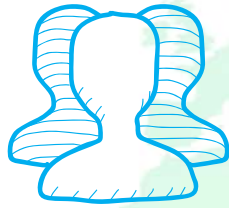


Doing GREAT at Doing GOOD



DATA



PEOPLE



COMMUNITY



ENVIRONMENT



ALL FOR
good



AllianceData®



AllianceData
CARD SERVICES

EPSILON

LoyaltyOne

At Alliance Data, being a responsible corporate citizen is in our DNA, and it's a point of pride for our associates. Our priorities — **data, people, community, and the environment** — guide all aspects of how we do business.

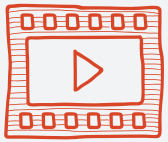
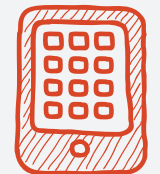
Why these four areas?

- The **responsible use of data** and the **protection of consumer privacy** are vital to our company's success.
- Our **motivated, passionate associates** are what drive our clients' and our company's strong performance.
- Corporations like Alliance Data have an important role to play in contributing to the **creation of vibrant local communities** and a **better world**. And investing in our communities increases associate pride.
- Understanding the impact our operations have on the planet and **taking action to reduce our footprint** is a work in progress. However, we have identified the areas of focus for our company.

In our 2014 Corporate Responsibility Report, we highlight many of the programs and initiatives that have helped transform our communities, support our associates, and foster a strong and ethical company. This is a work in progress, and we recognize **there will always be opportunities for improvement**. We remain committed to operating at the highest levels of accountability and ensuring our actions continue to reflect the pride we take as a responsible, successful business. It's what drives us to **be better** and **do greater things**.



Sincerely,



Trust, integrity, and transparency have been part of the foundation of Alliance Data's success and have allowed us to maintain our record performance and growth since we went public in 2001.

These values are part of what makes us a **great place to work** and a **great company to partner with**. We began publicly reporting on our corporate responsibility performance in 2014 and plan to report on our performance every year, sharing both challenges and successes as we continue on our journey. In 2014, we were added to the **S&P 500**. Being included in this leading benchmark index for financial performance also comes with greater expectations around being a **responsible corporate citizen** — and we are well-positioned and ready to meet them.

This report shows the **progress we've made** against our baseline environmental, social, and governance performance, as well as the **goals we set for ourselves** in the areas deemed most material for us in 2014. It includes key performance indicators from 2010–2014 where feasible and also includes our goals for 2015 and beyond. The scope of the report reflects the entire enterprise, including Alliance Data's Corporate headquarters and all three businesses: Epsilon®, LoyaltyOne®, and Alliance Data's card services business. The scope of our 2014 report does not include our newest acquisitions, BrandLoyalty, acquired at the end of 2013, and Conversant, acquired at the end of 2014.*

This report was prepared following the **Global Reporting Initiative's (GRI's) G4 Sustainability Reporting Guidelines**. If you have any feedback for us on this report or our corporate responsibility strategy in general, we'd love to hear it. Contact us at allforgood@alliancedata.com.

* These recent acquisitions are undergoing their strategically outlined integration process. Expect them to be fully included in our 2015 report.



Introduction

About Alliance Data

WHAT WE DO

Alliance Data's **three businesses** touch nearly every consumer in the United States. While not a household name by design, these three businesses stand behind major brands such as Hilton, Kraft, J. Crew, Pottery Barn, and American Express, building data-driven loyalty and marketing programs that drive sales and engender repeat business. Consumers in the U.S. may carry a store-branded credit card backed by Alliance Data's card services business or receive relevant marketing communications or offers powered by leading marketing agency Epsilon®, while consumers across Canada and in Brazil may earn points for everyday purchases through LoyaltyOne's AIR MILES® Reward Program or the dotz coalition loyalty program.

Headquartered in Plano, Texas, Alliance Data (NYSE: ADS) has **outperformed the market by more than 2,200%** since its IPO and is ranked in the top 1% of companies in terms of return on investment to shareholders. With 2014 revenues of \$5.3 billion and an enterprise value of \$18 billion, the company earned inclusion in the **S&P 500** in December 2013 and earned a spot on **FORTUNE Magazine's World's Most Admired List** in 2014. Reflective of this reporting period, Alliance Data's three businesses employ approximately 13,000 associates across more than 70 locations worldwide.

Alliance Data's three businesses include: **Alliance Data's card services business**, a leading provider of marketing-driven credit card solutions, serving more than 100 of North America's best-known retail brands; **Epsilon®**, a leading provider of multichannel, data-driven technologies and agency marketing services; and **LoyaltyOne®**, which owns and operates the AIR MILES® Reward Program, Canada's premier coalition loyalty program, in which two-thirds of all Canadian households actively participate, and dotz, Brazil's largest and fastest-growing coalition loyalty program. Altogether, these three businesses create and increase customer loyalty by connecting millions of customers each day across multiple touch points through traditional, digital, mobile, and other emerging technologies to the brands they know and love.

To learn more about who we are and what we do, please refer to our website. Our website also hosts quarterly and annual financial reports and U.S. Securities and Exchange Commission (SEC) filings with additional facts, figures, and analysis.

ACTING ETHICALLY

We have long cultivated a culture that adheres to a strong code of ethics and ensures personal accountability of our associates at all levels. Our Code of Ethics policy has received **one of the highest ratings (A-)** by ethics and compliance expert NYSE Governance Services. Annually our associates must certify they have read and agree to adhere to the Code and biannually complete additional mandatory training on the Code, anti-harassment, and non-retaliation. And to reinforce this expectation, we conduct a **biannual Ethics Week** and have created an **ethics award** to recognize associates, along with an ethics toolkit for use by human resources.

Our approach to ethics further underscores our **culture of open communication**. It is publicized and encouraged that any business irregularities or misconduct be reported confidentially, via phone or online, through our 24-hour Ethics and Compliance Helpline, managed by a third-party, EthicsPoint.

The integrity and principles around which Alliance Data was formed comes from the top, but it's imperative that all of our associates understand the expectations of ethical conduct. It's at the **heart of who we are and how we behave**, every day.

MANAGING OUR RISKS

Our **Enterprise Risk Management Policy** provides each business with a framework for managing risks identified as material to the success of the enterprise's operations. This framework encompasses, and promotes, the inclusion of environmental, social, economic, and governance risk factors in decision-making, which is an example of how we are integrating sustainability into our business processes. All significant risks are documented in a registry that is reviewed biannually by our Board of Directors.

Our Corporate Responsibility Strategy

In 2014, we continued to advance the **corporate responsibility strategy** we formalized in 2013, and we are pleased with the progress we made against the goals we set for ourselves. We know our associates, business partners, and other key stakeholders look to us to take a leadership role in continuing to advance our shared priorities — **protecting consumer data and privacy, giving back to our communities, valuing people, and supporting the environment** — and we are committed to doing just that.

In each section of this report where we discuss our performance, we provide a **self-assessed rating** of the level of progress made against each goal, rationale justifying each rating, and an assessment of reasons for the level of performance achieved. We also discuss **next steps** for areas where we didn't meet our goals, or where we want to **continue to strengthen performance** because we know the area is particularly material for us to address.

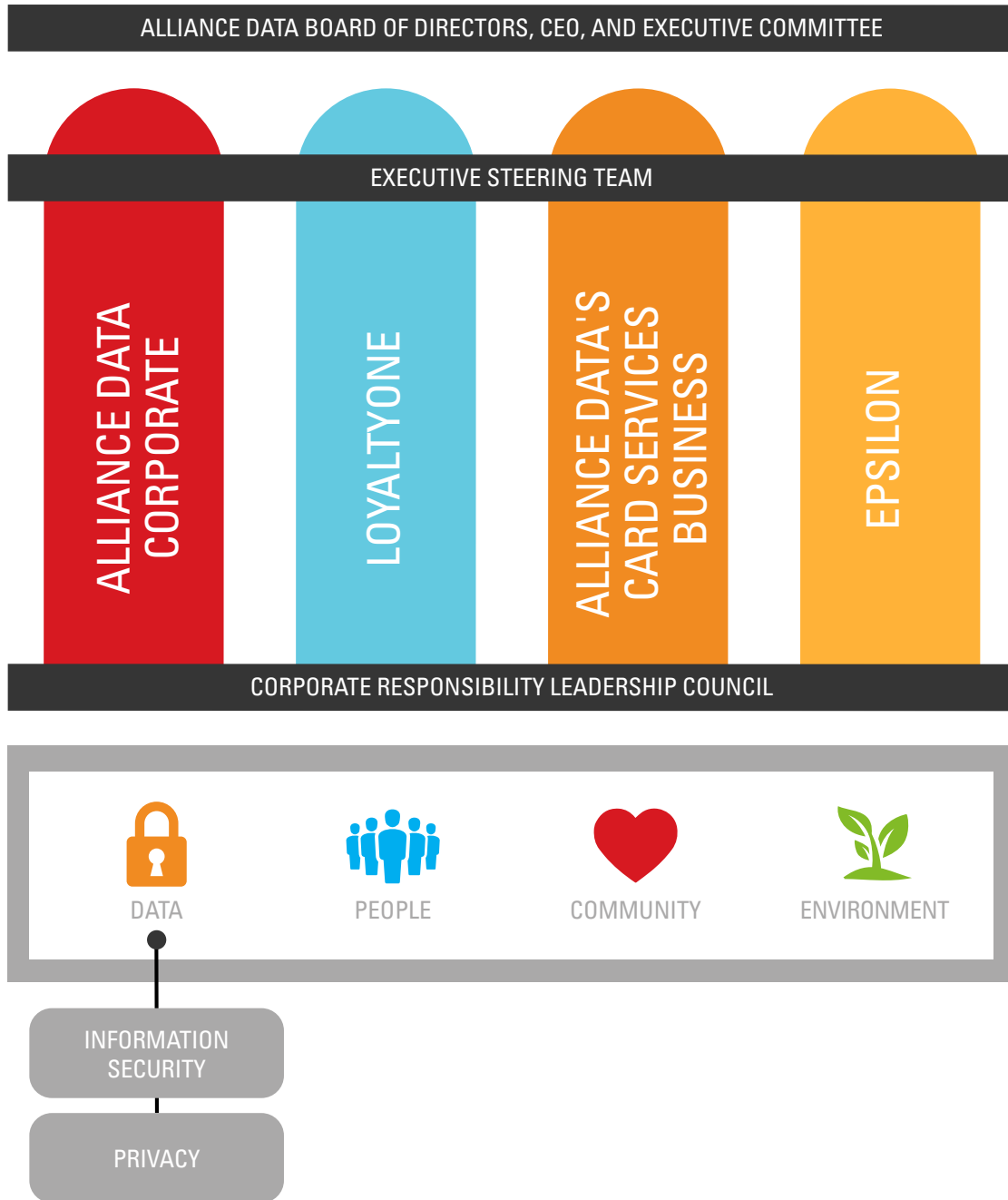


In 2015, we plan to update the materiality assessment we conducted in 2012 using the recommended process in GRI G4 and will adjust the contents of our report as required (and the focus areas of our Corporate Responsibility efforts as needed). We have also set **new goals and targets** for the next reporting period, including some short-term goals (1 year) and some medium-term objectives and goals (generally 3–5 years) related to key risks and opportunities that we are facing. These will help us **drive our long-term organizational strategy forward, enhance our competitive position, and demonstrate our commitment to continual improvement** to our stakeholders.

