



Sustainability Report

2023





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Introduction





About This Report

About This Report

Thank you for your interest in Bread Financial's 2023 Sustainability 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 sustainability 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 2023 Sustainability Report primarily covers data and metrics from January 1 to December 31, 2023, unless otherwise noted. The Sustainability 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 readily available data from prior years. All financial information is presented in U.S. dollars, unless otherwise noted. For additional information on our sustainability initiatives, please visit our investor relations website or contact communityrelations@breadfinancial.com.

*As of October 2023, the TCFD has disbanded and transferred its responsibilities over to the International Financial Reporting Standards (IFRS) Foundation. Starting with the 2024 reporting cycle we will revise this report to align with the updated standards established within the IFRS S2 Climate-Related Disclosures.





A Message from Our President and Chief Executive Officer

A Message from Our President and Chief Executive Officer

At Bread Financial, we understand that our responsibilities extend beyond the financial solutions we provide. They encompass a broader commitment to delivering an exceptional experience for our customers and associates, investing in our communities, and protecting our planet. These principles underpin our sustainability strategy, drive our actions, and help us create enduring value for our stakeholders.

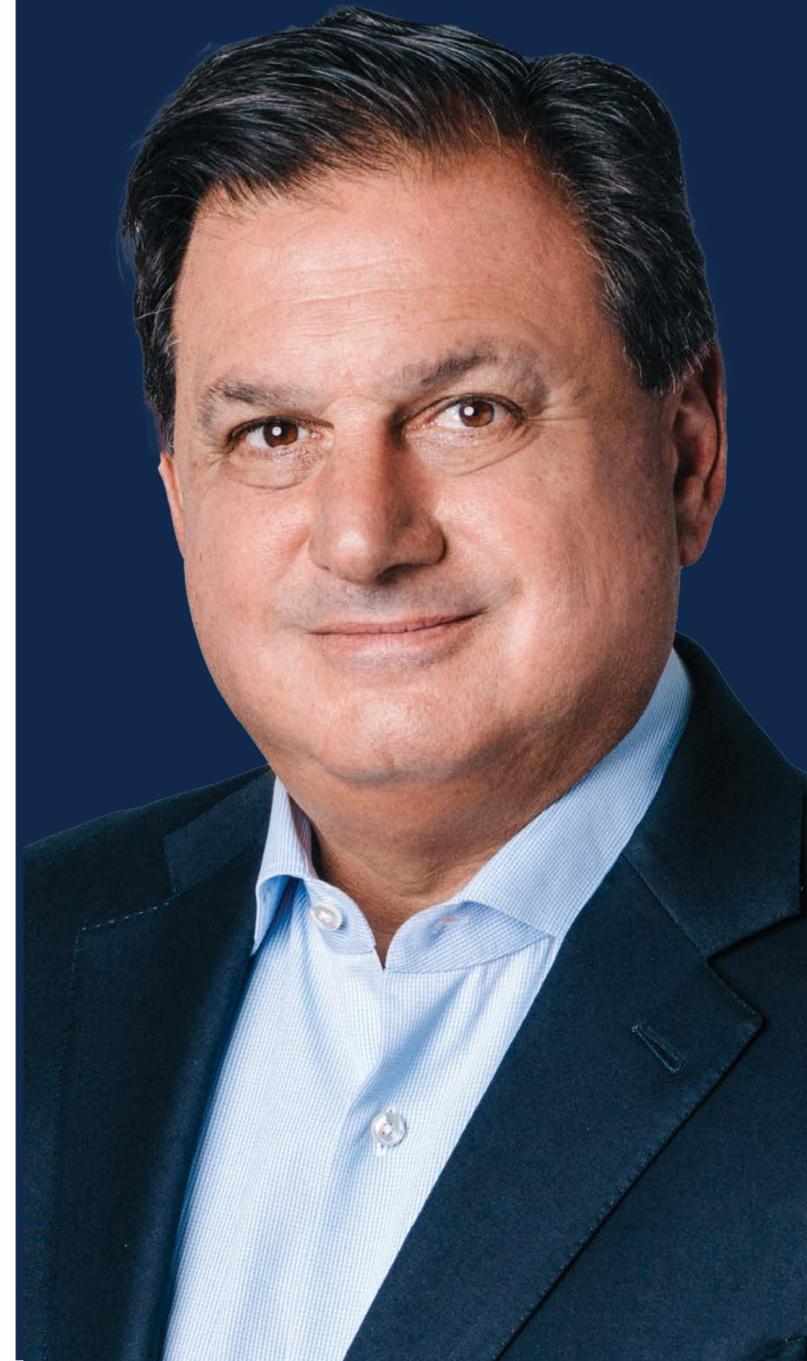
In 2023, amid a challenging and complex economic environment, Bread Financial delivered solid financial performance, improving our capital position, reducing debt, and improving the safety and soundness of our banks. I'm also proud to have obtained our inaugural credit ratings from Fitch, Moody's and S&P Global, demonstrating our progress in risk management. These achievements were made possible through the trust we have built through our long-standing commitment to responsible business practices, which runs deep throughout the entire organization—from our Board of Directors, to our leadership and management teams, to our approximately 7,000 global associates who are the heart and soul of Bread Financial.

Supporting associates' experiences, both in and out of the workplace, is fundamental to the success of our business and promotes an environment where all associates can achieve their personal best. In 2023, we further prioritized associate physical, emotional and financial wellness by expanding the scope and reach of our benefits.

Additionally, we renewed our emphasis on customer satisfaction, ensuring that excellence permeates every aspect of their interaction with us. In 2023, we continued to invest in digitalization, enabling us to efficiently service and respond to customers in their channel of choice, while also safeguarding customer privacy and data. Our digitalization efforts included: leveraging responsible AI to automate certain operations and processes and launching the Bread Financial™ mobile app for our Bread Cashback™ American Express® Credit Card members. By increasing the number of digital touchpoints, we can better meet customers where they are.

We continued to fortify the foundations of our business to ensure we are well-positioned and resilient for the future, focusing on supporting the people that make up our business and the communities we serve. As we enter 2024, we stand stronger and more resilient, equipped to navigate evolving economic, regulatory and environmental landscapes. I am proud of our accomplishments and eager to further serve our customers, associates and communities.

Ralph Andretta
President and Chief Executive Officer



RECOGNITION OF OUR EFFORTS



2023 BenchmarkPortal Certified Center of Excellence



2023 Bloomberg Gender-Equality Index



2023 Ragan Workplace Wellness Award



2023 Healthy Business Council of Ohio Gold Level Employer



2022-2023 Healthy KC Platinum Level Certification



2023 Great Place to Work® Certification



A Message from Our Chief Sustainability Officer

A Message from Our Chief Sustainability Officer

I'm pleased to share Bread Financial's 2023 Sustainability Report, highlighting progress in managing our environmental, social and governance priorities in a way that contributes to our long-term growth and success. Throughout the year, we advanced initiatives across our five strategic priority areas through deeper cross-functional collaboration and engagement with key stakeholders, allowing us to both strengthen our practices and build greater accountability.

In 2023, we executed on our fourth materiality assessment, aiming to gain a deeper understanding of our stakeholders' priorities and leveraging this valuable feedback to validate and shape our business strategy. We view this stakeholder engagement, and the resulting materiality assessment, as essential to enabling us to focus and prioritize issues important to our associates, customers, brand partners, investors, suppliers and other stakeholders, as well as mitigate potential risks and identify new opportunities to create value.

As part of the assessment, we engaged with over 4,600 internal and external stakeholders. We were pleased to learn our business priorities are already in general alignment with that of our stakeholders, particularly in the areas of customer care, cybersecurity, privacy and fair and responsible banking. We also identified opportunities, such as improved communication, to ensure external stakeholders in particular are better

informed about our practices. We will continue to lean in and mature our financial wellness initiatives, as well as innovation and digitalization within our products and services.

In 2023, we more deeply integrated climate-related risk into our Enterprise Risk Management (ERM) Framework. Our internal scenario analysis team worked with leaders from across the company to quantify climate risks and the potential impacts to our business. One of our models helps gauge how climate-related events—such as hurricanes and wildfires—could affect our customers and contribute to financial hardship, inability to meet payment obligations, or a general disruption to consumer purchasing.

We also continued our efforts to improve the financial wellness of our associates, customers and communities. We launched a Financial Education Hub on our website, including educational articles on topics like understanding credit, responsible saving and managing debt. We significantly enhanced our 401(k) program for associates and invested over \$1M in financial wellness programs in the community.

Recognizing that our associates are on the front line every day, and are essential to delivering on our promise to customers, we continuously strive to enhance their experiences. Nurturing an inclusive workplace is a top priority. As a signal of our ongoing

progress in this space, we renamed the Office of Diversity, Equity and Inclusion to include "belonging"—recognizing a critical outcome of this work is to achieve a sense of belonging. We expanded diversity, equity, inclusion and belonging (DEIB) training for leaders and associates, created another business resource group (BRG) to help new associates navigate the company, and launched more mentoring and professional development programs and tools.

Together with our Board of Directors, our leadership team, and all of my colleagues, I am excited to build upon our solid foundation and continue to accelerate and communicate progress related to our sustainability initiatives moving into 2024. This is inclusive of all of our responsible business practices as they represent an essential part of our culture, operational practices, and continued commitment to our many stakeholders.

Dana Beckman
Chief Sustainability Officer





About Bread Financial

About Bread Financial

Bread Financial™ (NYSE: BFH) is a tech-forward financial services company providing simple, personalized payment, lending and saving solutions. The company creates opportunities for its 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, Bread Financial delivers growth for its partners through a comprehensive suite of payment solutions that includes private-label and co-brand credit cards and Bread Pay™ buy now, pay later products. Bread Financial also offers direct-to-consumer products that give customers more access, choice and freedom through its branded Bread Cashback™ American Express® Credit Card and Bread Savings™ products.

Headquartered in Columbus, Ohio, Bread Financial is powered by its approximately 7,000 global associates and is committed to sustainable business practices. To learn more about Bread Financial, visit breadfinancial.com or follow us on [Facebook](#), [LinkedIn](#), [Twitter/X](#) 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 robust 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. This allows us to meet our obligations and adhere to our values as a responsible lender.

We actively promote the financial wellness of our customers, brand partners, associates and communities through education and training, access to technology, and other essential financial health resources. We are committed 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



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.



DIRECT-TO-CONSUMER CARDS

General purpose credit cards include Bread Cashback™ and Bread Rewards™ American Express® credit cards with a number of lifestyle benefits.



BREAD PAY™

Our buy now, pay later (BNPL) payment technology solution, which includes both our installment loan and “split-pay” offerings.



BREAD SAVINGS™

Online platform providing direct-to-consumer deposit products in the form of certificates of deposit and savings accounts.

SERVICES SUPPORTING OUR PRIMARY PRODUCT OFFERINGS



RISK MANAGEMENT, ACCOUNT ORIENTATION AND FUNDING

We process millions of credit card applications each year using 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

We manage and service the loans that we originate for private label, co-brand, and general-purpose credit card programs and Bread Pay™ products.



INTEGRATED MARKETING, DATA AND ANALYTICS

We capture and analyze transaction data to better understand consumer behavior. We use that analysis to design and implement strategies that assist our partners in acquiring, retaining and creating a more loyal customer base.



DIGITAL AND MOBILE CAPABILITIES

We drive growth for our brand partners by seeking to provide a seamless, personalized digital and mobile experience that is responsive to the customers' evolving expectations. We continually seek to enhance customers' self-service capabilities in our digital channels, which allows customers to address their own needs when and how they want.



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Sustainability Strategy and Governance

Businesses are facing increasing scrutiny from their stakeholders (i.e., regulators, investors, associates, customers and communities) regarding their ability to manage their operations, workforce and external impacts in a responsible and sustainable manner. They are also expected to take a proactive approach in addressing the complex and urgent environmental and social challenges, while making positive impacts in these areas. Sustainability has evolved into a strategic priority for companies seeking to position themselves effectively for the future. By accounting for and integrating responsible and sustainable strategies with that of our overall business, we are better able to enhance reputation and brand value, mitigate risk, drive innovation and operational efficiency, attract and retain talent, and strengthen stakeholder relationships.





Strategy

We believe our ability to create lasting value for our stakeholders is directly linked to the prioritization and management of the risks and opportunities related to environmental, social and governance issues. Therefore, our sustainability strategy takes a holistic approach designed to help ensure the needs and expectations of our stakeholders are addressed and prioritized with the appropriate attention and resources. This is reflected within our strategic focus areas and critical culture-building tenets, which incorporate the fundamental operating requirements that drive our business and support an engaged workforce. Our most recent materiality assessment is core to informing both our business and sustainability strategies, as the two are intrinsically linked. For more information, see the [Materiality Assessment](#) section of this report.

We have continuously advanced the integration of sustainability within our overall strategic planning and management processes, and we will continue to embed these priorities into our day-to-day operations and decision making. In 2023, we made great strides in advancing this objective. We expanded our risk management program to incorporate sustainability-related themes and metrics into the oversight of our reputational and strategic risks. We integrated similar considerations into the evaluation of new strategic growth initiatives and business reviews for our brand partners, and plan to incorporate similar reviews within our supplier assessments.

Additionally, we continued to build out programs within each pillar of our **Sustainability Strategic Framework**. We have accelerated our progress by deepening cross-functional engagement and setting realistic objectives for measuring our efforts and related impact. You can read more about our progress in subsequent chapters of this report.

Consumers and Sustainability

We partnered with MasterCard in a 2023 survey looking at U.S. consumer sentiment surrounding sustainability, with particular focus on the financial services industry. The survey involved 2,443 respondents aged 18-77 with an interest in at least one environmental or social issue, and with appropriate U.S. Census guardrails for gender, income and region.

Key findings demonstrated that consumers believe companies, including retail brands, should be environmentally and socially responsible and authentically communicate their impact.

Key survey findings included:

- 76% of consumers believe companies have an overall responsibility to “do the right thing,” and younger cohorts are generally seeking accountability.
- There is consumer skepticism, particularly among millennials, that companies are greenwashing without actually doing anything impactful.
- Compared to older cohorts, Gen Z and millennials are more likely to research companies’ environmental or social efforts or pay attention to third-party watchdog organizations that report on such activities.
- Younger cohorts vote with their dollars. For instance, Gen Z and millennials are about 20% more likely than average to agree that environmental and/or social responsibility efforts (e.g., financial wellness education) of a bank or financial institution influence where they choose to put their money.

SUSTAINABILITY STRATEGIC FRAMEWORK



Managing Our Business Responsibly

Integrating sustainable and responsible business practices 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.



