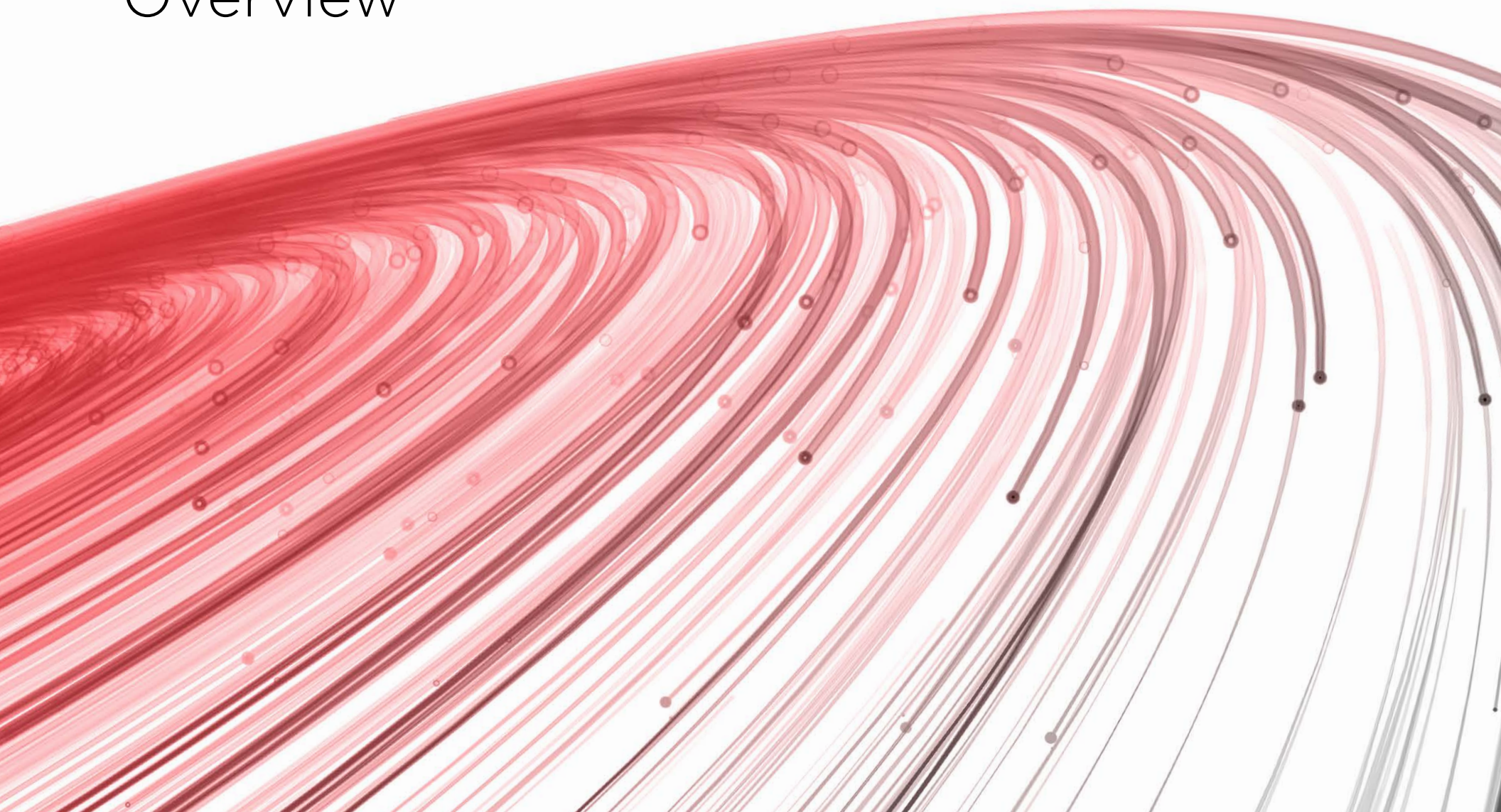


2021

Materiality Assessment Overview



Materiality: Supporting Our Strategy

Alliance Data's long-standing culture of caring and our commitment to sustainable growth has evolved into a principled, stakeholder-driven sustainability strategy.

Just as our Company and business strategy are evolving in step with the world in which we operate, so too is our sustainability strategy. This evolution is essential, to ensure that we consider the full scope of our organization's impacts on the economy, the environment and society, while at the same time meeting the needs and expectations of a broad range of stakeholders.