GOVERNANCE

Our **Corporate Responsibility Leadership Council** is a team of **dedicated change-agents** who help to set direction, get buy-in across the enterprise, implement programs, and measure progress. Each business has representation on the Council and works together to ensure commitments are met while retaining some level of autonomy. This enables each individual business to meet enterprise-wide corporate responsibility objectives and goals.

A group of **senior executives within each business** provides guidance, oversight, and accountability for the strategy and performance outcomes, and at the highest level, we have full support of our CEO and the presidents of all three businesses. This group of senior executives was involved in reviewing the progress we made against our 2014 goals and helped to inform our new goals.



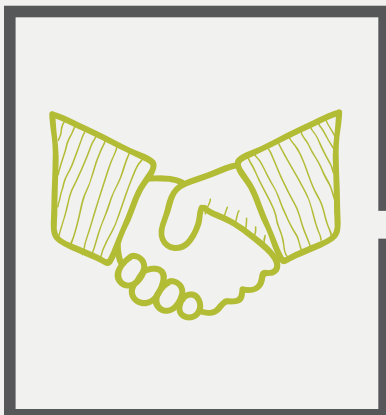
More information on our corporate governance can be found on our Investor Relations website.

ENGAGING OUR STAKEHOLDERS

Our associates, clients and suppliers, local communities, and investors are key stakeholders in our corporate responsibility initiatives. To date, we have placed the most emphasis on **engaging our associates** in the development of our strategy by seeking their input and perspectives through our annual associate survey, polling on certain topics (e.g., choosing which charitable organizations to support), through regional green teams, and by sharing information on our intranet site, e-newsletters, and quarterly associate magazine.

We have also been more **proactively sharing information and progress surrounding our corporate responsibility activities** with our external stakeholders through the development of our corporate responsibility website and report. We are getting more requests for information on our corporate responsibility performance from our clients, and we aim to exceed their need for information.

Specific feedback we've received from our stakeholders and examples of how we have responded to that feedback are shown below.



CLIENTS

Several key clients asked us to respond to the **Carbon Disclosure Project (CDP) Supply Chain questionnaire**, which we did in 2014, and we plan to respond again in 2015.



CONSUMERS

To alleviate consumer concerns about their personal data security, Epsilon launched an initiative to expand its **Consumer Knowledge Center** in 2014. Currently consumers can request a report on the type of data Epsilon holds on them, but the new initiative will enable consumers to request this information securely online and have the report mailed to them.



ASSOCIATES

When associates indicated they didn't have a good understanding of the compensation policies, Epsilon created live **"Pay@Epsilon" training sessions** so associates could gain a clearer understanding of Epsilon's "Total Rewards Philosophy."

As we refine our approach in the years ahead, we will continue to look for opportunities to actively engage our clients, suppliers, investors, and local communities.

Our Awards & Recognition

	World's Most Admired Companies 2014, Fortune
	Harvard Business Review names Ed Heffernan to its Global Best Performing CEOs list
	2013 Corporate Responsibility Report finalist, "Best Report" category, PR Daily
	Communitas (5th consecutive year), Association of Marketing and Communications Professionals
	#8 Best Places to Work, Mid-Sized Companies, Dallas Morning News
	Most Innovative Workplace (small) REmmy award
	Toronto #6 Best Employers in Canada, Aon Hewitt (6th year in a row)
	Best Green Contact Centre, Best Customer Service, Best Community Spirit, Contact Centre World Awards
	One of Canada's Greenest Employers, Canada's Top 100 Employers
	One of Canada's Top Employers for Young People, Canada's Top 100 Employers
	The Green 30, Aon Hewitt
	Canada's 10 Most Admired Corporate Cultures (2nd consecutive win), Waterstone Human Capital
	Best Employers in Canada, Aon Hewitt
	Lenexa Runner-Up, Best Places to Work, Large Companies, Kansas City Business Journal
	Customer Care Centers ranked "Best in Class" by Benchmark Portal (9th year in a row; more than any other organization in our industry)
	Rio Rancho #7, 2014 Best Places to Work, Albuquerque Business First
	Milford #9, Top Workplaces, Mid-Sized Companies, Cincinnati Enquirer
	Columbus #1, Best Large Company, Best Places to Work, Columbus Business First
	Westminster #3, Denver's Top Workplaces, Large Employer, Denver Post
	"Honor and Recognition" certificate from Office of the Mayor of Columbus, Ohio, for completion of GreenSpot Corporate Sustainability initiative, which will help make Columbus a greener city
	One of America's Best Employers, Forbes
	Bike Friendly Business Award in San Francisco, San Francisco Bike Association
	2015 Customer Impact Award, Adobe



CORPORATE



LOYALTYONE



CARD SERVICES



EPSILON



OUR COMMITMENT: BE A LEADER IN THE SECURE AND RESPONSIBLE USE OF DATA.

The secure and responsible use of data is a business imperative shared by each of our businesses. Data, and how we use it, is what differentiates us; it drives our business and provides the backbone for the loyalty and marketing solutions we deliver to our clients. It's one of our greatest responsibilities as a company, because not only does it provide a strategic advantage, but without proper controls and proactive management, it can also leave us exposed to great risks. That's why one of our most critical business requirements is to be a leader in the secure and responsible use of consumer data.

Our commitment in this area places equal importance on information security and consumer privacy. It's not enough to vigilantly protect the data our clients entrust to us. We must also ensure we are using the data in a way that meets the expectations and preferences of our clients and their customers.

Managing Our Commitment

THE ISSUES WE FACE

Large data breaches at reputable companies remind us that cyber terrorism and other threats can have a significant impact on a business' operations and reputation, as well as a corresponding effect on clients and consumers. These also pose significant risks to the long-term sustainability of our business. For this reason, information security and data privacy are highly material issues for us, and point to the importance of our need to **actively manage** and **be a leader** in the **secure and responsible use of consumer data**.

OUR PARTNERSHIPS

In 2014, we **expanded our partnerships with industry-leading knowledge and best practice groups** to ensure we are incorporating globally accepted prevention and management practices for potential data privacy and security risks. We became newly involved with [Financial Services Information Sharing and Analysis Center \(FS-ISAC\)](#) and continued our involvement with [ISACA](#). Our collaboration with peers, government regulators, officials, and other organizations facing similar business challenges in this forum has ensured that we are able to respond to potential threats quickly, while validating the strength of our security protocols.

INTERNAL GOVERNANCE

In 2014, we made a significant change to our internal governance structure in this area, forming an **enterprise-wide team dedicated to security activities across the organization**. As a best-practice approach, we maintain dedicated teams within each line of business, but this formulation of an enterprise-wide team has added significant value and improved transparency and collaboration across the business, while also reflecting the commitment our leadership team is making to this issue. Additionally, Alliance Data's card services business formed a **cross-functional Data Governance Council**, established to better manage how they collect and use data to address the unique needs of their business.

PUBLIC POLICY DRIVERS

Because of this sharper focus and the proactive steps taken in 2014, Alliance Data is well-poised to address [President Obama's Executive Order Promoting Private Sector Cybersecurity Information Sharing](#), which encourages companies to engage in **information-sharing and analysis with government agencies** as a means to share cyber threat information. We recognized this need early and have already taken steps to address these principles, putting us ahead of this curve.

CONSUMER EDUCATION

We believe there is a balance required between organizations collecting, storing, and using information and an individual's responsibility to know how their information is being used. We recognize we have a role to play in **educating consumers on how to protect themselves** — and also to raise their awareness of how the **collection of data can positively contribute** to the development of relevant marketing messages and offers as they relate to specific business and individual interests. This shared responsibility enables organizations and individuals to find the common interests that lead to a positive and transparent experience.

AN ENDLESS PURSUIT

In 2014, we are pleased to report that we experienced no data breaches. However, we fully recognize that no organization, business, or public or private institution is immune to the possibility of a data incident occurring; therefore, we remain committed to **continually assessing and improving** the rigor behind our security protocols and safeguarding data.

SELECT LIST OF 2014 SPEAKING ENGAGEMENTS

- **American Conference Institute: Privacy & Security of Consumer and Employee Information** — panelist on the topic of big data and privacy rights
- **Pharma Industry Workshop on Big Data and Sales & Marketing** — panelist on big data
- **Ethisphere: 2014 Global Ethics Summit** — panelist, "Data Audits: Effective Compliance Program Integration"
- **11th Annual Stanford E-Commerce Best Practices** — panelist, "Privacy Protection in the Cloud: US and International Issues"
- **Federal Trade Commission: Big Data: A Tool for Inclusion or Exclusion?** — panelist, "Considerations on the Path Forward"
- **IAPP Privacy Academy** — panelist, "Privacy from Day One to Preeminence: a Session on Growing with Privacy, Effectively"
- **2014 BAA Law Conference** — panelist, "Privacy & Data Protection"





TAKING CYBERSECURITY TO THE NEXT LEVEL

As the Chief Security Officer at Alliance Data's corporate headquarters, Brian Wrozek led the formation of an enterprise-wide threat intelligence sharing effort. This cross-line of business group meets at least once a month to discuss the latest threats in the security world. "We're in it to win the RACE against the bad guys," Brian explained. "RACE stands for Research, Analyze, Consult, and Educate. This fills a nice gap, because when you're in the day-to-day activity of security, the volume of information coming in can overwhelm you. Instead of each business doing the research on its own, we can centralize the information and send it out across the enterprise for better results."

Brian also emphasizes the importance of **sharing information with others in the industry**. He's a member of several professional organizations, including the Texas CICO counsel, which brings together security leaders from across Texas to network and share best practices.

"When you can establish that personal relationship with someone, it makes it a lot easier to call them up on the phone and ask, 'How worried are you about this issue? What are you doing in response, and why?'," Brian said. "And it's that 'and why' part that can be very helpful in determining how we should approach this issue. If we can **make the game harder for bad guys** across the board, we all benefit."

Brian also shares his expertise by **educating and mentoring** the next generation of information security professionals. He does this both at the office and at the University of Dallas where he teaches Cybersecurity Management.

"I was lucky when I started in this industry to have a mentor," he said. "It was a huge benefit to my career, and I want to return the favor to others. That's one of the reasons that I wanted to teach. We look at all the different elements that go into a cybersecurity plan, whether it be awareness, disaster recovery, or risk management. Everything we do here at Alliance Data, students do on a small scale. I want them to walk away with practical experience."

Staying up-to-date in the **public policy arena** is another part of Brian's job. "There's a lot of legislation being proposed, and I want to help our team understand what the impact could be to us," he said. "We're paying close attention to potential requirements from a regulatory or legislative standpoint. Data protection becomes even more important as we go global."

