

2022 ESG Report

Revised October 2023



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About This Report

Thank you for your interest in Bread Financial's 2022 Environmental, Social and Governance (ESG) Report. We are pleased to share our commitments, progress to date, and aspirations on topics that matter most to our company and stakeholders.

In preparing this report, we have referenced established ESG reporting frameworks, standards and recommendations such as Sustainability Accounting Standards Board (SASB) Consumer Finance Standard, Task Force on Climate-related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI).

Our 2022 ESG Report primarily covers data and metrics from January 1 to December 31, 2022, unless otherwise noted. The ESG Report covers office locations under our operational control and includes our bank subsidiaries. Three years of data has been provided where available; however, some metrics are newly added and may not have data from prior years. All financial information is presented in U.S. dollars, unless otherwise noted.

For additional information on our ESG initiatives, please visit our investor relations website or contact communityrelations@breadfinancial.com.



A Message from Our President and CEO

In 2022, the successful multiyear transformation of our company was underscored by our rebranding from Alliance Data to Bread Financial. The new brand signifies our emergence as a tech-forward financial services company providing solutions that empower today's consumers. During this transformation we preserved our commitment to operate responsibly at every level of the business, starting at the top with our Board of Directors and Executive Leadership Team, and permeating to our 7,500 dedicated associates.

As a purpose-driven financial services leader, sustainability is woven into our business strategy and enables us to provide win-win solutions for our brand partners and customers.

These include innovative products that enable our customers to responsibly finance purchases, make payments in their channel of choice, and even save for the future. We are proud of our sustainability-focused product advancements like our Bread Cashback™ American Express® Credit Card – not only does it fill a need in the market, but each card produced uses renewable biodegradable materials and utilizes carbon offsets, making the card carbon neutral.

In addition to supporting customers, Bread Financial strives to pay our success forward by supporting nonprofit organizations that strengthen our communities. Our community impacts are made possible in part by the efforts of our associates, who volunteered more than 3,700 hours last year in addition to financially supporting causes they care about most.

The generosity of our associates can only be surpassed by their tireless dedication and commitment to our long-term success. To further support their recognition and development, we enhanced our associate value proposition in 2022 to ensure our global associates continue to feel supported, valued, cared for and connected – all backed by our ongoing investment in their total rewards and wellbeing.

I am proud of what we achieved together in 2022 and am excited about our future. The more we accomplish, the more we recognize the opportunity and responsibility to do better for our customers, our associates, our stockholders, our communities and our planet.

Ralph Andretta
President and CEO



RECOGNITION OF OUR EFFORTS



Forbes 2022 Global 2000
World's Largest Public Companies



Newsweek's 2023
America's Most Responsible Companies



2022 FinTech
Breakthrough Award



Forbes 2022 America's
Best Employers for Diversity



2023 Bloomberg
Gender-Equality Index



Top 3 Contact Center
in North America



2022 Healthy Workplace
Platinum Award



2022-2023 Healthy
KC Platinum Level
Certification



2022 BenchmarkPortal
Certified Center of
Excellence

A Message from Our Head of Sustainability

I'm pleased to share Bread Financial's 2022 ESG report, which highlights our accomplishments in advancing our ESG strategy and driving responsibility and accountability throughout our organization. Together with our Board of Directors, our leadership team, and all of my colleagues, we have built a solid foundation from which we are accelerating our ESG goals and deepening our commitment to responsible business practices.

We prioritize our ESG strategy across five key areas: Managing Our Business Responsibly, Empowering Our Customers, Engaging Our Associates, Protecting Our Planet, and Creating Possibilities for Our Communities. During the year, we continued to advance initiatives across all of these areas including risk management, financial wellness, diversity, equity and inclusion (DE&I), human capital management, climate action and community investment.

In 2022, our focus was on ensuring that our ESG strategy and ambitions were manifest in our key business goals and imperatives. We worked diligently on integrating ESG principles into our business strategy and operations, setting new baselines for key metrics to help measure and manage our progress. We infused DE&I more deliberately throughout our workplace, workforce marketplace and community.

During the year, initiatives to support our associates were front and center, including improved competitive compensation, significantly enhanced benefits, flexibility in where they work, and access to a robust mental wellness platform. We relaunched eight associate-led

Business Resource Groups (BRGs) and provided them with training and resources to help us build a more inclusive, multidimensional culture.

With the ambition to help build a bright financial future for all, our cross-functional internal teams made progress on launching a financial wellness hub with resources intended to educate and empower our customers. We also pledged to invest \$1 million in tools and programs that further promote financial inclusion in our community.

We successfully executed against all priorities in our 2022 Climate Action Roadmap, which included a comprehensive energy audit of our facilities, a climate risk assessment, and scenario analysis. Notably, this marks our first year reporting in accordance with TCFD.

With significant success executing on our multiyear business transformation and rebranding to Bread Financial, this is an exciting time for our company. We look forward to communicating our continued progress across all focus areas of our ESG strategy as we work to align our policies and actions with evolving stakeholder expectations and ESG reporting standards.



Dana Beckman
Head of Sustainability

ESG STRATEGIC PRIORITIES:



Managing Our Business Responsibly



Empowering Our Customers



Engaging Our Associates



Protecting Our Planet



Creating Possibilities for Our Communities



About Bread Financial

Bread Financial™ (NYSE: BFH) is a tech-forward financial services company providing simple, personalized payment, lending and saving solutions. We create opportunities for our customers and partners through digitally-enabled choices that offer ease, empowerment, financial flexibility and exceptional customer experiences. Driven by a digital-first approach, data insights and white-label technology, we deliver growth for our partners through a comprehensive product suite, including private label and co-brand credit cards and buy now, pay later (BNPL) products such as installment loans and our “split-pay” offerings. We also offer direct-to-consumer solutions that give customers more access, choice and freedom through our branded Bread Cashback™ American Express® Credit Card and Bread Savings™ products.

Headquartered in Columbus, Ohio, Bread Financial is powered by its 7,500+ global associates and is committed to sustainable business practices. In 2022, Bread Financial generated more than \$3.8 billion in revenue. To learn more about Bread Financial, visit [BreadFinancial.com](https://www.breadfinancial.com) or follow us on Facebook, LinkedIn, Twitter and Instagram.

Mission, Vision and Values

Our mission is to challenge the status quo in financial services solutions by delivering simple, smart products backed by a seamless experience to our customers and partner base of approximately 100 brands and numerous online merchants.

We believe in fair and responsible banking, and leverage prudent risk-based origination decisions to help ensure consumers have the appropriate level of credit access and spending power that does not surpass an individual's ability to repay.

We also promote the financial wellness of our customers, brand partners, associates and communities through education and training, access to technology, and other essential financial literacy tools. This exemplifies our commitment to helping individuals make informed financial decisions to establish a secure economic future.



MISSION

We challenge the status quo to enable satisfaction and happiness through simple, smart financial solutions created for all.



VISION

To think outside the bank as the leading tech-forward financial solutions provider serving people and their passions for a better life.



VALUES

- Be real
- Be courageous
- Be nimble
- Be dependable
- Be kind & pay it forward

SERVICES SUPPORTING OUR PRIMARY PRODUCT OFFERINGS

Primary Product Offerings

Private Label and Co-Brand Credit Card Lending: Private label and co-brand credit card programs that assist many well-known brands and retailers in driving sales and loyalty

Bread Cashback™ American Express® Credit Card: Direct-to-consumer, general purpose cashback credit card with a number of lifestyle benefits

Bread Pay™: Omnichannel solution for 700+ small- and medium-sized retailers, merchants and bank partners, which includes BNPL products such as installment loans and our “split-pay” offerings

Bread Savings™: Online platform providing direct-to-consumer deposit products in the form of certificates of deposit and savings accounts



RISK MANAGEMENT, ACCOUNT ORIGINATION, AND FUNDING SERVICES

- Support automated proprietary scoring technology and verification procedures for responsible risk-based underwriting and origination decisions when approving new accounts and establishing credit limits



LOAN PROCESSING AND SERVICING

- Manage and service loans we originate for private label, co-brand, and general-purpose credit card programs and Bread BNPL products



INTEGRATED MARKETING AND DATA ANALYTICS

- Assist our partners in acquisition, retention and expansion of their customer base
- Increase the effectiveness of our partners’ marketing activities by capturing and analyzing transaction data to better understand consumer behavior



ENHANCED DIGITAL SUITE OF MARKETING AND CREDIT APPLICATION FEATURES

- Help our partners capitalize on online trends by bringing forth more qualified applicants, a higher average purchase value, and a higher credit sales conversion rate
- Allow merchants and partners to seamlessly integrate online point-of-sale financing and other digital payment products

ESG Strategy and Governance



ESG Strategy

In 2021, we revamped our ESG strategy to align with the broader transformation of our business. Our Executive Leadership Team and Board recognized the importance of embedding environmental and social priorities within our business operations and approved an enhanced and modernized ESG strategy intended to drive additional progress on initiatives that promote sustainability, DE&I, and increased transparency in our disclosures.

To guide our process, we conducted a gap analysis against key reporting frameworks such as the SASB standards and the TCFD framework. We also looked to global ESG ratings agencies such as Sustainalytics, MSCI and ISS during this process to ensure alignment with assessment frameworks. Additionally, we engaged with internal and external stakeholders through investor relations, customer care, and other communication channels in order to understand concerns and expectations and incorporate these into our ESG priorities.



ESG STRATEGIC FRAMEWORK



Managing Our Business Responsibly

Integrating ESG criteria into our overall governance, risk management, business strategy and priorities



Empowering Our Customers

Empowering customers through inclusive, responsible access to a diverse mix of financial solutions



Engaging Our Associates

Promoting an inclusive, engaged culture that empowers associates through opportunities to grow, develop and lead



Protecting Our Planet

Accelerating our actions and investments to address the impact of climate change while driving resource efficiency



Creating Possibilities for Our Communities

Making bold, strategic investments that empower our communities and create possibilities

ESG STRATEGY AND GOVERNANCE

In 2022, we continued to build on our strong foundation, accelerating the positive impact on our stakeholders through education and awareness of our ESG strategy, deeper cross-functional engagement, embedding ESG principles into every part of our business, and setting realistic targets for measuring our efforts as we make progress.

With a strong foundation and clear direction, we are moving forward intently in 2023 with new programs and initiatives designed to advance our long-term ESG, financial and reputational goals.

OUR 2023 ESG OUTLOOK



ENVIRONMENT

Focus on measuring, conserving and offsetting through:

- Climate risk analysis
- Science-based targets
- Low carbon products/solutions
- Supply chain assessment



SOCIAL

Focus on amplifying, partnering and promoting:

- Financial health
- DE&I
- Community engagement
- Associate programs and campaigns



GOVERNANCE

Focus on transparency, accuracy and accountability through:

- SEC compliance
- Third party assurance for GHG emissions
- Enhanced risk integration
- Mature metrics and objective tracking



ESG Governance and Management

A key objective for responsible ESG governance is to fully integrate ESG principles into Bread Financial's business strategy and operations. In 2022, we developed a formal and enhanced ESG Framework, which will help us optimize opportunities to make positive environmental, social and governance impacts, while advancing long-term financial and reputational goals.

Our ESG Framework is reviewed and approved by our Executive Leadership Team and covers:

- Roles, responsibilities and accountability
- ESG management
- ESG assessment
- Internal and external reporting

We also invested to incorporate ESG within our Enterprise Risk Management (ERM) Governance, Risk, & Compliance (GRC) tool. For more information on risk management, please see the [Managing Our Business Responsibly](#) chapter.

MATERIALITY

In 2021, we completed our third materiality assessment process, aligning with the recommended process outlined in the GRI Standards by engaging key internal and external stakeholders to evaluate and inform our ESG priorities and obtain a deeper understanding of why they matter. We will be starting our fourth update to our materiality assessment process in 2023 to ensure that we continue to understand and define our most important stakeholder and business priorities and to refine our ESG strategy accordingly.



ESG GOVERNANCE MODEL

In 2022, as part of our annual Board strategy meeting, outside experts presented a workshop on ESG best practices for Board directors, covering such topics as: how to oversee climate risks and disclosures, how to manage the intersection of climate risks/opportunities and company strategy, investor expectations, and reporting and disclosures.

Board of Directors

Oversees the implementation of our ESG strategy and receives biannual updates on key ESG topics. For more information on the roles and responsibilities of the Board and its committees, see our [2023 Proxy Statement](#).

Nominating & Corporate Governance Committee

Provides oversight on our ESG and sustainability strategies and consults with management on related initiatives, policies, guidelines, programs and practices. Also approves ESG strategy and goals annually and receives ESG updates quarterly.

Executive Leadership, Operating Committee

Accountable for all aspects of our company’s overall performance, including financial and ESG objectives. Our Executive Vice President, Chief Administrative Officer, General Counsel & Secretary serves as the executive sponsor of our ESG strategy and initiatives.

Head of Sustainability

Within the Corporate Affairs function, establishes and guides the enterprise sustainability strategy, measurement and reporting, working closely with the **Executive Leadership Team** and the **Enterprise Leadership Team** to ensure proper strategic alignment and management of programs and initiatives.

Advisory Groups

<p>Governance Corporate Affairs; Finance; Internal Audit; Legal; Risk</p>	<p>Customers Client Partnerships; Credit Risk; Customer Experience; Data Privacy; Data Security</p>	<p>Associates Associate Engagement; Compensation & Recognition; DE&I; Talent Acquisition; Talent Development; Total Wellbeing</p>	<p>Environment Operations; Procurement; Supply Chain Management; Real Estate</p>	<p>Communities Community Reinvestment Act (CRA); Corporate Affairs; DE&I</p>
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Managing Our Business Responsibly



Bread Financial is committed to operating responsibly based on the highest standards of ethics and integrity. This commitment starts with comprehensive corporate governance structures, processes and policies designed to promote transparency for our stakeholders and strengthen Board and management accountability. Our robust risk management programs are designed to ensure we maintain strict data security, safeguard the privacy of our customers, and uphold compliance with all applicable laws and regulations governing our business.

2022 HIGHLIGHTS

- Significant investments in **enhanced technology and training**, improving data integrity of ESG metrics
- **Integration of ESG** within our Enterprise Risk Management program
- Increased **Board education on ESG** trends and expectations
- Enhanced **Supplier Diversity Program**

Recognition of Our Business Efforts

Bread Financial was named to the **Forbes Global 2000** list in 2022, which ranks the top public companies in the world based on sales, profit, assets and market value, as well as to the 2023 list of **America's Most Responsible Companies** by Newsweek.



Board of Directors and Committees

Our Board of Directors is responsible for oversight of the business, including the company's long-term business strategy to promote the diverse priorities and interests of all of our stakeholders. This oversight role includes a focus on responsible decision-making, including risk management, leadership development and succession planning, public reporting, compliance, data management, cybersecurity and data security. The Board also oversees human capital management, as well as our ESG strategy and programs, including initiatives to promote sustainability, DE&I and stakeholder engagement.

Our [Corporate Governance Guidelines](#) provide a framework for the governance of the company. The Guidelines are reviewed by the Board at least annually and amended or supplemented as needed.

The Guidelines require the Board to have a majority of independent members. Led by an independent Chair, our Board consists of seven* directors, all of which are independent except for our President and CEO, Ralph J. Andretta.

*Based on director nominees in 2023 Proxy Statement

Board Refreshment

The Nominating & Corporate Governance Committee focuses regularly on Board refreshment with the goal of striking a balance between appropriate director tenure to maintain institutional knowledge about our business and operations, and the need for new or additional perspectives and skill sets. Our Guidelines provide a mandatory retirement age of 75, but allow directors turning 75 to complete their term, while also allowing the Board to nominate for re-election a director who has surpassed the age of 75 if it is in the best interests of the company and its stockholders.

Board Diversity

The Board determines nominees to be recommended to stockholders for election to the Board, taking into consideration the recommendations of the Nominating & Corporate Governance Committee. The Board strives to maintain a diverse group of directors who will make a significant contribution to the Board and the company based on a variety of factors including their background, skills and experience in executive management, business operations, information technology and finance, along with relevant industry experience in banking and financial services. The Board is also committed to maintaining diversity with respect to race, ethnicity and gender to strengthen and increase the diverse perspectives of the Board.

BOARD DIVERSITY*

64

Average age of directors

28.5%

Women on the Board

7

Average tenure of directors (years)

14%

Racial diversity on the Board

Board Oversight of ESG

Our Board's Nominating & Corporate Governance Committee provides oversight on nominating matters, including Board refreshment and ensuring that directors embody the right skills, expertise and perspectives to drive our business forward. The committee annually reviews the [Corporate Governance Guidelines](#), [Code of Ethics](#), [Code of Ethics for Senior Financial Officers](#), and [Code of Ethics for Board Members](#) to ensure they reflect best practices. The committee also recommends any proposed changes to the Board and administers an annual self-assessment performance review of the Board and its committees. Additionally, the committee oversees and receives management reports on our ESG and sustainability strategies and consults with management on related initiatives, policies, guidelines, programs and practices.

In 2022, we began building alignment with TCFD by identifying the climate-related risks and opportunities that we face. In 2023, we will continue to align with TCFD by identifying management mechanisms through which we can embed climate-related risk into our risk management strategy and Board oversight process. The initial findings from our 2022 climate risk assessment are discussed in the [Protecting Our Planet](#) chapter. For more detail on climate risks and opportunities, please see our [2022 TCFD Report](#).