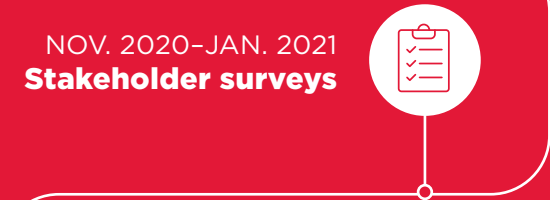
In late 2020 and early 2021, we conducted our second materiality assessment, in alignment with the three-step process outlined by the Global Reporting Initiative (GRI) Standards. We engaged with key internal and external stakeholders, including our associates, investors, clients and other partners, with the assistance of a third-party consultant, to achieve the following objectives:

- Re-examine, assess and update our environmental, social and governance (ESG) priorities, and verify why they matter.
- Evaluate trends in ESG policies, practices and disclosures, and peer comparisons, so that we can be well positioned as a best-in-class company in our sector.
- Align with stakeholders' expectations to address priorities.
- Prioritize sustainability reporting standards to further strengthen our public disclosures.
- Identify key performance metrics and establish goals to modernize and further advance our sustainability strategy.

Materiality assessment timeline



FALL 2020
Peer review



NOV. 2020–JAN. 2021
Stakeholder surveys



DEC. 2020–JAN. 2021
Stakeholder interviews



FEB. 2021
Validation workshop



MAR. 2021
Final report and action items

Our Approach

We followed a three-step approach to identify, prioritize and validate our most significant topics and related actions.



Topic and stakeholder identification

When we conducted our first materiality assessment in 2017, we drew from a broad scope of external and internal sources in developing our initial list of potential material topics. The process started with 48 items, which were then reduced after further analysis by key stakeholders.

For this report, we compiled a list of potential topics from our previous materiality assessment shortlist, recent sustainability reports from our sector, strategic plans, relevant Sustainability Accounting Standards Board (SASB) Standards, analyst and rating agency reports, and feedback from key influencers. From this, we arrived at a final list of 20 topics which we presented to our stakeholders for comment and prioritization.

We also identified select internal and external stakeholders to later solicit further insights and feedback.



Prioritization

Alliance Data prioritized topics based on stakeholder feedback using a two-phased process:

1. We surveyed nearly 1,300 stakeholders — representing Board members, clients, associates, investors and suppliers — to understand their sentiments regarding Alliance Data's priorities, performance and areas where the Company can make the greatest impact. We also inquired about preferences and expectations regarding engagement, communication and reporting practices.
2. Following the surveys, we conducted interviews with 10 internal and external stakeholders and asked them to expound upon their responses. We used this feedback to better understand why these stakeholders considered certain topics highly important and to assess their views regarding Alliance Data's ability to make significant impact. Those topics were then ranked on a four-point scale and plotted on a materiality matrix to illustrate the ESG topics considered the highest priority for Alliance Data.



Validation

The outcomes of the prioritization process were validated in a workshop involving members of Alliance Data's management and executive leadership.

The session summarized insights from the peer review and stakeholder engagement, along with recent trends in ESG strategy and reporting. Feedback from the workshop validated Alliance Data's direction in developing its strategy and setting goals in areas where it can make a significant impact and create value for the Company, and society.

Outcomes

This matrix reflects the high-level outcome of our materiality assessment, which enables us to determine the ESG topics considered most important and impactful to Alliance Data and its stakeholders. The topics are plotted according to the relative significance of their impact and importance, based on feedback from internal and external participants.

The 13 topics in bold, which occupy the upper right quadrant, are those that were ranked above medium importance and impact, and therefore, are important for us to continually manage and improve.

We have further refined the outcomes to create a list of 11 priority topics, discussed in detail starting on the next page, and are in the process of establishing mid-term (three-year) goals. The symbols associated with those topics on the matrix show how each ranks compared to its position in our 2017 assessment, or where new topics were introduced.

While the remainder of topics presented on the matrix were not deemed to be highly important, all are relevant to our sustainability commitments and activities. We will continue to manage them as required, in line with the expectations of our clients, investors, associates and other key stakeholders.



Key



Topics gaining momentum



Topics unchanged



New topics in 2020-2021

Our ESG Priorities

The following table describes our ESG priorities and offers insights from stakeholders interviewed during our recent assessment (in alphabetical order).