Brian and his team are prepared to tackle the latest security threats. "As our business changes, we've got to make sure that our security changes and stays aligned," he said. "That's one of the most exciting things about this job — you're in constant learning mode."

“ AS OUR BUSINESS CHANGES, WE'VE GOT TO MAKE SURE THAT OUR SECURITY CHANGES AND STAYS ALIGNED. IF WE CAN MAKE THE GAME HARDER FOR BAD GUYS, WE ALL BENEFIT. ”

BRIAN WROZEK
CHIEF SECURITY OFFICER
ALLIANCE DATA



Spotlight: Consumer Privacy

SHAPING THE FUTURE OF CONSUMER PRIVACY

As a recognized leader in the data industry, it's crucial for us to establish our expertise in the national conversation about consumer privacy. Jeanette Fitzgerald, General Counsel and Chief Privacy Officer of Epsilon, has helped Alliance Data do just that.

Jeanette has been **building relationships** with FTC Commissioners and congressional representatives to educate them on consumer privacy. She's been the keynote speaker at many workshops and summits across the country where both lawmakers and privacy advocates were in attendance. At the **FTC's "Big Data" workshop**, Jeanette was invited to speak as an industry authority, contributing to the FTC's goal of gaining a better understanding on current industry issues and chart a course for future action.

"It has become clear in our changing business environment that we need to be more proactive," Jeanette said. "We realized we could either sit back and let the discussion happen without us or we could get involved in the conversation."

Jeanette sees her role as a way to help educate and inform others about constantly evolving technology, and as a means of educating regulators, lawmakers, and consumers on the **value exchange resulting from this information sharing**. "After talking with legislators a few times, you begin to realize they hear what you're saying," she said. "They care about what you're saying and taking it into consideration during their decision-making process."

And these **conversations with public policy leaders** have an increasing importance. "Evolving technology means we have to consider a wider variety of devices every day," Jeanette said. "When you think about whether data from these devices needs to be regulated, it becomes clear we need to deal with this head on. I want to make sure regulators hear and understand both sides of the equation."

Jeanette also speaks directly to **industry leaders**. "We strive to set a good example and do the right thing," she said. "We want to demonstrate how data can be treated ethically, respect the consumer's privacy, and still have products that sell."

As we become a global business, Jeanette will begin focusing more on **international privacy laws**. "Regulations are increasing around the world," she said. "Just as we need a seat at the table in the U.S., we need a seat in other countries."

For Jeanette, her role is constantly evolving. But one thing remains the same: her **unwavering commitment to the responsible collection, use, and protection of data**. "It feels good to support something I think is truly beneficial not only for Epsilon but for all of Alliance Data," she said.



IT HAS BECOME CLEAR IN OUR CHANGING BUSINESS ENVIRONMENT THAT WE NEED TO BE MORE PROACTIVE. WE COULD LET THE DISCUSSION HAPPEN WITHOUT US OR WE COULD GET INVOLVED IN THE CONVERSATION.



JEANETTE FITZGERALD
GENERAL COUNSEL AND CHIEF PRIVACY OFFICER, EPSILON



Progress Against Our Goals

- We made excellent progress on all of our goals this year. This area of performance is unique in that the ability to define specific “milestones” is limited. We have, however, cultivated a strong culture of responsibility and accountability across our security teams to identify and act where opportunities for improvements exist.
- Protecting against cyber threats will always require an ongoing, dedicated effort as we continually monitor and evaluate threats, and strengthen our processes, protocols, and collaboration with industry peers and regulators.
- All four of our goals in this area represent ongoing initiatives, and these goals will continue to evolve with changing technology, regulatory, and societal and consumer expectations.

GOALS	PROGRESS	KEY ACTIVITIES/ACCOMPLISHMENTS IN 2014
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1

Advocate for transparency, choice, and awareness regarding consumer privacy.



- As an active leader and advocate on Capitol Hill, we were invited to speak at a number of forums on the topic of the ethical and responsible use of consumer data, including the FTC workshop on “Big Data.” (See [page 9](#) for a more detailed list.)
- Held a client-facing webinar on Canada’s new Anti-Spam Law that has been viewed by more than 500 individuals. The webinar focused on strategies and practices for protecting Canadians while ensuring that businesses can continue to compete in the global marketplace.
- Created a Political Action Committee (PAC) and charter to ensure we continue to have a seat at the table in making our business imperatives and needs clear to policy makers. Related advocacy efforts include educating elected and regulatory officials about the role of responsible data use on our economy and safeguarding privacy while delivering value to consumers.

2

Collaborate with industry peers to inform regulation and educate consumers.



Collaborating with Industry Peers and Regulators

- Became involved with [Financial Services Information Sharing and Analysis Center \(FS-ISAC\)](#) and continued our involvement with [ISACA](#), enabling us to receive more timely notifications and authoritative information designed to help protect critical systems and assets from physical and cyber threats.
- Cultivated stronger relationships with local and federal law enforcement, including the Secret Service, FBI, and Crime Commission.
- Partnered in establishing the [Security Advisor Alliance](#) — a nonprofit organization focused on expanding security knowledge, awareness, and information sharing across different realms (education, business, community).
- Ongoing participation in a number of additional security organizations, including:
 - [IT Certification and Security Experts \(ISC\)²](#)
 - [Information Systems Audit and Control Association \(ISACA\)](#)
 - [Information Systems Security Association \(ISSA\)](#)
 - [Online Trust Alliance](#)

Some progress made

Good progress made

Excellent progress made

Progress Against Our 2013 Goals (Continued)

GOALS	PROGRESS	KEY ACTIVITIES/ACCOMPLISHMENTS IN 2014
<p>2 (cont.)</p> <p>Collaborate with industry peers to inform regulation and educate consumers.</p>		<p>Educating Consumers</p> <ul style="list-style-type: none"> ■ Epsilon expanded its Consumer Knowledge Center and initiated a project to enable consumers to request information on the types of data Epsilon holds on them. ■ In their rigor to identify and respond to security threats, Alliance Data's card services business worked to proactively educate consumers on how to protect themselves against specific types of credit card fraud and security vulnerabilities.
<p>3</p> <p>Assess new, evolving technologies/protocols to continually drive improvement and proactively protect our systems and information.</p>		<ul style="list-style-type: none"> ■ Subscribed to threat intelligence alerts to enhance prevention through early recognition of possible threats. ■ Through FS-ISAC, received daily electronic alerts related to new threats and meet biweekly to discuss strategies to manage and address potential threats. ■ Our Executive Compliance Committee reviewed our Security Policy using the ISO 27001/2 series framework.
<p>4</p> <p>Protect against opportunistic cyber threats and reduce the risk of data compromise via human error through ongoing associate education and awareness training.</p>		<ul style="list-style-type: none"> ■ Enhanced our incident management and handling process through ongoing incident simulations. ■ Partnered with both clients and associates on data security, privacy, and risk mitigation issues by: <ul style="list-style-type: none"> ● Ensuring that our clients understand our processes for protecting their customers' data. ● Ensuring our associates are well-trained in communicating the safety of a client's data. ● Providing guidance to consumers on privacy policies to ensure they understand our data collection, use, and protection practices. ● Recognizing Data Privacy Day to raise awareness of the importance of protecting our company's data, our clients' data, and our clients' customers' data is an integral part of our corporate culture and ethical practices.

 Some progress made

 Good progress made

 Excellent progress made

Three-Year Goals

ACT AS A RECOGNIZED AND RESPECTED LEADER IN PROTECTING CONSUMER PRIVACY AND INFORMATION SECURITY.

- Continue to educate and provide transparency to consumers, lawmakers, and regulators about how we use information; on the value exchange of data; and ways to safeguard personal information.
- Continue to collaborate and exchange information with industry peers and regulators about ongoing opportunities for privacy and security improvements.
- Understand and address the international regulatory landscape; what are the evolving issues and how might they impact our business.
- Conduct rigorous, ongoing associate training to continuously improve employee knowledge and minimize risks via human error.
- Assess new evolving technologies/protocols to continually drive improvement and proactively protect our systems and information.

Specific actions we plan to take in 2015 include:

People

- Mature the enterprise Threat Response Team, leveraging knowledge and resources across our businesses as a proactive means of threat management/mitigation.
- Build closer alignment with the enterprise risk management team to ensure risks are appropriately weighted, understood, and included on the enterprise register.

Process

- Align internal security requirements with “best practice” industry risk management and control frameworks.
- Integrate acquired entities (specifically Conversant and BrandLoyalty) into rigorous protection protocols.

Technology

- Implement an incident handling tool for improved sharing and documentation of security threat issues.
- Deploy next generation endpoint security software, incorporating the most advanced early warning behavioral technology tools.





People



OUR COMMITMENT: CREATE A WORKPLACE WHERE ASSOCIATES CAN GROW AND CONTRIBUTE TO THE SUCCESS OF THE COMPANY.

We realize the success and significance of our company relies on our associates. One of our key business challenges is to attract and retain the industry's top talent — those who share a like-minded attitude, as well as the technical skills needed to drive our business forward. To ensure this, we're committed to creating a great place to work where our associates can build their careers, contribute to the success of the company, and feel supported both personally and professionally.

Managing Our Commitment

OUR PEOPLE "MAKE IT HAPPEN"

Alliance Data continues to be recognized as the best place to work in numerous key markets (see our [list of rewards](#)). We cannot grow without investing in our people, and our relentless pursuit of evolving into the best company we can be. That's why we give our associates the tools and resources they need to be successful and productive: whether at work for our clients or at home with their family. Alliance Data recognizes that **health and well-being**, **learning and development**, and **leadership skills** are important for the success of our business and to our individual associates.

Attracting and retaining the right person, with the appropriate skills, "make it happen" mindset, and knowledge to meet the demands of our growing business is critical to our ongoing success. Leadership is committed to continually invest in three essentials to help draw in high-potential recruits and keep high-performance associates: **1) employee benefits**, **2) training**, and **3) listening and responding to associate feedback**.

COMMUNICATING THE VISION

Ed Heffernan, President and CEO of Alliance Data, rallied approximately **80%** of associates last year during his **Mothership Road Show tour** that visited 21 locations. Spending more than two hours at each location, Ed takes this time to ensure associates connect with the vision for the company and evoke a sense of pride in sharing our success. Ed's Road Show includes:

- Facility tours and individual drop-ins with key contributors and high performers
- Roundtable discussions and one-on-ones with local leadership
- An all-associate presentation including:
 - A macro overview on the state of the economy and how it impacts Alliance Data, including how global trends and outside factors influence our business
 - Enterprise-level overview — helping associates connect the dots across our businesses and drawing connections between individual contributions and the company's success
 - Raising associate awareness around employee benefits — helping to make them smarter consumers, from retirement planning to health care



2014 Highlights

ASSOCIATE RECOGNITION

LAUNCHED *pass it on.*
celebrating success

A PLATFORM WHERE ASSOCIATES CAN SAY "THANK YOU," RECOGNIZE A COLLEAGUE, AND CELEBRATE SUCCESS ACROSS THE ENTERPRISE.