Read more about our Board, the responsibilities of our Board Committees, and our strong governance practices in our [2023 Proxy Statement](#).

Board Education

Bread Financial has a director orientation program to familiarize new directors with our business, including presentations on areas such as director duties, applicable securities laws, our Code of Ethics and other policies, strategic plans, external reporting and auditing processes. Directors participate in ongoing education programs, including an annual Board retreat featuring presentations from outside speakers on various topics of interest relevant to our business. In 2022, these topics included DE&I, human capital management and data security, as well as ESG reporting trends, frameworks and best practices.



“The parameters of good corporate governance are always changing. In the face of rapidly evolving regulatory and market pressures, along with increasing stakeholder expectations, we will continue to advance ESG as an integrated part of our overall business strategy, operational priorities and continued transformation.”

Joe Motes

EVP, CAO, General Counsel & Secretary



Ethics and Integrity

Bread Financial's commitment to "do the right thing" starts at the top, with our Board and senior management setting the tone to foster a culture of integrity and ethical business practices. We focus on building trust with our stakeholders by protecting our reputation as a responsible and compliance-centric organization.

Code of Ethics

Our comprehensive [Code of Ethics](#) outlines our values and principles and provides guidance to consistently make sound decisions and perform duties ethically and responsibly. Associates must certify annually that they have read, agree to, and will adhere to the Code of Ethics. Every two years, associates must complete a more in-depth online Code of Ethics training addressing a variety of topics included in the Code. Associates receive ongoing training, covering topics such as global anti-money laundering, anti-bribery, anti-corruption, insider trading, harassment and discrimination, retaliation, conflicts of interest and antitrust. For more information on our policies related to these ethical issues, please see our [Code of Ethics](#).

Bread Financial also maintains supplementary codes of ethics for our Board of Directors and senior financial officers, which address additional standards and guidance applicable to their roles.

The Board's Nominating & Corporate Governance Committee is responsible for monitoring compliance with and enforcement of the provisions of the Code of Ethics. Together with management, the committee reviews the Code at least every three years and recommends updates to the Board. Our Ethics Office provides quarterly ethics updates to the Nominating & Corporate Governance Committee to keep the committee apprised of ethics-related complaints and investigations and help them assess and understand any identified issues or trends. Ethics-related concerns regarding accounting or auditing matters are also reported to the Audit Committee.

99.6%

of our associates completed the annual Code of Ethics training in 2022.

Bread Financial is committed to the fight against money laundering and terrorist financing, which have become the focus of considerable attention by governments, international organizations and law enforcement agencies around the world. The Board of Directors for each of our two banks approves and oversees our robust compliance framework (i.e., our Bank Secrecy Act and Anti-Money Laundering (BSA/AML) Compliance Policy) and appoints our BSA/AML Officer, who is responsible for the day-to-day oversight, implementation and management of the BSA/AML Compliance Program. Our Global Audit office audits the program annually. Education and training is fundamental to the success of this program to ensure that all members of our organization have the knowledge and tools to take relevant risk management action. This program is reviewed annually by the Global Audit office.

Ethics Helpline

As part of our commitment to maintaining ethical conduct, we encourage our associates and suppliers to speak up if they have a concern or suspect a violation of the Code of Ethics or any other Bread Financial policy.

Associates are encouraged to report any concerns or suspected unethical conduct to their supervisor or another manager, a People & Culture representative, the Ethics Office, or via the Ethics Helpline, which is available 24 hours a day, 7 days a week. Reports to the Ethics Helpline can be made anonymously by phone (877-217-6218) or online (www.breadfinancial.ethicspoint.com).

Suppliers can report Code violations to their Bread Financial Relationship Owner, or to the Ethics Office via email or phone.

We have a policy prohibiting retaliation against associates who raise a concern in good faith or cooperate in an investigation. Investigations are conducted in an independent, fair and unbiased manner with respect to all parties. Details of the case and identities of those involved are kept confidential to the greatest extent possible and are only shared on a need-to-know basis. All reported instances of alleged violations or unethical conduct are reviewed and investigated by the appropriate team (i.e., People & Culture, Legal, Audit, Finance and/or external advisors) as determined

by Bread Financial's Ethics Office. If unethical conduct is substantiated, associates engaged in such conduct are subject to corrective action, which may include termination of employment. Each report is also reviewed for training and/or coaching opportunities for the individuals involved, even if an ethics violation has not been identified.

Consumer Complaints

We have multiple channels for consumers to contact us regarding questions, concerns or complaints, including but not limited to: calling or emailing our Customer Care Center, contacting us through social media, mailing a letter, and/or contacting the Federal Deposit Insurance Corporation (FDIC), Consumer Financial Protection Bureau (CFPB), Better Business Bureau (BBB) or Attorney General's office.

We have a long-standing Consumer Complaints Management Policy, which is designed to ensure the complaint review and response process results in the prompt handling and timely resolution to the complaint. The process identifies risks of potential consumer harm, program deficiencies and customer service issues. We are prepared to respond to complaints related to ethical concerns, Unfair, Deceptive, or Abusive Acts or Practices (UDAAP), conduct risk, control breaks/gaps, fair lending, privacy and execution errors, as well as adhere to all regulatory requirements. Data and insights gained from specific consumer complaints are broadly shared and reviewed by subject matter experts to determine next steps. For more information on our interactions with consumers, please see the [Empowering Our Customers](#) chapter.



Responsible Public Policy Engagement

Bread Financial has adopted a Political Contributions and Activity Policy to guide the company and our associates on responsibly engaging in political and legislative matters impacting our business.

Our public policy strategy includes a variety of activities focused on promoting our business interests, while also balancing what is right for the greater good. We engage on issues that most directly affect our operations and have the greatest potential to impact the company's overall performance and ability to do business optimally.

Our priority legislative and regulatory issues:

- Consumer and data privacy
- Tax
- Bank regulation
- Cybersecurity
- Consumer finance

We engage in the public policy process through active state and federal legislative monitoring, lobbying efforts, trade associations and industry coalitions. In 2022, designated company representatives brokered 51 lobbying contacts with government agencies, members of Congress, and their respective staffs. We also participated in industry meetings and events as corporate members of the American Bankers Association, Card Coalition, and National Association of Industrial Bankers.

Eligible associates may also participate in our nonpartisan, issues-focused political action committee (PAC). In 2022, the

Bread Financial Holdings, Inc. PAC disbursed \$91,600 to federal candidate committees and raised about \$67,640 from 31 associate and Board member contributors. The PAC is governed by an associate-led board that meets quarterly, and annually approves the PAC plan, including candidate disbursements.

Protecting Human Rights

We are committed to promoting and protecting human rights throughout our business operations in a manner consistent with human rights principles, such as those contained in the United Nations Universal Declaration of Human Rights. Our [Human Rights Statement](#) details the actions and efforts we take to honor this commitment to treat people fairly and maintain a company culture where every associate, at every level, is treated professionally. These same standards apply to our interactions with our customers, clients, suppliers and the communities we serve.

We comply with all applicable laws, rules and regulations governing human rights in the countries and jurisdictions where we do business, including those that address labor, safety, health, anti-discrimination and other workplace laws. We also expect our suppliers, contractors and consultants to share our commitment to human rights and to abide by our [Supplier Code of Conduct](#), which includes provisions relating to treating others with dignity and respect, complying with laws, rules and regulations, applying sound employee relations practices, and conducting their business.

For more information on our commitment to protecting human rights, please see our [Human Rights Statement](#).

We are committed to complying with all applicable laws and regulations on political contributions and activities, including public reporting requirements.

\$91,600

The amount Bread Financial disbursed to federal candidate committees in 2022

\$67,640

The amount Bread Financial raised from 31 contributors to fund our nonpartisan, issues-focused PAC

Risk Management

Our Board of Directors, as a whole and through its committees, is responsible for oversight of Bread Financial's ERM program, including monitoring our risk culture throughout the organization. Through our ERM program, we identify and manage key risks and mitigation strategies related to the company's ability to achieve our strategic, financial, compliance and operational objectives.

The primary function of the Board's Risk Committee is to assist the Board with oversight of our ERM Framework, including our policies, guidelines and practices related to credit, market, liquidity, strategic, reputational, operational, compliance, model and other identified risks. The Risk Committee also reviews the performance of our risk management function, including responsibilities that fall under the oversight of our Chief Risk Officer. The committee meets quarterly and may receive reports from representatives of the company's public accounting firm, regulators and outside experts, and the company's Chief Risk Officer, Chief Information Security Officer, General Counsel, and Vice President of Global Audit. The Risk Committee reports material risks to the full Board as deemed appropriate.

In addition to our Board and Board Committees, risk management responsibilities and activities are implemented by individuals and entities throughout the company, including various management committees, senior leadership and our Bank Boards. Our Chief Risk Officer and

risk management team utilize ERM technology tools and platforms to manage risk assessments, which are conducted annually and also on an ad hoc basis.

Our ERM Framework is managed through the Three Lines of Defense model, designed to clarify and delineate the roles and responsibilities of risk and control activities across the organization. Each line of defense has different responsibilities to address the objectives of the ERM Framework related to the organization's risk strategy and appetite, risk culture and governance, risk assessment and measurement, risk monitoring and reporting, and risk mitigation.

On an annual basis, the First Line of Defense (FLOD) conducts Risk and Control Self-Assessments (RCSAs) to gain a better understanding of their overall risk and control environment. RCSA is a continuous process designed to identify, manage and assess risk of loss from inadequate or failed internal processes, people, systems or external events, using a qualitative and quantitative scale to assess risk likelihood and impact. Risk and Control performance is reported to the Risk Committee on a regular basis.

A significant focus in 2022 was integrating environmental and social criteria into our ERM program. As such, we invested to adopt an ESG module within our ERM's Governance, Risk & Compliance (GRC) tool to demonstrate the alignment between the two programs. Our future goal is to incorporate ESG risks, including climate risk, into our ERM risk library, which will support our efforts to align with TCFD.

Please see our [2022 Annual Report](#) for additional information on key risks and associated factors.

THREE LINES OF DEFENSE

1

First Line of Defense (FLOD)

Personnel that engage in activities that generate revenue or provide operational support or services that introduce risk

2

Second Line of Defense (SLOD)

Independent risk management team charged with the oversight and monitoring of risk within the business

3

Third Line of Defense (TLOD)

Internal Audit function

Data Security and Management

Ensuring the privacy and security of customer data is critical to the success of our tech-forward business and building the trust of our customers. We are committed to safeguarding data from cybersecurity risks, adhering to applicable state and federal privacy regulations, and applying sound data management practices. This commitment starts at the top with oversight by our Board's Risk and Audit Committees, which receive at least quarterly reports related to information security, data quality and data privacy, as well as industry and regulatory updates. These reports focus on management's efforts to comply with evolving privacy and data management regulations as well as the ever-changing threat landscape.

Our Board and the Board's Risk Committee oversee our data management and governance strategy, led by our Vice President of Data Management, Governance and Protection, and executed upon by the respective teams. This cross-functional, multilevel approach promotes Board and leadership engagement on strategic data initiatives and associated risk management. Our Chief Information Security Officer meets quarterly with the Board of Directors to provide updates on our cybersecurity programs and partners with outside experts to provide ongoing training to our directors to aid in their oversight.

Bread Financial's Code of Ethics states our commitment to appropriately safeguarding financial and other personal data that relate to individual customers, as well as the confidential information of our clients. Our associates, contractors and suppliers are required to abide by the systems, tools and practices we maintain to protect our clients' and their customers' data in a secure manner and prevent access to or unauthorized disclosure of such data. Associates are required to comply with Bread Financial's privacy and security policies and procedures, as well as all applicable laws on privacy.



“Education, awareness, and ensuring our associates are trained to be our first line of defense is critical to the safety and soundness of our business and ultimately protecting our customers.”

Kristin Lowery
Chief Information Security Officer

BUILDING CUSTOMER TRUST

Our commitment to protecting the privacy and security of personal information is fundamental to building trust with our customers. We strive to ensure our privacy policies are clear and concise by informing customers about what data we collect, why we collect it, and how we use it. We also provide customers with information and choices regarding how they can limit the data we collect or share, along with offering online resources and tips on how to keep their information safe.

Data Management Framework

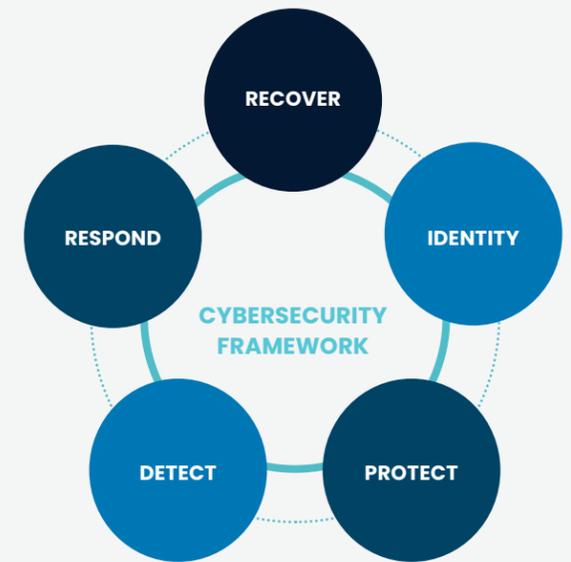
Bread Financial utilizes and protects data in an ethical and secure manner focused on providing transparency and clarity in our practices. Our **Data Management Framework** employs a layered approach to data governance, information security and data privacy that continuously evolves to protect our customers, partners and associates.

Data Governance: Our enterprise-wide data governance approach is focused on ensuring we have the right policies, standards and procedures to provide trustworthy data to our customers, associates and external stakeholders. We implement sound practices to ensure data protection and integrity throughout the data lifecycle. In 2022, we continued to invest in tools and technology aimed at standardization and automating practices for improved data protection within application interfaces.

Information Security: Our information security policy and related compliance program is based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Our world-class team of cybersecurity professionals rigorously conduct penetration testing of our network and systems to ensure our cybersecurity defenses are operating effectively. In 2022, we continued to safeguard our data in light of the geopolitical climate, and ensure protection against threats such as ransomware.

We engage with an external professional services organization to assess our maturity against the NIST Cybersecurity Framework. The results of the assessment are shared by our Chief Security Officer with our Board of Directors and Risk Committee who provide feedback on the assessment results. We use this information to inform our annual cybersecurity strategic objectives.

Data Privacy: Our data privacy policy and program are based on the NIST Privacy Framework, ensuring our commitment to the responsible collection, use and sharing of personal information. We continually invest in training and tools to equip our associates with the skills and information they need to effectively implement our privacy framework. Our product development activities are balanced to ensure a focus on transparency, fairness and nondiscrimination. We closely monitor and track proposed privacy legislative and regulatory changes, as well as industry-related trends, and adjust the program accordingly to ensure we adhere to regulatory requirements.



Information Security Governance Structure

- The **Board of Directors** and **Board Risk Committee** sets the tone at the top for the responsible use, oversight and protection of data by holding management to firm and defined standards.
- The **Chief Security Officer** is responsible for the organization's cybersecurity program and regularly reports to the board and its subcommittees to keep them apprised of updates and associated risks.
- The **Chief Risk Officer** and **Chief Operational Risk Officer** provide SLOD oversight of IT-related risks, including cybersecurity, to monitor the organization's risk exposures.
- The **Operational Risk Management Committees** and **Information Technology Management Committees** provide forums for key FLOD and SLOD leaders to discuss the performance and risks of Information Technology-related programs, strategies, cybersecurity, etc. Key risks and other details are escalated to the parent management and board-level committees as appropriate.
- The **Internal Audit** function is the TLOD, and regularly assesses the adequacy and sufficiency of the programs and controls established to mitigate IT-related risks.



Associate Training and Preparedness

Our associates are the first line of defense against attacks on data privacy and security and we are committed to building awareness and knowledge among our associates through ongoing training programs. All associates complete information security and privacy training upon hire and are required to complete annual training thereafter. Targeted information security and privacy training is also provided for associates in key roles that require access to consumer data. Our suppliers and contractors who provide information security services are also required to complete annual training.

To build awareness and foster our risk culture, our Information Security department provides regular communications on data security best practices. Additional associate cybersecurity-related awareness campaigns are implemented throughout the year, including International Data Privacy Day and phishing and ransomware reminders.

In 2022, we made ongoing investments in enhanced training, including data governance and management training for the Enterprise Data Governance Council, our dedicated committee of leaders for data governance activities. We also conducted a tabletop cybersecurity event with our full Board of Directors.

We run phishing email campaigns to test associate knowledge on a quarterly basis and conduct multiple

tabletop exercises on an annual basis, including an exercise with our executive team to simulate a potential data incident and test our preparedness. These exercises are led by an independent third party that provides a report of the session along with recommendations for improvement.

Our data privacy and security programs are also assessed and audited by external organizations to ensure compliance with industry standards, including:

- Payment Card Industry Data Security Standard (PCI DSS)
- Voluntary compliance standard developed by the American Institute of CPAs (AICPA) specifying how organizations should manage customer data

These reviews provide necessary checks and balances that help ensure data integrity across the company.

99.5%

of our associates completed privacy and data protection training in 2022.

99.9%

of our associates completed information security awareness training in 2022.

SHARING BEST PRACTICES ACROSS THE INDUSTRY

As part of our commitment to closely monitor ever-changing developments in threat intelligence, response and detection, Bread Financial actively cultivates important relationships with law enforcement, industry groups, information sharing and analysis centers, and peers. These partnerships provide insight into industry best practices and new cybersecurity technologies and tools. We also leverage a 24/7 service for threat intelligence through our managed security service provider.