Creating Possibilities for Our Communities

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



Protecting Our Planet

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



Governance and Management

Bread Financial recognizes the importance of strong corporate governance, including risk management processes, to promote the sustainability and resilience of our operations and our communities. The identification and management of enterprise risks, including environmental and social risks, is fundamental to our overall risk culture and is a cornerstone of how we strategize, manage and oversee our operations. Sustainability risks are incorporated within our Enterprise Risk Management Framework, which is discussed in the **Risk Management** section of the **Managing Our Business Responsibility** chapter.

As part of our commitment to responsible business practices, we take a multi-tiered approach to ensure comprehensive oversight of these issues. These tiers include oversight by the Board and its standing committees, as well as development and execution of strategies, policies and procedures to identify, manage and mitigate risk. For more information on the roles and responsibilities of the Board and its committees, see our **2024 Proxy Statement**.

We've taken additional steps to align our reporting and disclosures, ensuring that our Sustainability Report, Annual Report and Proxy Statement complement one another to provide a full picture of our business strategy and performance. Our Disclosure Committee is responsible for formally reviewing and approving the Annual Report and has established a Proxy/ESG subcommittee to oversee our Sustainability Report and Proxy Statement.

SUSTAINABILITY GOVERNANCE STRUCTURE





Materiality Assessment

We completed our fourth materiality assessment in 2023, conducted by a third party and aligned with the recommended process outlined in the GRI Standards. We engaged key internal and external stakeholders to understand and analyze which sustainability topics are of greatest importance to them. Results of the assessment were used to validate and inform both our business and sustainability strategies, identify and prioritize related risks and opportunities, and focus on those topics most meaningful to our stakeholders to maximize the company's impact.

Method

An online anonymous survey was sent to internal and external stakeholders asking them to rate the importance of 21 sustainability topics. The ratings of over 4,600 stakeholders were used to develop the materiality matrix.

Topics

The 21 sustainability topics were identified by reviewing peer materiality assessments and sustainability reports, leading sustainability reporting frameworks, topics raised as important to stakeholders through other formal and informal engagements, the company's sustainability strategy and reporting, and topics raised by internal subject matter experts.

Results

The results showed a high level of agreement between the internal and external stakeholder groups on the top five and bottom five topics. These findings demonstrate that both the company and the

stakeholders view social- and governance-related topics as most important. Governance topics ranked highly, with specific table stakes topics, such as Business Ethics and Integrity and Cybersecurity ranking at the top. Topics related to Customers (e.g., Customer Privacy, Customer Satisfaction) were also predominately in the top topics suggesting that strong customer service and a seamless customer experience are critical. Environmental topics like Greenhouse Gas Emissions and Water Management consistently ranked lower which is typical for companies in the financial services sector.

Overall, the results reinforced that we are already focusing on areas of highest importance to our stakeholders and have prioritized these in our long-term strategies. For example, we have allocated substantial resources to develop robust customer privacy and cybersecurity programs, with the necessary policies, people, tools and training. Our efforts to enhance end-to-end customer experiences are ongoing, centered on digitalization, automation and customer care training. We are continually reinforcing our commitment to business ethics and integrity, fair and responsible banking, and risk management and compliance through adaptation of our policies, governance, technology and training in step with current and future business realities.

While not every topic presented can be deemed as equally of highest importance, all are relevant to our success as a business. We will continue to manage them in line with the expectations of our brand partners, investors, associates, customers and other key stakeholders.

For our definitions of these topics, please see the [Material Topics Defined](#) section of the **Appendix**.

NOTABLE OBSERVATIONS

- Executives expressed confidence in the company's current management of important issues and underscored topics that ultimately lead to building trust with customer base as differentiators.
- Results showed that sustainability strategies should continue to focus on engaging with key stakeholders which could include improving financial literacy of customers and associates and enhancing external stakeholders' perception of Bread Financial.
- In general, all stakeholders were least informed about the company's performance around Greenhouse Gas Emissions, Physical Climate Risk and Responsible Supply Chain.
- Brand partners and customers indicated they had minimal to no knowledge about Bread Financial's sustainability programs and practices.
- Respondents indicate that a company's corporate sustainability efforts has a medium to high impact (72% brand partners; 59% customers) on their decision to do business with that company.

PRIORITY OUTCOMES AND OPPORTUNITIES

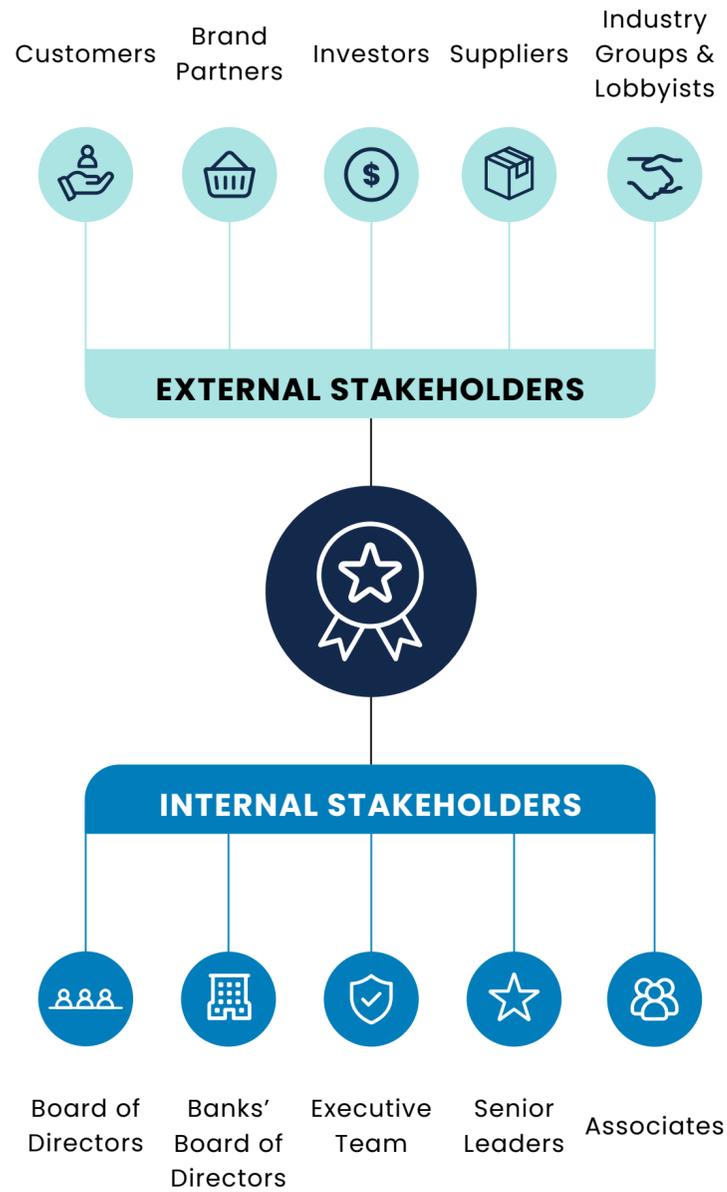
While we will continue to focus on the top priority issues, we have also identified areas where we have the greatest opportunity to continue to create value for the company and our stakeholders in the future. These include:

- Communication and awareness regarding environmental and social efforts.
- Product leadership, implementing artificial intelligence (AI).
- Financial wellness.
- Focusing on strengths and pride points (e.g., commitment to customer service, work-life balance, community engagement, etc.).

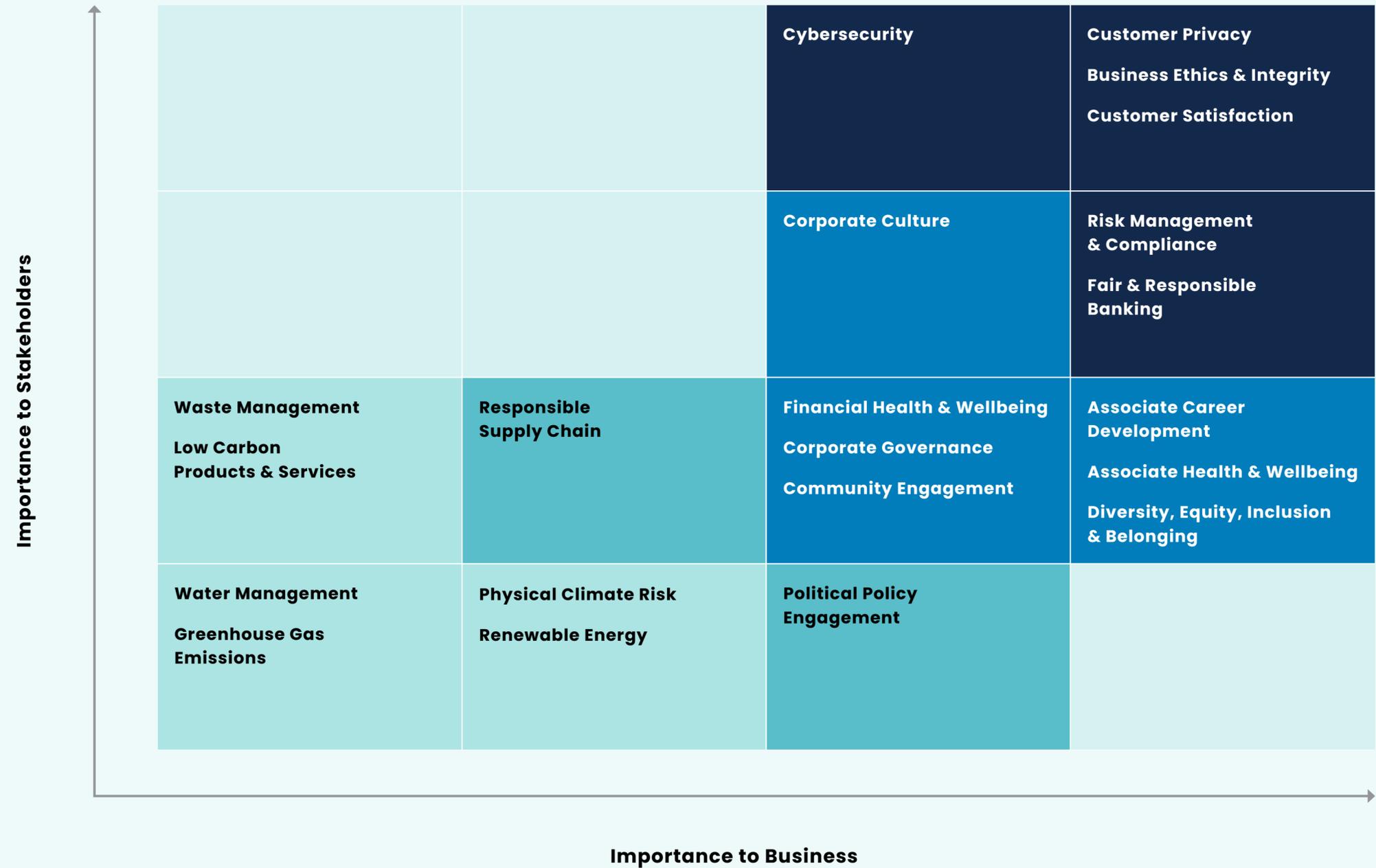


Sustainability Strategy and Governance

OUR STAKEHOLDERS



2023 MATERIALITY RESULTS



Throughout this report, you will see these topics mapped to the sections in which they are discussed. Material topics will also be color coded based on their overall importance to our stakeholders.

Important Greater Importance Most Important



MATERIALITY ASSESSMENT: KEY MESSAGES AND SENTIMENT FROM OUR STAKEHOLDERS

ASSOCIATE CAREER DEVELOPMENT

"I think we are still learning what it means to manage somebody's career in a remote work environment. How do we maintain engagement? How do we maintain training? How do we maintain career pathing when you've got 4,000 people working remotely for large chunks of their time?"

- Board Director

RISK MANAGEMENT

"ESG activities are evaluated based on financial materiality; core items like risk management, business ethics and corporate governance are fundamental to the investment hypothesis."

- Investor

RESPONSIBLE SUPPLY CHAIN

Brand Partners found that there is opportunity for aligning their interests with Bread Financial on the topic of Supplier Diversity.

COMMUNITY ENGAGEMENT

Suppliers and Industry Groups and Lobbyists were two stakeholder groups that ranked Community Engagement as one of their top 5 topics.

CUSTOMER SATISFACTION

"Our customers have many choices in regard to their financials and their credit cards. And so, for us, I think customer satisfaction has to be a differentiator."

- Executive

Customers identify digitalization as an important factor of Customer Satisfaction, suggesting that investments in technology and improvements in Bread Financial's website and mobile app would benefit customers greatly.

BUSINESS ETHICS & INTEGRITY

Bank Board members ranked Business Ethics & Integrity as their

#1

most important topic.

CYBERSECURITY

Customers ranked Cybersecurity as the

#1

most important topic.

LOW CARBON PRODUCTS & SERVICES

Executives commented that Low Carbon Products & Services is one of Bread Financial's competitive differentiators.

FAIR & RESPONSIBLE BANKING

Senior Leaders felt strongly that Bread Financial is effectively managing Fair & Responsible Banking.

ASSOCIATE HEALTH & WELLBEING

"I can tell that Bread Financial cares about their employees. The LivingWell Reward is so helpful. The virtual health-related courses, the onsite employee events, everything is very employee centered. The scholarships awarded to [employees'] children is also amazing. I have never worked for a company with an initiative to take care of their employees in so many areas."

- Associate



Managing Our Business Responsibly

Managing Our Business Responsibly

Operating our business responsibly and ethically is integral to sustaining our business long-term, and delivering on our promises to our customers and other stakeholders. We do this through sound corporate governance practices and maintaining policies and procedures that govern key risk areas, including ethics and integrity, risk management, cybersecurity and data privacy, and supply chain management.

2023 Business Accomplishments

Obtained inaugural holding company issuer credit ratings

Enhanced governance, policies, controls and metrics to ensure the security and stability of our banks

Defined and implemented an enhanced data management strategy

Strengthened balance sheet by increasing capital and reducing parent debt

Alignment with Material Topics

Risk Management & Compliance

Cybersecurity

Customer Privacy

Corporate Governance

Political Policy Engagement

Responsible Supply Chain

Business Ethics & Integrity





Managing Our Business Responsibly

Roles and Responsibilities

Board of Directors and Committees

Our commitment to managing our business responsibly starts at the top. Our Board of Directors oversees the company’s strategy and provides oversight in key areas such as risk management, compensation and human capital, succession planning, financial reporting, compliance and data security. In addition, the Board oversees our sustainability strategy and initiatives, including those related to climate risk, DEIB, ethics and stakeholder engagement.

Our Board delegates specific oversight responsibilities to four standing committees:

- Audit Committee.
- Compensation & Human Capital Committee.
- Nominating & Corporate Governance Committee.
- Risk & Technology Committee.
- Each committee has a defined charter outlining its distinct roles and responsibilities.