FOCUSING ON FITNESS

LAUNCHED MOVE & EARN PROGRAM.

91% OF ASSOCIATES SAID THIS PROGRAM MADE THEM FEEL LIKE THE COMPANY CARES ABOUT THEIR HEALTH.

ASSOCIATES AVERAGED OVER 8,300 STEPS PER DAY.

90% OF ASSOCIATES LOGGED ON AND GENERATED MORE THAN

200,000 RECOGNITIONS LAST YEAR.



WEIGHT LOSS SUPPORT

INTRODUCED A FREE, NO-PRESSURE, WORK-AT-YOUR-OWN-PACE

 **WeightWatchers** PROGRAM.

1,000 ASSOCIATES PARTICIPATED AND LOST A TOTAL OF 8,500 POUNDS!

KICKING THE HABIT

14 LOCATIONS WENT SMOKE FREE.

MORE \$\$

INCREASED DOLLAR-FOR-DOLLAR COMPANY MATCH TO OUR 401(k) FROM 3% TO 5%.

MADE DISCRETIONARY RETIREMENT CONTRIBUTION TO ALL ASSOCIATES – EVEN IF NOT ENROLLED IN THE PLAN.

FOR THE SECOND YEAR IN A ROW, OUR SUCCESS ALLOWED US TO PROVIDE A DISCRETIONARY CEO BONUS TO NEARLY 8,000 ASSOCIATES WHO ARE NOT ELIGIBLE FOR OTHER INCENTIVE COMPENSATION PROGRAMS.





2014 Highlights (Continued)

SURVEY RESULTS

93% AGREED ALLIANCE DATA PROVIDED **BENEFITS** THAT MET THEIR NEEDS.

79% SAID THEY FEEL **MOTIVATED** TO GO BEYOND THEIR FORMAL JOB RESPONSIBILITIES.

81% SAID THEY ARE **PROUD** TO WORK FOR ALLIANCE DATA. (2% INCREASE FROM 2012; FLAT FROM 2013)

75% SAID THEY WOULD **RECOMMEND** ALLIANCE DATA AS ONE OF THE **BEST PLACES TO WORK.** (4% INCREASE FROM 2012; 2% INCREASE FROM 2013)



PERSONAL STORIES

LAUNCHED THE SMART CROWD BLOG, WRITTEN BY ASSOCIATES WHO SHARE THEIR BENEFIT EXPERIENCES AND OFFER TIPS TO HELP OTHERS GET THE MOST OUT OF THEIR **BENEFITS.**



BREAKING DOWN HEALTH CARE REFORM



CREATED CAMPAIGN TO RAISE AWARENESS AND INFORM ASSOCIATES ABOUT HOW HEALTH CARE REFORM AFFECTS THEM AND HOW ALLIANCE DATA GOES ABOVE AND BEYOND IN WHAT WE OFFER ASSOCIATES.



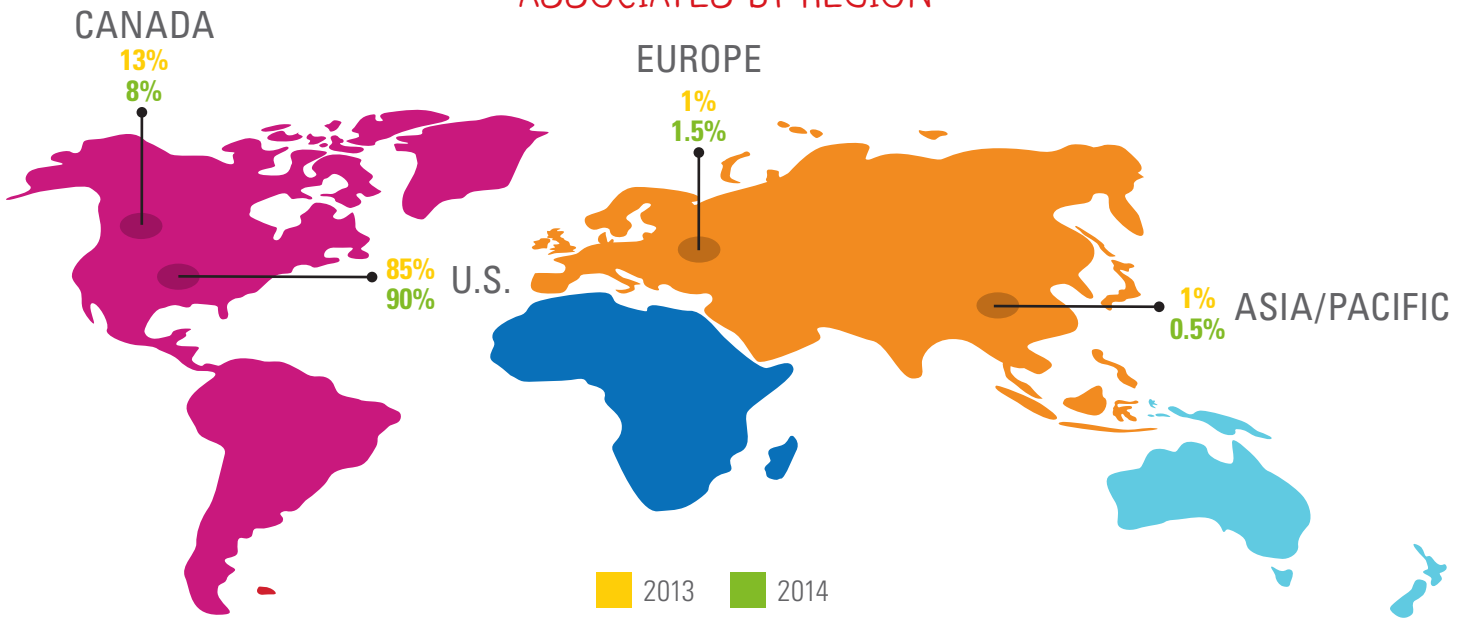
INVESTING IN TRAINING AND DEVELOPMENT

SPENT **\$5 MILLION** ON TRAINING AND DEVELOPMENT PROGRAMS, RESULTING IN MORE THAN **350,000** HOURS OF TRAINING.



Who We Are

ASSOCIATES BY REGION



NUMBER OF SALARIED ASSOCIATES



Increased by **329** (7,556 total)

NUMBER OF HOURLY ASSOCIATES



Increased by **463** (5,393 total)

TOTAL WORKFORCE

12,949³

ASSOCIATE ENGAGEMENT¹ SURVEY SCORE



78%



78%

ASSOCIATE ENABLEMENT² SURVEY SCORE



70%



69%

¹ Associate Engagement refers to an associate's commitment to the organization and willingness to go above and beyond formal job requirements (the "will do").

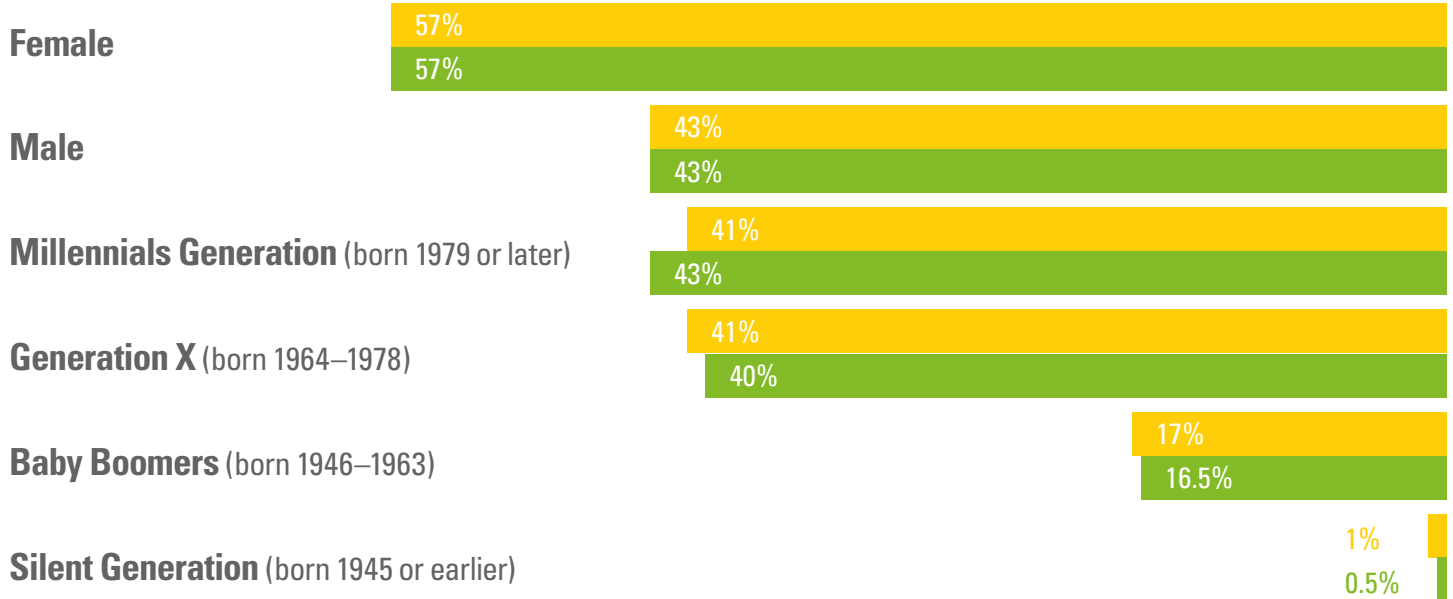
² Associate Enablement refers to how well positioned associates feel they are for success and if they feel they're being effectively utilized (the "can do").

³ Numbers do not include associates in newly acquired entities BrandLoyalty or Conversant.