Our corporate memberships include:

- Financial Services Information Sharing and Analysis Center
- Data Governance Professionals Organization
- Knowledge Connect
- Institute of Applied Network Security
- International Association of Privacy Professionals

We are also a founding member of the Ohio Data Ethics Working Group sponsored by Ohio State University.

Responsible Supply Chain

Bread Financial is committed to working with suppliers who conduct business with integrity and support our social responsibility, human rights and diversity initiatives. Our [Supplier Code of Conduct](#) outlines the expectations we have of our suppliers and the basic requirements they must follow when conducting business with, or on behalf of, Bread Financial. Our main suppliers are technology services, print/marketing, and other service providers that support our business. While we do not have an extensive physical supply chain, the requirements in the Supplier Code include compliance with all applicable laws, rules and regulations including those covering anti-bribery and anti-corruption, antitrust and competition, labor and employment, health and safety and human rights.

Suppliers are also required to operate in compliance with all applicable environmental laws and should endeavor to conserve natural resources whenever possible and minimize any adverse impacts their operations have on the environment. ESG criteria helps to inform our supplier selection and oversight process, which we will continue to build upon in 2023.



Supplier Risk Management

We believe that managing a responsible supply chain includes a proactive approach to third party risk assessment. We focus our efforts during the onboarding phase of an engagement, focusing on supplier due diligence. Depending on risk profile, Bread Financial then conducts ongoing oversight reviews to ensure that suppliers are in line with their contracts. Bread Financial reserves the right to audit a supplier's compliance with the Supplier Code of Conduct, including asking suppliers to provide written information such as policies, procedures and data related to topics included in the code. We reserve the right to terminate relationships with any suppliers who do not comply.

Our due diligence risk assessment process and ongoing oversight includes evaluating suppliers for risks, including regulatory compliance, information security, financial, reputational and business continuity. We follow guidance from the FDIC and other best practices regarding risks to assess for third parties. We take an individualized risk-based approach to determine which risk assessments are needed for suppliers based on the risks they might introduce to the company. Dependent on the scope of their contract, suppliers may be subject to have recurring business reviews. Performance is monitored via a Supplier Scorecard listing all Service Level Agreements (SLAs) according to contractual language.

Supplier Diversity

We are committed to promoting DE&I in our supply chain, and supporting local communities by increasing our business with minority-owned and small businesses. Bread Financial's Supplier Diversity Program is designed to build mutually-beneficial relationships, create value, and ensure diverse suppliers have a fair and equal opportunity to be included in the company's sourcing and procurement process.

In 2022, we enhanced our Supplier Diversity Program and updated our policies to ensure that diverse suppliers are considered in every RFP issued by our Global Sourcing team. We broadened our efforts to identify certified diverse suppliers and collaborate with community groups and external organizations. We are also working with Bread Financial's Business Resource Groups (BRGs) to promote the Supplier Diversity Program inside the company and with other external audiences.

In 2022, our diverse and small business spend encompassed 6% of the total supplier spend.



Empowering Our Customers



Bread Financial empowers customers through digitally enabled solutions that offer ease, financial flexibility and exceptional customer experiences. Our digital offerings and market-leading payment, lending and saving solutions are relevant across generational segments and provide flexibility to meet consumers' evolving payment needs. Our strategy is to drive best-in-class experiences and build trust by offering choice and ease to customers, to both meet them where they are and provide solutions to help them on their financial journeys. Creating a seamless, secure, value-added and exceptional customer experience is critical to our success.

In response to consumers' desire for more choice and access, we launched the Bread Cashback™ American Express® Credit Card in 2022. It provides a unique combination of premium benefits and value, including:

- Unlimited 2% cash back
- No annual or foreign transaction fees
- Travel and entertainment offers
- Comprehensive purchase, identity and travel protections



“When we rebranded to Bread Financial in 2022, we made a promise to our customers to focus on delivering the innovative payment, lending and saving solutions they need at each and every stage of their financial journeys.”

Valerie Greer
Executive Vice President and Chief Commercial Officer

2022 HIGHLIGHTS

- Expanded our **product suite & direct-to-consumer offerings**
- Enhanced customer **self-service options**
- Invested an incremental **\$125+ million in marketing, technology and digital product innovation**
- Certified as a **Center of Excellence** by BenchmarkPortal for the 17th year
- Renewed focus on improving **consumer financial wellness**

Creating a Seamless Customer Experience

At Bread Financial, customer experience is woven into the fabric of our business. Our mission is to enable customer satisfaction through simple, smart financial solutions and facilitating effortless interactions. We are committed to improving the omni-channel experience, expanding our suite of products, and effectively integrating customer experience metrics across our business to ensure our enhancements benefit the customer.

We consistently monitor and gather real-time customer insights and feedback across customer journeys to ensure our services match our standards. We leverage these insights to better understand, anticipate and respond to the needs of both our customers and associates. Our goal is to consistently create personalized and effortless experiences across all channels.

Our associates are fundamental to facilitating positive experiences with our customers. We invest significantly in training, resources and technology so that our associates have the necessary tools to provide the best possible service. For example, in 2022, we upgraded technology and equipment (i.e., dual monitors, headsets and laptops) for our Care Center associates, most of which work from home. Our customer service performance is monitored through surveys we conduct with our customers and quality monitoring. We are constantly striving to achieve and maintain the highest possible customer service standards in the industry.

The Customer Experience Journey

We are committed to providing the best possible experience for our customers. This means we must constantly evaluate and refine customer touchpoints. We monitor the service we provide to our customers each time they engage with us, whether they are applying for a credit card at a store, calling our Care Centers for help, making an online payment, or connecting with us via our secure messaging center.

Based on customer feedback, we are improving on the following key points in the customer journey:

- Self-service options for easier access and improved functionality
- Interactive Voice Response (IVR) system capabilities
- Online account center experience
- Payment options for flexibility and ease

The cumulative impact of multiple touchpoints over the course of a customer's interaction with our company generates a sense of value, ease and trust that inspires confidence and satisfaction with Bread Financial and the brands we represent. We will continue to expand on opportunities for the customer experience journey in 2023.



In recognition of our customer-driven payment solutions, Bread Financial was selected as a winner of the **Best Consumer Payments Platform** award in the **2022 FinTech Breakthrough Awards** program.



Our award-winning Care Centers are in the **top 5% of U.S. call centers** in the credit card industry, and we were recognized as a **Top 3 Contact Center in North America**, highlighting our unwavering commitment to best-in-class customer service and operational excellence.

Customer Experience Center of Excellence

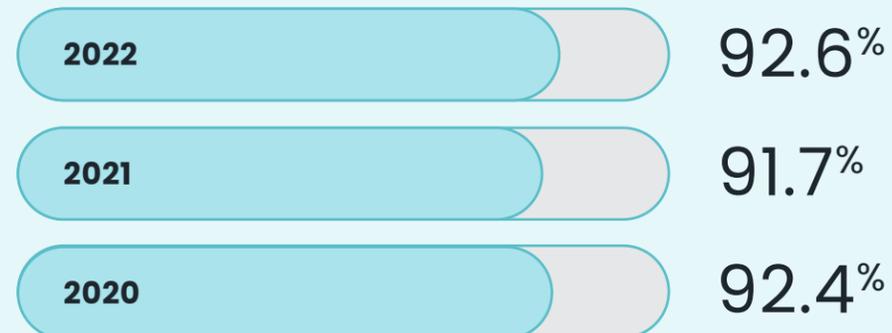
Our commitment to empower customers, enable effortless interactions and inspire confidence with our customers is firmly rooted in our business goals, transformation delivery office, and our Customer Experience Center of Excellence (CX COE). Our CX COE is a cross-functional team of leaders that is central to our vision, culture and purpose to empower customers.

Key areas of focus for our CX COE are:

- Reducing customer friction, including any part of a customer's experience that makes it harder for them to buy the product, use it well or find value in it
- Weaving financial wellness themes and best practices into our customer communications
- Encouraging, inspiring and recognizing a customer-centric culture
- Delivering insights and value through advanced monitoring of CX performance
- Improving end-to-end journey experiences for our top moments of truth using best-in-class research and technologies
- Closing the loop with customers and associates when we improve experiences and resolve issues

In 2022, we were certified as a Center of Excellence by BenchmarkPortal for the quality of our customer service operations for the 17th time since 2003. BenchmarkPortal awards this designation to customer service contact centers that rank in the top 10% of those surveyed, demonstrating superior performance on both cost- and quality-related metrics compared with industry peers.

Customer Care First Call Resolution



TECHNOLOGY INVESTMENT AND ENHANCEMENTS

In 2022, we invested an incremental \$125 million in marketing, technology, and digital and product innovation. Enhancements to improve the customer experience in 2022 included the adoption of Decibel, an analytics tool that tracks digital customer experiences, uncovering gaps and opportunities to improve digital presence and strengthen customer relationships.

FINANCIAL HARDSHIP PROGRAMS

Part of our customer care involves empathy and acknowledgement of hardships our customers may face due to extreme events outside of their control, such as hurricanes and the global COVID pandemic. Our Care Center associates are trained to guide customers step-by-step through the financial hardship process, as well as navigate our hardship programs, which help reduce payments and finance charges for our customers.

Capturing the Voice of the Customer

The “Voice of the Customer” encompasses everything that customers are saying about a business, product or service. We continue to invest in new tools that will enhance our ability to gain real-time customer insights and feedback, better understand customer sentiment, and identify moments of friction faster so that we can improve the overall customer experience.

To prioritize opportunities to create a more seamless experience and exceed customer expectations, we leverage a variety of tools that capture customer feedback across all listening posts and identify the themes and topics impacting customer experience.

Approximately 80% of customers engaging with our Care Centers were satisfied with the courteousness, knowledge and clear communication of our agents.

These tools include:

- Survey methodology to capture customer feedback through:
 - Digital channels (in the moment feedback)
 - Email surveys (directly following an interaction across our servicing channels)
 - Periodic surveys (feedback on a customer’s overall relationship with our products and brand affinity)
- Analytics tools to track and monitor digital customer experiences
- Text analytics, customer data and machine learning to better understand and predict customer sentiment and actions
- Social media reports to monitor activity across channels
- Call listening, associate feedback and complaints to validate top moments of friction

NET PROMOTER SCORE (NPS)

At Bread Financial, we are continuing to anchor back to improving our Net Promoter Score, or NPS, as our main customer loyalty measure. NPS is used to drive the right mix of effortless digital and servicing experiences, incorporating product benefits that help customers achieve their aspirations. This proven metric transformed the business world, resulting in a global standard for measuring how customers engage with or promote a business. We balance NPS with other core customer experience metrics like Overall Satisfaction, Customer Effort Score, Self-Service Completion Rates, Complaints and Customer Retention to fully understand the overall health of our customer interactions and relationship.

Technological Modernization

In 2022, we completed a significant migration of our core credit processing system to a third-party service provider to modernize our technology, better align with our strategic focus on financial services, and support new opportunities to deliver exceptional service to our customers, among other benefits that will drive our success. As expected with a migration of this magnitude, we experienced some temporary setbacks impacting some of our customers.

We are especially proud of our dedicated team of customer-centric associates for going above and beyond in supporting customers during this time. Our associates instituted all the necessary steps to ensure our customers, associates and partners were aware of the progress we were making to resolve issues, and remediated impacts as quickly as possible. Looking to the future of our business and our customers, these essential upgrades were necessary to support our long-term plans, to drive operating efficiencies and innovation, and to enhance our strategic differentiation.

MANAGING CUSTOMER COMPLAINTS

We place tremendous value on customer feedback, including complaints. To ensure that we are providing the best customer experience possible we have a robust complaint management program, designed to ensure prompt handling and timely resolution. The information we gather is a central focus for our entire leadership team, including our Board of Directors, and is used to identify and mitigate potential risks and opportunities for the business.

Key aspects of our program include:

- Our Consumer Complaints Management Policy, which governs our process
- Our Complaints Management Office, which is responsible for setting strategic direction, managing day-to-day activities, and reporting to relevant internal groups
- Oversight by our Bank Risk and Compliance Risk Management Committees
- Regular and recurring associate education and training
- Capturing customer dissatisfaction across all interaction channels
- Sharing data and insights to inform and improve our customer experience journey

Fair and Responsible Banking

Fair and responsible lending is core to our business and to our customers. At Bread Financial, we take great care and consideration to ensure our consumer credit application and underwriting processes are managed equitably. We are transparent and impartial in our lending practices and rely on our fully automated proprietary process to accurately analyze and issue credit based on unbiased statistical modeling criteria.

Our automated lending process undergoes routine scrutiny both internally and externally to verify its decision-making criteria. As part of our assessments, we employ a third-party firm to conduct an extensive annual review of our credit portfolio and evaluation metrics, screening for any evidence of unintentional bias or discrimination to further ensure fair and responsible lending protocols.

During the underwriting process, issuing credit responsibly also means not overburdening cardmembers with credit limits that surpass their ability to repay. We apply advanced analytics and best-practice industry strategies to establish limits that provide the appropriate level of credit access and

spending power, while responsibly protecting the interests and needs of our cardmembers and partners. We have resources dedicated to continually examine and evaluate our models to ensure we maintain accurate and consistent credit thresholds.

We are also committed to ensuring that our customers have reasonable access to their services, regardless of disability. Servicing options are currently provided through the phone, online and mobile applications. We strive to make each servicing channel accessible and are prepared to guide a customer through the use of an alternate channel should it provide a greater level of accessibility.

Our tech-forward, customer-centric business depends on the responsible use of data and the complex information technology systems we manage. Keeping data safe from cybersecurity risks, adhering to applicable state and federal privacy regulations, and applying sound data management practices are the foundational business tenets we live by every day. See the [Managing Our Business Responsibly](#) chapter for more detail on how we responsibly manage customer data.



Fostering Financial Wellness

Bread Financial is committed to fostering financial wellness through education and training, access to technology, and other financial literacy tools needed to build a bright financial future for our customers, associates and communities. These tools are critical for helping individuals make informed decisions that allow them to thrive financially. In 2022, we became a member of Financial Health Network, uniting business leaders, policy makers and innovators working together to improve financial health for all people.

Our internal working group, established in 2021, continues to create and enhance a formalized financial wellness platform, with a focus on our customers, associates and communities.

In April 2022, Financial Literacy Month, Bread Financial pledged \$1 million toward future programs and tools to promote financial literacy for all.

In 2022, we set out to build a foundation for financial wellness to allow our customers to meet their financial goals through secure decision-making. Looking ahead into 2023, we will design, operationalize and deliver solutions that support and improve financial wellness for all through:

VISION & STRATEGY

Outlining and communicating the vision for financial health, and its long-term impact, as linked to the company's mission, vision, brand promise and strategy.

INFRASTRUCTURE & RESOURCES

Assessing and identifying the resources and infrastructure necessary to evaluate, understand and address financial health.

MEASURING SUCCESS

Establishing, measuring and analyzing financial health data to initiate accountability across the organization, evaluating performance, and iterating on product and program development.

PRODUCTS & SOLUTIONS

Leveraging best practices to provide inclusive and equitable solutions that increase satisfaction and loyalty through access to, and awareness of, financial health tools, products and resources.

SUPPORTING FINANCIAL WELLNESS



CUSTOMERS

Through a diverse suite of tech-forward payment, lending and saving solutions, we give customers the power to choose the products that are right for them. As a fair and responsible lender, we adhere to straightforward, transparent and equitable underwriting practices. We equip customers with the knowledge to make informed choices with clear and accurate information, and we continually evaluate our underwriting process to ensure we offer each customer access to the right level of spending power.



ASSOCIATES

Financial confidence reduces stress, and we believe that providing our associates with tangible ways to support their financial goals ultimately means a healthier, happier workforce. In addition to a variety of webinars, workshops, discounts and reimbursements, part of our associate benefits package includes free access to a financial advisor so associates have the support they need through any stage of life. For additional information on associate benefits, please see the [Engaging Our Associates](#) chapter.



COMMUNITIES

We make bold, strategic investments in financial education, job training and resources to enable our communities to build a sustainable financial future. As part of those efforts, Bread Financial continues to be a National Partner of the **Jump\$tart Coalition**, which includes more than 100 like-minded, national organizations that work collectively and collaboratively to move financial literacy forward, particularly among preschool through college-aged students.



Engaging Our Associates



Our associates are the heart of our company. We strive to attract, develop and retain top talent, understanding that this is a perpetual business imperative. We actively promote an inclusive, engaged culture that enables our associates to thrive by providing opportunities to engage, grow, lead and be recognized for their efforts. We take a holistic approach to supporting their experiences in the workplace and beyond, recognizing that we must empower our associates in order to deliver on our promises to all of our stakeholders.



“Providing the tools, training, and resources for our associates to be supported at home and at work directly impacts our ability to provide an exceptional experience for our customers.”