| Topic | Why It Matters | What We Heard |
|--|--|--|
| <p>Associate Attraction & Retention</p> <p>Investing in strategies and programs to develop and sustain deep talent resources and ensure positive associate experience.</p> | <p>A diverse, motivated and engaged workforce is our greatest asset. We strive to create a culture of open feedback, enabling us to identify strengths and opportunities and promote continuous improvement, which helps attract, recruit and retain top talent.</p> | <p>“We need to start from the pipeline and make an effort in seeking diverse candidates. We should let our employees know that we are all one team, and everyone is valued.”</p> <p>“There are opportunities to bring new light into the culture and create a greater level of certainty and general direction.”</p> |
| <p>Associate Health & Well-Being</p> <p>Adopting robust, informed approaches to support associate wellness, including physical, social, intellectual and emotional factors.</p> | <p>Concern for our associates’ health and well-being took on new meaning with the COVID-19 pandemic. In 2020, we recognized the connection between associates’ health and well-being and their ability to perform optimally, with the tools, resources and support they need.</p> | <p>“We see what’s happened here in terms of COVID-19 and social justice. It fundamentally shows that a job is critical for people’s physical health, mental health and relationships.”</p> |
| <p>Business Integrity</p> <p>Driving growth and sustainable performance through sound corporate governance and the highest standards of ethics, integrity and transparency.</p> | <p>Ethics, integrity and transparency are paramount to the long-term success of our business. That success also hinges on earning the trust of our customers, partners, investors and suppliers. To maintain this footing, our leaders set the tone at the top and foster a culture of integrity, transparency and accountability.</p> | <p>“We do a good job in these areas and are improving in transparency, in terms of communicating what the vision is and where we are and in light of COVID.”</p> |

Our ESG Priorities

| Topic | Why It Matters | What We Heard |
|---|--|--|
| <p>Client Satisfaction</p> <p>Fueling sustainable value creation and satisfaction through our long-standing commitment to meet and exceed expectations.</p> | <p>Our clients operate in competitive markets that prioritize value, innovation, speed and excellent customer experiences. Delivering on our promises and ensuring their satisfaction leads to strong client retention, enhances our reputation and helps drive profitable growth.</p> | <p>“If we don’t provide the service our clients need, we’re not going to reach any other goal.”</p> <p>“We need be more proactive and speak directly to our largest client partners, to understand their strategy and mission, and to know whether they are creating value for their customers.”</p> |
| <p>Creating Value</p> <p>Challenging the status quo through simple, smart, financial solutions that drive shareholder value while enabling our clients to do the same.</p> | <p>Value creation is why we exist. It begins with our clients and their customers, and results in returns to our investors, and for the communities we serve.</p> | <p>“We’re thinking long term by creating value for a public company that’s good to all its stakeholders.”</p> <p>“If companies aren’t creating value, they’re not going to be in business. The voice of employees and their satisfaction are critical and will all create economic value.”</p> |
| <p>Customer Privacy</p> <p>Meeting customer expectations for the safe and secure handling of their information.</p> | <p>Respecting customer privacy is essential to our success. Our commitment to sound data governance and privacy remains fundamental to our operations. We work with our clients to build relationships with their customers and help them understand how data is used.</p> | <p>“Privacy is one of our biggest risks and also a big differentiator from our competition.”</p> |