Who We Are (Continued)

ASSOCIATE DEMOGRAPHICS



TURNOVER

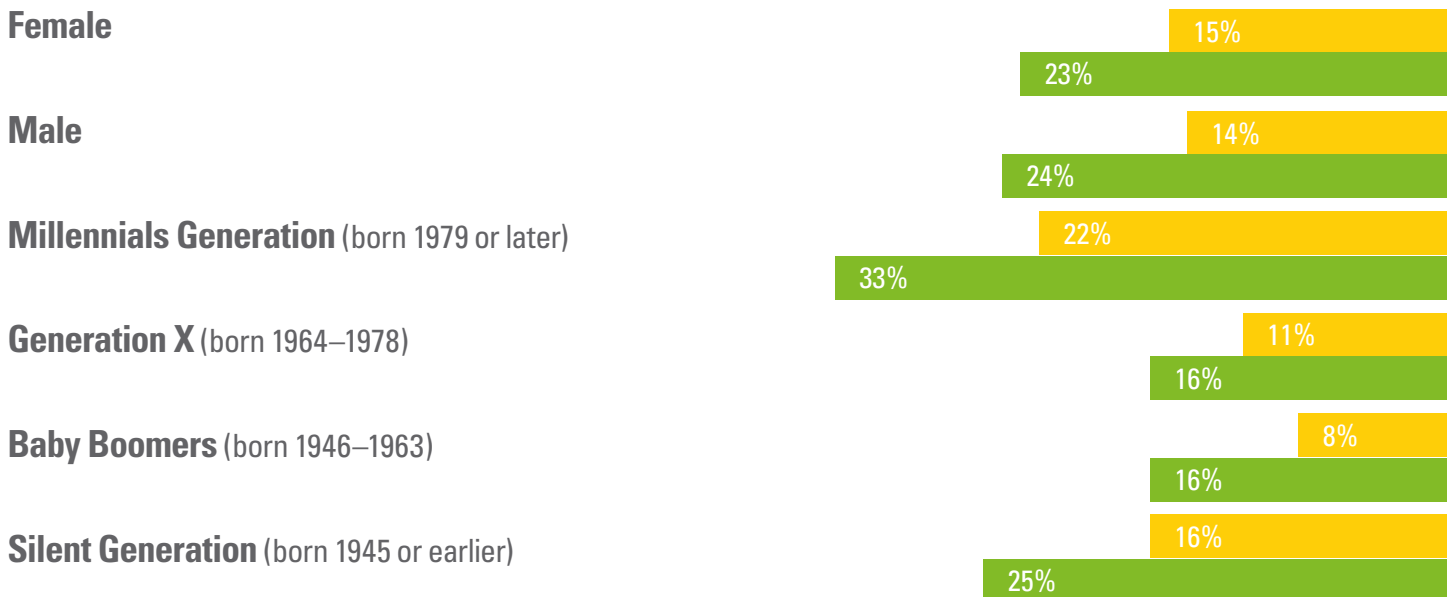


(15% in 2013)

SALARIED
11%
 (12% in 2013)

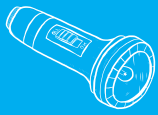
HOURLY
14%
 (19% in 2013)

TURNOVER BY SEGMENT



2013 2014

* Voluntary turnover rates do not include temporary associates or contractors.



SUPPORTING WOMEN LEADERS

Women make up 57% of our workforce, so providing them with the right tools and resources to ensure they're successful at work and at home is essential to our company's success. We're especially focused on developing and promoting women into management. In fact, we're a corporate sponsor of the Women for Economic and Leadership Development (WELD) organization in Columbus, Ohio, and are able to share their programs with our associates. In 2014, we're proud to say that many of our female leaders were recognized by their peers for outstanding work.

LoyaltyOne's **Angela Simo Brown** was named one of the Top Most Powerful Women in Canada by the Women's Executive Network. Since 2003, the Women's Executive Network has celebrated the accomplishments of 800 remarkable women through the Canada's Most Powerful Women: Top 100 Awards.

Stacey Hawes, Senior Vice President, Sales Leader for Epsilon, was named a [FOLIO: Top Women in Media 2014!](#) This annual list features the most influential women in media, women who are innovative and guiding their businesses into new markets.

Stacey says the company played a big role in helping her get there. "Epsilon provided me with the opportunity to participate in a year-long women's leadership program offered by The Leadership Ascent," said Stacey. "It really helped me further develop my leadership skills, and it was a life-changing event for me."

She now manages a key aspect of the Data division at Epsilon. "I am most proud that over my 15 years at Epsilon in the Data division I now have the opportunity to run the Account Management and Sales division."

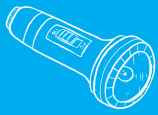
Jeannie Green, Vice President of Sales, and **Julie Smith**, Vice President of Solutions Architecture for Epsilon, made the [Direct Marketing News 40 Under 40 List](#). This list recognizes young, standout marketers whose work has left a mark on their organization, clients, and the industry.

"The success of my teams is my most valuable accomplishment," Jeannie said. "I feel like I am doing well if they are doing well, and I learn just as much from them as they learn from me. If I approach my business with a 'win-win' attitude, whether it's with clients, internally, or with partners, hopefully my team will adopt a similar approach."

“ THE WOMEN'S LEADERSHIP PROGRAM OFFERED BY THE LEADERSHIP ASCENT REALLY HELPED ME FURTHER DEVELOP MY LEADERSHIP SKILLS, AND IT AS A LIFE-CHANGING EVENT FOR ME. ”

STACEY HAWES
SENIOR VICE PRESIDENT,
SALES LEADER FOR EPSILON





Spotlight: Training and Development

KEEPING OUR ASSOCIATES INTERESTED AND INSPIRED

At Alliance Data, we take pride in hiring individuals who not only have the functional expertise needed to get the job done, but those with a like-minded “make it happen” attitude around which our culture was built. In 2014, each of our businesses took a tailored approach to training.

With a 25% increase in their new grad program last year (and one of our largest and fastest growing populations), **Epsilon** focused their training largely on new hires and created the **Epsilon Journey Guide** to simplify the new hire onboarding process. Broken down through a series of in-person sessions, webinars, and a portal with additional information and FAQs, the Journey provides new associates an introduction to the company and helps them understand their benefits. A total of 75 full-time new grads and 50 summer interns completed the Journey.

Alliance Data’s card services business developed the **ICE (Initial Career Experience)** program for recent grads and entry-level associates. Participants are supported by a manager, a mentor, and a buddy as they shift through three two-month job rotations. They are able to discover strengths and explore interests in several fields as they work to find their best fit within our family. In 2014, 55 participants completed the training.

The Network was also created to support a group of emerging leaders who hope to build their business repertoire, establish meaningful relationships across the company, and make a difference in their communities. The program is similar to a business fraternity, and more than 180 associates have joined The Network in its first year alone. It empowers associates to make an impact beyond their daily roles — preparing them for future leadership positions within our company.

From new hires to the more experienced, Leadership Development is also a key priority. This includes focusing on business acumen, emotional intelligence sessions, and 360 evaluations. At **LoyaltyOne, Expedition** is a program targeted for high-performance, middle managers to help them develop as leaders. Participants attend various classes targeted at achieving their leadership and skill strengthening objectives.







BEING A PART OF THE ICE PROGRAM WAS AN ABSOLUTELY AMAZING EXPERIENCE. THERE ARE VERY FEW COMPANIES THAT ALLOW YOU TO SPEND SIX MONTHS EXPLORING THE BUSINESS TO FIND A POSITION THAT IS NOT ONLY A BEST FIT FOR THE COMPANY, BUT ALSO A BEST FIT FOR EACH INDIVIDUAL.



KAT LYLES
CLIENT SALES ICE PARTICIPANT

Progress Against Our 2013 Goals

GOALS	PROGRESS	KEY ACTIVITIES/ACCOMPLISHMENTS IN 2014
<p>1 Provide the tools and resources for learning and development.</p>		<ul style="list-style-type: none"> ■ Invested more than \$5M in training and development. ■ Associates logged nearly 350,000 hours of training.
<p>2 Provide benefits that address the overall well-being of our associates.</p>		<ul style="list-style-type: none"> ■ MDLive, our virtual telemedicine program, continues to thrive. Associates can consult with a doctor 365/24/7 via secure video, phone, or email. <ul style="list-style-type: none"> • 20% increase in associates obtaining medical consultations ■ Approximately 1,000 associates lost 8,500 pounds with a new free Weight Watchers program. ■ Through our smoking cessation program, we are helping more than 300 associates quit smoking. ■ The LivingWell program, launched in 2013, continues help Alliance Data's card services business associates live well — physically, mentally, emotionally, and financially.
<p>3 Engage associates in our commitments, helping to build our legacy as a responsible partner to our clients and their customers.</p>		<ul style="list-style-type: none"> ■ Launched new leadership development programs, ensuring we create responsible leaders who clients can trust and associates can learn from. ■ Alliance Data's card services business Customer Care Centers ranked "Best in Class" by BenchmarkPortal (9th year in a row; more than any other organization in our industry).
<p>4 Build a culture of inclusion, where we celebrate and recognize the talents, individuality, and achievements of a diverse workforce.</p>		<ul style="list-style-type: none"> ■ Launched <i>pass it on</i> — a new recognition tool with more than 90% of associates logging on. ■ Women represent more than half of our population. Many are being recognized for their outstanding talents and abilities: <ul style="list-style-type: none"> • Angela Simo Brown, LoyaltyOne — Top Most Powerful Women in Canada by the Women's Executive Network. • Stacey Hawes, Epsilon — FOLIO: Top Women in Media 2014. • Jeannie Green and Julie Smith, Epsilon — Direct Marketing News 40 Under 40 List. ■ We are continuing to support the Women for Economic and Leadership Development (WELD) organization and provide women's leadership programs across the organization.

 Some progress made

 Good progress made

 Excellent progress made

Three-Year Goals

CREATE A WORKPLACE WHERE ASSOCIATES CAN GROW AND CONTRIBUTE TO THE SUCCESS OF THE COMPANY.

Engage associates and develop leaders who are passionate about the company.

- Launch formalized training protocol for new people managers to ensure they have the necessary management skills to lead, motivate, and empower our growing workforce.
- Reduce voluntary turnover rates by 1% annually.
- Increase engagement and enablement scores by 2%.

Support the overall well-being of the “whole associate.”

- Continue to provide access to premier health benefits and wellness programs that improve the health of our associates and their families.
- Explore and establish programs with a focus on financial security.
- Examine and ensure proper protocol and procedures are in place to uphold a safe and secure workplace.

Build a culture of inclusion where we celebrate and recognize the talents, individuality, and achievements of a diverse workforce.

- Create an enterprise-wide steering committee to define a more formal framework for acquiring diverse talent and ensuring an inclusive work environment.
- Establish ground rules for creation of affinity groups.
- Promote diversity on leadership team and board of directors.





OUR COMMITMENT: PROTECT AND NURTURE THE VITALITY OF OUR COMMUNITIES BY INVESTING IN PROGRAMS THAT DEMONSTRATE A MEASURABLE AND MEANINGFUL IMPACT.

Our associates play an active role in shaping and defining our culture of “giving back.” Our community investment is intentionally focused in three key areas, which were largely defined by associate input in 2009:

- **Education** — Helping children and students acquire the skills and knowledge they need to achieve their highest potential, while grooming them to become productive members of society.
- **Children** — Promoting, protecting, and improving the lives of children.
- **Independence** — Maximizing the independence and self-determination of those in need is of utmost importance to the future of our communities.

Our partnerships, both long-term and new, have enabled Alliance Data and its subsidiaries to encourage associate involvement through company-sponsored volunteer events, collection drives, and board service. We are extremely proud of the high level of associate engagement in our philanthropic programs across the enterprise and know that the positive impacts are felt among the charities we support and across our associate population. As an active partner in the communities where we live and work, Alliance Data knows that our contribution of time, talent, and resources allows our communities to prosper.

Managing Our Commitment

CREATING STANDARDS

We more clearly defined and documented our Giving Guidelines to bring increased clarity and consistency to the management of our philanthropic investments. This helps to ensure funds are being managed responsibly and thoughtfully internally, while providing transparency and understanding for stakeholders externally. These guidelines include detailed eligibility requirements, an overview of the selection process, and expectations around how we are measuring and tracking the impacts of our investments.