Tammy McConnaughey
EVP & Chief Credit Risk and Operations Officer

2022 HIGHLIGHTS

- Changed the name of our **Human Resources** function to **People & Culture**, to better reflect the prioritization of people and culture in everything we do
- Relunched our **Business Resource Groups (BRGs)** to deepen our inclusive culture and align with our DE&I strategies
- Introduced new **health-promoting programs for mental health and disease prevention**
- Enhanced our **compensation and benefits package** to include a higher starting wage of \$18/hour for U.S. hourly associates, additional paid sick leave, flexible time off, and more backup family care, among other new offerings
- Continued offering associates **more choice in where they work** (at home, in office or hybrid)

Associate Experience and Engagement

At Bread Financial we foster an engaging and rewarding experience for our associates. Ensuring high levels of associate pride and engagement requires significant attention to topics such as growth and development, rewards and recognition, and the evolving needs of the workforce of the future. We know that if we deliver an exceptional experience for our associates and they are at their best, they are better equipped to deliver an exceptional experience for our customers.

Improving the Associate Experience

We use our **Empowered to Thrive** associate value proposition to ensure we continuously deliver on the promise of a personalized and memorable experience for our associates at Bread Financial. This framework aligns with our vision, mission, values and brand promise to our customers.

EMPOWERED TO THRIVE FRAMEWORK



Competitive Compensation & Recognition

Associate assessment of recognition practices and the extent to which the company links **pay and performance**

Career Development & Advancement

Associate assessment of the adequacy of **training and development opportunities**, as well as the match between their jobs and skills

Valued Feedback in Action

The extent to which associates **feel encouraged to participate** and are comfortable sharing their views

Total Wellbeing

The extent to which associates feel a **balance between work and personal life**

Engaged & Purpose-driven Community

Associate confidence in senior leadership and belief that the right strategic priorities are in place

Listening to Our Associates

To stay attuned to the needs of our associates, we evaluate their engagement based on a continuous loop of data-driven feedback, enhanced through essential tools and technology.

We rely on frequent “pulse” surveys to complement our annual in-depth survey to regularly listen to the voice of our associates, stay connected to how they are feeling, and stay in tune to their perceptions. In 2022, associates were invited to provide feedback on topics pulled from prior surveys a minimum of five times, with response rates typically between 65% and 70%. Our cumulative results surpassed the Fortune 500 average on all three “engaged outcome” items (i.e., career confidence, employer advocacy and motivation) by an average of 4 points per item.

Results from these surveys are used to:

- **Gauge** the effectiveness of our work environment and identify opportunities for improvement
- **Evaluate** the effectiveness of policies and programs
- **Create** action plans to challenge the status quo and address priority issues
- **Develop** post-survey communications to keep associates informed of results, action plans and progress



In December 2022, our CEO and other leaders visited with our associates in Bangalore to celebrate their growth and accomplishments, get feedback, and discuss future business strategy. 600+ Bangalore associates participated as part of the visit, which included an authentic lamp lighting ceremony, facility tour, strategic planning discussions, fireside chats and roundtables, holiday party, lunch with Bangalore award winners (Hall of Fame and Extra Mile awards), and dinner with the Bangalore Leadership Team.

One of the ways we engage with our associates is through town halls and leadership site visits. These provide an opportunity for our leaders to share business updates and for our associates to share their experience, as well as any questions or concerns, directly with leadership.

2022 Engagement

17 CEO Town Halls: Our CEO and Executive Leadership Team shared business updates, and hosted associate Q&A.

8 Leadership Site Visits: Leaders traveled to Bread Financial sites and held small roundtables with our associates regarding their experience.

27 Enterprise Leadership Town Halls: Members of the Enterprise Leadership Team hosted town hall meetings for their teams focused on recognition, business updates and opportunity for feedback/questions.

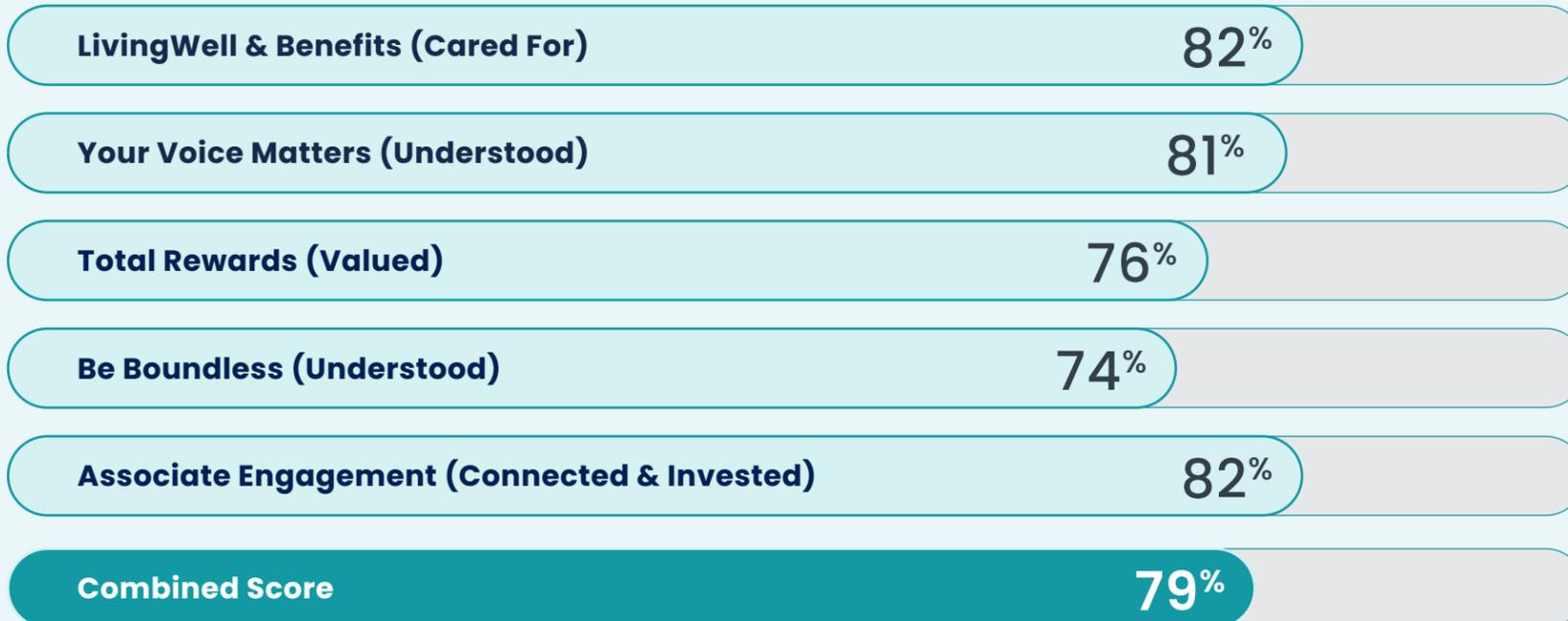
ENGAGING OUR ASSOCIATES

Through our surveys, associates are also invited to provide feedback on topics critical to the associate experience, influencing and informing numerous decisions, programs and initiatives. For example, our associates highlighted career opportunity as a significant part of the associate experience. To measure this in a more tangible way, we developed the Opportunity Index to track promotions, lateral moves and internally filled job requisitions. The Index provides a score based on a scale of 0-100. In 2022, we exceeded our target score of

50 by 13% and plan to continue our efforts to improve the associate experience using this Index.

Additionally, as a result of Bread Financial undergoing significant organizational changes over the past three years, our associates shared feedback indicating they wanted more details regarding our vision and business strategy. In response, we prioritized communications to share our strategy across the organization, which has resulted in improved scores on related survey items.

2022 Empowered to Thrive Framework Score



Associate Growth and Development

Bread Financial is committed to providing equitable pathways for individual learning and development for our associates to enable them to grow and achieve their career goals. We offer a variety of training and educational opportunities, including online and onsite structured training, coaching, tuition reimbursement for external courses, and on-the-job learning opportunities. Our goal is to provide every associate with the tools and support they need to develop in their current role and help them find opportunities for advancement in line with the long-term goals of the organization.

Training, Learning and Recruitment Programs

At Bread Financial, we aim to weave DE&I principles into our career growth and development opportunities, which include:

- **Six-month Apprenticeship Programs:** These programs are designed to create equitable opportunities for our Care Center associates aspiring to take on corporate roles within Bread Financial and are offered to both U.S. and India associates. By the end of the 2022 programs, 22 associates were placed in new corporate roles in the U.S., and a pilot of the program began in our India office.
- **Development Experience Program:** Launched in 2022, this program gives associates exposure to other functional areas in the business and allows them to work with new people and expand their skill sets.
- **Global Audit Visitant Program:** Participants in this program interact with executives at all stages of a formal audit and develop an understanding of the role Global Audit plays in a complex, modern payments enterprise. The program is designed to create job-share experiences for associates, while providing opportunities to rotate into other areas of the business.
- **Degree/Certification Programs:** Bread Financial offers tuition reimbursement for full- and part-time U.S. associates, starting 6 months after hire. We reimburse up to \$5,250 for full-time associates and up to \$2,625 for part-time associates per calendar year to support the pursuit of an approved degree.
- **Internship Program:** Bread Financial's Internship Program is a 12-week program open to rising U.S. juniors and seniors in college, in which they gain hands-on experience and have access to professional development courses, virtual networking opportunities, and a virtual philanthropic event. We choose interns we think will make a lasting impression on our company, and our goal is that each intern finishes the program wanting to come back to begin their career at Bread Financial.

TRAINING AND DEVELOPMENT BY THE NUMBERS

9

Care Center and Collections Training and Development hours per global associate

56

Hours of training (e.g., initial onboarding and ongoing training) per global associate

\$2,236

Investment in training and development per global associate

In 2022, we continued to focus on developing our internal talent to increase lateral movement across the organization, with 34% of the 592 new jobs posted in 2022 being filled by internal candidates.

We are also committed to attracting the right talent from outside of Bread Financial. To help with recruiting highly talented candidates, we have an associate referral program to reward associates with a bonus for referring a successfully hired candidate.

To foster growth and development, associates regularly receive feedback from their supervisor through formal mid-year and year-end reviews. With encouragement from our CEO, 26% of associates engaged in Individual Development Plans in 2022, which helped identify a roadmap for their long-term development. We continue to use our Opportunity Index tool to measure the percentage of open roles filled by internal candidates, as well as promotion and lateral move rates. This provides insight on how we can best support the growth of our associates.

Associate Recognition and Award Program

In 2022, we expanded and enhanced our associate recognition and award program to show appreciation for the hard work and achievements of a broader group of associates. Bread Financial honors associates through three awards:

- The **Leadership Excellence Award** recognizes leaders who exhibit the highest levels of our leadership behaviors. In 2022, we awarded 20 company leaders who have a proven high-performance record. Recipients received a cash bonus and company stock that vests over three years.
- The **Hall of Fame Award** is given to up to 100 associates who symbolize our values, serve as role models for their peers and community, and have a track record of excellence in their role. In 2022, 100 recipients received a cash bonus and an all-expenses paid trip.
- The **Extra Mile Award** is given to up to 80 associates who exhibit extra effort and deliver exceptional results in the first half of the year. In 2022, 80 recipients received a cash bonus.

EVP and Chief Commercial Officer Valerie Greer was named one of the Most Influential Women in Payments by American Banker in 2022.

Diversity, Equity and Inclusion

Bread Financial is committed to creating an inclusive culture that attracts and values diversity of thought, experience, background, skills and ideas. We believe our people are our most important asset and we are at our best when we embrace the diverse perspectives of our associates, clients, customers and communities. Prioritizing a workplace that fosters DE&I is essential to Bread Financial's long-term growth and sustainability, and we have made it an imperative in our continued business transformation.

As stated in our Code of Ethics, Bread Financial is fully committed to providing our applicants and associates with an equal employment opportunity. That means we recruit, hire, train, promote, compensate, develop and retain the most qualified people from a diverse candidate pool, and we will not discriminate based on race, color, religion, religious dress and grooming, gender, pregnancy, age, national origin, disability, sexual orientation, marital status, citizenship, veteran status, gender identity, transgender status or any other status protected by law or by Bread Financial policy.



Training and Education

Training at all levels of the company is foundational to our DE&I efforts. At the heart is our Power of Conscious Inclusion training offered to all associates and leaders. This training helps us better understand our own biases, the impact on those around us, and how to better foster inclusion in the workplace. Our Board members have also participated in this training during the annual Board Strategy Retreat.

To further embed DE&I throughout our organization, we created the DE&I Leadership Series, a development program providing company leaders with in-depth trainings on DE&I topics, which will be rolled out in 2023.

Diverse Recruitment

Bread Financial uses Lightcast, a labor market analytics tool, to define our diverse recruiting strategy. Lightcast provides data that helps us identify and target educational institutions with significant numbers of diverse talent. The tool also provides benchmark data for talent in similar industries, broken down by gender and ethnicity, to inform our recruiting goals.

In 2023, we continue to explore opportunities and tools to incorporate diversity into our talent recruitment strategy.

ADVANCING OUR FOUR-PILLAR DE&I STRATEGY IN 2022

WORKFORCE (PEOPLE)	WORKPLACE (CULTURE)	MARKETPLACE (CUSTOMER & SUPPLIERS)	COMMUNITY (SOCIETY)
<p>Objectives:</p> <p>Create pathways for hiring and promotions that map to market availability</p>	<p>Objectives:</p> <p>Promote an inclusive, engaged culture that empowers associates through opportunities to learn and grow</p>	<p>Objectives:</p> <p>Infuse DE&I into our growth strategy, product delivery, customer experience and supply chain</p>	<p>Objectives:</p> <p>Build strategic partnerships that empower our communities and advance business priorities</p>
<p>Achievements:</p> <ul style="list-style-type: none"> Established a demographic baseline Instituted recruitment actions Enhanced succession planning Overlaid DE&I lens to performance reviews Increased year-over-year diverse representation in apprenticeship program 	<p>Achievements:</p> <ul style="list-style-type: none"> Chartered eight BRGs Hosted 700+ BRG associate members and 20+ activities during 2022 Increased favorable scores in associate engagement surveys Increased associate engagement through DE&I related events 	<p>Achievements:</p> <ul style="list-style-type: none"> Infused DE&I into growth strategy Renewed Supplier Diversity Program Inserted DE&I into Customer Experience Hosted conversation around diverse marketing strategies 	<p>Achievements:</p> <ul style="list-style-type: none"> Drove associate engagement Partnered with BRGs & nonprofits Collaborated with ESG team Sponsored organizations and events aligned with our DE&I strategy

Business Resource Groups

Our associate-led BRGs celebrate distinct dimensions of diversity and help to cultivate a culture of inclusion. In 2022, we solidified their role within our organization by chartering one new and rechartering seven existing BRGs, each with two sponsors from our Executive Leadership Team. We recruit and support associate leaders who bring passion and expertise in leading our BRGs, and we will continue to evolve our BRGs based on associate feedback and interests.

In 2022, we added training for BRG executive sponsors to help them in their roles as advisors, as well as for BRG members to help them with strategy and planning in alignment with our four DE&I pillars.



“Our goal is to create an inclusive culture, where associates are empowered to thrive, be their authentic self, and feel connected and invested in contributing to the long-term success of our company.”

Calvin Hilton
SVP & Chief Diversity Officer

ENGAGING OUR ASSOCIATES

Our BRGs include:

- **Asian Alliance:** The Asian Alliance strives to promote Asian culture and traditions. Asian Alliance is focused on providing meaningful ways to connect associates, educational resources, mentoring and networking opportunities, regardless of cultural background, by leveraging ideas, skills, talents and experience of all associates.
- **Black Leadership Associate Connection (BLAC):** Formerly known as African American Resource Group, BLAC is committed to fostering an environment of diversity, growth and success for our African American associates. The BRG provides training focused on unconscious bias, career development and community engagement to all associates, regardless of cultural background.
- **Veterans BRG:** Veterans BRG fosters cross-departmental interaction, professional development, and networking among veterans, active-duty military personnel, their family members and military supporters from all branches of U.S. Armed Forces who have served during time of peace or war.
- **Hispanic/Latine BRG (HLBRG):** HLBRG's mission is to foster an inclusive environment where Hispanic/Latinx associates and allies feel supported. The BRG provides networking and career development opportunities and promotes an educational environment that broadens understanding and appreciation for our multiculturalism and diversity.

- **Family Matters:** Family Matters seeks to advocate, educate and promote benefits and resources for parents, caregivers and allies. The BRG strives to offer a safe, inclusive environment to share experiences and create connections to build a diverse community grounded in support for all families.
- **BreadAbilities:** BreadAbilities exists to advance education, support and empowerment concerning individuals with differing visible and invisible abilities, fostering an empathetic and inclusive culture where everyone feels valued and able to live their best personal and professional lives.
- **PRIDE:** PRIDE promotes and supports our LGBTQ+ associates and their allies in fostering a safe and open environment. The BRG provides educational initiatives, networking opportunities and volunteer events open to all members regardless of sexual orientation, gender identity or gender expression.
- **Women Connect:** Women Connect fosters an educational and social environment that encourages and facilitates the development, wellness and the advocacy of women at Bread Financial and within our communities.



BRGs in Action

SUPPORTING THE BOB WOODRUFF FOUNDATION AND VETERANS

In 2022 we grew our partnership with the Bob Woodruff Foundation and elevated our common commitment to supporting veterans through:

- Title sponsorship of Stand Up for Heroes, the Foundation's signature fundraising event
- Participation in Veterans on Wall Street event promoting the hiring of veterans in the financial industry, in which our President & CEO participated on a leadership panel, members of our Veterans BRG helped facilitate breakout sessions, and our talent acquisition team spoke with veterans about employment opportunities

FINANCIAL PLANNING WITH PRIDE

As part of Bread Financial's overall focus on Financial Wellness, PRIDE hosted a session on Financial Planning for Same Sex Couples in partnership with BrightPlan (our financial health associate resource) in July. The session focused on a variety of topics from combining finances to getting married to starting a family and all of the financial planning strategies that accompany those life events.