Our **Corporate Governance Guidelines** provide a framework for the governance of the company, addressing the roles and responsibilities of our Board, the qualification and selection of directors, board leadership and structure, board processes,

director responsibilities and other critical topics. Our Nominating & Corporate Governance Committee reviews our guidelines at least annually and recommends any proposed changes to the Board for approval. Our guidelines require our Board to have at least a majority of directors who meet the criteria for independence established by the New York Stock Exchange. The Board is led by an independent chair and, as of May 2024, consists of nine directors, with all except our President and CEO, Ralph J. Andretta, qualifying as independent directors.

Read more about our Board, Board Committees and corporate governance practices in our [2024 Proxy Statement](#).

Board Refreshment

Our Board has maintained an active and successful Board refreshment process, nominating seven new directors since 2019 and creating a Board with a strong mix of experience, skills and backgrounds. The Nominating & Corporate Governance Committee reviews director succession and board refreshment, and strives to achieve a balance between maintaining institutional knowledge about our business and operations, and the need for new perspectives and skillsets. Our Corporate Governance Guidelines provide for a mandatory retirement age of 75, but allow directors turning 75 to complete their term.



“Strong boards both advise and challenge company leadership, bringing the directors’ collective experience and expertise to help management chart a successful course for the business while being mindful of and not taking undue risks.”

Joe Motes,
Executive Vice President, Chief Administrative Officer, General Counsel & Secretary



Managing Our Business Responsibly

Board Evaluations

Our Board conducts an annual evaluation of the Board and its committees, which is overseen by the Nominating & Corporate Governance Committee. As part of the evaluation process, directors complete a written questionnaire that covers a variety of topics and is designed to help assess the Board's performance and effectiveness. In 2023, the committee also engaged an independent third party to conduct candid, one-on-one interviews with each director to gain additional insight on, among other things, individual director performance, Board and committee performance and effectiveness, and Board dynamics. The independent third party synthesized the results from the interviews and provided individualized feedback to each director, as well as the full Board.

Board Diversity

Nominees for election are approved by the Board after reviewing recommendations of the Nominating & Corporate Governance Committee. The Board's goal is to maintain directors who will make a significant contribution to the Board and the company based on their diverse backgrounds and skills; experience in executive management, information technology and finance; relevant industry experience in banking and financial services; and other topics. The Board is also committed to strengthening and increasing diverse perspectives by maintaining diversity with respect to race, ethnicity and gender.

Board Oversight of Sustainability

The Nominating & Corporate Governance Committee oversees the company's management of sustainability strategies. The committee receives quarterly reports from the Office of Sustainability on related initiatives, including updates on relevant risks and opportunities, as well as policies, guidelines and performance ratings.

For more detailed information on how we manage sustainability, please see the [Strategy and Governance](#) chapter. To learn more about our climate risk analysis and related initiatives, see the [Protecting Our Planet](#) chapter.

Board Education

New directors participate in a director orientation program that familiarizes them with our business, and includes presentations by senior management on several areas, including director duties, applicable securities laws, our Code of Ethics and other policies, strategic plans, financial reporting and auditing processes. The Board also receives ongoing director education, including from outside speakers who present to the Board on various topics of interest relevant to our business. In 2023, these topics included human capital management, data security, customer experience and AI.

BOARD DIVERSITY*

65

Average age of directors

33.3%

of the Board are women

6.4 years

Average tenure of directors

11%

of the Board are racially diverse

*Based on director nominees in 2024 Proxy Statement.





Managing Our Business Responsibly

Ethics and Integrity

Our Board and senior management are responsible for setting an example for the rest of the company by fostering a culture of integrity and ethical business practices starting at the top. Since the company's inception, we have been dedicated to building trust with our customers, investors, associates, suppliers, and other stakeholders by upholding our values and maintaining an unwavering commitment to "do the right thing."

Code of Ethics

Roles and Responsibilities

Our **Code of Ethics** provides guidance to help us consistently make sound decisions and perform our duties ethically and responsibly, while complying with applicable policies, laws and regulations. Supplementary codes of ethics are also maintained for our Board of Directors and senior financial officers to address additional standards and guidance applicable to their roles.

The Nominating & Corporate Governance Committee oversees compliance with and enforcement of the Code of Ethics, and together with management reviews the Code annually and recommends any updates to the Board. The committee receives quarterly reports from the Ethics Office regarding ethics-related complaints and investigations to help them assess and understand any identified issues or trends. In addition, the Audit Committee reviews any ethics-related concerns involving financial reporting or accounting matters.

Training and Preparedness

Each November, we celebrate **Compliance and Ethics Week**, an awareness campaign to reaffirm our commitment to ethics and compliance and to remind our associates to always act with integrity and ensure their actions comply with our Code of Ethics, company policies and applicable laws. Associates are required to complete annual training on the Code of Ethics, and also must certify annually that they have read and will adhere to the Code of Ethics. Associates also receive ethics training on a variety of other topics either annually or biennially, including:

- Insider trading
- Anti-harassment, discrimination and retaliation
- Anti-corruption and bribery
- Conflicts of interest and gifts
- Antitrust

For more information on our policies regarding these topics, please see our **Code of Ethics**.

Looking forward, we will continue to review and update company policies on topics covered in the Code to ensure they appropriately and adequately address the risks we face. We are also launching an **Ethics Roadshow** in 2024—a mandatory course designed for managers that will provide more in-depth training on ethics and our policies and processes, as well as the additional responsibilities of managers.

In our annual associate survey, we ask questions related to ethics, transparency and trust. In 2023:

80%

answered that Bread Financial is open and honest in communication with associates.

83%

answered that they have trust and confidence in senior leadership.

84%

answered that Bread Financial shows a commitment to ethical business decisions and conduct.

Bread Financial is a corporate member of the **Ohio Data Ethics Working Group (ODEWG)** in The Ohio State University's Moritz College of Law, made up of businesses and organizations with a strong presence in Ohio. The ODEWG is focused on finding and using responsible data ethics practices for advanced analytics and AI in business operations. Our membership in the ODEWG reflects our data ethics priorities and responsible practices across the business, including for emerging technologies like AI.

2023 TRAINING STATISTICS

99.9%

Completion rate for Code of Ethics training

99.9%

Completion rate for Anti-Harassment and Anti-Discrimination training





Managing Our Business Responsibly

Ethics Helpline

We encourage our associates, suppliers and others to speak up if they have a concern or suspect a violation of the Code of Ethics or any other Bread Financial policy. Associates can 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. Our Ethics Helpline is managed by a third party and is available 24 hours a day, 7 days a week. Reports to the helpline can be made by phone (U.S.: 877-217-6218; India: 000-800-9191-189) or online (www.breadfinancial.ethicspoint.com) and can be made anonymously. We have an anti-retaliation policy and will not retaliate or tolerate retaliation against any person who raises a concern in good faith or cooperates in an investigation.

All reported instances of alleged violations or unethical conduct are reviewed and investigated by the appropriate team (e.g., People & Culture, Legal, Audit, Finance and/or external advisors) as determined by our Ethics Office. We conduct investigations in an independent, fair and unbiased manner with respect to all parties. Details of cases and identities of those involved are kept confidential to the greatest extent possible. If unethical conduct is substantiated, associates engaged in such conduct are subject to corrective action, which may include termination of employment. All reports are also reviewed for training and/or coaching opportunities for the individuals involved, even if no ethics violation was identified.

Protecting Human Rights

Our commitment to operating our business responsibly includes our dedication to upholding and safeguarding human rights across all aspects of our operations, in line with principles outlined in the United Nations Universal Declaration of Human Rights. Our **Human Rights Statement** outlines actions and efforts we undertake to ensure we treat people fairly and maintain a company culture where every associate, regardless of their position, is treated professionally. These standards extend to all of our interactions with customers, clients, suppliers and others with whom we do business, as well as 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 addressing labor, safety, health, anti-discrimination and other workplace laws. We 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 complying with laws, rules and regulations, and conducting business free from human rights abuses and the use of any form of slavery or any other forced, compulsory or child labor.

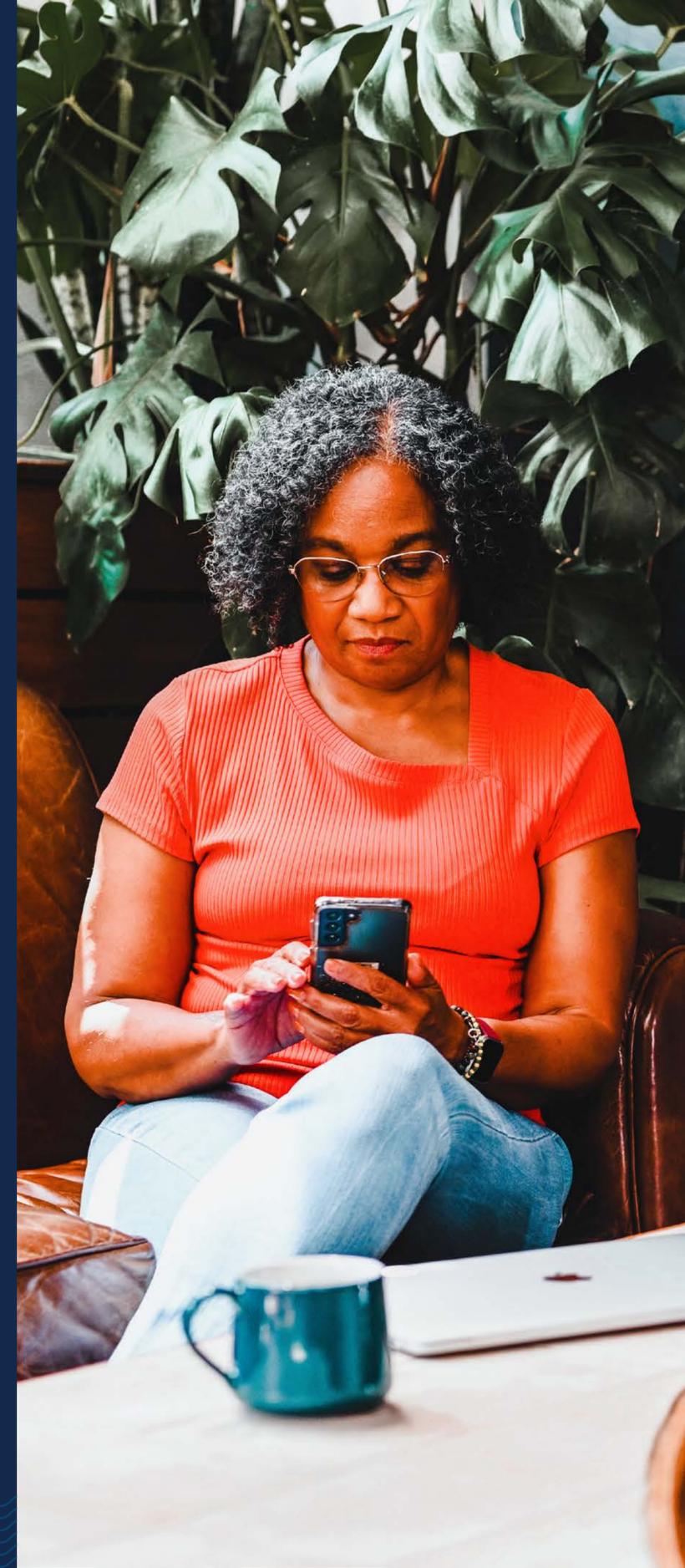
2023 ETHICS HELPLINE REPORTS

58

reports were submitted through the Ethics Helpline.

17%

of reports were substantiated.





Managing Our Business Responsibly

Responsible Public Policy Engagement

In an everchanging regulatory environment, we are actively engaged in advocating for and managing our business interests at both the state and federal level. We engage in activities regarding policy and regulatory issues that directly impact our operations and could impact our company’s overall operations and long-term performance. Those activities include state and federal legislative monitoring and lobbying efforts, and participation in trade associations and industry coalitions.

In 2023, designated company representatives had 60 lobbying contacts with government agencies, members of Congress, and their staffs. We also took part 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 voluntarily participate in our issues-focused political action committee (**Bread Financial Holdings, Inc. PAC**), which is led by a PAC Board comprising volunteers from our senior leadership team. The PAC Board meets quarterly and approves the PAC plan, including candidate disbursements.

Our **Political Contributions and Activity Policy** provides guidance to ensure that the company and our associates engage responsibly in political and legislative matters that are important to the success of our business. The policy highlights our commitment to complying with all applicable laws and regulations on political contributions and activities, including public reporting requirements.

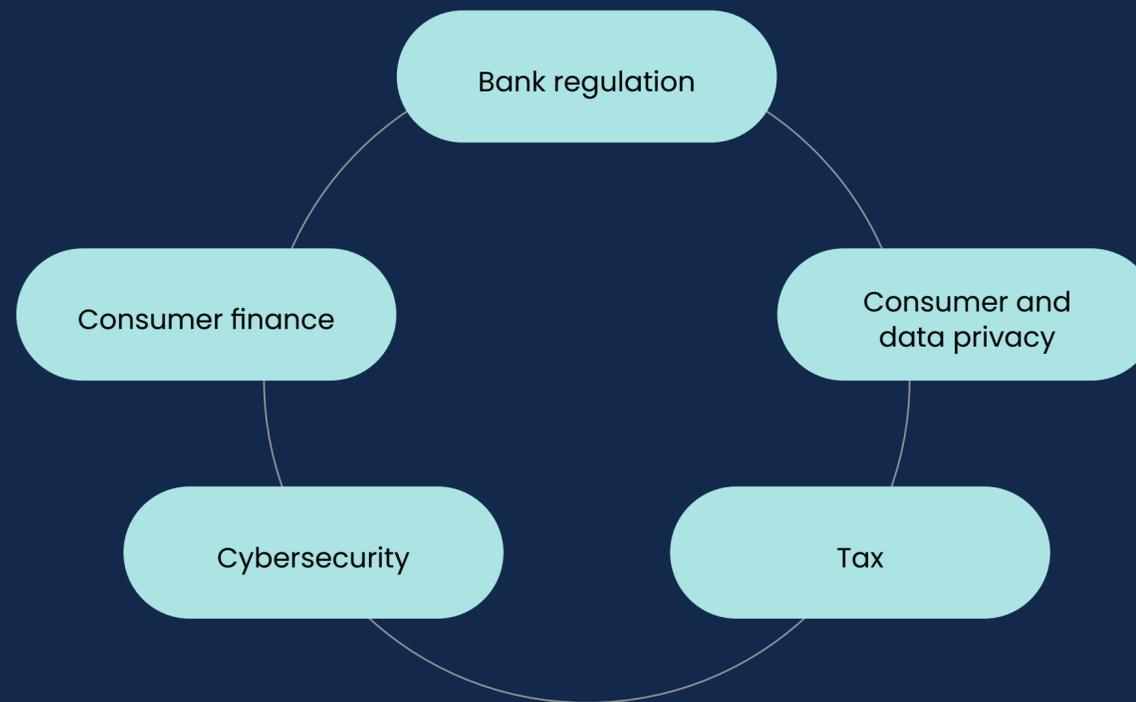
PAC disbursements to federal and state candidate committees in 2023:

\$40,500

\$89,093

raised from 49 associate and Board contributors to fund our nonpartisan issues-focused PAC

OUR PRIORITY LEGISLATIVE AND REGULATORY ISSUES





Managing Our Business Responsibly

Risk Management

Proactively managing our risks protects the long-term interests of the company, builds trust with our stakeholders, and allows the company to capitalize on future opportunities. We strive to create a risk-focused culture throughout the organization that supports identification and mitigation of key risks and encourages behaviors that are consistent with our core values and ensuring the resilience of the company.