At a minimum, contributions must meet the following requirements:

- Align with our business goals and focus areas (education, children, and independent living)
- Program/organization must address demonstrated community need
- Deliver measurable results (outcomes and impact)
- Organization must be financially sound and have high standards of accountability and transparency
- Provide an opportunity to engage employees through volunteerism

INCREASING INVESTMENT

Several years ago, leadership made a commitment to grow our philanthropy budget at a rate commensurate with the growth and success of the company. This commitment remains steadfast. In 2014, we **increased our total giving by 13%**, investing over **\$5.1 million** in the community.

ASSOCIATE ENGAGEMENT

We have a **culture of giving back**. In our associate survey, 85% of associates said they believe that Alliance Data actively helps to make the communities in which it operates better places to live and work (up 5 points from 2013).

We **inspire volunteerism**. We increased our total volunteer hours by 20% from 2013 and promoted a hugely successful two-for-one volunteer match campaign. This one-week campaign matched \$50,000, which was more than the program matched in total for 2012 and 2013 combined.

We support **programs with a purpose**. We continue to build associate awareness and utilization of cornerstone enterprise programs like our volunteer match program mentioned above, our 1:1 matching gifts program, and our internal grant program that awards four \$10,000 grants to associate-driven causes. Last year, through our matching gifts program, our generous associates registered 3,752 gifts, and we paid out a record \$730,000 in matches.





2014 Highlights

UNITED WAY

RAISED OVER
\$2 MILLION
IN ASSOCIATE FUNDS AND
COMPANY MATCH.

INVESTED
\$300,000
IN **EDUCATIONAL PROGRAMS**
IN 6 CITIES NATIONWIDE.



SPONSORED THE
**DALLAS MAYOR'S
COMMITTEE**
FOR THE EMPLOYMENT OF PEOPLE
WITH **DISABILITIES EXPO**
FOR THE PAST FOUR YEARS.

RAISED MORE THAN
\$23,000
FOR MOTIONBALL'S MARATHON OF SPORT
IN SUPPORT OF
SPECIAL OLYMPICS
CANADA.

FOOD BANKS: TACKLING HUNGER

COLLECTED OVER
400,000 POUNDS
OF FOOD FOR THOSE IN NEED.

SUPPORTED FOOD BANKS IN
**OHIO, KANSAS, TEXAS,
MASSACHUSETTS,
AND MINNESOTA,**
AMONG OTHERS.



INVESTING IN INDEPENDENCE: EMPOWERING INDIVIDUALS WITH UNIQUE ABILITIES

GREW OUR PARTNERSHIP WITH
**MY POSSIBILITIES
AND LAUNCHABILITY,**
WHICH PROVIDE
EDUCATION
AND JOB TRAINING FOR
ADULTS WITH COGNITIVE DISABILITIES.

RAISED \$40,000 FOR
AUTISM SPEAKS.

HABITAT FOR HUMANITY: HOMES THAT PROVIDE HOPE

LOGGED 2,418 HOURS WITH
**HABITAT FOR
HUMANITY**
WITH MORE THAN
331 ASSOCIATES
PARTICIPATING.

BUILT HOMES
IN RIO RANCHO, DENVER,
BOSTON, TORONTO,
SAN FRANCISCO, AND DALLAS.



SURVEY RESULTS

86%
BELIEVE THAT
ALLIANCE DATA
IS A GOOD CORPORATE CITIZEN.



2014 Highlights (Continued)

COMMITTING TO KIDS: ADVOCACY AND HEALTH

CONTINUED OUR SUPPORT OF **CHILDREN'S HEALTHSM** IN DALLAS AND EXPANDED OUR SUPPORT OF **PEDIATRIC HOSPITALS** IN OTHER MARKETS.

PRESENTED CHILDREN'S HOSPITAL COLORADO WITH **\$150,000** — THE BULK OF THE GIFT EARMARKED FOR NEW MULTIDISCIPLINARY **CLINIC.**

ASSOCIATES STUFFED 300 ANIMALS AND MANNED THE PHONES DURING THE HOSPITAL'S ANNUAL **RADIO-THON FUNDRAISER.**

ASSOCIATES RAISED \$100,000 THROUGH THE COURAGE CLASSIC — A 3-DAY BIKE TOUR HOSTED BY **CHILDREN'S HOSPITAL COLORADO** THAT BENEFITS SICK KIDS IN THE COMMUNITY — BY BIKING **176 MILES OVER 3 DAYS.**



ANNOUNCED A MULTI-MILLION-DOLLAR, 5-YEAR PLAN TO BUILD OUR CHARITABLE FOOTPRINT IN COLUMBUS, OHIO.

MORE WAYS WE GAVE BACK

EPSILON COMMUNITY OUTREACH (ECO) EBOARD AWARDED NEARLY **\$70,000** TO ASSOCIATE-DRIVEN COMMUNITY ACTIVITIES.

DONATED \$247,000 FOR THE CP24 CHUM CHRISTMAS WISH IN TORONTO.





Spotlight: Habitat for Humanity

GIVING FAMILIES A PLACE TO CALL HOME

Alliance Data associates have been volunteering through local Habitat for Humanity chapters for a number of years, but recently their commitment has grown by leaps and bounds. Over the past two years, the company’s monetary contributions to Habitat for Humanity have more than tripled, with more than \$165,000 donated to eight local chapters.

In 2014, **331 associates from across North America** rolled up their sleeves and donned hard hats to hammer nails, lift walls, and lay sod to help deserving families earn a home through Habitat. Teams in **Rio Rancho, Denver, Boston, Toronto, San Francisco**, and **Dallas** put in more than 2,000 hours helping construct or finish a number of homes. In Denver, associates from Epsilon and Alliance Data’s card services business worked hand in hand on the build.

“I enjoy giving back and knowing that I have assisted in giving a new life and fresh start to someone and their family, even if it’s only by hammering in a few nails on their roof,” said Michele Pierce, Senior Administrative Assistant in Rio Rancho.

Beverly McMillan, Senior Director, Alliance Data’s card services business in Rio Rancho has participated in two builds. “Those families poured blood, sweat, and tears into their home. We watched that, and we were side-by-side, hammering and nailing, pouring concrete, sawing. And out of that they’re going to get a home. That’s going to be their **permanent home where they’re going to be safe and sound**. Their child is going to do better in school. The mother’s going to feel better about giving her child a key; they’ll be able to get into the house and be safe. So she can be more productive at work. We basically transformed an entire family. Alliance Data was able to do that.”

Associates in Dallas came together from both Alliance Data and Epsilon to participate in the **31st annual Carter Work Project** alongside former President Jimmy Carter. After the build, a number of associates who worked on the house participated in the home dedication ceremony with the homeowners. Associates presented them with five symbolic gifts: a loaf of bread, bottle of wine, a Bible, key, and flowers.

“The dedication ceremony was a rewarding experience,” said Garrett Shipman, Community Relations Specialist for Alliance Data. “Having just transitioned into this role in October, the ceremony gave me a great sense of pride.”



THOSE FAMILIES Poured BLOOD, SWEAT, AND TEARS INTO THEIR HOME. WE WERE SIDE-BY-SIDE, HAMMERING AND NAILING, POURING CONCRETE, SAWING. AND OUT OF THAT THEY’RE GOING TO GET A PERMANENT HOME WHERE THEY’LL BE SAFE AND SOUND.



BEVERLY MCMILLAN
SENIOR DIRECTOR
ALLIANCE DATA’S CARD SERVICES BUSINESS





By The Numbers

Amount invested in the community

(13% increase)

2014 = \$5.1M 2013 = \$4.5M 2012 = \$2.5M

\$5.1M

Number of total volunteer hours logged by our associates (over 20% increase)

2014 = 18,375 2013 = 15,000 2012 = 10,700

18,375

Amount of associate donations matched through the matching gifts program (40% increase)

2014 = \$730,000 2013 = \$530,000

\$730K

Percentage of associates who believe Alliance Data and our businesses make communities better places to live and work (5% increase)

2014 = 85% 2013 = 80%

85%

Percentage of associates who feel they are encouraged to give back to their communities (6% increase)

2014 = 88% 2012 = 82%

88%



Spotlight: United Way

UNITING TOGETHER TO MAKE A DIFFERENCE

Alliance Data is committed to strategically investing time and resources in organizations and programs that have a real impact in our communities. Each of our businesses manages its own philanthropic activities, focusing largely on what matters most to their associates. But United Way is the one cause that brings us all together.

United Way’s mission to provide all individuals **access to education, income stability, and healthy lives** to achieve their highest potentials closely aligns with Alliance Data’s goal to support organizations that have a collective impact on education, children, and self-sufficiency.

Our businesses run their campaigns around the same time, and it’s a big celebration. Various fundraising and awareness activities take place across our locations during the course of the campaign.

Through those campaigns, employees raised **\$1.1 million** in 2014, which the company matched 50 cents on the dollar, bringing the campaign total to nearly **\$1.7 million**.

In addition, the company made **six \$50,000 donations** to United Way-funded initiatives, spanning educational programs from early pre-K to college and career readiness. These initiatives have already demonstrated measurable results and long-term opportunity:

- Thrive in Five — Boston, MA
- Columbus Kids — Columbus, OH
- READY! for Kindergarten — Coeur d’Alene, ID
- Decade of Difference — Kansas City, MO
- Mission: Graduate — Rio Rancho, NM
- Leaders in Science — Dallas, TX

The **Decade of Difference program** helps put at-risk young adults ages 16–26 on a path to career success. One way is by helping them open a matched savings account called an Individual Development Account (IDA). Young people save up to \$500 and receive an 8-for-1 match. The funds can then be used for degree or credential expenses at an accredited college, university, or trade school. To date, participants’ savings plus matching funds totaled more than **\$200,000**.

Ronald, now a sophomore at Lincoln University with plans to go on to law school, opened up an IDA to help him pay for school. “This program gave me more insight to better my education. It helped me focus on my goals and gave me a way to manage my money in college. I learned how to save, how \$10 here and there can build up my money to pay for tuition.”

United Way continually reviews the needs of the community, making sure the most essential programs are receiving funding. It is because of these efforts that Alliance Data has full confidence the contributions to United Way are being used responsibly, **providing vital programs to communities where they need it most** and impacting the lives of those in need.








THIS PROGRAM GAVE ME MORE INSIGHT TO BETTER MY EDUCATION. IT HELPED ME FOCUS ON MY GOALS AND GAVE ME A WAY TO MANAGE MY MONEY IN COLLEGE. I LEARNED HOW TO SAVE, HOW \$10 HERE AND THERE CAN BUILD UP MY MONEY TO PAY FOR TUITION.