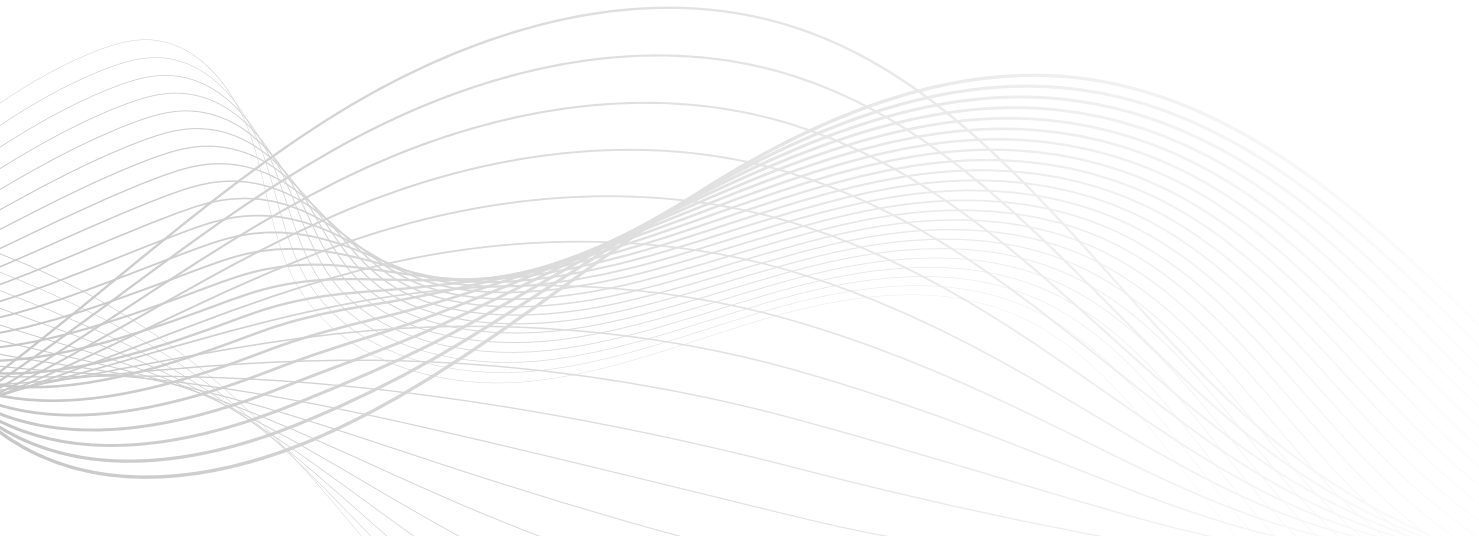


Our ESG Priorities

| Topic | Why It Matters | What We Heard |
|---|---|--|
| <p>Data Security & Responsible Use of Consumer Data</p> <p>Continuously investing in our people, processes, controls, compliance and technology to ensure integrity and enable the secure and responsible use of data.</p> | <p>The rapid pace of evolving technology continues to reshape consumer expectations regarding how businesses collect and use information. Our clients depend on us to stay on top of current developments in data security and privacy, ensuring adherence to strong data protection controls and practices.</p> | <p>“Data security is table stakes. It has to be vocalized, articulated, reinforced and operationalized.”</p> <p>“The cost of cyber-attacks is too high and causes customer confusion. We can’t underinvest in any of these areas.”</p> |
| <p>Diversity, Equity & Inclusion</p> <p>Proactively building an environment with fair, inclusive representation, offering equal opportunities for people of all genders, ethnicities, backgrounds and abilities.</p> | <p>Our diversity, equity & inclusion (DE&I) efforts are embodied in our values, our actions and our commitments to cultivate a workplace rooted in open, accepting and respectful conduct toward one another, and in fostering an inclusive culture.</p> | <p>“We’ve done a good job in having diversity at the executive leadership level. When we complete our learning and listening exercise, we will know better what the organization and culture would need.”</p> <p>“Right now, we’re doing a lot of learning and listening.”</p> |
| <p>Fair & Responsible Banking</p> <p>Providing tailored payment and lending solutions to our clients and their customers, while protecting their interests and treating them with respect.</p> | <p>Fair and responsible practices are crucial to building trust and providing outstanding service to our clients, customers and cardmembers. This includes ensuring fairness in our credit application and underwriting processes, as well as using tools to establish credit limits that do not surpass consumers’ ability to repay.</p> | <p>“Our regulators are happy with us. We have to make sure that consumers are understanding what they’re signing up for. It is critical to our reputation as a responsible banking solutions provider.”</p> <p>“The banking [industry] environment is mostly focused on sales targets, but what do we want as an outcome, in terms of quality relationships and sustainable outcomes?”</p> |

Our ESG Priorities

| Topic | Why It Matters | What We Heard |
|--|---|---|
| <p>Risk Management & Compliance</p> <p>Applying sound corporate governance through active Board engagement, rigorously assessed processes and controls, comprehensive policies, and adherence to regulation and disclosure obligations in all relevant sectors and geographies.</p> | <p>Compliance ensures that we operate legitimately and fairly, while the oversight and management of our policies and practices properly protect our business' and stakeholders' best interests. We emphasize risk management competency in the makeup of our Board of Directors, whose oversight supports management in its execution of our Enterprise Risk Management framework.</p> | <p>“A lot of sustainability topics tie to risk. ESG risk is tied to reputational risk and employment risk.”</p> <p>“Going forward, we will include ESG risks in addition to those that banks may list as compliance risks.”</p> |
| <p>Technology & Innovation</p> <p>Demonstrating best-in-class innovation to enhance and maintain our position in the industry as a leading tech-forward, data-driven financial solutions provider.</p> | <p>Businesses in the digital age competing in a rapidly changing marketplace must differentiate themselves through innovative solutions, efficient execution and a seamless experience. We are driving innovation in digital payments to meet consumer demand for payment options, convenience, speed and ease of access.</p> | <p>“This topic is now a priority of management, and one of our strategic advantages that’s been of recent focus.”</p> <p>“It may cost a lot to modernize technology, but you can’t create long-term value if you don’t invest in your infrastructure to drive competitiveness.”</p> |





AllianceData.

To Learn More

The priority topics identified in our materiality assessment inform the evolution of our sustainability strategy, while the assessment process and its findings help us strengthen our relationships with stakeholders, set meaningful goals, improve our approach and decision-making, and enhance our communications and reporting.

To learn more about Alliance Data's approach to sustainability, including how we're addressing key priorities, and our latest performance report, visit alliancedata.com/sustainability or e-mail allforgood@alliancedata.com.

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