Enterprise Risk Management Framework

Roles and Responsibilities

Our Board’s Risk & Technology Committee oversees risk management and sets the tone for the organization regarding its importance. The program is formalized within our **Enterprise Risk Management Framework** which articulates the policies, practices and governance structures over risk management with the core pillars including credit, market, capital management, liquidity, strategic, reputational, compliance and operational risk. The Risk & Technology Committee receives quarterly updates from our Chief Risk Officer including reports on the program’s performance against the company’s risk appetite, emerging risks, the results of assessments, and other material updates needing attention. The

committee reports material risks to the full Board as needed. Consistent leadership engagement and support, as well as the smooth flow of information and decision-making, means that we can successfully implement our ERM Framework.

Tools and Processes

The company’s risk appetite is defined and supported through a combination of qualitative statements and quantitative boundaries. The quantitative limits are articulated through **Risk Appetite Metrics** with identified triggers and tolerances, effectively setting limits on the organization’s exposure to risk. As a further set of controls, additional oversight is achieved through **Key Risk Identifiers** which provide both leading and lagging indicators of risk.

In 2023, we implemented new tools to better document risk-related elements and continue to educate our risk teams. We further integrated sustainability risks, including those associated with climate change, into Archer, our enterprise risk platform. Sustainability risks are treated like any other risk to the organization and are captured in all routine risk assessment activities, as deemed appropriate. For more information on climate-related risks, please see the **Protecting Our Planet** chapter.

THREE LINES OF DEFENSE MODEL

Our ERM Management Framework is managed through roles and responsibilities defined within the Three Lines of Defense Model:

- 1 **First Line of Defense (FLOD)**
Associates who engage in activities that generate revenue or provide operational support or services that introduce risk. Responsible for conducting Risk and Control Self-Assessments (RCSAs)* annually and measuring key performance indicators.
- 2 **Second Line of Defense (SLOD)**
Independent risk management team charged with the oversight and monitoring of risk within the business. Responsible for implementing the ERM framework and identifying and measuring the aggregate risks.
- 3 **Third Line of Defense (TLOD)**
Internal Global Audit organization. Responsible for providing the organization with an independent and objective assessment of the effectiveness of FLOD and SLOD governance, policies, procedures, processes and internal controls.

*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. Results are reported regularly to the Risk & Technology Committee.



Managing Our Business Responsibly

Regulatory Compliance

We understand that a strong compliance program is necessary to uphold integrity and maintain our customers' trust. Our Chief Compliance Officer leads our compliance program, with extensive oversight ranging from the Board of Directors, risk committees and risk officers, which ultimately helps to ensure customer servicing and banking activities follow laws and regulations and customers are adequately protected. Our **Compliance Management System** is integrated within our overall approach to risk management, employing regular control testing, risk assessments, audits, and other types of evaluations to ensure our banking operations adhere to the strict standards we place on ourselves.

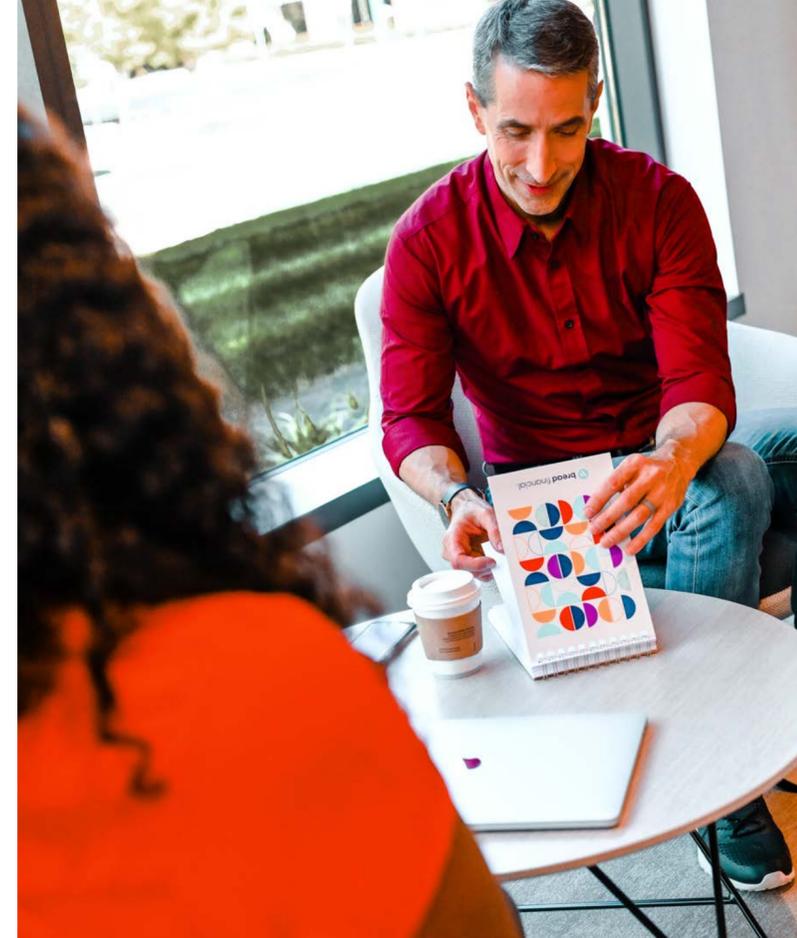
We employ a comprehensive compliance program that provides targeted and specific training for each associate with compliance responsibilities. All associates must complete a regulatory compliance overview training when hired, and annually thereafter, which reviews the consumer regulatory requirements we must follow as a financial institution, covering topics such as fair lending; equal credit opportunity; unfair, deceptive

or abusive acts and practices; Bank Secrecy Act/ Anti-Money Laundering (BSA/AML); and more. More in-depth training is then provided to associates based off their role to ensure associates receive the right amount of information needed to perform their duties responsibly and in a compliant manner.

Bank Secrecy Act/Anti-Money Laundering

We are committed to doing our part to fight global money laundering and terrorist financing. Our BSA/AML Officer is responsible for the day-to-day oversight, implementation and management of our BSA/AML Compliance Program. Our banks' Board of Directors approves and oversees a robust compliance framework, based on our BSA/AML Compliance Policy which includes **Know Your Customer (KYC)** requirements. The program is reviewed annually by our Global Audit team and continuing education and training are provided to ensure that all members of our organization have the knowledge and tools to comply with these regulatory requirements.

Please see our [2023 Annual Report](#) for additional information on key risks and associated factors.



2023 TRAINING STATISTICS

99.9%

Completion rate for Regulatory Compliance training

“Maintaining a strong risk culture, backed by a sound enterprise risk management program, is essential for an organization to be resilient, adapt to potential threats and recover from disruptions.”

Robert Esque,
Senior Vice President & Chief Risk Officer





Managing Our Business Responsibly

Safety and Soundness

We are committed to the safety and soundness of our operations through robust risk management principles, compliance with regulatory guidelines, and efficiently managing our financial assets. By proactively and responsibly managing our capital, liquidity and market risks, we ensure we can fulfill our obligations to our customers, investors and other stakeholders.

In 2023, the banking industry faced multiple, complex challenges including decelerating economic growth, high interest rates, rising inflation and financial market stress. Public confidence in financial institutions took a turn with the failure of three banks—primarily due to severe liquidity strains—and was partially restored with the swift intervention by the Federal Deposit Insurance Commission (FDIC).

We were well prepared to absorb the shocks arising from this macroeconomic environment and took additional measures, beyond regulatory requirements, to further ensure our safety and soundness in 2023:

- Created a capital governance team to expand capital management across the organization and make recommendations to the Board and leadership.
- Established our **Capital Planning Committee** to ensure we manage and allocate capital effectively.
- Matured our stress testing, including setting targets and thresholds for different economic scenarios.
- Developed enterprise-level policies and targets.
- Improved our modeling to achieve more reliable and intuitive results.
- Added sustainability metrics into the capital planning process, and increased transparency and disclosure.

Other significant accomplishments in 2023:

- Reduced parent debt by 26% (\$1.9 billion to \$1.4 billion).
- Obtained inaugural holding company issuer ratings from Fitch, Moody’s and S&P Global, subjecting ourselves to the discipline of rating agencies’ ongoing coverage.
- Refinanced a new \$1.275 billion credit agreement.
- Issued our inaugural rated senior unsecured bond.
- Increased total company regulatory capital ratios while maintaining strong capital strength at the banks.
- Increased direct to consumer deposits despite intense industry competition and deposit market volatility.
- Diversified our funding sources by reentering the public asset-based security market and issuing convertible debt.
- Implemented a new, more advanced interest rate risk model.
- Expanded the expertise of our treasury market risk, liquidity risk and deposits functions.
- Strengthened our treasury governance and controls.

These actions and achievements are significant because they enable us to lower our cost of financing, broaden our investor base to attract higher quality investors, demonstrate our progress and sophistication in risk management, enhance our resiliency, and cope with shocks stemming from financial pressures.

INAUGURAL HOLDING COMPANY CREDIT RATING – LONG TERM

Fitch

BB-

(Stable)

Moody’s

Ba3

(Stable)

S&P Global

BB-

(Stable)



Managing Our Business Responsibly

Liquidity and Capital Stress Testing Frameworks

We maintain robust liquidity and capital stress testing programs to assess how well our banks can withstand financial shocks, market movements, and other adverse events. These programs work in concert with one another and are a critical component to how we plan and manage our balance sheet. Applicable Board committees oversee the performance and management of these programs, while our Asset and Liability Management Committee provides the expertise to set direction and provide necessary recommendations.

Please refer to our [2023 Annual Report](#) for more detailed information regarding our safety and soundness practices.

Evaluating New Business and Initiatives

Our **New Business and Initiatives (NB&I)** program is a framework designed to strengthen our strategic decision-making process, ensuring our actions are in line with our risk appetite by consistently applying strong risk management practices. The NB&I program's primary objective is to ensure that new businesses or initiatives that could alter the

organization's risk profile are fully evaluated for alignment with strategic objectives, risk appetite, and established policies and procedures.

The NB&I program evaluates multiple types of activities and projects that could present significant risk to our company, including but not limited to:

- Prospective and existing client relationships.
- Discretionary buying or selling of portfolios/assets.
- Mergers, acquisitions, consolidations, tender offers, acquisition of assets, management acquisitions, divestitures and liquidations.
- New products, capabilities, services, and technologies.
- Positive and/or negative impact to a majority of our active customer base.
- Strategic initiatives of parent company, Bread Financial.

We have embedded environmental, social and governance themes into these assessments to ensure the strategic objectives do not conflict with our responsible business practices, as well as ensure our relationships are in sync with the fundamental values of the company.





Data Management, Protection and Governance

Our commitment to caring for and empowering our customers extends to the safeguarding of their personal information. Understanding that trust is the basis of achieving success in creating relationships with our customers, we have established and nurtured a culture that relies on strong information security and privacy practices. Data security serves not only to safeguard sensitive information and ensure legal and regulatory compliance, but it is also instrumental to maintaining customer trust and confidence. Additionally, the secure and strategic use of data provides us with a competitive advantage.

We have a comprehensive Data Management Framework that encompasses Information Security & Technology, Data Privacy and Data Governance which together serve as the foundation to our policies and practices to ensure the responsible handling, protection and ethical use of data. In 2023, we invested significant resources into integrating, aligning and enriching our data management practices across all parts of the organization.

Our Code of Ethics outlines our commitment to appropriately safeguard financial and other personal data of individual customers, as well as the confidential information of our brand partners. We require our associates, contractors and suppliers to abide by the systems, tools and practices we maintain to protect the data of our clients and customers. Associates are required to comply with our privacy and security policies and procedures, as well as all applicable laws on privacy.

Our commitment to keeping data safe from cybersecurity risks includes applying sound data management practices and adhering to applicable state and federal privacy regulations. This commitment starts at the top with oversight by our Board and Risk & Technology Committee, which receives reports at least quarterly related to information security, data quality and privacy, including management’s programs to manage the ever-changing threat landscape and comply with new regulations.

Our data management, protection and governance roles and responsibilities are designed using the Three Lines of Defense Model. For more information on this model, please see the [Enterprise Risk Management Framework](#) section of this chapter.

Data Governance

Roles and Responsibilities

At the highest level, Enterprise Data Governance is overseen by our Board’s Risk & Technology Committee. Our Enterprise Compliance Council reviews our Data Governance Policy and subsequently recommends approval of the policy from the Board of Directors. Our Enterprise Data Governance Council provides guidance and oversight of our data governance strategy, roadmap, policies and data management capabilities. Through this guidance, our Chief Data Officer and Head of Data Management, Governance and Protection ensure enforcement of the policy. This cross-functional, multilevel approach assigns ownership and accountability over the creation, storage, use, sharing and destruction of data.

Tools and Processes

In 2023, we advanced our approach to data governance by:

- Adding additional roles and responsibilities to our data governance function.
- Implementing an expanded Enterprise Data Policy.
- Continuing to align our policies and practices to widely accepted industry standards (i.e., Data Management Association International [DAMA] and Data Management Capability Assessment Model [DCAM]).
- Strengthening redundancies and restoration capabilities in our data centers used in the event of a disaster.
- Managing security at each step of the complete data life cycle.
- Implementing new quality and metadata standards.
- Developing a comprehensive enterprise data quality catalog for consistency and accountability.

In 2024, we are focusing on:

- Classification and discovery of sensitive data.
- Establishment of data governance across key business areas.
- Implementation of more rigorous data quality checks.



“As a leading tech-forward financial services provider, we are committed to delivering innovative solutions to our partners and consumers powered by cutting edge technology platforms and talent.”

Allegra Driscoll,
Executive Vice President & Chief
Technology Officer



Managing Our Business Responsibly

Information Security and Technology

As cybersecurity threats become more sophisticated and more frequent, we continue to mature our security architecture and governance, collaborate more deeply across the company, grow our team, elevate associate education and training, and increase automation including machine learning. In 2023, we aligned our Information Security (IS) and our Information Technology (IT) governance programs, enhancing our overall framework, strengthening IT controls, and ensuring consistent organizational maturity.