RONALD
DECADE OF DIFFERENCE PARTICIPANT
SOPHOMORE AT LINCOLN UNIVERSITY

Progress Against Our Goals

GOALS	PROGRESS	KEY ACTIVITIES/ACCOMPLISHMENTS IN 2014
<p>1 Annually increase our corporate giving budget at a rate commensurate with the profitability and growth of the company.</p>		<ul style="list-style-type: none"> ■ We increased overall giving by 13% over 2013, investing over \$5M in the community.
<p>2 Refine giving strategy to ensure focus and impact of dollars invested.</p>		<ul style="list-style-type: none"> ■ We updated and better defined our Giving Standards and Guidelines.
<p>Partner closely with our nonprofit partners to measure the outcomes and impacts of our contributions on the community.</p>		<ul style="list-style-type: none"> ■ We believe in building strong, mutually beneficial relationships with our nonprofit partners. Our key partners provide us with annual impact reports showing the outcomes of our investment over the prior year.
<p>3 Identify signature cause/programs with national reach and local opportunities to engage associates.</p>		<ul style="list-style-type: none"> ■ Though we did not identify a single “signature program,” we did invest in common causes across the U.S. and Canada, both with Habitat for Humanity and through United Way. These efforts begin to help us achieve our desired outcome of ensuring our associates feel connected across borders, engaged with our philanthropic efforts, and supported in their local communities.
<p>4 Increase volunteer hours — inspire and engage associates to make a difference in the community through volunteerism (on-site, skills-based, micro-volunteering).</p>		<ul style="list-style-type: none"> ■ Our associates logged more than 18,350 volunteer hours in 2014! This represents over a 20% increase over 2013.



Some progress made



Good progress made



Excellent progress made

Three-Year Goals

PROTECT AND NURTURE THE VITALITY OF OUR COMMUNITIES BY INVESTING IN PROGRAMS THAT DEMONSTRATE MEASURABLE AND MEANINGFUL IMPACT.

Ensure focus and impact of our increasing contributions budget given our expanding global and philanthropic footprint.

- Continue to work toward our goal of reaching “best in class” benchmark or giving 1% of EBITDA. We have set a 2020 goal to invest \$50M in the community over the next five years.
- Conduct a strategic philanthropy planning exercise to help us further focus our resources and competencies for maximum impact.
- Understand the impacts and unique requirements for developing and implementing a truly global philanthropy program, including exploration of international partnerships and areas of local need in new regions.
- Roll out new giving guidelines and application process to ensure transparency, clarity, and consistency in how we manage our funding process.
- Implement new grant application and tracking tool to more efficiently manage increasing complexity of global philanthropy program (measurement/outcomes and nonprofit partnerships).

Ignite the community passions of our associates by continuing to provide opportunities, encouragement, and permission for associates to get involved in their communities, including:

- Institute a recognized protocol for volunteer time off.
- Create and connect associates to a variety of volunteer opportunities including hands-on, skills based, virtual, and voluntourism.
- Research and implement communication tools that better connect and manage associate volunteerism.
- Inspire increased participation in our matching gifts and volunteer reward programs — improve participation rates in each program by 5%.





OUR COMMITMENT: RESPECT THE IMPACT THAT OUR OPERATIONS HAVE ON THE ENVIRONMENT AND STRIVE MEASURABLY TO REDUCE OUR CARBON FOOTPRINT THROUGH OPERATIONAL EFFICIENCIES AND ENGAGING OUR ASSOCIATES.

As a high performance company that continues to grow at an exponential pace, one of our greatest challenges is to manage that growth responsibly. We are committed to measuring, monitoring, and working to understand the best ways to balance our growth, while striving to reduce our impact on the environment. As a service-based company, our two largest impacts are the electricity purchased to run our facilities (where the majority of our 13,000 associates work) and our paper use, which is primarily driven by our clients, thus growing at a rate that mirrors the growth of the business.

Managing Our Commitment

GREEN HOUSE GAS (GHG) INVENTORY

We completed our **third GHG inventory** with increased data accuracy, providing the information needed to better understand our impacts and allow our lines of business to manage those impacts in a relevant and targeted way.

DATA ACCURACY

With increased data accuracy, we took the time to **restate our 2012 and 2013 GHG inventories** to reflect the improved data collection process (making the previous numbers look different when compared to our 2013 report).

DOING MORE WITH LESS

With improved data accuracy came a **more detailed approach to breaking down our emissions**. Our direct emissions (scope 1) were down nearly 15%, and while our revenues have grown over 45% since our 2012 baseline year, our **emissions per revenue were down 25%** over the same reporting period.

CARBON DISCLOSURE PROJECT (CDP)

We prepared our **first response to the CDP**, a response based on increasing expectations of transparency from our clients.

CDP works with businesses to universally disclose their greenhouse gas emissions, including information on financial implications and other risks and opportunities for our organization to respond to climate change (e.g., tons of CO₂e, reduction strategies, investments, targets, and climate change risk assessment, amongst others).



2014 Highlights

EMISSIONS

REDUCED
OUR DIRECT EMISSIONS (SCOPE 1)
BY NEARLY 15%.*

REDUCED
SCOPE 1 AND 2 EMISSIONS
PER REVENUE
BY 25%.*

REDUCED
SCOPE 1 AND 2 EMISSIONS
PER ASSOCIATE
BY 6%.*



WORK FROM HOME

OVER 1,200
WORK-FROM-HOME
ASSOCIATES.

CONTINUED TO GROW OUR
WORK-FROM-HOME
PROGRAMS
AT ALLIANCE DATA CARD SERVICES
AND LOYALTYONE CARE CENTERS –
A UNIQUE AND
INNOVATIVE
APPROACH FOR A
CALL CENTER SETTING.



PLANTING THE SEEDS

ALLOWED ASSOCIATES
TO VOTE FOR WHERE
WE SHOULD PLANT
30,000
TREES FOR
AMERICAN FORESTS.

1 IN 5
ASSOCIATES
VOTED ON WHERE
THEY WANTED THE
TREES
TO BE PLANTED.

* When compared to 2012 baseline.



2014 Highlights (Continued)

CLEANING UP THE EARTH

PARTICIPATED IN CLEAN-UP EVENT

AT GRANGE INSURANCE
AUDUBON CENTER IN
COLUMBUS, OHIO
AND THE SAN DIEGO

RIVER CLEANUP.



GOING GREEN AT WORK

ATTAINED LEED®
**EB:O&M
GOLD**
CERTIFICATION
AT LOYALTYONE'S
HEAD OFFICE IN TORONTO.

PROVIDED
**REUSABLE
AND
SUSTAINABLE
UTENSILS**
AT NEARLY ALL OF OUR
ON-SITE CAFES
AND BREAK ROOMS.



ELIMINATED NEARLY
1 MILLION
CUPS PER YEAR
THROUGH SUPPLYING ASSOCIATES WITH
REUSABLE CUPS
AT ALLIANCE DATA CARD SERVICES.

COMPLETED
ENTERPRISE-WIDE EFFORT TO
**ELIMINATE
MOST PERSONAL
OFFICE
PRINTERS**
AND REDUCE THE AMOUNT
OF INTERNAL PRINTING.



Spotlight: Celebrating Earth Day

GIVING ASSOCIATES A VOTE AS WE GO GREENER

From our Greenhouse Gas (GHG) inventory, we know our biggest impact on the environment is paper usage. To offset that usage, we increased our commitment to American Forests. Since 2012, we have contributed \$65,000 to American Forests and planted 65,000 trees. In 2014, we committed to contribute an additional \$30,000 to plant 30,000 trees.

On Earth Day we launched an internal communications campaign and website. The goal was to raise associate awareness about **Alliance Data's commitment to the environment and to American Forests**. That led to a secondary goal of engaging associates and giving them a voice and a vote to decide where the additional trees should be planted.

- **22% of associates visited the voting site** during the voting timeframe: April 22–May 6, 2014.
- Of those who visited the site, **90% cast a vote**. There were 2,519 total votes cast.
- Associates were able to comment on the site. Responses included:
 - “This is an amazing initiative. It would be great to do this every year and see the progress year over year. I am very proud to work for a company that gives back in this way!”
 - “How cool is it to think that Alliance Data may have a tree planted right here in Ohio at The Wilds Conservation Center!”
 - “Great idea. Thanks for investing in our Mother Earth.”

This campaign won a **Gold Quill award** for creativity and execution from the International Association of Business Communicators (IABC).

THIS IS AN AMAZING INITIATIVE. IT WOULD BE GREAT TO DO THIS EVERY YEAR AND SEE THE PROGRESS YEAR OVER YEAR. I AM VERY PROUD TO WORK FOR A COMPANY THAT GIVES BACK IN THIS WAY!

ASSOCIATE COMMENT FROM ALL FOR GOOD WEBSITE

All for Good! AllianceData | LoyaltyOne | epsilon Corporate Responsibility

Do good and go green with one simple click. Help us decide where to plant trees! Voting ends May 6. [Read More](#)

The Tally

1	Los Angeles National Forest, CA	23,045 votes
2	Blue Pines - Clearwater National Forest, ID	23,045 votes
3	Lower Rio Grande Valley National Wildlife Reserve, TX	23,045 votes
4	The Wilds Wildlife Conservation Center, OH	23,045 votes
5	Soldado Line Tamarisk Atlantic Forest Habitat, Brazil	23,045 votes

Click here to check out an **INFOGRAPHIC** to learn more about our commitment to corporate responsibility.

Have questions? allforgood@alliancedata.com © 2014 ADS Alliance Data Systems, Inc.

Progress Against Our Goals

GOALS	PROGRESS	KEY ACTIVITIES/ACCOMPLISHMENTS IN 2014
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1

Energy & GHG Emissions



Complete 2014 GHG inventory.

Improve the quality and comprehensiveness of our data collection process, moving away from estimates where feasible.

Establish reduction target and action plan based on findings and recommendations coming out of 2014 inventory.

Evaluate our real estate portfolio against the relevant needs of the business.

- We completed our 2014 GHG inventory with more accuracy than ever before. In our continued effort to utilize more actual data, preferred to estimated data, we are concurrently able to improve the precision of our inventory.
- We have started putting greater thought into our reduction target and action plan but still have some work ahead to formalize and integrate in 2015.
- Our buildings and facilities account for 60% of our GHG emissions. It is a never-ending necessity that we continually evaluate our real estate needs and consolidate locations as appropriate to increase efficiencies.

2

Waste



Analyze results of a baseline waste survey (to better understand waste management practices across the company).

Develop a waste reduction and diversion strategy (or action plan) based on findings on the survey.

- Our LoyaltyOne business has continually completed a waste audit since 2009. In 2014, the waste diversion rate at their Toronto office was an estimated 82%.
- We will reevaluate the opportunity to conduct a waste audit for the broader enterprise in 2015, particularly focused on our production facilities and larger offices.

3

Paper Use



Explore strategies to reduce our internal paper use.

Engage suppliers in advancing our sustainable paper purchasing practices.

Continue to innovate around our digital communications platforms, spurring a shift from paper to online vehicles.

- The majority of our paper purchase is directed by our client needs. We must continually balance decision-making between cost, quality, delivering, and sustainability requirements. On the client side, we continue to see a shift, and rise, in digital distribution vs. traditional print, while internally we made changes by working to eliminate desktop office printers and taking steps to control other office printing needs.