COLUMBUS PRIDE PARADE

In June, more than 40 Bread Financial associates supported the LGBTQ+ community at the Columbus Stonewall Pride Parade that brought more than 750,000 people into downtown Columbus. This is the sixth year our company participated in the parade, which was part of the PRIDE month activities planned and executed by PRIDE.



Recognition of Our DE&I Efforts

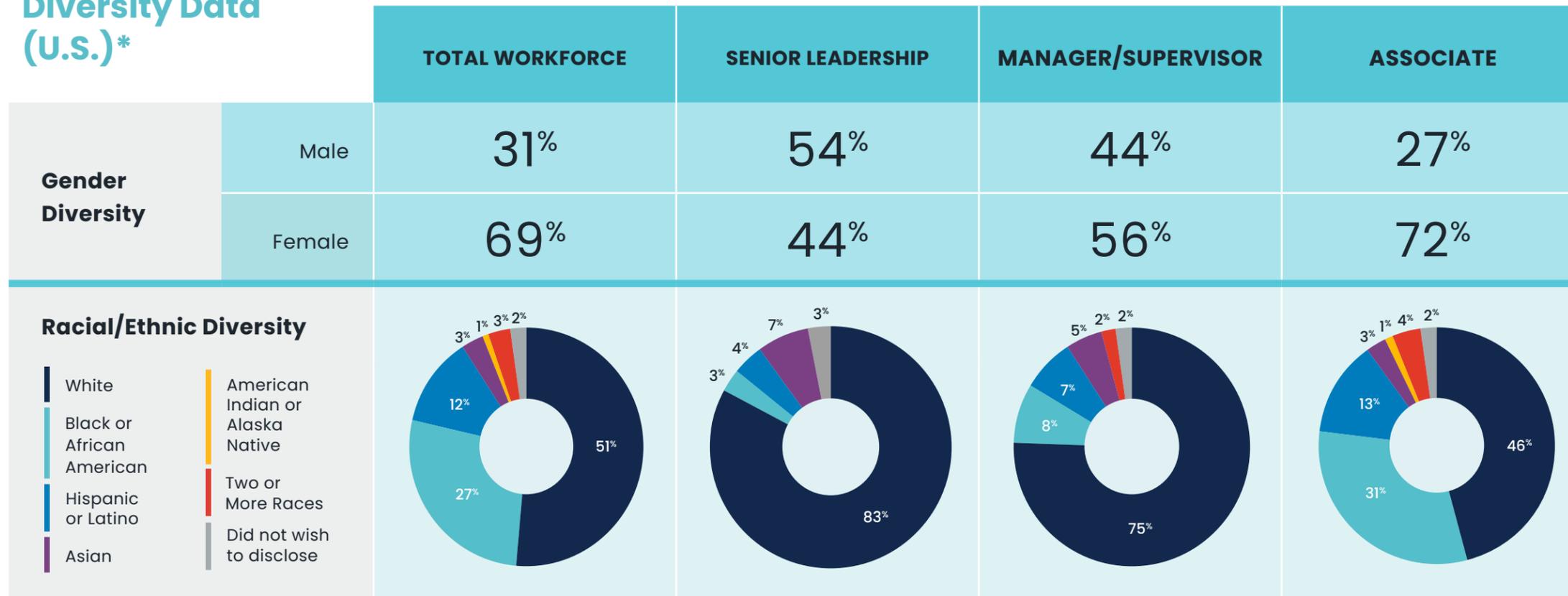


In 2023, Bread Financial was included for the fifth consecutive year in the **Bloomberg Gender-Equality Index**, which distinguishes companies committed to transparency in gender reporting and advancing women's equality.

Forbes

Bread Financial was named on Forbes' 2022 **America's Best Employers for Diversity** list.

2022 Workforce Diversity Data (U.S.)*



* Total percentages may not add up to 100% due to rounding or individuals not wishing to disclose diversity information

PAY EQUITY

Bread Financial provides equal pay opportunities for all associates and is committed to achieving pay equity for those with the same job, skill level and location. Our compensation model to ensure fair and inclusive pay practices and pay equity is reviewed regularly and consistently to strive to maintain equity throughout the organization, and we work hard to make decisions without bias and based on consistent and fair criteria.

Associate Health and Wellbeing

To attract and retain talented associates, Bread Financial is committed to providing competitive total compensation, benefits and wellness resources. Our compensation model is designed to ensure fair and inclusive pay practices and pay equity. We also provide a comprehensive and competitive benefits package that supports the physical and mental wellbeing of our workforce, including a focus on financial wellness that runs throughout our company. To promote flexibility in our offerings, our “Workplace of the Future” Action Team is charged with providing ongoing recommendations for enhancements to help associates achieve optimal work-life balance.

We understand that associates in good health are more likely to perform at their best, are more engaged, and are more likely to contribute to their communities. Our associates get exclusive access to **LivingWell** – our award-winning, holistic wellbeing program that offers simple, inclusive, no-to low-cost solutions that meet them wherever they are on their wellness journey. LivingWell helps associates and their families navigate to resources that support their whole self and improve financial confidence.



Physical Wellness

We provide a series of health and wellness benefits that we believe are some of the best in our industry.

- **Health Insurance:** We are proud to cover approximately 75% of the cost of health insurance premiums on behalf of our associates.
- **Wellness Challenges:** With most associates working remotely, feeling “connected” is more important than ever. To facilitate engagement and connection, we host several wellness challenges throughout the year. Topics include gardening, mindfulness, sleep, hydration, nutrition and gratitude. For our flagship 100-Mile Challenge, participants are encouraged to walk or run 100 miles over the course of 30 days. In 2022, participants logged 47,000 total miles. Approximately 50% reached or surpassed the challenge goal.
- **LivingWell Reward:** In 2022, we transformed what was previously known as the “Fitness Reward” to the “LivingWell Reward,” a lifestyle account that associates can use toward eligible wellbeing expenses. In addition to increasing the amount to \$350 (up from \$300 in 2021), we also opened new categories beyond traditional gym memberships, group fitness classes and personal training. The LivingWell Reward can now also be used for athletic shoes and apparel, fitness equipment and trackers, race registrations, sport lessons, bike sharing programs,

community sport leagues, golf green fees, ski lift tickets, mindfulness apps, and passes to parks, zoo, aquariums, amusement and theme parks. Associates can also now use the funds for themselves or their immediate family members.

In response to associate feedback, we launched a modernized, user-friendly claims reimbursement platform that allows associates to get reimbursed faster. Since implementing these enhancements in September 2022, we’ve seen a significant increase in utilization. From September to December, over 60% of associates used this benefit, spending over \$1.2M (compared to 9% engagement and spending only \$400K from January through August).

- **Livongo:** We partner with Livongo, which is a diabetes management resource offered to our associates.
- **Hinge Health:** We partner with Hinge Health, which helps associates with musculoskeletal claims, and covers members on the Bread Financial medical plan at no additional cost.



Financial Wellness

As part of our commitment to promote financial confidence for our associates and their families, we provide access to a series of programs and benefits.

- **Competitive Compensation:** All associates are entitled to a fair and competitive compensation.
- **Employee Stock Purchase Plan (ESPP):** All full-time and part-time associates are eligible to purchase Bread Financial stock at a discount.
- **BrightPlan:** A financial wellness resource that offers goals-based financial planning and unlimited 1:1 access to financial advisors, smart budgeting and education at no cost to associates and their immediate family members. In 2022, 22% of U.S. associates were enrolled in BrightPlan.
- **Dollars & Sense Workshops:** This program includes a series of financial education workshops offered on paid company time, focused on a variety of topics such as managing debt, buying a home, smart money fundamentals, health savings accounts and maximizing retirement. In 2022, 826 associates participated in the program.
- **Gradvisor:** This online platform makes it easy for associates to establish a college savings plan for any child. Combining technology and personalized, professional guidance, associates can select, open and track the best tax-advantaged college savings plan for their needs.
- **College Scholarship Program:** Children of our associates attending a 2-year or 4-year school can apply for a one-time Bread Financial scholarship of \$10,000. In 2022, we awarded 4 scholarships.
- **Degree/Certification Programs:** Bread Financial offers tuition reimbursement of up to \$5,250 for full-time associates and up to \$2,625 for part-time associates per year to support the pursuit of an approved degree.
- **Help Right Here Program:** Help Right Here is our company's hardship program, funded by associates for associates. This anonymous fund allows associates experiencing financial hardship from a natural disaster, medical emergency, death in the family or domestic violence situation to apply for small non-taxed grants to support them during a time of uncertainty. The program is managed by a reputable third party to ensure objectivity and confidentiality and to help connect associates to other resources they may need. In 2022, 68 associates received support through the Help Right Here fund. Since its inception in 2016, the fund has supported 367 associates.

Personal Wellness

We recognize the importance of supporting our associates in balancing their work and personal responsibilities and provide access to programs and partnerships to help address challenges as they arise.

- **Mental Health:** In 2022, we replaced our traditional Employee Assistance Program (EAP) with Spring Health, a vastly more robust mental health solution that provides associates with the right care at the right time. Rather than waiting 4-6 weeks for a therapy appointment (the national average), Bread Financial associates and their family members wait an average of 1.5 days. Spring Health benefits are free to our U.S. and India workforce and their immediate family members, and include: personalized recommendations, dedicated support, digital wellness exercises, coaching, therapy (six free sessions per person each year), medication management (U.S. only), 24/7 crisis support and work-life resources.

Spring Health Mental Wellness Resource

91%

of members improved their depression symptoms in 1-2 sessions.

24%

of associates are enrolled.

80%

of members improved their anxiety symptoms in 1-2 sessions.

- **LivingWell:** LivingWell is an industry-leading holistic wellbeing program that offers simple, inclusive and no- to low-cost solutions that meet them wherever they are on their wellness journey. LivingWell helps associates and their families focus on their total wellbeing by providing resources and support under the pillars of Self-Care, Emotional Wellness, Financial Confidence and Life Events. 76% of U.S. associates and 80% of non-U.S. associates say that LivingWell has had a positive impact on their personal wellbeing, or they've seen its positive impact on others at work.
- **Bright Horizons:** Our Bright Horizons program offers backup child and elderly care, as well as virtual tutoring and college coaching.
- **Progyny:** Progyny provides comprehensive coverage and support for all paths to parenthood, including fertility treatments, and financial assistance of up to \$10,000 per child for adoption or surrogacy expenses.
- **Paid Parental Leave:** Eligible associates receive 6 weeks of 100% paid parental time off for birth, adoption or foster care.
- **Bereavement Leave:** Eligible associates receive up to 7 days of paid bereavement leave.
- **Paid Time off for Voting:** Eligible associates receive paid time off to complete certain important tasks during the work day, such as voting.
- **Workplace Flexibility:** Eligible associates are given a choice on where they want to work - from home, in office or hybrid.

RECOGNITION OF OUR WELLNESS EFFORTS

Bread Financial's LivingWell program earned the **2022 Healthy Workplace Platinum Award** from the Healthy Business Council of Ohio, as well as the **2022-2023 Healthy KC Platinum Level Certification** from the Greater Kansas City Chamber of Commerce.



Hosted by our various BRGs, Bread Financial organized a number of **mental health webinars** in 2022, including:

- "Mental Health & Allyship in the Black Community" webinar hosted by **BLAC**
- "Mental Health Awareness Month" panel collaboration hosted by **BreadAbilities**
- "Supporting LGBTQIA2+ Mental Health" webinar hosted by **PRIDE**
- "How to Identify and Combat Bullying" webinar hosted by **Family Matters**

New Benefits Established in 2022

Associate feedback provided through town halls and surveys inspired the addition of the following benefits in 2022:

- Increased **starting wage** for U.S. hourly (non-exempt) associates
- Increased **compensation ratios** of U.S. hourly associates and non-Senior Leadership Team salaried (exempt) associates
- Launched **flexible time off (FTO)** for salaried associates
- Increased **paid sick leave hours** for U.S. hourly associates
- Eliminated waiting period for full-time, U.S. new hires for coverage under our **medical, dental, vision and life insurance plans**
- Added Juneteenth and Columbus Day as paid holiday observances for a total of **11 paid U.S. federal holidays**
- Modified **salary structure for India associates** to become market competitive
- Increased number of **bereavement days** for U.S. associates
- Increased **work at home stipend**
- Introduced a **transportation stipend**
- Introduced **Pay It Forward Time** for full-time hourly associates to take up to eight paid hours off to volunteer in their communities
- Launched the **Spring Health** mental wellness resource, including free therapy, 24/7 crisis support, coaching and personalized support
- Expanded our **Bright Horizons** program to offer elder care and college coaching to U.S. associates, in addition to backup childcare and virtual tutoring
- Introduced **Progyny**, a new inclusive family planning benefit
- Launched two new **BrightPlan** resources: **Survivor Support**, a no-cost benefit that helps associates (or the loved one of an associate) navigate administrative and financial issues with the guidance of financial experts; and **Money Navigation**, a new resource for associates to learn about any benefit that deals with dollar signs in one easy-to-access location
- Expanded our relationship with **Livongo**, which helps our associates manage diabetes and hypertension
- Partnered with **Hinge Health**, which helps associates manage musculoskeletal issues
- Evolved our Fitness Reward program to the **LivingWell Reward**, expanding types of eligible expenses, increasing annual reimbursement to \$350, and introducing a new user-friendly claims platform

Protecting Our Planet



At Bread Financial, we are committed to protecting and preserving our planet by adopting environmentally responsible practices throughout our business. With support from our Executive Leadership Team and Board of Directors, we continue to accelerate our actions and investments to facilitate improved resource efficiency, while also preparing for risks and identifying opportunities associated with climate change.

2022 HIGHLIGHTS

- Completed **comprehensive energy audit** of our facilities
- Performed **climate risk assessment and scenario analysis**
- Introduced **biodegradable, renewable plastic material** for our proprietary card, the Bread Cashback™ American Express® Credit Card
- Enhanced our **paperless adoption program**
- Met our goals as a **Smart Columbus** partner

Our Environmental Performance

	2020	2021 *	2022
GHG emissions – Total (in MT CO₂e)	45,061	159,925	125,113
Total energy consumed (in gigajoules)	122,389	144,864	101,978
Electricity from renewable sources	8%	15%	26%

* In 2021, Bread Financial expanded its Scope 3 data collection and reporting, resulting in a high increase year-over-year

Environmental Strategy and Management

Our approach to environmental management is guided by our [Environmental Policy Statement](#), which is approved by our Board of Directors and was developed in 2021 as an integral part of our business transformation. We aim to promote environmentally beneficial business practices through our products and services, company culture, procurement practices, facility energy and resource conservation practices, and environmental risk and opportunity management.

As part of our environmental strategy, we have developed a scorecard, roadmap and timeline for our ongoing efforts. Items are reviewed, updated and adopted annually. A supporting control framework further defines how we govern, measure and act on our commitments and ensures accountability for long-term progress.

Read more about our Environmental Governance in the [ESG Strategy and Governance](#) chapter of this report.



OUR CONTROL FRAMEWORK



GOVERN

Increase accountability and governance through leadership and Board oversight of relevant policies and business practices that enable us to meet our environmental objectives.



MEASURE

Set baseline footprint using 2022 GHG inventory and future reduction targets, advance the accuracy and auditability of our data collection, and report and communicate more peer-comparable disclosures.



ACT

Develop and continuously refine a clear plan to address our impacts and support the global ambition toward carbon neutrality through our internal operations and by engaging our associates, clients and customers.

Our Climate Action Roadmap and Environmental Scorecard

Understanding that we are on a journey of continuous improvement when it comes to climate strategy and action, we engage in a rigorous process each year to identify areas where we can make the most impact. This process helps us to set realistic targets, meet the ongoing expectations of our stakeholders and global regulatory agencies, and demonstrate our competitiveness in the market.

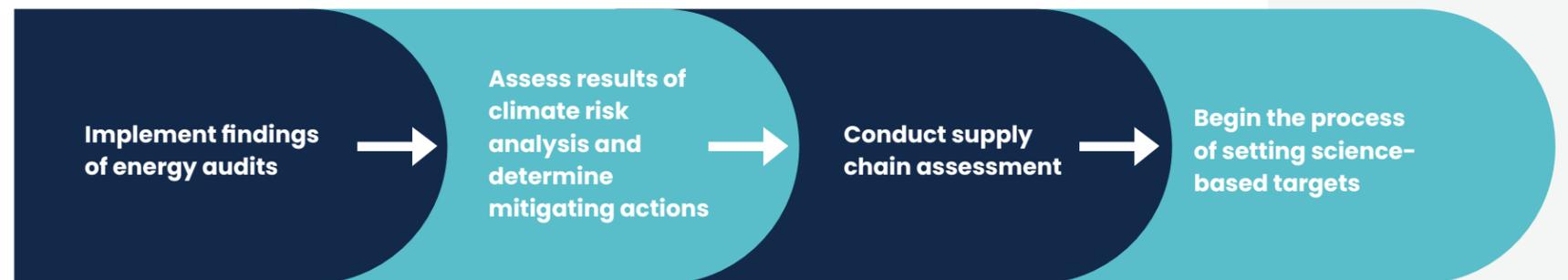
Our Environmental Scorecard further tracks progress on our various performance indicators related to climate risk, measurement and disclosure, and sustainable sourcing. As we work to fulfill our commitments in 2023 and beyond, this scorecard helps to ensure our Board and leadership remain informed of and accountable to our progress and gives us insight into developing future initiatives designed for the greatest impact. We currently track GHG emissions and energy (renewable and non-renewable), water usage and paper usage.