Roles and Responsibilities

Our **Information Security & Technology Governance (ISTG)** group is led by our Chief Information Security Officer, who reports regularly to the Board of Directors and the Risk & Technology Committee. Other members of the C-Suite are responsible for creating and guiding the organization's data strategy, as well as monitoring the organization's IT and cybersecurity risk exposures. We also have two committees which provide forums for key leaders to discuss risks of data governance, IT and cybersecurity programs, with key risks being escalated to management and board-level committees as appropriate. Finally, our Internal Audit function evaluates the effectiveness of governance, policies, processes and internal controls.

Tools and Processes

Our ISTG policy and related compliance programs are based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework—**Detect, Respond, Recover, Identify and Protect**. In addition to our ongoing internal assessments, we partner with independent third parties to evaluate the maturity and effectiveness of our programs. The results are shared by our Chief Information Security Officer with our Board of Directors and Risk & Technology Committee who provide feedback that is used to inform our annual cybersecurity strategic objectives.

We use a combination of industry-leading automated security solutions to safeguard the data entrusted to us. Our team of cybersecurity experts regularly conducts penetration testing of our network and systems to ensure that our defenses are operating at peak effectiveness. We have a 24/7 team that monitors the threat environment, for which regular access reviews are mandated. In addition to implementing strategies to prevent data loss, we also employ methods to mitigate operational vulnerabilities.

Our **IT Command Center** monitors critical technology and business processes 24 hours a day, seven days a week, 365 days a year and aims to address issues early on before they escalate.

In the reviews by our internal experts, management team and leadership committees, our data privacy and security programs are assessed and audited by external parties to ensure compliance with industry standards and best practices, including:

- Regulatory agencies.
- External consulting firms.
- Payment Card Industry Data Security Standard, assessed annually.

We also annually conduct formal cyber incident response exercises that include our CEO and XLT, and are practiced with a third party cybersecurity consultant. As part of our compliance with Payment Card Industry mandates, a thorough incident response plan is reviewed annually, including by our federal regulators. We completed our last exercise in 2023. These reviews provide necessary checks and balances that help ensure data integrity across the company.





Managing Our Business Responsibly

Data Privacy

Our data privacy policy and program are aligned with the NIST Privacy Framework, ensuring our commitment to the responsible collection, use and sharing of personal information. 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.

We continually invest in training and tools to equip our associates with the skills and information they need to effectively implement our privacy framework. We closely monitor and track proposed privacy legislative and regulatory changes, as well as industry-related trends, and adjust the program accordingly to help ensure we adhere to regulatory requirements.

For more information on our commitment to data privacy, see our publicly-available [Privacy Policies](#) on our website.

Associate Training and Preparedness

Our associates play a crucial role in safeguarding data privacy and security. We empower our associates through ongoing education, with all new associates undergoing thorough information security and privacy training, followed by annual updates. These programs are updated regularly to reflect real world situations and changes to our policies. Specialized training is provided to associates in key roles with access to consumer data. Also, our suppliers and contractors providing information security services must participate in annual training sessions.

Our ISTG group and Privacy Office communicates to associates regularly on data privacy and security best practices, to keep knowledge current and promote our risk-aware culture. ISTG also sends phishing and ransomware reminders and runs cyber-security awareness campaigns, including an emphasis around **International Data Privacy Day**. In 2023, the ISTG team launched new cybersecurity tools to identify and block outbound emails to external parties containing personal identifiable information (PII).

We routinely administer 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 scenario 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. The results of the simulations are shared with our Board.



2023 TRAINING STATISTICS

99.9%

Completion rate for three-part Information Security Awareness training

99.9%

Completion rate for Data Privacy training

PARTNERING FOR BEST PRACTICES ACROSS THE INDUSTRY

The threat landscape is constantly evolving, so we actively cultivate 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.



Managing Our Business Responsibly

Responsible Supply Chain

We aim to work with suppliers who share our values and our commitment to conducting business responsibly, with ethics and integrity. We expect our suppliers to support our social responsibility, human rights and diversity initiatives. Our **Supplier Code of Conduct** states our expectations for compliance with all applicable laws, rules and regulations when engaging in business with, or on behalf of, Bread Financial. These include laws governing anti-bribery and anti-corruption, antitrust, labor and employment, health and safety, and human rights. The Supplier Code of Conduct also contains information regarding how suppliers can report ethics concerns.

Our key suppliers consist of technology services, marketing, consulting and other essential service providers supporting our operations. Suppliers must follow all environmental laws and aim to preserve natural resources while minimizing any harm their operations might cause to the environment. In 2023, we designed a risk-based approach to assess our top suppliers' responsible business practices, such as their dedication to environmental sustainability and human rights. Our goal in 2024 is to begin to incorporate the assessment into our supplier reviews as part of our overall risk management practice.

Supplier Risk Management

As part of our overall commitment to operating our business responsibly, we maintain a comprehensive risk management process for our supply chain. We conduct due diligence of suppliers during the onboarding process, including evaluating risks in areas such as regulatory compliance, information security, financial stability, reputation and business continuity. We adhere to guidance from the FDIC and industry best practices for determining supplier risks and take an individualized approach to evaluating the risks a potential supplier may introduce to the company.

We regularly monitor our suppliers' practices to ensure they meet our standards in risk areas related to our partnership. The assessments also review compliance with contractual Service Level Agreements (SLAs). If issues arise, we collaborate with the supplier to address them and determine next steps. The frequency of these reviews is determined by the level of risk associated with the partnership.

We reserve 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.

As part of the Supplier Code of Conduct, suppliers can report suspected Code violations to their Bread Financial Relationship Owner, or to the company's phone through the Ethics Helpline.





Managing Our Business Responsibly

Supplier Diversity

We actively aim to support our communities by increasing business with suppliers that are diverse-owned and small businesses. By having a supplier diversity program, we are ensuring diverse suppliers have fair and equal opportunities to be included in our sourcing and procurement process. Additionally, we strive to build mutually-beneficial relationships with diverse suppliers that create value for our customers, brand partners and company.

In 2023, we added a full-time Supplier Diversity and Sustainable Sourcing role and incorporated new tools and infrastructure to lay the foundation for partnering with competitive, highly qualified diverse suppliers throughout our supply chain.

We partner with a minority-owned company who provides our global procurement team access to the largest database of certified diverse suppliers. We also collaborate with local and national councils and attend national conferences which are focused on matching diverse suppliers with companies. We are corporate members of:

WBENC



Our BRGs play a vital role in advocating for our supplier diversity program both within the company and with external stakeholders through the exchange of ideas, resources and internal opportunities.

In 2023, we established a baseline for our spend with Tier 1 diverse suppliers to help set future goals. We will be adding Tier 2 reporting in 2024, which includes our suppliers' spend with diverse businesses. We will begin tracking the economic impact of our program and collaborate with diverse suppliers to better understand their hiring behaviors and their experiences working with our company.



FEATURE IN DIVERSITY PROFESSIONAL MAGAZINE

Our Chief Procurement Officer Todd Holcomb and Supplier Diversity and Sustainable Sourcing lead Shirelle Magee were featured in Diversity Professional magazine, discussing Bread's implementation of a full Supplier Diversity Program.

“We want to partner with diverse suppliers that we have identified as having the ability to fulfill a specific business need, and who have a proven track record of service that can help drive value for our business and for our customers.”

Shirelle Magee,
Senior Strategist, Supplier Diversity and Sustainable Sourcing

DIVERSE AND SMALL BUSINESS SPEND

In 2023, we spent \$10.1M supporting diverse and small businesses, a reduction from the previous year due to changes in the diversity/small business status for select suppliers or the sunseting of relationships.



SUPPLIER DIVERSITY PROGRAM GOALS

Vision Statement: Realize savings and increase flexibility through diverse supplier relationships that deliver value to our company, partners, customers and communities.

INCREASE DIVERSE SPEND	DRIVE VALUE AND OPPORTUNITY	PROMOTE BRAND AWARENESS
<ul style="list-style-type: none"> • Update tools, systems and processes to track spend by category/category lead. • Establish diverse spend benchmarks and goals. • Develop metrics and baseline. • Create quarterly progress reports by function to track performance. • Engage contractual supplier diversity language and reporting within supply chain. 	<ul style="list-style-type: none"> • Establish pipeline of opportunities. • Promote program goals and best practices across the company. • Expand diverse suppliers' accessibility. • Initiate internal leadership supplier diversity council. • Build sustainability assessment of suppliers' diversity. 	<ul style="list-style-type: none"> • Develop and execute internal and external communication plans. • Expand partnership with industry councils. • Promote the Supplier Diversity Program within industry and/or business publications. • Leverage external speaking opportunities to champion supplier diversity. • Enhance annual supplier diversity reporting.



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Empowering Our Customers

Empowering Our Customers

Empowering and caring for our customers is our purpose as a business and a promise we make as a brand. It is at the heart of everything we do and is cultivated at all levels company-wide. We offer ease, financial flexibility, and exceptional customer experiences through our digital offerings and market-leading payment, lending and saving solutions. We serve a vast spectrum of customers and make it our business to meet our customers where they are, across generational groups and personal financial journeys. Our goal is to drive a culture of customer experience with our associates in order to create best-in-class experiences that empower customers through effortless transactions across all touch points, meeting and exceeding their expectations in ways that earn their trust and loyalty.

2023 Business Accomplishments

Launched Bread Financial™ mobile app

Launched Financial Education Hub for customers

Reduced overall customer call time

Certified as a Center of Excellence by BenchmarkPortal for the 18th year

Introduced enhanced customer self-service options

Elevated associate training with camps, AI coaching and gamification

Alignment with Material Topics

Customer Satisfaction

Fair & Responsible Banking

Associate Career Development

Financial Health & Wellbeing





Roles and Responsibilities

Our Executive Vice President and Chief Commercial Officer oversees all aspects of the customer experience, including: digital strategy and experience, customer marketing, consumer research, customer care, customer experience, and output services.

HOW WE EMPOWER OUR CUSTOMERS

1 Protecting Our Customers

Ensuring equitable, fair and transparent practices in all aspects of our banking services, products and operations.

2 Providing a Seamless Customer Experience

Putting the customer first, managing their experience in a way that will seamlessly address and respond to their needs within their channel of choice.

3 Building Financial Confidence

Designing, operationalizing and delivering solutions that support and improve customers' financial health and wellbeing.



“Understanding the needs and expectations of our customers is a top priority for Bread Financial. Teams across the enterprise strategically collaborate to keep a pulse on what our customers want, how they behave, and where we can improve the experience.”

Valerie Greer,
Executive Vice President & Chief
Commercial Officer

2024 STRATEGIC OUTLOOK

- Reimagining customer care to incorporate the newest technology, including Generative AI.
- Increasing our call coverage with transcription and detailed voice analytics.
- Rolling out Bread Financial™ mobile app to our other card portfolios.
- Enhancing end-to-end digital servicing with a goal to reduce unneeded paper from our processes through digitization.
- Building and innovating our rewards programs for customers and brand partners, focusing on creating a smooth experience.
- Continuing to innovate our product offerings to ensure we are providing the best options for consumers at different stages on their financial journeys to build deeper relationships.



Empowering Our Customers

Protecting Our Customers

Fair and responsible lending is central to the cardmembers' experience and our obligation to equitable and transparent practices in all aspects of our banking services. We serve a wide range of customers, from those with well-established credit to first-time credit seekers and those rehabilitating their credit. We also provide best-in-class customer support and transparent communication about our growing portfolio of financial products and services.

We offer credit responsibly, meaning that we work to safeguard customers by defining credit limits that are within their capacity to repay. The banks use advanced analytics and established industry strategies to set appropriate credit thresholds and evaluates them regularly for accuracy and consistency. Our fully automated proprietary lending process enables us to accurately analyze and issue credit based on unbiased statistical modeling criteria to prevent discrimination.

We recognize that at times our customers may face unexpected financial hardship and we employ a balanced approach to help them, which may include forbearance, such as short- or long-term debt relief with reductions in annual percentage rate (APR).

Our commitment to fair and responsible lending extends to ensuring reasonable and inclusive access to our services and prompt resolution of customer issues. Servicing options are currently provided via phone, online and mobile applications. We strive to make each servicing channel accessible and are prepared to help customers navigate the use of an alternate channel that may provide greater accessibility.



“It is our responsibility to ensure our customers are treated fairly. It’s critical that we listen, understand their needs and provide them with clear communication and resources to help them make informed decisions about our financial products and services.”

Baron Schlachter,
Senior Vice President & President,
Comenity Bank



Comenity Bank and Comenity Capital Bank received an A+ rating from the Better Business Bureau in 2023.



Empowering Our Customers

Providing a Seamless Customer Experience

At Bread Financial, the customer is at the core of our business. We are committed to improving their experience through our expanding suite of products and best-in-class service. We continually measure, monitor and analyze the effectiveness of our total offering to ensure we are meeting the customer's needs and exceeding their expectations.

Real-time customer insights and feedback across the customer's journey ensure our services match our standards and meet the customer's needs. We leverage these insights to better understand, anticipate and respond to the feedback of both our customers and associates. If there are friction points, we identify and address them quickly, and incorporate our learnings into our associate trainings. We are constantly striving to enhance personalization and create an effortless experience across all channels. Growing our capabilities in digital servicing is, and continues to be, a major focus.

We improved customer experience in 2023 by:

- Launching the Bread Financial™ mobile app for convenient account access and additional payment options.
- Enhancing self-service options, including payment options, in the Interactive Voice Response (IVR) system.
- Focusing on human interactions in customer care, emphasizing empathy and connection.
- Launching additional surveys to learn about customer experience.
- Placing emphasis on efficient service using the Lean Six Sigma approach, resulting in significantly reduced call transfers, minimizing customer wait times, and reducing overall call duration.

Associate Training and Development

We understand the connection between the readiness of our associates and the experience of our customers. We believe that a great associate experience creates a great customer experience. To that end, we focused significant resources towards improving the readiness of our associates to provide best-in-class customer service in 2023.

- **Immersive Training Experiences:** We developed training camps to help associates improve their customer experience and servicing skills. In 2023, 237 associates participated, with a goal to have 500 associates participate in 2024. These camps resulted in increased performance and positive feedback from participating associates.
- **Incorporating AI:** We employed AI coaching to simulate customer interactions, assess associate performance, and provide feedback to associates. We also upgraded our internal knowledge management tool with AI-driven search functionality for better information delivery.
- **Gamification:** We launched a new engagement platform, using gamification to motivate associates to complete training sessions. We also enhanced training and development journeys with self-paced learning and rewards tied to recognition.
- **Lower Supervisor-to-Associate Ratio:** We focused more on individual associate learning and development opportunities by reducing the supervisor-to-associate ratio.

