizations would be grouped on the ballot, and all Eligible Organizations would be asked to vote for four of those listed. In the event of a dispute regarding the Industry Category of a given nominee, the Executive Committee shall determine the Industry Category for that nominee. The failure of a given nominee to be elected to an Elected Seat shall not preclude the nominee from being eligible to become an Appointed Advisor (defined below).

iii. *Appointed Seats.* Following general Advisor elections, the Executive Committee, through a nomination and approval process approved by the Executive Committee, may appoint up to twelve (12) (or such other number as determined by the Executive Committee) additional Advisors (each an “Appointed Advisor”) from among the Eligible Organizations not otherwise serving on the Board of Advisors, as the Executive Committee deems necessary or appropriate in order to compliment representation or augment any under-represented

industry, geographic region, or subject matter area resulting from general Advisor elections, designations and appointments.

iv. *Regional Engagement Board Seats.* Up to three (3) seats shall be reserved for the then current Chairs of the Council's Regional Engagement Boards.

v. *Observers.* Additionally, the Executive Committee, from time to time, may invite such number of Individual level PCI Participants to participate in meetings and activities of the Board of Advisors, solely in a non-voting, non-Advisor capacity, as the Executive Committee deems necessary or appropriate in order to compliment representation or augment subject matter expertise or any under-represented industry or geographic region resulting from general Advisor elections, designations and appointments.

5. *Tenure.* Except as otherwise provided herein or determined by the Executive Committee, each Advisor shall hold office for a term of two (2) years (each a "Term") or until the earliest of (a) the expiration of the Term for which such Advisor was elected or appointed and such Advisor's successor is duly elected and qualified, (b) the Advisor ceases to be, or ceases to be eligible to be an Eligible Organization for any reason, (c) the resignation or removal of such Advisor, or (d) the combination, by merger, acquisition or otherwise, of two Eligible Organizations that are Advisors, upon which event one of the two Advisors, to be determined by the surviving Eligible Organization, shall be deemed to have resigned. Each Advisor may, but shall not automatically, be nominated and elected (or appointed) for two or more Terms, and may be nominated and elected (or appointed) for consecutive Terms.

6. *Resignation.* Any Advisor or Advisor Representative (defined below) may resign from participation on the Board of Advisors in such capacity, by delivering a written resignation to the Council at its principal office or to the Chair of the Executive Committee ("ExCo Chair"), Executive Director of the Council ("Executive Director"), or Secretariat of the Council ("Secretariat"). Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

7. *Removal.* The Executive Committee may remove any Advisor or Advisor Representative from the Board of Advisors at any time, with or without cause, including without limitation, due to failure to satisfy applicable attendance requirements, comply with the Council's Meeting Code of Conduct, or fill Advisor Representative vacancies as required by Section 8 below. Additionally, any Advisor that ceases to be an Eligible Organization in Good Standing during its tenure as an Advisor shall, automatically upon such cessation, be deemed to have been removed from the Board of Advisors.

8. *Vacancies.* In the event of the resignation, removal, death or incapacity of an Advisor Representative, the Advisor that appointed such Advisor Representative must fill the resulting vacancy, by delivering a written notice of a replacement to the Council at its principal office or to the ExCo Chair, Executive Director, or Secretariat, within fifteen (15) days after the effective date of such resignation or removal. All other vacancies in the Board of Advisors (of Advisors or Advisor Representatives), however occurring, including vacancies not filled in accordance with the preceding sentence, may be filled by the Executive Committee. All such vacancies shall be filled for the balance of the Term of the resigned or removed Advisor.