OUR CLIMATE ACTION ROADMAP

In 2021, we set our first Climate Action Roadmap goals, which we met in 2022.



Our 2023 Climate Action Roadmap builds on the progress achieved in 2022.



Reducing Our Carbon Footprint

Bread Financial is committed to reducing our GHG emissions to help combat climate change. We have upgraded our technology and processes for collecting emissions data over the past few years leading to more accurate and actionable findings. We measure our GHG emissions (Scopes 1, 2 and 3) across our company. We completed our 11th inventory in 2022 and used the results to report to CDP. We have reported annually to CDP since 2014, and we have shared our score publicly since 2015. In 2022, we maintained our CDP rating of C.

We initiated a process in 2021 to better understand our Scope 3 emissions, which we expanded on in 2022 with a deeper accounting of our 2021 emissions. We determined that purchased goods and services represented 75% of our total emissions, and the majority of our Scope 3 emissions. Our Scope 1 and 2 emissions for 2021 represented 8% of our total emissions, with Scope 3 accounting for 92%. As a result of this deeper analysis, we reported higher Scope 3 emissions and higher total emissions in 2021 than in previous years.

In 2022, we established a new GHG emissions baseline that more accurately reflects our current business. During the three prior years our footprint fluctuated as a result of

COVID and then a return to normalcy post-COVID, combined with the divestiture of substantial lines of business and optimization of our real estate portfolio. In 2023, we are starting the process of using the revised baseline to establish new quantitative emissions goals and science-based targets that take our recent business transformation into account.

Low Carbon Products & Services

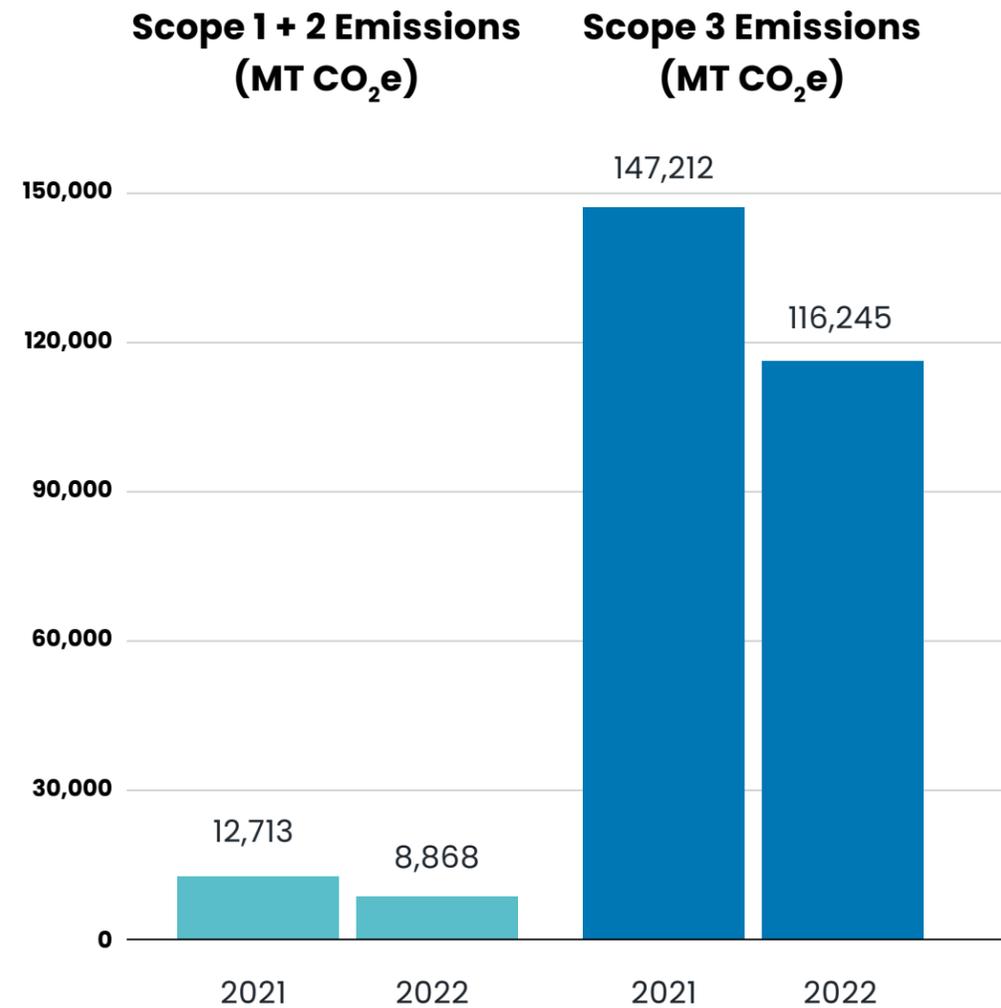
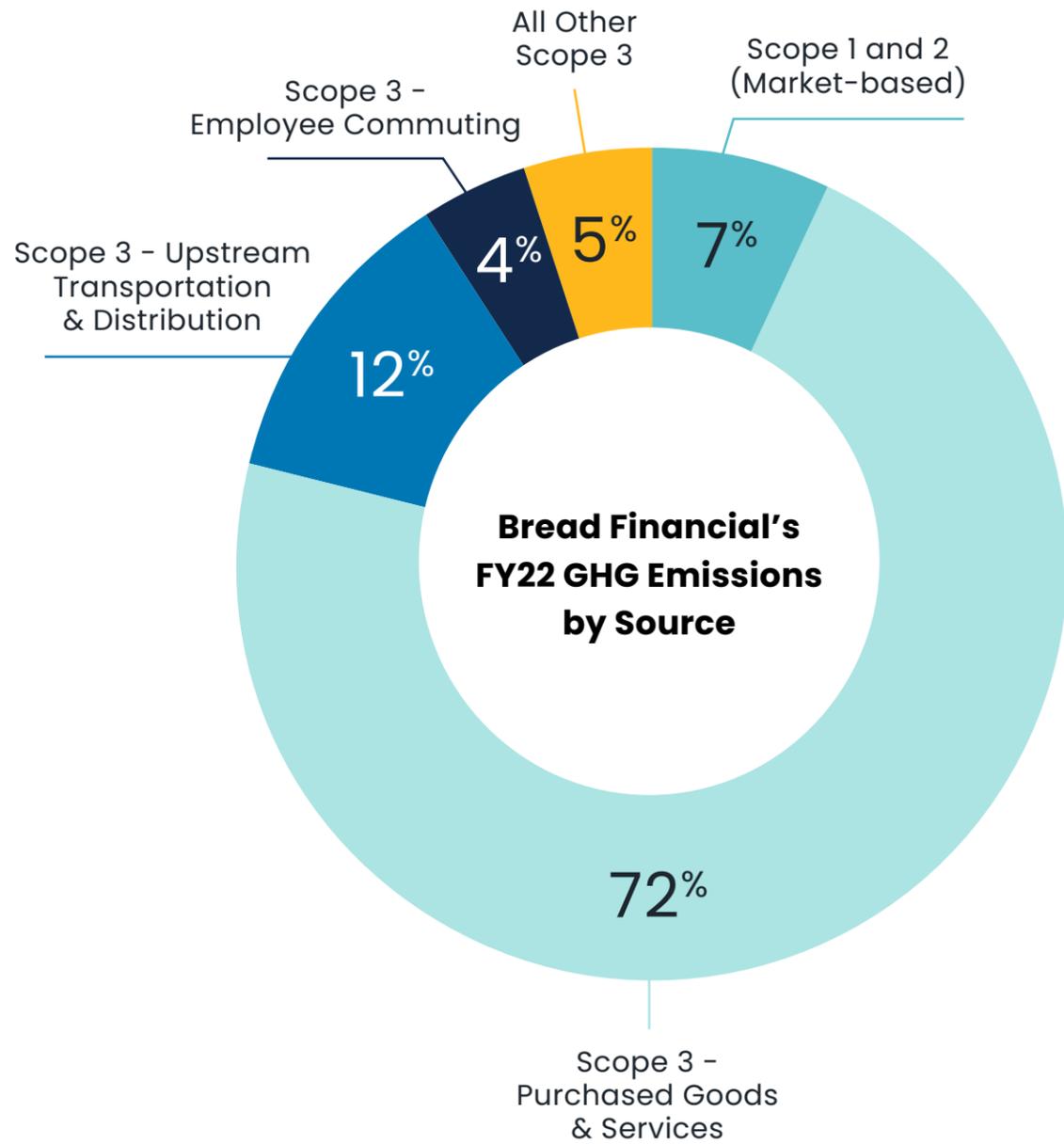
In 2022, we partnered with a third party to evaluate ways to reduce GHG emissions through the procurement of low carbon products and services applicable to our business. The assessment resulted in the implementation and acceleration of two initiatives – increase in adoption of paperless account statements and availability of sustainable or recycled card plastics in our product portfolio. We continue to evaluate ways to minimize our environmental footprint through our financial products and services in order to align with evolving customer demands and preferences.



CARBON NEUTRAL BREAD CASHBACK™ CARDS

In 2022, we began using the Thales Gemalto Carbon Offset Program for our Bread Cashback™ cards, which **utilizes carbon offsets to make each card carbon neutral**. Since August 2022, we issued about **54,000 Bread Cashback™ cards produced with PLA (polyactic acid), a biodegradable plastic derived from renewable, organic sources**. We will continue issuing Bread Cashback™ cards made with PLA and are working to expand usage of PLA to our partner card programs.

2022 GHG EMISSIONS BREAKDOWN*



* Market based approach results are used throughout for Scope 2 + 3 emissions to effectively capture renewable energy efforts

Energy and Resource Conservation

Energy and resource conservation is a priority at each of our locations. We are continuously working to reduce our environmental footprint through facility improvements, investment in renewable energy sources, and associate engagement and education.

In 2019, Bread Financial began the process of optimizing our U.S. real estate portfolio with an evaluation of our physical footprint, both in response to our associates' desire for workplace flexibility and to streamline operations. We continued to rapidly implement our strategy through 2020 and 2021, responding to the COVID-19 pandemic as well as the need for workplace flexibility and optimized operations. In addition to reductions in GHG emissions, the continued optimization of our U.S. real estate portfolio resulted in conservation of energy, water and other resources.

Most of our facilities have backup generators in the event of a power outage, which we test regularly to ensure they are operational. In 2022, we reduced the frequency for how often we test our backup generators by 50%, resulting in reduced fuel consumption and emissions.

SMART COLUMBUS ACCELERATION PARTNER PROGRAM TARGETS

We have achieved **100% of all applicable Smart Columbus goals** in advance of the 2025 target, including:

TRANSPORTATION	ENERGY & BUILDINGS	DIGITALIZATION
<ul style="list-style-type: none"> Employee EV Adoption: Host an annual EV education program & provide EV charging access at all major worksites 	<ul style="list-style-type: none"> Renewable Energy: Procure 75%+ of electricity from renewable sources Sustainable Buildings: Increase building efficiency by 25%, new builds or major renovations meet LEED Gold or WELL Gold standards Sustainable Energy Education: Lead a campaign on climate leadership initiatives & opportunities 	<ul style="list-style-type: none"> Digital Device Donation: Create a policy to donate devices at the end of their use to help close the digital divide in our communities Community Innovation Project: Champion an annual community innovation project Engaged Data Steward: Identify and engage a Community Data Steward

SMART COLUMBUS ACCELERATION PARTNER PROGRAM

For the past three years, our headquarters in Columbus, Ohio has partnered with the Smart Columbus "Smart Cities" sustainability initiative. The Smart Columbus Acceleration Partner Program focuses on Transportation, Energy & Buildings, and Digitalization and has set targets for each category. Partners pledge to achieve 75%+ of these targets on or before 2025.

Energy

In 2022, we transitioned to a hybrid work environment, with more associates splitting time working in the office and working remotely. We took the opportunity to create healthier and more sustainable environments as associates returned to work, achieving an Energy Star certification at our headquarters in Columbus, Ohio. We are continuing to pursue Energy Star certifications at our other facilities, along with WELL and LEED certifications. Some of the other actions we took included:

- Setting up offices to encourage more collaboration and social interaction
- Adding additional live plants
- Beautifying the outdoor space surrounding our buildings
- Removing personal trash bins, creating centralized trash areas, and education around separating trash and recycling
- Adding more activity-based lighting, conserving energy when areas of a building are not in use

We also completed a comprehensive energy audit in 2022, allowing us to quantify our energy consumption across our sites. The findings were gratifying – we ranked between 80 to 90 out of 100 in the responsible usage of energy and water at all facilities. To continue our momentum, we are planning on implementing more energy efficiency and conservation measures at our facilities in 2023 and 2024. We have also set a goal of purchasing 100% renewable energy for all of our facilities, where available, by the end of 2023. Currently, our facilities in Draper, Utah and our home office in Columbus, Ohio use 100% renewable energy.

By obtaining our Energy Star certification, our headquarters in Columbus, Ohio is more energy efficient than 83% of similar buildings nationwide and generates about 35% fewer GHG emissions.

OPTIMIZING OUR SPACES

As part of the strategy to optimize our U.S. real estate portfolio, we have sold or ended leases for 15 offices totaling 868,176 square feet since 2020 and have plans to reduce our office space further over the next two years by 396,641 square feet, helping us reduce our overall GHG emissions and resource consumption.



Water

As a company whose physical footprint does not include retail bank locations, storefronts, and many offices, our use of water is limited. Throughout our buildings, we have implemented several water conservation measures, including:

- Installing touchless water faucets
- Installing automatic toilets
- Collecting water runoff in ponds, which is recycled for landscape irrigation

The fluctuation of our water usage over the past few years has been affected by the reorganization of our business, the reopening of offices that had been closed during the COVID-19 pandemic, and the continuation of work-from-home flexibility for our associates. Our total water usage in 2022 was 22,252,653 gallons.

Paper

We recognize that we have a significant role to play in reducing paper usage and waste, leading to both environmental and financial savings. Most of our waste output comes from the paper we use for consumer marketing materials and cardmember statements. In 2021, we committed to increase paperless adoption by encouraging our customers to Go Paperless, while still taking our customers' needs and communication preferences into account. To help create a secure and seamless transition process for the customer, we updated our backend technology, launched multiple email campaigns to our customers, and created educational and training materials for our customers and associates. We also added QR codes on paper statements, allowing customers to easily enroll in paperless communications by scanning the code. Additionally, customer communications highlighted the many benefits of going paperless, including improved account security and monthly payment email reminders.

In 2022, we generated 246.5 million statements, of which 105.2 million were paperless. We are confident that our continued investment in education, training and the digital customer experience will help increase paperless adoption in 2023 and beyond.

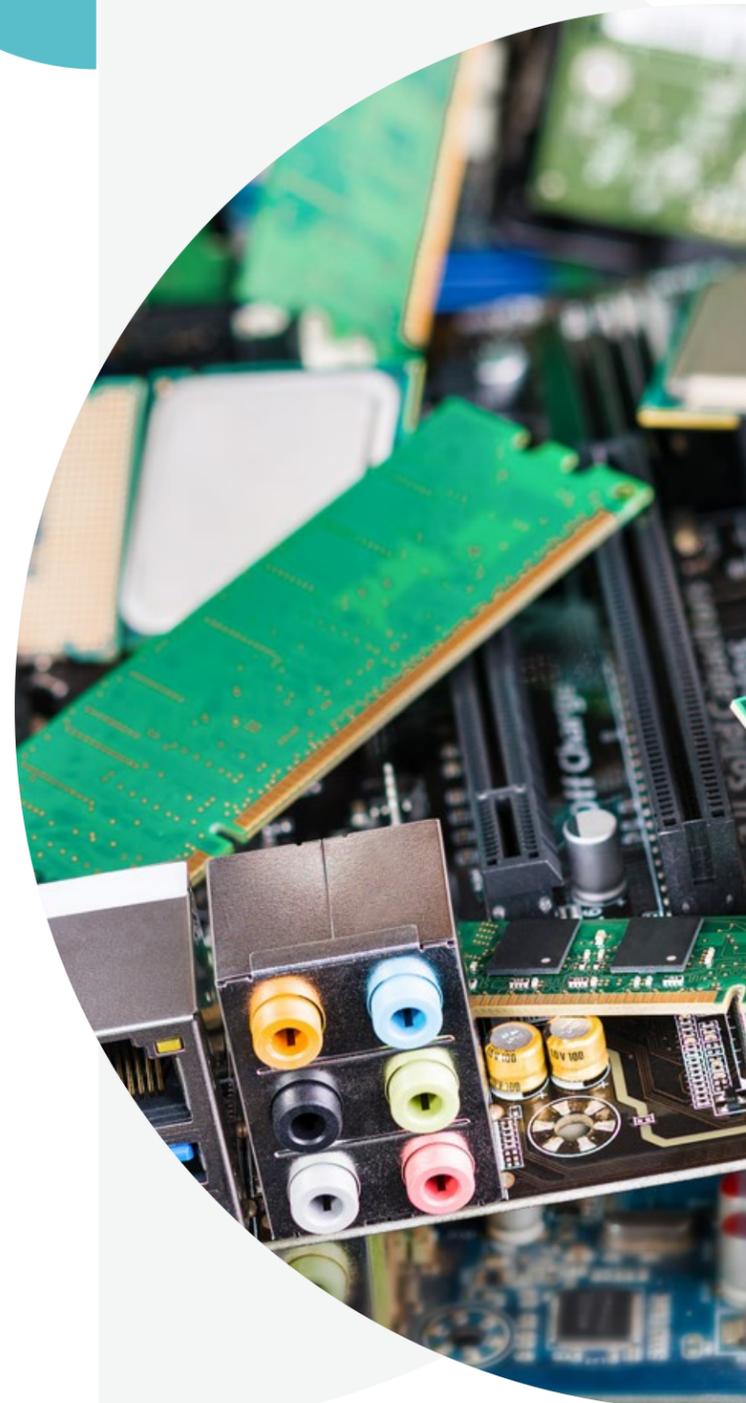
Associate-Led Environmental Action

Our associate-led Environmental Committee actively promotes environmental education, energy reduction strategies, and other conservation best practices. The team works closely with our Office of Sustainability to produce and distribute monthly content on topics like calculating and reducing your carbon footprint, safe electronic recycling, and the benefits of planting trees and gardening. They also work with management across the company to encourage and institute sound environmental practices.