CUSTOMER SERVICE RECOGNITION IN 2023



BenchmarkPortal awards the Center of Excellence designation to customer service contact centers that rank in the **top 10% of the contact centers surveyed**. They are judged against a balanced scorecard of metrics for efficiency and effectiveness. Those contact centers that demonstrate superior performance on both cost-related and quality-related metrics compared with their industry peers earn the award.

Compared to its peers, Bread Financial is an industry leader when it comes to speed of call answer, average queue time, low abandonment rates and strong associate attendance.



Empowering Our Customers

The Customer 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 assistance, making an online payment, or engaging with our chatbot.

The cumulative impact of multiple touchpoints over the course of a customer's interaction with us generates a sense of value and trust that inspires confidence and satisfaction with our company and the brands we represent.

We have been responsive to customer feedback regarding key points throughout the customer journey and continue to make improvements in these areas, including:

- Self-service options for easier access and improved functionality.
- **Interactive Voice Response** system capabilities.
- Online Account Center experience.
- Payment options that provide flexibility and ease.
- Seamless acquisition during the application process.

Digitalization across the customer journey has been a key focus in 2023 and will continue in 2024. We redesigned our web presence for a more modern look and experience, including account dashboard, homepage authentication and payments flow. We added a digital welcome page for customers, providing helpful links and enabling self-servicing enrollments like autopay and paperless statements. We started using AI to automate some of our operations and processes to create more efficiencies, helping us to be more responsive to customers in the moment. Most notably, we launched the Bread Financial™ mobile app for our Bread Cashback™ American Express® Credit Card members, with a planned rollout to our brand partners in 2024.

Customer Experience Center of Excellence

Empowering customers, inspiring trust, and enabling effortless interactions with our customers are firmly rooted business imperatives. How we deliver exceptional customer interaction is just as important as, if not more important than, the products and services we provide. In a digital world, where customers review and share their experiences online freely, it has become vital for companies to connect with customers across every touch point and at a more personal level.

As such, we created our **Customer Experience Center of Excellence (CX COE)**, a strategic, cross-functional team of leaders who continuously keep a pulse on what our customers want, how they behave, and where we can improve their experience. Our CX COE focuses on:

- Reducing friction at any stage of a customer's journey.
- Encouraging, inspiring and enabling a customer-centric culture.
- Weaving financial wellness themes and best practices into our customer communications.
- Delivering insights and value through advanced monitoring of CX performance.
- Improving end-to-end customer journey experiences using best-in-class research and technologies.
- Closing the loop with customers and associates when we improve experiences and resolve issues.

CUSTOMER CARE FIRST CALL RESOLUTION



20M

Calls received by our Customer Care Center

Approximately

80%

of customers engaging with our Care Centers were satisfied with the courteousness, knowledge, and clear communication of associates while demonstrating concern for their needs.



Empowering Our Customers

Financial Hardship Programs

We recognize that at times our customers may face unexpected financial hardship. We employ a balanced approach to assistance, which may include short- or long-term debt relief that includes reductions in APR. Part of our approach to customer care involves empathy and acknowledgement of hardships our customers may face due to extreme events outside of their control. Our Care Center associates are trained for these scenarios and can ably 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 in times of need.

Capturing the Voice of the Customer

“Voice of the customer” refers to the collective feedback expressed by customers about their experiences with a product, service or brand. It encompasses both explicit feedback provided directly through surveys, reviews and interactions, as well as implicit feedback inferred from customer behavior and usage patterns.

We have invested, and continue to invest, in innovative tools and processes to enhance our ability to collect real-time customer insights and feedback, better understand customer sentiment, and identify moments of friction faster to continue to elevate our customers’ overall experience.

We actively collect feedback from multiple channels using a variety of tools, including:

- Customer surveys using:
 - Digital channels (in the moment feedback).
 - Email surveys (directly following an interaction).
 - Periodic surveys (feedback on a customer’s overall relationship with our products and brand affinity).
- Analytics tools that track and monitor digital customer experiences.
- Text analytics, customer data and machine learning to better understand and predict customer sentiment and actions.
- A new social media monitoring platform that uses AI to assess customer sentiment.
- Call listening, associate feedback and complaints to validate top moments of friction.





Empowering Our Customers

How We Measure Customer Experience

At Bread Financial, we look at a variety of customer service metrics, including the **Net Promoter Score (NPS)**, a metric that measures customer loyalty and satisfaction. 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 relationships. Our Overall Satisfaction score for our customers' digital experience increased in 2023, validating our efforts and resources deployed to improve this area.

Responding to 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 we respond in a timely fashion and with appropriate 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. In 2023, we focused on deepening the education and training of our associates, which we believe is critical to providing timely and effective resolutions.

Other 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 Board Risk and Compliance Committee.
- Capturing customer dissatisfaction across all interaction channels.
- Sharing data and insights to inform and improve our customer experience journey.

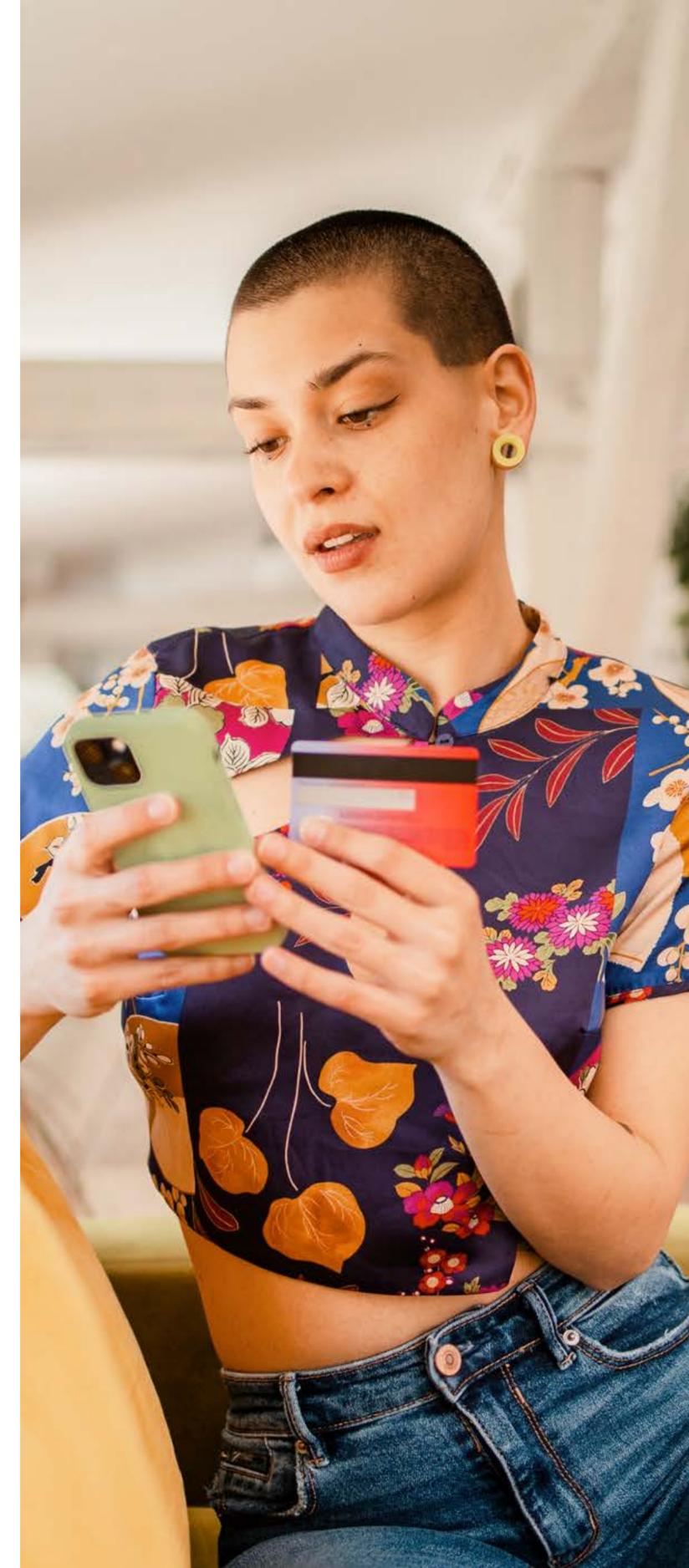
We have multiple channels for consumers to ask questions or report complaints, including calling or emailing our Customer Care Center, contacting us through social media, mailing a letter, and/or contacting the following;

- Federal Deposit Insurance Corporation (FDIC).
- Consumer Financial Protection Bureau (CFPB).
- Better Business Bureau (BBB).
- Attorney General's office.

Our complaints review process identifies risks of potential consumer harm and those related to specific ethical concerns such as Unfair, Deceptive, or Abusive Acts or Practices (UDAAP), fair lending or conduct risk, and privacy or execution errors. Insights gained from specific consumer complaints are reviewed by subject matter experts to address concerns and ensure customers are being treated fairly, as well as inform our policies, processes and procedures, including our Customer Complaints Management Policy and ongoing training for our associates.

Fraud

In 2023, we concentrated on enhancing our efforts to fight fraud for our customers, brand partners and the company. Given the uptick in fraud incidents across the banking industry, we worked to identify solutions that enhanced our protection capabilities. Our IT, cybersecurity and risk management teams collaborated to develop an integrated and proactive approach to managing fraud and cybersecurity threats. We invested in machine learning tools, process improvements, and continuous monitoring services to identify and prevent fraud and will continue to invest in emerging technologies and solutions in 2024. Always committed to the customer experience, we strive to balance protecting our customers with ensuring a seamless journey.





Empowering Our Customers

Building Financial Confidence

We recognize that we are uniquely qualified to promote financial wellness and help our customers meet their financial goals. We empower our associates, customers and communities by providing education and training, expanding access to financial literacy tools, supporting community programs, and exercising fair and responsible banking. We are an active member of Financial Health Network, an organization of business leaders, policy makers and innovators working together to improve financial health for everyone.

For customers, we offer a diverse mix of simple, smart financial payment, lending and saving solutions to help them build credit, save and borrow responsibly. We provide our associates with benefits and tools to help them save and plan for the future with confidence, and achieve financial security in ways that align with their financial goals. In our communities, we make bold, strategic investments in financial education, job training and resources to enable our communities to build a sustainable financial future.

WHY FINANCIAL WELLNESS IS IMPORTANT*

Top 5

Financial Wellness is a top 5 consideration when choosing a payments or lending company among business-to-consumer customers.

55%

of consumers place high importance on understanding their personal financial health.

*Based on research conducted by our market research team.

FINANCIAL WELLNESS ROADMAP

Vision Statement: Design, operationalize and deliver solutions that support and improve financial health for all.

STRATEGY	AWARENESS & EDUCATION	MEASUREMENT	PRODUCTS & SOLUTIONS
Outline and communicate the vision for financial health, and its long-term impact, as linked to the company's mission, vision, brand promise and strategy.	Integrate financial wellbeing into the customer experience to help them understand how to make smart financial choices that result in financial security. Provide access to tools and resources to build knowledge and support the customer's financial health journey.	Establish, measure and analyze financial health data to initiate accountability across the organization, evaluating performance and iterating on product and program development.	Leverage 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.



Empowering Our Customers

Thought Leadership

In 2023, we conducted a number of research studies to help inform our Financial Wellness Roadmap and set baselines of consumer expectations and priorities in understanding and managing their personal finances.

- Understanding Financial Literacy Gaps
- The Best Advice I Never Got
- Generational Needs in Building Wealth
- Spring Cleaning Your Finances
- Consumer Priorities in Financial Wellness
- Graduating to Adulthood
- Key Opportunities and Drivers in Financial Wellness

From these research studies, we saw the following trends:

The basics matter: Those who describe themselves as “financially uncertain,” expressed a desire to learn about managing a budget (58%) and how to spend money wisely (63%).

25%

of consumers say they do not have a budget.

25%

said they frequently spend more money than they make.

Credit card needs demystified: Only 21% of financially uncertain consumers learned how to use credit cards responsibly, and only 19% know how to build their credit score; financially certain consumers fared better, but revealed there is still an opportunity there. 60% said they learned how to use credit cards responsibly and 53% know how to build their credit score.

29%

of consumers claim they are carrying credit card debt.

89%

of those are focused on paying it down.

Building long-term wealth is a huge opportunity:

Only 28% of consumers learned about investing and building long-term wealth, with 71% of financially uncertain consumers saying they wished they had learned about it. Financially certain consumers didn’t fare much better: only 38% said they learned about investing and building long-term wealth.

21%

of consumers said they have no retirement savings.

13%

of consumers said they have investments they don’t understand or know how to manage.



FINANCIAL EDUCATION HUB

We continue to build out a comprehensive financial wellness platform to deliver content and tools that support our customers in their decision-making. In 2023, we launched the **Financial Education Hub** on our website with 50+ articles on a wide range of personal finance topics. Some of our brand partners are linking to the Hub and even rewarding their customers for reading the articles.

To learn about our associate financial wellness benefits and programs, please see the **Financial Wellness** and **New and Enhanced Benefits in 2023** sections in the **Engaging Our Associates** chapter. For information about our community financial wellness programs, please see the **Creating Possibilities for Our Communities** chapter.



Engaging Our Associates

Engaging Our Associates

Our associates are not only key stakeholders at Bread Financial, but are the heart of our company. We believe in the power of an engaged and fulfilled workforce to deliver on our business commitments and priorities. To that end, we're dedicated to attracting, developing and retaining top talent, as well as providing opportunities for growth, leadership and recognition.

We take a holistic approach to supporting the associate experience both in and out of the workplace, providing a variety of tools, training and resources. We nurture a work environment that promotes a sense of belonging, collaboration and flexible ways of working, so that all associates can achieve their personal best, while enabling us to meet business objectives and respond to evolving industry and customer expectations.

2023 Business Accomplishments

Created Office of People Policy and Governance

Expanded mentoring and personal development programs

Multiple awards and recognitions for our workplace culture

Transitioned to a new 401(k) service provider and increased the employer contribution

Launched New Associate Connect BRG

Alignment with Material Topics

Associate Career Development

Associate Health & Wellbeing

Corporate Culture

Corporate Governance

Diversity, Equity, Inclusion & Belonging

Financial Health & Wellbeing





Engaging Our Associates

Roles and Responsibilities

Our Chief People & Culture Officer reports directly to our CEO and oversees all areas of the associate experience, including: talent acquisition, associate engagement, training and development, awards and recognition, associate health and wellbeing, and DEIB. In 2023, we added the **Office of People Policy and Governance** to our People and Culture function. This function was established to prioritize how we handle and follow the many and constantly changing human capital requirements and policies that protect and govern our associates and our business.