Some progress made



Good progress made



Excellent progress made

2014 Data and GHG Inventory

Putting our GHG emissions into perspective, **182,524 MT CO₂e** is equivalent to:

- The annual CO₂ emissions from **16,654 homes**; or
- The annual GHG emissions from **38,426 cars**.

GHG EMISSIONS (MT CO₂E) BY SCOPE: 3-YEAR COMPARISON

		2014	2013	2012	Percent Change from 2012 Baseline
Scope 1		Occur from sources that are owned, operated, and controlled by Alliance Data (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles). Approximately 80 locations and 50 vehicles.			
1	Direct emissions	2,254	2,520	2,643	-14.7%
Scope 2		Purchased electricity consumed by the company.			
2	Indirect emissions	79,967	75,102	71,806	11%
	Total (MT CO₂e) Scope 1 & 2	82,221	77,604	74,779	10%
GHG Intensity per Associate	Total associates	13,000	12,000	11,000	18%
	GHG/associate	6.3	6.5	6.7	-6%
	Percent change year over year	-3.0%	-2.9%	—	
GHG Intensity per Revenue	Annual revenue	\$5.3B	\$4.3B	\$3.6B	47%
	GHG/revenue	1.55	1.8	2.08	-25.5%
	Percent change year over year	-13.9%	-13.5%	—	

GHG EMISSIONS (MT CO₂E) BY SCOPE: 3-YEAR COMPARISON

		2014	2013	2012	Percent Change from 2012 Baseline
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Scope 3

An optional reporting category.

Allows for the treatment of all other indirect emissions created as a consequence of the activities of the company, but occurs from sources not owned or controlled by the company.

Examples: air and ground business travel as well as associate commuting to and from work, relevant upstream emissions (paper purchases driven by client demand) and downstream (freight and small parcel shipments with third-party carriers), and emission sources from material and energy flows.

3	Indirect emissions not owned or controlled by the company	100,304	77,108	60,314	66%
	Total (MT CO₂e) Scope 1, 2, and 3	182,524	154,730	134,763	35%

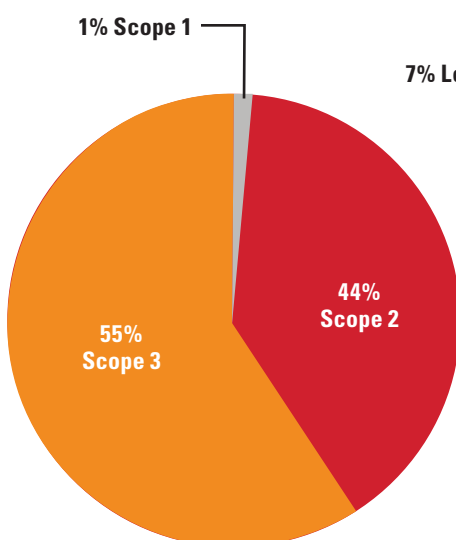
RESTATED 2012 AND 2013 EMISSIONS

	2014	2013		2012		
		(re-stated in 2014)	(original)	(re-stated in 2014)	(re-stated in 2013)	(original)
Total Emissions (MT CO₂e)	182,524	154,730	86,871	134,763	65,352	62,400
Against 2012 Re-stated Baseline	35.4%	14.8%		Baseline		

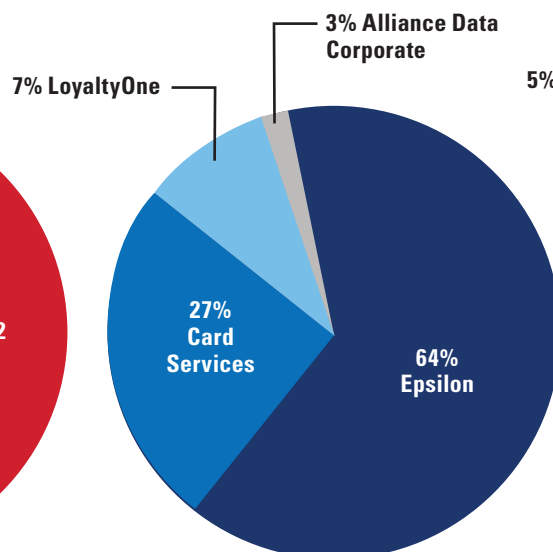
Why did total GHG emissions increase?

- Significant growth in our business, which translated into an increase in number of associates (~800) and number of buildings. (~11).
- Client demand fueled the continued growth in our digital print operations, which translated to increased paper purchases for client programs. Additional business increased production spend by 50%. (Scope 3)
- Re-stated 2012 and 2013 paper spend for Alliance Data's card services business based on improved data accuracy. (Scope 3)
- Adjustments were made to 2012 baseline and 2013 data.
- Data for 17 facilities was updated in 2014 based on actual billing data vs. previous estimates based on national averages for energy consumption.
- Corrected decimal error in emission factors for associate commuting and business travel.

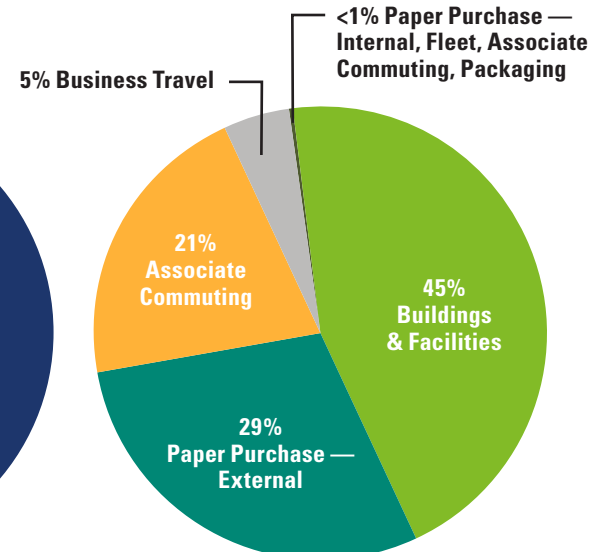
EMISSIONS BY SCOPE



EMISSIONS BY BUSINESS



EMISSIONS BY MAJOR ACTIVITY





Spotlight: Going Green at Work

BRINGING SUSTAINABLE PRACTICES TO OUR BUILDINGS

After three years of collaboration with building management, LoyaltyOne's head office is now a LEED® EB:O&M Gold building. LEED® EB:O&M is a green building certification that applies to existing buildings undergoing improvement work or little to no construction.

Jeremiah Brenner, Manager of Corporate Responsibility for LoyaltyOne, said developing sustainability initiatives was a strategic imperative for his organization, identifying LEED as a great way to support green spaces. **Energy, air quality, and building efficiency** were areas of particular concern for LoyaltyOne.

Sustainability initiatives contribute to lower operating costs, a healthier environment for building occupants, and even employee recruitment and retention, as we find associates increasingly interested in working for a company committed to creating a sustainable workplace.

"Communication and information sharing were key to our success," Jeremiah said. "A lot of the time, LEED EB:O&M is behind the scenes — the replacement of the chillers and the boilers and all the things that we've talked about — so employees don't really see it happening, and to their knowledge, the building's running as it's always been."

LEED measures such as replacing a boiler plant and retrofitting lighting, water, and plumbing have helped improve the building's ENERGY STAR rating from **52 to 84** and led to a **17% improvement** in the building's energy efficiency.

"LEED EB:O&M's a great way of helping to reduce your footprint and actually get some metrics in place as a foundation for sustainable programs in your company," Jeremiah said.

LoyaltyOne continues to be successful in reducing its carbon footprint. Last year they **reduced overall emissions by 12% over 2013** (920 metric tons of CO₂e)!

At **Epsilon's new Dallas headquarters**, sustainability was top of mind when moving to a larger space. The primary goal was to take advantage of infrastructure that was already in place. Ultimately, the team was able to **reuse 80% of materials** from the existing building.

In designing the enhancement features, the entire process was focused on the **well-being of employees**. Before beginning the build, the project team held a vision session to find out what employees wanted and needed in this new space. The team was able to take advantage of natural lighting by keeping an open concept floor plan with "neighborhoods" on each floor. The final design features a:

- Customer experience center, including a lounge/café and boardrooms
- 24/7 fitness center with showers and locker rooms
- Technology center, a conferencing and call center environment with tech support center
- Food service center with metal utensils and trays to reduce waste
- Inviting outdoor patio to encourage associates to take a break and enjoy some fresh air

Although time restrictions and budget constraints kept the team from pursuing LEED certifications, many of the requirements for LEED were still met.

Three-Year Goals

MEASURABLY REDUCE OUR CARBON FOOTPRINT BY ADVANCING ENVIRONMENTALLY RESPONSIBLE BEHAVIORS.

Energy and GHG Emissions

- Annually conduct GHG inventory and respond to the Carbon Disclosure Project (CDP).
- Finish implementation on a centralized, sustainability data management software to improve the efficiency and accuracy of our carbon footprint.
- Implement centralized utility bill software management tool, inclusive of energy efficiency modules to ease tracking and management of utility bills.
- Achieve a 5% reduction (scope 1 and 2) in our carbon footprint. As our buildings and facilities make up nearly 50% of our carbon footprint, we will:
 - Conduct **energy audits** in a select number of buildings and facilities to identify opportunities to reduce consumption.
 - Building on the results of the energy audit, we will **create an energy awareness campaign** to educate associates on ways to change behavior and reduce energy consumption.
 - Assign responsibility for energy reduction at the facility management level.

Waste

- **Conduct waste audit** in 2–3 production facilities to better understand opportunities for diversion and increase associate engagement activities related to waste reduction.





Conclusion

Advancing Toward the Future

While this report captures the exciting progress our company has made, it also pulls back the curtain on areas where we still have work to do. Ours is an ongoing commitment to continually strive to do better and be the best company we can be — for our associates, our clients, our shareholders, the community, and numerous other stakeholders. Of course, this is easy to say, but actually laying out a plan as to how we'll accomplish it and then doing it is another.

In order to continue our ongoing success, we must focus on the following commitments.

	Our Commitment	What We'll Do
DATA	Remain a leader in the secure and responsible use of consumer data.	The success of our company depends on it; this commitment will always be a top priority.
PEOPLE	Advance our reputation as a great company to work for and partner with.	Reduce voluntary associate turnover by 1% annually.
COMMUNITY	Annually increase our corporate giving budget at a rate that matches the profitability and growth of the company.	Invest over \$50M in the community over the next 5 years.
ENVIRONMENT	Measurably reduce our impact on the environment.	Reduce our combined scope 1 and 2 emissions by 5% over the next three years.

In our 2013 report, we outlined the above four priorities as critical to our ongoing success. Each year we will build on our efforts and continue to move the bar higher. We know the quest to be a good corporate citizen is a constant journey, and the pride we have in our successes fuels our drive to be better and do greater things.

If you have comments or feedback about this report or our Corporate Responsibility efforts, please email allforgood@alliancedata.com.