Highlights of associate-led environmental action in 2022:

- Bread Financial encouraged associates to calculate their personal carbon footprint using The Nature Conservancy's carbon footprint calculator, as well as submit ideas on how Bread Financial can protect our planet to our Office of Sustainability.
- The Environmental Committee hosted our first Electronic Recycling Week across our U.S. offices. Their education and awareness campaign encouraged associates to drop off their used electronics at designated locations within our facilities. Benefits of electronics recycling include keeping toxic waste out of landfills, reusing valuable mineral inputs and reducing mineral extraction.
- Associates worked with our catering group to introduce more environmentally friendly options at our U.S. cafes. These included:
 - BEVI machines to dispense sparkling or still flavored water, resulting in a savings of 2,500+ plastic water bottles since July 2021
 - More vegan and vegetarian dining options
 - More local and in-season products and produce
 - An tracking and waste management program to cut waste
 - Recyclable and/or compostable coffee cups, napkins, etc. throughout the café
 - Plans for on-site composting

During our first Electronic Recycling Week, we collected 95 units – a total of 578 pounds of e-waste diverted from landfills. In all of 2022, we collected a total of 43,091 pounds of e-waste preventing 113,329 pounds of CO₂ from entering the environment.



Assessing Climate-Related Risks and Opportunities

To meet the ambitions of our 2021 Climate Action Roadmap, in 2022 we sought alignment with TCFD, a reporting framework to assess, manage and report on the risks and opportunities that climate change may pose to our business. We partnered with a climate consultant to assess our climate-related physical and transition risks, including a scenario analysis in line with 2°C of warming.

As part of this assessment, leaders across the business participated in a workshop to identify the inherent and residual climate and transition risks they perceived, with the potential severity and likelihood of their impacts, and the preparedness level of our company.

Our Executive Vice President, Chief Administrative Officer, General Counsel & Secretary, who serves as the executive sponsor of our ESG strategy and initiatives, participated in this exercise, as well as leaders from the following functions:

- Corporate Sustainability & Risk
- Data, Analytics & Technology
- Products, Innovation & Strategy
- Corporate Affairs, Marketing, People & Culture, Operations
- Real Estate & Credit Management
- Finance & Legal

We anticipate that each of these functions have a role in the management of the identified risks and will work together in the coming year to begin establishing processes and metrics through which to mitigate and monitor them.

INTEGRATION OF TCFD



2022 marks our first year issuing a [TCFD Report](#) demonstrating our progress in governing, identifying, assessing and mitigating climate-related risks, as well as realizing climate-related opportunities. The report addresses two types of risks: physical risks (e.g., natural disasters) and transition risks (e.g., reputation and policy/legal). Additionally, it assesses climate-related opportunities related to resilience, products and services, and resource efficiency. To outline a path forward, the report incorporates current and future strategic objectives to inform and identify ESG commitments, targets/goals and metrics. Our actions to understand our climate-related risks and opportunities are part of our overall business maturation, and we expect continued growth in this area in the coming years.

Identified Physical Risk

As a company that has limited physical presence and does not engage in business-to-business lending or other collateralized loans such as mortgages, we do not face the same climate-related risks associated with these activities that are common to other financial services companies. However, we do face risks associated with natural disasters that may strike locations where our customer base resides and/or shops, resulting in their financial hardship, inability to meet payment obligations, or a general disruption to retail activity.

Upon identification of our top climate-related risks, scenario analyses were conducted to better assess potential impacts over the medium-term (2030) and long-term (2050). Physical risks that may affect cardholders (extreme precipitation, floods and tropical cyclones) were modeled across a broad geographical range using three Representative Concentration Pathways (RCP): RCP Low 4.5 (associated with warming below 2°C above the pre-industrial average), RCP High 4.5 (associated with between 2°C-4°C of warming), and RCP 8.5 (associated with over 4°C of warming).

Many of our customers reside in areas that are susceptible to hurricanes or wildfires. As a policy, Bread Financial has forbearance programs that come into effect when a natural disaster strikes. To monitor and manage the potential impacts of these events, we closely track metrics on forbearance programs, late fees and accounts receivable.

Identified Transition Risk

Regulation and reputational risks are possible if our environmental impacts, particularly GHG emissions, are not reduced. To mitigate these risks, we have worked to reduce our emissions and are in the process of setting science-based targets.

We also recognize that Bread Financial may be expected to develop mature climate action plans and low-carbon products/solutions due to customers seeking stronger sustainability commitments. Failing to meet these expectations could make it more difficult for Bread Financial to attract and/or retain customers and partners. We seek to build resilience in our operations so that we can withstand whatever comes our way.

Identified Opportunities

Our assessment identified climate-related opportunities to limit our environmental impact, reduce expenses and broaden our services. Examples include:

- Searching for a Responsible Sourcing Subject Matter Expert (SME) within our procurement team in 2023
- Rolling out sustainable plastics for our credit cards
- Expanding paperless communications
- Broadening our use of renewable energy
- Real estate optimization

We are exploring ways to integrate these along with our efforts to improve operational efficiency and reduce resource consumption, so that we are more resilient in a changing climate.

Creating Possibilities for Our Communities



At Bread Financial, community-centric values are woven into our company and culture. We're committed to making bold, strategic investments that strengthen our communities, foster independence and create opportunities for our associates to engage through volunteerism and supported giving. We work hard to align our community initiatives with our business priorities in a way that will be good for society and good for our business.



“Our holistic approach to community reinvestment engages local stakeholders with resources to effectively meet the needs of low- and moderate-income individuals and address inequities in the communities we serve.”

Stephanie White
Director CRA Compliance

2022 HIGHLIGHTS

- \$9 million total donations in 2022
- Aligned our community giving strategy to our **Purpose-Driven Priorities**
- \$1.5 million gift to **Junior Achievement of Central Ohio**
- \$325,000 gift to **The Nature Conservancy** and **The Nature Conservancy India**
- Ten-year, \$10 million commitment to the **Utah Housing Preservation Fund**
- Associates donated more than \$918K to nonprofits through **Operation Feed** and the **2022 Giving Campaign**
- New policy offering our non-exempt workforce up to **8 hours of PTO per year to volunteer in their communities**

Managing Our Community Investments Responsibly

Our Board and Executive Leadership Team believe that we have the responsibility and resources to enable positive change in building a more sustainable, resilient future for all those we serve. The governance of our community investments ensures alignment between our corporate activities and those that take place through our bank subsidiaries. This allows us to be flexible and responsive to the needs of our communities, while also approaching our support holistically through investment, volunteerism and skills-based assistance.

The Office of Sustainability works together with our associate-driven Sustainability & Community Relations Committee and our Business Resource Groups (BRGs) to activate our nonprofit partnerships, coordinate and plan volunteer opportunities, and execute internal fundraising campaigns.

Our community investment strategy is developed, in part, on community needs and is evaluated annually to ensure our priorities align with the current socioeconomic needs in each of those communities. For example, we have identified that low- and moderate-income individuals and households can significantly increase self-sufficiency with access to comprehensive financial literacy programs. Learning how to increase savings, reduce debt and improve credit scores can provide access to affordable mainstream financial products when making potentially life-changing purchases like a home or car.

PURPOSE-DRIVEN PRIORITIES

Our **Purpose-Driven Priorities** encompass strategic priorities that guide our community investment initiatives. In 2022 these were refined to three priorities:



FINANCIAL WELLNESS

Empower our customers, associates and communities with financial education, job training and the access they need to build a bright financial future.

We invest in financial education, workforce development and job training for youth and adults.



EQUITY & INCLUSION

Reduce barriers to self-sufficiency and promote equal access to opportunity for children and their families.

We invest in access to quality education, health care, support for basic needs and affordable housing.



PROTECT OUR PLANET

Combat climate change and its impact.

We invest in environmental conservation, restoration, mitigation and impact reduction, combined with raising awareness and education.

PARTNERING WITH THE NATURE CONSERVANCY IN THE U.S. AND INDIA

For the past two years, we have committed funds and resources to The Nature Conservancy (TNC) in support of their work to protect our planet and combat climate change through actions that limit the rise of average global temperatures. We contribute to TNC's investments in natural climate solutions in the Appalachians, including its efforts to sustainably manage, restore and protect forests and other lands. In India, our donations aid wind and solar projects that will help the country meet its renewable energy goals.

Delivering on Our Commitments

We continually strive to put our knowledge, skills and resources to work, improving the quality of life in our communities. We define success in terms of our ongoing efforts to reduce inequalities through quality education, addressing food insecurities, good health and wellbeing, and empowering individuals in low- and moderate-income communities.

2022 Community Investment by the Numbers



\$9M

Total donations



\$949,110

Matching gifts



3,771

Total volunteer hours



\$73,600

Dollars for Doers contributions

resulting from

2,944

volunteer hours

SINGLE-FAMILY AFFORDABLE HOUSING FINANCE	MULTI-FAMILY AFFORDABLE HOUSING FINANCE		SMALL BUSINESS SUPPORT		
<p>\$29.5M</p> <p>invested in mortgage-backed securities consisting of 108 mortgages to low- and moderate-income households</p>	<p>\$45M</p> <p>in new commitments</p> <p>\$4.1M</p> <p>in commitments remaining from previous years</p>	<p>Contributed to</p> <p>41</p> <p>affordable housing projects, which developed or preserved</p> <p>7,450</p> <p>affordable housing units</p>	<p>\$10M</p> <p>in new commitments</p> <p>\$4M</p> <p>in commitments remaining from previous years</p>	<p>Provided</p> <p>\$6.3M</p> <p>in capital</p> <p>13</p> <p>small businesses impacted</p>	<p>1,500</p> <p>jobs created or preserved</p>

Access to Affordable Housing and Capital

Homeownership is critical to ensuring financial security and stability as well as building generational wealth.

Examples of our community investments in 2022:

- A \$10 million commitment over ten years to the Utah Housing Preservation Fund to purchase rental properties, preserve them at affordable rates for working families, invest new capital for improvements, and hold the properties in perpetuity to maintain safe and affordable units for low- and moderate-income families in Utah.
- A \$248,000 investment in CDs in Carver Federal Savings Bank (Carver) to address inequities in access to credit and other financial services for African American communities. Carver, founded in 1948 to serve African American communities with limited access to mainstream financial services, is the largest African American bank operating in the U.S. and is a certified Community Development Financial Institution (“CDFI”).
- A \$10,000 grant to Neighborworks Mountain Country Home Solutions (NMCHS) to improve neighborhoods throughout Utah by providing education on homeownership pathways, affordable housing solutions, improving housing quality, and upgrading quality rentals, while promoting neighborhood pride and unity.



Quality Education and Empowerment Programs

In 2022, many of our investments and grants focused on creating opportunities, fostering equity and inclusion, and supporting financial wellness.

- \$225,000 to **I Know I Can** to purchase and activate a mobile learning extension center to support Columbus, OH students and families with Federal Student Aid and scholarship applications.
- \$100,000 to the **Independence Project of the National Network to End Domestic Violence** to support domestic abuse survivors in rebuilding their credit after experiencing financial abuse.
- \$30,000 to the **Salt Lake City Community Action Program** to support adult education programs for participants with income below the federal poverty line. Programs focus on helping participants obtain employment and increase wage-earning potential, while decreasing barriers to self-reliance. The grant supports the Child Development Associate (CDA) Credential, Sauté Culinary Employment Training, ACHIEVE! Financial Literacy Classes, GED Prep, and English as a Second Language (ESL) programs.
- \$10,000 to the **AAA Fair Credit Foundation**, a nonprofit that teaches individuals and families to manage their finances wisely to improve and sustain financial wellbeing. The grant supports hands-on financial education for 200

low- and moderate-income individuals, including coaching on budgeting, saving, debt reduction and improving credit scores, as well as connecting students with community resources.

- \$20,000 to the **Boys and Girls Club of Delaware** to design, launch and run two afterschool programs (The Triple Play Training Center and Art Wowzers), based on teens' suggestions for increasing program participation. The Triple Play Training Center helps teens develop healthy and challenging exercise routines, while Art Wowzers provides an avenue for creative thinking through its art program.
- \$30,000 to **Neighborhood House in Wilmington Delaware** to support the Financial Empowerment and Home Ownership counseling programs. These programs provide comprehensive housing counseling to low- and moderate-income individuals interested in purchasing a home, acquiring affordable rental housing, foreclosure prevention and intervention, or providing financial empowerment sessions.
- \$10,000 to support **Utah Jumpstart Coalition's** mission is to improve the personal financial literacy of K-12 youth by providing advocacy, teacher training and education resources.



BOYS & GIRLS CLUBS
OF DELAWARE



JUNIOR ACHIEVEMENT INVESTING IN A BRIGHT FINANCIAL FUTURE FOR STUDENTS

Bread Financial has a long history of supporting **Junior Achievement USA (JA)** and its local affiliates. At the end of 2022, our financial contributions to JA totaled more than \$2 million. Combined with associate volunteering, board service by two members of our senior leadership team, and matched gifts and associate contributions, our partnership with JA helps provide exponential opportunity to young people across the U.S.

Nationally, JA reaches 3 million+ students each year through proven programs in financial literacy, work and career readiness, and entrepreneurship. These programs, taught by volunteers in all 50 states, are shown to positively impact the lives of young people. Research by independent, third-party evaluators demonstrates that JA Alumni are more likely to have a college degree, feel confident managing money, have career success, and start a business as an adult.

2022 support for **Junior Achievement**:

- \$1.5 million gift to **JA of Central Ohio** to support programming like JA Finance Park® and JA BizTown® that prepare students to be engaged, productive members of the future workforce
- \$250,000 gift to **JA USA** to support the creation of an innovation fund that will allow the piloting of new programs
- \$30,000 gift to **JA Utah** for programming reaching 900+ students from at-risk schools. Programs include JA In-Class, JA City, JA Job Shadow and the new JA Learn & Earn App, where students “earn” money for their future education by completing courses on their phones
- \$25,000 gift to **JA of Delaware** to support low-income students transitioning from virtual to in-person JA Financial Literacy Learning Experiences
- 93 volunteer hours
- Pledge of 1,000+ associate volunteer hours with JA across the U.S in 2023



Junior
Achievement

Associate-Led Community Engagement

Our associates play a critical role in advancing our value to “Pay it Forward.” We match their donations, encourage their volunteer time, and create opportunities for each and every associate to give back in their own way.

Responding to our associates’ interest in volunteering, we instituted a new policy in 2022 offering our non-exempt workforce up to 8 hours of PTO to volunteer in their communities.

Here are some ways that our associates gave back to their communities in 2022:

- **Giving Campaign:** For more than 10 years, our annual giving campaign has been the cornerstone of our associates’ community impact. Associates can give to any eligible nonprofit organization of their choice, and we match their donation dollar-for-dollar, with no cap. 1,432 associates participated in this program in 2022, resulting in gifts to 1,075 nonprofit organizations totaling **\$1,684,773**, inclusive of associate donations and company matching gifts.
- **Operation Feed:** Through this campaign, associates donate to local food banks, with matching donations from Bread Financial. In 2022, 484 associates participated, providing \$76,000 to 38 local food banks.



- **Dollars for Doers:** When associates volunteer outside of company volunteer time, they can earn a \$25 “charitable gift card” for each service hour up to \$1,000 annually. These gift cards can then be donated to a nonprofit of their choice.
- **Volunteer Week:** In observance of Volunteer Week, we encourage associates to volunteer with nonprofit organizations, including virtual volunteering opportunities. During this week in 2022, our associates volunteered more than 500 hours to nearly 25 charities across 11 states.
- **Giving Tuesday:** In November 2022, we gave every associate a \$50 charitable gift card to “Pay it Forward” to a nonprofit of their choosing, allowing our associates and our company to have a personal and meaningful collective impact across all the communities we serve.

HELP RIGHT HERE: ASSOCIATES HELPING ASSOCIATES

Through **Help Right Here**, associates can help each other during times of financial hardship. In partnership with the **Salvation Army**, our associates can apply anonymously for a grant of up to \$1,250 for assistance during events like critical illness or injury, domestic violence or loss due to extreme weather. We match associate donations to the program and the Salvation Army can provide supporting services, such as temporary shelter, food and clothing, or other financial support. In 2022, 68 associates received a grant from Help Right Here.