TOWN HALLS AND LEADERSHIP SITE VISITS

Hosting town halls and leadership site visits provide opportunities for our leaders to communicate important updates about the business and listen to our associates' feedback, questions and concerns in person. In 2023 we held:

- **2 CEO Town Halls:** Our CEO and Executive Leadership Team shared business updates, and hosted associate Q&A for all associates.
- **6 Leadership Site Visits:** Leaders traveled to Bread Financial sites and held small roundtables with our associates regarding their experiences.
- **17 XLT Town Halls:** Members of the XLT hosted town hall meetings for their teams focused on recognition, business updates, and opportunity for feedback/questions.





Engaging Our Associates

Associate Experience and Engagement

At Bread Financial, we aim to cultivate an engaging and rewarding experience for our associates. Achieving high levels of associate pride and engagement demands focused efforts on areas like training and development, competitive compensation and recognition, and supporting the evolving needs of our workforce. By prioritizing an exceptional experience for our associates and giving them the tools to perform at their best, we empower them to deliver outstanding service to our customers, which is paramount to our success.

With the majority of our associates working in a hybrid or remote manner, ensuring a flexible workplace across different geographies is a priority for us. In 2023, we launched new trainings for our people managers focusing on how to better engage remote teams, and trainings (live and recorded) for our hybrid and remote teams to help them navigate their respective work environments so they can function at their best. The trainings included information on: equipment support, leading and conducting meetings, reserving a desk, and other tips for collaborating in a hybrid environment.

We also leverage our unique **Associate Value Proposition** to consistently deliver personalized and fulfilling experiences for our associates so they feel cared for, understood, connected, invested, supported and valued. The framework aligns with our vision, mission, values and our brand promise—to Empower Our Customers.

BREAD FINANCIAL ASSOCIATE VALUE PROPOSITION



Engaged & Purpose-driven Community

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

Valued Feedback in Action

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

Career Development & Advancement

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

Competitive Compensation & Recognition

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

Total Wellbeing

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



In 2023, we earned the **Great Place to Work Certification®** in both the U.S. and India.

87%

of associates said they feel Bread Financial is a great place to work—compared to 57% in a typical U.S.-based company—according to a 2021 employee engagement study by Great Place to Work®.



Engaging Our Associates

Listening to Our Associates

To ensure we are listening to our associates, we ask our global workforce to provide feedback on their experiences five times a year through digital surveys. Collecting this data is, in essence, like taking the “pulse” of our associates to learn how they feel at a given point in time about important topics that align with our Associate Value Proposition. Associates can also provide feedback during town halls, department meetings and similar events, in addition to regular touch bases and conversations with their leaders intended to foster open and ongoing dialogue. This constant flow of associate input allows us to gauge the effectiveness of our work environment, policies and programs, and has translated into deliberate actions in the past including: changes to our benefits, company holidays, paid leave policies, office design, internal communications, and our approach to a hybrid working structure—all of which help us maintain a competitive, well-rounded culture. To close the loop, we develop post-survey communications to keep associates informed of survey results and actions taken in response to their feedback.

In 2023, associate survey results influenced the development of the following initiatives:

- Launch of the **Career Navigator** tool, which is available to all associates on demand. The website has all of our career development resources in one place and is designed to guide associates and leaders on a path that fits their needs.
- Development of a taskforce to explore, identify and make recommendations regarding how we evolve our work environment to meet our business needs while ensuring associates experience a culture of flexibility, connectivity, and efficiency.
- Development of tools and communication for associates to troubleshoot common technology issues, whether working from home or in the office.
- Creation of the **New Associate BRG** to provide new associates with a forum to create and engage in a new work network. This supplements our onboarding experience, while also benefiting tenured associates by helping to establish new connections across the business.

2023 ASSOCIATE SURVEY RESULTS

COLLABORATION

Collaboration among associates and teams continues to evolve as more associates gain confidence with working in new, different ways in this hybrid model. The 2023 survey results indicated that we are successfully navigating this changing landscape. In 2024, our goal is to sustain these positive outcomes, as well as to maintain or enhance cross-departmental collaboration in areas needing attention. 86% of associates say there is effective collaboration with their team. 75% say there is effective cross-functionality between teams and departments.

CHANGE COMMUNICATION

In 2022, *change communication* was identified as an area for improvement. After consistent focus and prioritization in 2023, associate satisfaction regarding change communication increased significantly. This will continue to be a focus in 2024 and beyond to ensure that associates are informed of and prepared for important changes that impact the business.

LEARNING AND DEVELOPMENT

Associates continued to rate *learning and development* highly in 2023.

CAREER OPPORTUNITY

Associates asked for more communication and resources about specific career opportunities, such as promotions and lateral moves.

TALENT COMPETITIVENESS

Talent competitiveness encompasses the extent to which our associates see the company as providing a work experience that compares favorably with other organizations where they choose to work. In 2023, the overall favorability score on each of the five items under talent competitiveness improved over the previous year by an average of four points.



81%

Overall Talent Competitiveness Score



Engaging Our Associates

Acquisition, Development and Recognition

We are committed to providing equitable pathways for individual learning and development for our associates. Our objective is to equip each associate with the necessary tools and support for growth within their current role while identifying avenues for advancement aligned with the organization’s long-term goals.

Talent Acquisition

In acquiring talent, we focus on attracting the right candidate from outside of the organization. We look for talented individuals who share our values and are passionate about helping us create an exceptional experience for our customers. We believe that our competitive Associate Value Proposition, meeting associates where they are, and supporting their total wellbeing makes us attractive to prospects. We also have a successful referral program that rewards associates with a bonus for referring a successfully hired candidate.

Ensuring that diversity, equity, inclusion and belonging principles are embedded into our policies and processes is fundamental to our talent recruitment strategy. We’re intentional in our efforts to appeal to talent across different backgrounds and experiences.

In 2023, we focused on building relationships with organizations that help us attract and develop a diverse pool of talent, including:

- Black Achievers.
- Society of Hispanic Professional Engineers.
- Prospanica.
- National Association of Asian Professionals.

We have seen progress in our ability to attract diverse talent to apply for entry-level roles through our university level recruitment, including our Pathways and Internship programs. We continue to utilize best-in-class tools, including Lightcast, to identify the availability and sources of diverse talent externally.

We’ve established techniques and training for interviewing and making hiring decisions to support the elimination of bias during the hiring process. We use the **Targeted Selection** model, which is designed to identify the highest quality candidates by consistently asking behavioral-based questions to avoid bias. All of our hiring managers are required to become a “certified interviewer” by taking Targeted Selection interview training, which educates interviewers on the many types of biases that may exist in the interview process and spreads awareness to help avoid those behaviors.



“We have been very focused on the kind of talent that we are hiring, what they can bring to the table, and how they can support the organization and our long-term growth.”

Brandy Sullivan,
Senior Vice President & Chief People & Culture Officer

In accordance with our Code of Ethics, we are fully committed to providing equal employment opportunities to all applicants and associates. This means we recruit, hire, train, promote, compensate, develop and retain the most qualified individuals from a diverse pool of candidates without discrimination based on race, color, religion, religious attire, gender, pregnancy, age, national origin, disability, sexual orientation, marital status, citizenship, veteran status, gender identity, transgender status, or any other protected status as defined by law or Bread Financial policy.





Engaging Our Associates

Training, Learning and Development

At Bread Financial, we support our associates' professional development and advancement by equipping them with the tools needed to succeed, the trust to forge their own career path and opportunities to grow.

Using our **Opportunity Index** tool, we track internal promotions, lateral moves, and the percentage of open roles filled internally, further guiding our strategies to empower associate growth. In 2023, 28% of 723 job openings were filled by internal candidates, demonstrating the strength of our commitment to enable our associates to grow and pursue new opportunities within the company.

- **Ongoing Feedback:** Associates receive feedback from supervisors and discuss growth and career goals through formal reviews held at least twice per year.
- **Career Navigator:** We launched the Career Navigator website in 2023, which is designed to guide associates along their unique career path, with professional development resources all-in-one place. We provide a catalog of programs, including self-guided and instructor-led learning, from which associates can select, follow the course and track their progress. Team leaders have the ability to tailor customized experiences for their teams while also gaining access to dedicated leadership programs.

- **MentorcliQ:** In 2023, we selected MentorcliQ to support our cohesive, enterprise-wide associate mentor program. The platform allows for consistent tracking and the ability to measure results. MentorcliQ enabled 150 mentors and 250 mentees to engage in the support of associate development, with 72% of participants representing diverse categories. Most importantly, MentorcliQ helps to build relationships and exposure across the company.
- **Rise Program:** The Rise Program is a six-month cohort-style program that focuses on leader-level and role-specific topics through instructor-led sessions, self-paced work, and group discussions. Participants gain skills in: inclusive leadership, building trust, problem solving, communication, business acumen, enterprise-wide thinking, and ambassador leadership behaviors. After successfully completing the program, participants are paired with a mentor through MentorcliQ.
- **Six-month Apprenticeship Programs:** These programs are designed to create equitable opportunities for our non-exempt associates aspiring to take on corporate roles within Bread Financial and are offered to both U.S. and India associates. More than 90% of participants permanently transition to a corporate role at the completion of the program.
- **Development Experience Program:** In its second year, 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:** We offer tuition reimbursement for full- and part-time U.S. associates, starting six 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:** We offer a 12-week paid Internship Program, available to rising U.S. juniors and seniors in college. Throughout the program, interns receive hands-on experience, access to professional development courses, virtual networking opportunities, and participation in a virtual philanthropic event. We select those interns we believe will positively impact our company, with the goal of each intern completing the program eager to begin their career at Bread Financial.
- **Executive Leader Program:** This six-month cohort style program offers a combination of instructor-led sessions, self-paced work and group discussions, focused on training in emotional intelligence, strategic decision making, handling difficult conversations, and leveraging collaboration. In 2023, more than 120 participants at or above the Senior Manager/Operations Manager level enhanced skills that are critical to be an effective senior leader within our organization.
- **New Director Forums:** These forums provide the opportunity for new directors promoted or hired within the last year to hear from executive leaders, learn more about business decisions and stretch understanding of our Visionary Leadership Behaviors to better support their associates.
- **Stretch Assignments:** Stretch assignments allow associates the ability to temporarily assume the responsibilities of a different position for up to six months, and are available in both the U.S. and India. The goal of these positions is to provide associates with the insight needed to help determine their next career steps, while at the same time adding to their skill sets and filling a business need. There were over 100 stretch assignments started throughout 2023 with several assignments ending in permanent placements.



Engaging Our Associates



PATHWAYS PROGRAM

We launched the inaugural **Pathways Program** in 2023 with nine recent college graduates. The 12-month Pathways Program is an early career rotational program designed to provide the opportunity to explore multiple areas and gain hands-on experience in our Finance, Enterprise Data Science & Analytics, Marketing and Global Audit departments. During the program, participants are provided with additional professional development courses as well as unique opportunities to collaborate with each other during networking and learning activities. After completing the Pathways Program, participants are ready to transition into full-time positions throughout the business.

“During my time as an intern and Pathways Program associate, Bread Financial’s support has played a crucial role in my career, blending personal growth with invaluable professional experience.”

Catherine Treboni-Hogan,
previous intern and Pathways
Program associate

TRAINING AND DEVELOPMENT BY THE NUMBERS

24

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

\$1,229

Investment in training and training and development per global associate



Engaging Our Associates

Associate Recognition and Award Program

We believe that showing appreciation for the dedication and hard work of our associates is important. Each year, we honor associates through three recognition programs:

- The **Leadership Excellence Award** recognizes leaders who exhibit the highest levels of our leadership behaviors. In 2023, we awarded 22 leaders with a proven high-performance record. Recipients received a monetary award.
- The **Hall of Fame Award** is given to 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 2023, 100 recipients received a cash bonus and an all-expenses paid trip.
- The **Extra Mile Award** is given to associates who exhibit extra effort and deliver exceptional results in the first half of the year. In 2023, 80 recipients received a cash bonus.





Engaging Our Associates

Diversity, Equity, Inclusion and Belonging

At Bread Financial, we proudly embrace, prioritize and promote diversity, equity and inclusion to build trust, deliver value for all stakeholders and accelerate responsible, sustainable growth. 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.

In 2023, recognizing a critical component of our work and the intended outcome we strive to achieve—a sense of belonging—we renamed this function **Diversity, Equity, Inclusion & Belonging (DEIB)**.

DEIB Strategy and Governance

We have intentionally embedded DEIB into our overall governance and business strategy to elevate our commitment and accountability across the four pillars of our strategy—workforce, workplace, marketplace and community.

Our efforts are coordinated through the DEIB Office, with dedicated leadership and a growing DEIB Council. The **DEIB Advisory Council** comprises 27 associates and leaders from across the business. The diversity leader reports to our Chief People & Culture Officer, a direct report of our CEO. The Board Compensation & Human Capital Committee oversees human capital management, including DEIB.

ADVANCING OUR FOUR-PILLAR DEIB STRATEGY IN 2023 AND BEYOND

Vision Statement: Embrace and promote diversity, equity and inclusion to create a sense of belonging, build trust and deliver value for our associates, partners, customers and business.

WORKFORCE (PEOPLE)	WORKPLACE (CULTURE)	MARKETPLACE (CUSTOMERS & SUPPLIERS)	COMMUNITY (SOCIETY)
<p>Objective:</p> <p>Attracting, retaining and empowering top talent from all walks of life and experiences to fuel our success.</p>	<p>Objective:</p> <p>Promoting a culture and work environment that enables all associates to be their best selves, do their best work, and make a difference in the lives of others.</p>	<p>Objective:</p> <p>Collaborating with partners and suppliers that share our values to enable best-in-class experiences for our customers.</p>	<p>Objective:</p> <p>Investing in programs that reduce barriers, advance equity and inclusion, and deliver better outcomes for our communities.</p>
<p>2023 Accomplishments:</p> <ul style="list-style-type: none"> Engaged with diverse professional and student organizations, including college campaign recruitment communications to more than 4,500 students through the Handshake platform. 150 mentors and 250 mentees participated in our mentor program that is open to all associates to support growth and development. 72% of participants represent gender and ethnic diversity. Increased diverse representation by 20% in Bread Financial's Apprentice Program. 	<p>2023 Accomplishments:</p> <ul style="list-style-type: none"> BRGs partnered with LivingWell and the Learning & Development team to plan 28 company-wide events focused on professional, personal and emotional development. 80 company leaders participated in Psychological Safety training to learn how to foster an environment where associates are free to express ideas, admit mistakes and provide feedback without fear of retaliation or retribution. Launched New Associate Connect BRG. 	<p>2023 Accomplishments:</p> <ul style="list-style-type: none"> Aligned shared values with brand partners to build mutually beneficial DEIB initiatives, including incorporating DEIB into brand partner training, driving increased applications. Developed Pride Month campaign to engage card members for brand partner Torrid, benefiting GLAAD, a non-profit focused on LGBTQ+ advocacy and cultural change. 	<p>2023 Accomplishments:</p> <ul style="list-style-type: none"> Designated more than 40% of our community investment to diverse nonprofits that align with our Equity and Inclusion priority. My Possibilities opened their new Employment Innovations School powered by Bread Financial in Plano, Texas, providing vocational education and training for adults with intellectual or developmental disabilities.
<p>2024 Priorities:</p> <ul style="list-style-type: none"> Create equitable opportunities to develop and promote all talent. Evolve external relationships to recruit the best, most qualified talent for our open roles. 	<p>2024 Priorities:</p> <ul style="list-style-type: none"> Increase BRG engagement across the organization and measure impact in creating a sense of belonging and supporting associate growth and development. Support DEIB strategy rollout and leader education, including DEIB Strategy Evolution and Psychological Safety leadership training. Listen to—and act on—associate feedback. 	<p>2024 Priorities:</p> <ul style="list-style-type: none"> Identify opportunities to further integrate DEIB in strategic initiatives. Continue to grow Supplier Diversity initiatives in partnership with Global Procurement. Create meaningful opportunities for brand partner engagement. 	<p>2024 Priorities:</p> <ul style="list-style-type: none"> Create opportunities for associates to connect and build awareness for Bread Financial in the communities where we operate. Implement cause-related marketing initiatives that elevate Bread Financial and our brand partners. Measure BRG volunteer engagement and enablement.