9. *Meetings of the Board of Advisors.*

a. *Regular and Special Meetings.* The Board of Advisors will ordinarily hold five (5) meetings per year (each a “Regular Meeting”) (two dedicated face-to-face or hybrid Board of Advisors meetings, one in hybrid format, and two (2) virtual updates), each when and as called by the Executive Director, who may also call additional meetings of the Board of Advisors for any reason (each such additional meeting, a “Special Meeting”). Seating at face-to-face meetings of the Board or Advisors may be limited to one per Advisor (company), based on venue and availability of space.

b. *Notice of Meetings.* Notice of the time and location (or access number, as appropriate) of all Regular Meetings shall be given to each member of the Board of Advisors at least twenty (20) days prior to such meeting by the Secretariat. Notice of the time and location (or access number, as appropriate) of all Special Meetings shall be given to each member of the Board of Advisors at least forty-eight hours prior to such meeting by the Secretariat. The notice of each Special Meeting will include collateral discussion documentation and meeting minutes from previous Board of Advisors meeting as appropriate.

c. *Representation.* Each Advisor shall identify one individual to serve as its primary representative on the Board of Advisors (a “Primary Representative”) and one individual to serve as its alternate representative on the Board of Advisors (an “Alternate Representative”, and each Primary Representative or Alternate Representative, an “Advisor Representative”). The Alternate Representative of an Advisor shall, in the absence of the Primary Representative of that Advisor, have all of the rights, obligations and responsibilities of such Primary Representative. Each Advisor Representative must be authorized to act on behalf of his or her appointing Advisor with respect to all matters brought before the Board of Advisors. In the event that the Primary Representative and Alternate Representative are unable to attend a given meeting, a proxy may attend provided the Executive Committee receives written notice five (5) days in advance from either the absent Primary or Alternative Representative. The Executive Committee reserves the right to approve the attendance of any proxy.

d. *Leadership and Participation at Meetings.* The Executive Director or an individual delegated by the Executive Committee shall preside at each meeting of the Board of Advisors. Each Founding Member and Strategic Member may designate a primary and alternate representative to attend and participate in meetings of the Board of Advisors.

e. *Agenda.* The agenda for all meetings of the Board of Advisors shall be as determined by the Executive Committee in consultation with Council management (“Council Management”), however, the agenda for each meeting shall provide an opportunity and time for any Advisor to raise matters of concern or propose topics within the mission and responsibilities of the Board of Advisors.

f. *Minutes.* Council Management shall cause minutes to be kept at all meetings of the Board of Advisors, which minutes will be distributed to the Executive Committee, Council Management and the Board of Advisors a reasonable time after each such meeting.

g. *Attendance.* Notwithstanding anything to the contrary in this Charter, the Council shall have the right to automatically eliminate and remove any Advisor from the Board of Advisors for the remainder of the then current Board of Advisors term if, at any time during the second year of such term, such Advisor's Primary and Alternate Representatives each have missed all meetings (in person, virtual, and/or telephonic) of the Board of Advisors over the then immediately preceding rolling twelve (12) month period. Additionally, during the second year of each two-year Board of Advisors term, failure at any time to attend (in person, virtually, or by telephone) at least 50% of all such meetings over the immediately preceding rolling twelve (12) month period shall result in automatic suspension of voting privileges until such 50% threshold is achieved and review by the Executive Director.

10. *Voting.* Each Advisor (excluding a Brand Affiliate Organization) shall be entitled to vote on all matters submitted to a vote of the Board of Advisors, on a one vote per Advisor (company) basis, subject to the attendance requirements specified above and in accordance with such other policies and procedures as from time to time may be approved by the Executive Committee. For the avoidance of doubt: (a) "Advisor" means the applicable Eligible Organization seated on the Board of Advisors (not its representatives) and, (b) "Brand Affiliate Organization" means a Related Company of a Founding Member or Strategic Member that is directly or indirectly controlled by such Member. Each Advisor shall promptly notify the Secretariat in the event that it is or becomes a Brand Affiliate Organization.

11. *Limits on Advisor Authority.* The Executive Committee may amend or modify this Charter or the mission or responsibilities of the members of the Board of Advisors at any time upon notice to the Advisors. This Charter delegates certain responsibilities to the Board of Advisors but does not convey any rights of any nature except as explicitly provided in this Charter.

12. *Applicability of Council Policies.* In carrying out their responsibilities under this Charter, all Advisors (and their Advisor Representatives) shall abide by this Charter and adhere to the policies of the Council, as the same may be adopted and modified from time to time, including, without limitation, the Council's Intellectual Property Rights Policy, the Council's Standards Development Policy, and the Council's Meeting Code of Conduct.