We are continuing to support Red Cross Disaster Relief through a \$500,000 pledge to fund technology upgrades for targeted, responsive aid to people affected by disasters across the U.S.

Appendix

- **ESG Performance Summary**
- **SASB Content Index**
- **TCFD Content Index**



ESG Performance Summary

Note: Three years of data has been provided where available. As we continue to expand our metric collection, some metrics are newly added and may not have data from prior years.

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
FINANCIAL/GOVERNANCE					
Financial Performance					
<i>For a full view of our financial disclosures, please see our 2022 Annual Report.</i>					
Total net interest and non-interest income	US\$ millions	3,826	3,272	3,298	201-1
Income from continuing operations before income taxes	US\$ millions	300	1,044	301	
Provision for income taxes	US\$ millions	76	247	93	
Net income	US\$ millions	223	801	214	201-1
Governance and Ethics					
Say on pay - executive compensation	%	83	81	94	
Board diversity - ethnicity ¹	% minority representation	14	25	25	405-1
Board diversity - gender ¹	% female	28.5	37.5	28.5	405-1
Board independence ¹	%	86	88	86	
Board average tenure ¹	Years	7.0	5.5	4.5	
Total PAC disbursements	US\$	91,600	6,400	91,500	415-1
Number of disbursements to candidate committees	Number	28	3	29	
Government contacts	Number	51	35	19	
Amount of PAC donations raised	US\$	67,640	-	-	
Associates ² completing annual, mandatory Code of Ethics training	%	99.6	99.6	99.3	
Ethics Helpline reports received	Number	60	53	86	
Ethics Helpline reports substantiated	%	12	15	12	

1 - Based on director nominees in 2023 Proxy Statement

2 - Global full-time associates and contractors

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
CLIENTS/CONSUMERS					
Data Privacy and Information Security					
Material data breaches	Number	0	0	0	418-1
Associates ² completing privacy and data protection training	%	99.5	98.9	99	
Associates ² completing information security awareness training	%	99.9	-	-	
Customer Care					
Care Center and Collections training and development	Hours per associate ³	9	-	-	
Customer Care first call resolution (BenchmarkPortal)	%	92.6	91.7	92.4	
Customer Care overall customer satisfaction (BenchmarkPortal)	%	69.8	67.1	-	
Fair and Responsible Banking					
Credit card complaints per million active accounts, as reported to the Consumer Finance Protection Bureau (CFPB)	-	<u>CFPB Consumer Complaint Database</u>			
Community Reinvestment Act Rating⁴					
	Metric/Unit	2017-2020		2014-2017	
Comenity Bank	Rating	Outstanding		Outstanding	
Comenity Capital Bank	Rating	Outstanding		Outstanding	

2 - Global full-time associates and contractors

3 - Calculation uses average headcount of global associates

4 - Evaluation conducted every three years with last evaluation completed in 2020; 2020-2022 results will be released after report publication

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
ASSOCIATES AND SUPPLIERS					
Total Headcount					
Global associates					
Associates - total	Number	7,766	6,000	8,000	2-7
New Hires					
Global associates					
New associate growth rate	%	45-50	20-25	5-10	
Opportunity Index (promotion, lateral move, and internally filled job requisition)	Number	56.5	-	-	
U.S. associates					
New hires - total	Number	2,977	-	-	401-1
Non-U.S. associates⁵					
New hires - total	Number	312	-	-	401-1
Turnover					
U.S. associates					
Voluntary turnover - total	%	18	17	13	401-1
Turnover - non-exempt (hourly) associates	%	31	25	23	401-1
Turnover - exempt (salaried) associates	%	12	13	11	401-1
Turnover - male associates	%	20	-	-	401-1
Turnover - female associates	%	25	-	-	401-1
Non-U.S. associates⁵					
Turnover - male associates	%	22	-	-	401-1
Turnover - female associates	%	24	-	-	401-1

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
Diversity, Equity and Inclusion					
Global associates					
Human Rights Campaign: Corporate Equality Index Benchmark	Number	90	90	80	
U.S. associates					
Associates - total	Number	6,988	-	-	2-7, 405-1
Associates by gender	% female	69	-	-	2-7, 405-1
Associates by racial/ethnic diversity	% minority representation	47	-	-	2-7, 405-1
Senior leadership	Number	328	-	-	2-7, 405-1
Associates by gender	% female	44	-	-	2-7, 405-1
Associates by racial/ethnic diversity	% minority representation	14	-	-	2-7, 405-1
Manager/Supervisor	Number	823	-	-	2-7, 405-1
Associates by gender	% female	56	-	-	2-7, 405-1
Associates by racial/ethnic diversity	% minority representation	23	-	-	2-7, 405-1
Associate	Number	5,837	-	-	2-7, 405-1
Associates by gender	% female	72	-	-	2-7, 405-1
Associates by racial/ethnic diversity	% minority representation	52	-	-	2-7, 405-1
Non-U.S. associates⁵					
Associates - total	Number	778	-	-	2-7, 405-1
Associates by gender	% female	49	-	-	2-7, 405-1

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
Associate Training and Engagement					
Global associates					
Training and development - total investment	US\$ millions	15	14	10	
Training and development investment	US\$ per associate ³	2,236	2,020	1,210	404-1
Training and development	Hours per associate ³	56	-	-	
Procurement/Supplier Diversity					
Total supplier spend					
Total diverse and small business spend ⁶	%	6.1	5.8	5.6	
Minority-owned (MBE)	%	0.1	0.2	0.1	
Small disadvantaged (SDB)	%	1.7	-	-	
Disabled-owned (DVBE/DOBE)	%	< 0.1	-	-	
Woman-owned	%	0.4	0.6	1.0	
Veteran-owned (VBE)	%	< 0.1	0.1	0.2	
Small business (SBE)	%	3.7	-	-	

3 - Calculation uses average headcount of global associates

6 - Total may not match sum of below due to rounding or unavailable data

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
ENVIRONMENT ⁷					
Emissions					
GHG emissions - Total	MT CO ₂ e	125,113	159,925	45,061	
GHG emissions - Scope 1	MT CO ₂ e	1,008	1,493	1,120	305-1
GHG emissions - Scope 2 ⁸	MT CO ₂ e	7,860	11,220	12,590	305-1
GHG emissions - Scope 3 ⁹	MT CO ₂ e	116,245	147,212	31,351	305-1
GHG emissions - Scope 1 + Scope 2	MT CO ₂ e per associate ³	1.3	2.0	1.7	305-4
CDP Climate Change rating	Letter rating	C	C	C	
Energy					
Total energy consumed	GJ	101,978	144,864	122,389	302-1
Electricity sourced from non-renewable sources	%	74	85	92	
Electricity from renewable sources ¹⁰	%	26	15	8	302-1
Water					
Total water usage ¹¹	gal	22,252,653	14,300,303	-	303-5
Waste					
Paperless adoption	%	42.7	-	-	
Electronic waste disposal	lbs	43,091	-	-	
CO ₂ savings from electronic waste disposal	lbs	113,329	-	-	

3 - Calculation uses average headcount of global associates

7 - 2020 data has been updated from the 2020 and 2021 ESG Reports as refined data was made available

8 - Emissions are market-based

9 - In 2021, Bread Financial expanded its Scope 3 data collection and reporting, resulting in a high increase year-over-year

10 - Renewable sources include wind and solar power

11 - This metric represents water consumption, as measured by water bills

ESG PERFORMANCE SUMMARY

Topic/Issue	Metric/Unit	2022	2021	2020	GRI Indicator
COMMUNITY INVESTMENT					
Total donations	US\$ millions	9	6	8	201-1
Total volunteerism	Hours	3771	7,003	10,000	
Associate volunteerism	Hours per associate ³	1	1	1	
Value of matching gifts	US\$	949,110	1,020,654	776,624	
Participation in matching gifts	%	22.2	-	-	
Dollars for Doers - volunteerism	Hours	2,944	6,400	8,989	
Dollars for Doers - donations	US\$	73,600	160,021	115,743	

SASB Content Index

TOPIC	METRIC	CODE	DISCLOSURE
Customer Privacy	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1	All financial companies need to share customers' personal information to run their everyday business. Please refer to Bread Financial's online Privacy Policies which specify how we use the information that we collect.
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	Any material legal proceedings are disclosed in our 2022 Annual Report , pages 33-38 and F-33.
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CF-230a.1	We report on the number of data breaches in our ESG Performance Summary , page 76 of this report.
	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2	Any material fraud losses are disclosed in our 2022 Annual Report , page 23.
	Description of approach to identifying and addressing data security risks	FN-CF-230a.3	Data Security and Management section, page 21 of this report.

TOPIC	METRIC	CODE	DISCLOSURE
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	FN-CF-270a.1	While we do not currently report on this metric, please refer to page 44 of our 2023 Proxy Statement for our Compensation Discussion and Analysis (CD&A), and page F-35 of our 2022 Annual Report for information on our compensation programs.
	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	FN-CF-270a.2	While we do not currently report on these metrics, we report on our distribution of our credit card loans by Vantage score in our 2022 Annual Report , page F-16.
	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	FN-CF-270a.3	While we do not currently report on these metrics, please find information on responsible lending practices in the Fair and Responsible Banking and Fostering Financial Wellness sections of this report.
	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	FN-CF-270a.4	This metric may be found on the Consumer Financial Protection Bureau (CFPB) Consumer Complaint Database .
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5	Any material legal proceedings are disclosed in our 2022 Annual Report , pages 33-38 and F-33.
Activity Metrics	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	FN-CF-000.A	On page 7 of our 2022 Annual Report , we disclose the number of active accounts as of December 31, 2022.
	Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B	

TCFD Content Index

TCFD ELEMENT	DISCLOSURE	REFERENCE
Governance	a) Describe the board’s oversight of climate-related risks and opportunities.	<p>ESG Governance and Management section, pages 11-12.</p> <p>For more detailed information, please see our 2022 TCFD Report, pages 4-6.</p>
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>ESG Governance and Management section, pages 11-12.</p> <p>For more detailed information, please see our 2022 TCFD Report, pages 7-9.</p>
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Assessing Climate-Related Risks and Opportunities section, pages 64-65.</p> <p>For more detailed information, please see our 2022 TCFD Report, pages 12-14.</p>
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<p>Assessing Climate-Related Risks and Opportunities section, pages 64-65.</p> <p>For more detailed information, please see our 2022 TCFD Report, pages 12-14.</p>
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>See Assessing Climate-Related Risks and Opportunities section, pages 64-65 for highlights from the scenario analyses we conducted in 2022. Examination of the resilience of our strategy in various scenarios is underway.</p> <p>For more detailed information, please see our 2022 TCFD Report, pages 15-16.</p>

TCFD ELEMENT	DISCLOSURE	REFERENCE
<p>Risk Management</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>Assessing Climate-Related Risks and Opportunities section, pages 64–65. For more detailed information, please see our 2022 TCFD Report, page 10.</p>
	<p>b) Describe the organization’s processes for managing climate-related risks.</p>	<p>Bread Financial completed its first climate-related risk assessment in 2022. Our process for managing these risks will stem from the assessment’s findings; this process is currently in development and we expect to report more detail next year. For more detailed information, please see our 2022 TCFD Report, page 10.</p>
	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>See the Risk Management section of this report, page 20, for a description of the integration of climate-related risks into risk management through 2022. Refinement of these processes for managing climate-related risks is underway and we expect to report more detail next year. For more detailed information, please see our 2022 TCFD Report, page 11.</p>
<p>Metrics and Targets</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>ESG Performance Summary, page 80. For more detailed information, please see our 2022 TCFD Report, pages 17–18</p>
	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>ESG Performance Summary, page 80. For more detailed information, please see our 2022 TCFD Report, pages 17–18.</p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>The development of targets to manage climate-related risks is underway in response to the findings of the climate-related risk assessment that we conducted in 2022. For more detailed information, please see our 2022 TCFD Report, pages 17–18.</p>

Bloomberg Gender Equality Disclosure*

KPI	DISCLOSURE
Leadership	
Percentage of women on company board	28.5% (Based on director nominees in 2023 Proxy Statement. End of 2022 percentage was 37.5%) See page 75 of this report .
Board Chairperson is a woman	No See our 2023 Proxy Statement , page 33.
Percentage of the board committees chaired/ co-chaired by a woman	50% See our 2023 Proxy Statement , pages 5-8.
Chief Executive Officer (CEO) is a woman	No See our 2023 Proxy Statement , page 44.
Chief Financial Officer (CFO) is a woman	No See our 2023 Proxy Statement , page 44.
Percentage of women executive officers	40% See our 2023 Proxy Statement , page 44.
Chief Diversity Officer (CDO) appointed	Yes See page 45 of this report .
Talent Pipeline	
Percentage of women in total management	53%
Percentage of women in senior management	44% See page 78 of this report .

KPI	DISCLOSURE
Percentage of women in middle management	56% See page 78 of this report.
Percentage of women in non-managerial positions	72% See page 78 of this report.
Percentage of women in total workforce	69% See page 78 of this report.
Percentage of women total promotions	70%
Percentage of women in functional IT/Engineering roles	30%
Percentage of women new hires	81%
Percentage of women attrition	25% See page 77 of this report.
Public, quantitative time-bound action plan with targets to increase the representation of women in leadership positions	Given the high representation of women in leadership positions, Bread Financial has not identified a need to establish an action plan to further increase representation.
Public, quantitative time-bound action plan with targets to increase the representation of women in the company	Given the high representation of women in the company, Bread Financial has not identified a need to establish an action plan to further increase representation.
Pay	
Adjusted mean gender pay gap	Not disclosed.

KPI	DISCLOSURE
Global mean (average) raw gender pay gap	Not disclosed.
Public, quantitative time-bound action plan to close its gender pay gap	Not disclosed.
Executive compensation linked to gender diversity or diversity, equity and inclusion	Yes See our 2023 Proxy Statement , page 55.
Inclusive Culture	
Number of weeks of fully paid primary parental leave offered	Our associates receive 6 weeks of 100% paid parental time off regardless of whether they are primary or secondary caregivers. See page 52 of this report .
Number of weeks of fully paid secondary parental leave offered	
Percentage of women employees that remained employed by the company 12 months after their return from parental leave	81%
Back-up family care services or subsidies through the company	Yes Back-up family care services are available by providing 60 hours of back-up care each year for child care or elder care services through Bright Horizons. This benefit is at no cost to our associates.
Flexible working policy	Yes See page 52 of this report .
Employee resource groups for women	Yes See page 46 of this report .
Unconscious bias training offered to all employees	Yes See page 44 of this report .
Annual anti-sexual harassment training offered to all employees	Yes See page 17 of this report .

Note Regarding Materiality and Forward-Looking Statements

Our environmental, social and governance (ESG) and climate-related disclosures are voluntary disclosures. Our approach to these voluntary disclosures often considers disclosure recommendations and broader definitions of materiality promulgated by certain external frameworks and reporting guidelines that differ from the definition of materiality used for purposes of complying with the disclosure rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC) and applicable stock exchange listing standards. Accordingly, we may present voluntary ESG and climate-related information from a different perspective than in our SEC filings, and any use of the term “material” in the context of such information may be distinct from such term as defined for SEC reporting purposes. Any inclusion of ESG and climate-related information in this report is not an indication that the subject or information is material to Bread Financial for SEC reporting purposes.

The goals and projects described in our ESG and climate-related disclosures involve, and are based on, targets, commitments, estimates, assumptions, standards, methodologies and currently available data, which continue to evolve and develop. As such, we cannot guarantee or provide assurance that these goals and projects will be met or achieved as described. Additionally, our ESG and climate-related information is as of the date referenced, subject to change without notice, and may be regarded as indicative and for illustrative purposes only. This information may vary based on applicable laws, rules and regulations and may also include the use of non-financial metrics and/or other information that are subject to significant

measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, statements regarding our ESG and climate-related targets, goals, metrics, aspirations, strategies and plans, which may develop and evolve over time. Forward-looking statements give our expectations or forecasts of future events and can generally be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “plan,” “likely,” “may,” “should” or other words or phrases of similar import. We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that are difficult to predict and, in many cases, beyond our control. Accordingly, our actual results could differ materially from the projections, anticipated results or other expectations expressed in this report, and no assurances can be given that our expectations will prove to have been correct.

Factors that could cause our actual results or outcomes to differ from those expressed in, or implied by, any of these forward-looking statements include, among others: global socio-demographic and economic trends; legislative, regulatory and public policy changes; changes in developing standards and certifications; energy prices; technological innovations; the cost and

availability of renewable energy and environmentally-responsible products and facilities; our ability to gather and verify data regarding environmental impacts; our ability to successfully implement various initiatives throughout the company under expected timeframes; engagement with partners, suppliers, investors, government officials and other stakeholders; management’s inability to identify suitable suppliers, grantees and community investments and negotiate acceptable terms; an inability to build partnerships and execute programs with other third parties or such parties’ failures to satisfy their obligations under such programs; climate-related conditions and weather events; changes in economic or business conditions and our ability to grow, improve our financial performance and execute on our strategies; and other unforeseen events or conditions including those factors identified in our Annual Report on Form 10-K for the most recently ended fiscal year, which may be updated in Item 1A of, or elsewhere in, our Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K. Our forward-looking statements speak only as of the date made, and we undertake no obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise. Additionally, this report may contain statements based on hypothetical scenarios and assumptions, which may not occur, or may differ significantly from actual events. These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk.