Engaging Our Associates

DEIB Training and Education

Education and training are fundamental to our DEIB efforts across all levels of the company and DEIB training is strongly encouraged for all senior leaders. Our training programs are designed to solidify the definitions of DEIB, educate on principles of inclusive leadership, and provide training for how to mitigate bias in leading associates through the associate life cycle.

DEIB Training Programs

- **Foundations of Psychological Safety:** This training program focuses on the connection and impact between psychological safety and DEIB. Through self-paced learning and group discussions, leaders become better equipped to nurture a lasting culture where diversity is encouraged, new ideas are welcomed, and associates feel a sense of belonging on their teams.
- **DEIB Strategy Evolution:** This program is designed to align on our definitions of DEIB, tie our DEIB efforts to enabling and accelerating our business goals, and equip leaders with the tools to drive a culture of equity, inclusion, and a sense of belonging.

80

of our company leaders participated in the Foundations of Psychological Safety training to learn how to foster an environment where associates are free to express ideas, admit to mistakes, and provide feedback without fear of retaliation or retribution.

Following completion of DEIB training:

91%

of direct reports stated their leader creates an environment where it's safe for them to ask another team member for help.

88%

of direct reports stated their leader creates an environment where it's safe for them to ask challenging questions.



“We gauge the impact of our diversity, equity, inclusion and belonging initiatives based on their ability to unlock our full business potential through our people, processes and practices. It’s the sense of belonging that empowers each individual to make their utmost contribution to the organization’s success.”

Jeff Hammonds,
Vice President, Diversity, Equity, Inclusion & Belonging





Engaging Our Associates

Business Resource Groups

Our associate-led BRGs celebrate distinct dimensions of diversity and help to cultivate a culture of inclusion and belonging. We recruit and support associate leaders who bring passion and expertise in leading our BRGs, and we continue to evolve our BRGs based on associate feedback and interests. Through BRG engagement, all associates have access to professional, personal and emotional development outside of traditional company-led development opportunities.

In 2023, we added the **New Associate Connect BRG**, in response to feedback from our associate engagement survey expressing interest from tenured associates to help ease the way for new associates. Like all of our BRGs, membership in the New Associate BRG is open to everyone at Bread Financial. The group creates a space where new and tenured associates can learn from and support each other while helping new associates at all levels navigate the ins and outs of Bread Financial's business and culture.

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):** 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.
- **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.
- **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.
- **Hispanic/Latine BRG (HLBRG):** HLBRG's mission is to foster an inclusive environment where Hispanic/Latine 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.
- **New Associate Connect BRG:** Our newest BRG strives to enrich and accelerate the knowledge, experience and connections of new and tenured associates.
- **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.
- **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.
- **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.

BRG sponsored initiatives include panel discussions, professional growth courses, and associate and community engagement opportunities.

Associates can:

- Develop their inclusive leadership skills through attending panel discussions on topics such as autism awareness, non-binary recognition and caregiver experiences.
- Attend leadership sessions and learn from diverse internal and external speakers.
- Gain a deeper understanding of associate benefits and resources available to support their physical and mental health.
- Sharpen cultural awareness by attending educational celebrations for holidays such as Juneteenth and Diwali.



Engaging Our Associates

2023 BRG ACTIVITIES HIGHLIGHTS

BREADABILITIES

535 575

Autism Awareness Month panel discussion attendees

Mental Health Awareness Month panel discussion attendees

FAMILY MATTERS

A team of 80 associates raised

\$8,000

for Nationwide Children's Hospital's The Movement for Children's Mental Health in the On Our Sleeves 5K Run/Walk, surpassing last year's total by \$3,000.

PRIDE

"Pride on High" sponsorship raised

\$70,000

for LGBTQ+ youth and scholarships.

ASIAN ALLIANCE

350

From East to the West: Reflections on Asian Experiences panel discussion attendees

HISPANIC/LATINE

200

Guest speaker event attendees during Hispanic Heritage Month

WOMEN CONNECT

668

"Women Leading the Way" panel discussion attendees during Women's History month

BLAC

60

Associates and family members participating in the African American Wellness Walk

VETERANS

5

Sponsored and escorted veterans on Honor Flights





JUNETEENTH

We announced the addition of **Juneteenth** as a company holiday in 2022 and the holiday was commemorated for the first time in 2023. Our BLAC BRG held a family event at our Columbus headquarters with nearly 250 associates and family members, featuring an interactive African dance performance, games for kids, and an opportunity for associates to observe the holiday. Associates and leaders from throughout the organization attended, including our President and CEO, Ralph Andretta. Local nonprofit organizations were also present to share how associates could get involved in supporting our community.

~~~~~  
“The fact that our company recognized and commemorated this date was extremely meaningful.”

“We loved the idea that Bread brought people together with lots of leaders and the CEO meeting our family.”

**Bread Financial associates**



## VETERANS BRG IN ACTION

Over the past two years, we have further embraced our commitment to supporting veterans through our Veterans BRG programs. We are proud to sponsor the annual **Stand Up for Heroes** concert benefiting the Bob Woodruff Foundation, ensuring our nation’s veterans, service members, and their families have stable and successful futures. Our leadership, Veterans BRG and talent acquisition team have taken an active role in Veterans on Wall Street, which increases employment opportunities for veterans in the financial services industry.



Engaging Our Associates

## SUITUP COMPETITION

In 2023, we partnered with **Ohio Youth Development**, a nonprofit committed to breaking down barriers to success by providing after-school programs that promote educational equity, physical wellness, and social-emotional development for all children. Bread associate volunteers teamed up with students from Ohio Youth Development to participate in the SuitUp business competition, in which corporations provide opportunities for all students to gain exposure to potential occupations. The competition involved creating a new and innovative strategy to help us identify and recruit a diverse pool of college graduates, with the volunteers coaching students in various departments before helping them pitch to judges for a cash prize. Through the process, the students learned the importance of brainstorming, collaboration, and how businesses address challenges.



## PRIDE ALLIANCE

We recently signed the **Count Us In Pledge**, organized by the Human Rights Campaign, reaffirming the company's commitment to full LGBTQ+ inclusion and equality in our workplace and beyond. The pledge, which is a joint initiative from the Human Rights Campaign and GLAAD, has been signed by more than 75 large businesses across the U.S.



Engaging Our Associates



### 2023 Workforce Diversity Data

|                                    | TOTAL WORKFORCE | SENIOR LEADERSHIP |
|------------------------------------|-----------------|-------------------|
| Female (Global)                    | 63%             | 44%               |
| Racially/Ethnically Diverse (U.S.) | 44%             | 15%               |

### RECOGNITION OF OUR DEIB EFFORTS



In 2023, we were selected for the fifth consecutive year as a member of the **Bloomberg Gender-Equality Index**, which distinguishes companies committed to transparency in gender reporting and advancing women's equality.

For Bloomberg GEI disclosures from the year 2023, please see the **Bloomberg Gender-Equality Disclosure** section of the Appendix.



## Engaging Our Associates

# Associate Health and Wellbeing

We offer a comprehensive and competitive benefits package that prioritizes the physical and mental wellbeing of our workforce, with a strong focus on financial wellness woven throughout our company and our culture.

We recognize that associates in good health are more likely to excel in their roles, stay engaged, and positively impact their communities. That’s why we provide exclusive access to **LivingWell**, our award-winning holistic wellbeing program. LivingWell offers straightforward, inclusive and affordable solutions tailored to meet associates wherever they are on their wellness journey. By connecting associates and their families with resources that support their overall wellbeing, LivingWell enhances financial confidence allowing them to thrive.

## Competitive Compensation and Pay Equity

Competitive compensation is a foundational element to ensuring our associates feel valued—one of the five areas in our Associate Value Proposition. We consider many factors related to compensation including—but not limited to—competitive pay, bonuses, and the cost of working from home and commuting. At least once a year, we review macro-economic conditions for our business and our associates and we prioritize providing appropriate salary and wage raises across our workforce, along with stipends when and where necessary.

We are committed to providing equal pay opportunities and achieving pay equity for all associates with the same job, skill level and location. Our compensation

model to ensure fair and inclusive pay practices is reviewed regularly and we strive to make fair decisions without bias and based on consistent criteria.

## Physical Wellness

We provide an array of top-tier health and wellness benefits that we believe are among the finest in our industry.

- **Health Insurance:** We are proud to cover approximately 82% of the cost of health insurance premiums on behalf of our associates, continually looking at improvement in plan design and affordability.
- **Wellness Challenges:** To facilitate engagement and connection in a hybrid work model, we host several wellness challenges throughout the year. Topics include: gardening, mindfulness, sleep, hydration, nutrition and gratitude. For our flagship Go the Distance challenge, participants are encouraged to walk or run 50, 100 or 150+ miles during the month of September. In 2023, nearly 650 participants logged 65,000+ total miles.
- **LivingWell Reward:** Redesigned and upgraded over the last two years, associates in the U.S. and India can use this lifestyle account toward eligible wellbeing expenses for themselves or their immediate family members. We increased the amount to \$400 for U.S. associates, up from \$350 in 2022, and ₹20,000 for India associates, up from ₹15,000 in 2022. Eligible categories include traditional gym memberships, group fitness classes, personal training, 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. We opened additional categories for both U.S. and India associates mid-year including nutrition trackers, scales and nutrition counseling. A user-friendly claims reimbursement platform allows associates to get reimbursed quickly. In 2023, over 77% of U.S. associates used this benefit, spending over \$2.2M and 80% of India associates, spending approximately \$130,000 for the first eight months it was available.

- **Teladoc\*:** We partner with Teladoc, which is a diabetes and hypertension management program offered at no cost to our associates and dependents covered by Bread Financial medical insurance. In 2023, 90% of eligible members successfully engaged in this program for diabetes and 93% for hypertension. Associates engaged in the diabetes management program reduced their HbA1c by 1.4%.
- **Hinge Health\*:** We partner with Hinge Health, an app-based physical therapy and exercise therapy program, which helps associates and covered dependents over the age of 18, get unlimited one-on-one coaching and virtual visits for back, muscle and joint pain. Members of the Bread Financial medical plan receive this at no additional cost. Since adding this benefit, associates have reported reduced feelings of depression, anxiety, and pain by 50%. Over 624 members have engaged with Hinge Health in 2023. Reported return on investment is \$1.9 million.

\*These benefits are offered to U.S. associates only.



We were awarded the **Healthy KC Platinum Level Certification**—the highest level of distinction—from the Greater Kansas City Chamber of Commerce for demonstrating a commitment to associate wellbeing.



## Engaging Our 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 launched **Spring Health**, a robust mental health solution that provides associates with the right care at the right time. 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. Within the first two years of launching this new resource, 40.5% of associates have enrolled. In addition to Spring Health, mental health and substance abuse visit coinsurance was decreased to 10% (from 20%) for associates and dependents enrolled in our medical plan. Discounted virtual mental health visits with high quality psychiatrists and psychologists are also available through Doctor on Demand.
- **Bright Horizons\*:** Our Bright Horizons program offers 60 hours of backup child and elder care, virtual tutoring, college coaching, and we added pet care services in 2023. In 2023, 16,204 hours were utilized by our associates for care, an increase of 32%.
- **Progyny\*:** Progyny is an inclusive, family building benefit that provides comprehensive coverage and personalized support for all paths to parenthood,

including fertility treatments, and financial assistance of up to \$10,000 per child for adoption or surrogacy expenses. In 2023, we enhanced this benefit to unlimited “Smart Cycles” to help associates achieve their dreams of a family.

- **Paid Parental Leave:** In the U.S., eligible associates receive 6 weeks of 100% paid parental time off for birth, adoption or long-term foster care. This is in addition to the 7 weeks of paid disability leave available to new mothers, which total 13 weeks of 100% paid time off. Eligible non-U.S. associates receive 26 weeks for maternity leave, and 3 weeks for paternity leave.
- **Bereavement Leave:** Eligible associates receive up to 7 days of paid bereavement leave for U.S. associates, and up to 5 days for non-U.S. associates.
- **Paid Time off for Voting:** Eligible associates receive paid time off to complete certain important tasks during the workday, such as voting.
- **Workplace Flexibility:** Eligible associates are given the choice to build a workplace routine that supports their personal preferences, demands, and work-blending home and in-office workplaces.
- **Office Space Enhancements:** We made physical changes to support the hybrid work environment, with a focus on associate wellbeing, including lowering cubicle height and creating open spaces to encourage more collaboration and social interaction when in office.

\*These benefits are offered to U.S. associates only.



### AVERAGE WAIT TIME FOR A THERAPY APPOINTMENT

Bread Financial Associate (via Spring Health)

National Average

**1.7 days**      **4-6 weeks**



## Engaging Our Associates

### 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:

- **Employee Stock Purchase Plan (ESPP)\*:** 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 Certified Financial Planners™, smart budgeting, and education at no cost to associates and their immediate family members. We launched BrightPlan for our India associates in 2023 and expanded access to anyone (including former associates) who still hold a balance in our Bread Financial 401(k) plan. In 2023, 26.3% of U.S. associates and 20.1% of India 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, improving your credit score and maximizing retirement. In 2023, 1,529 associates participated in the program.
- **Gradvisor\*:** This online platform makes it easy for associates to establish a 529 college savings plan for any child. Combining technology and personalized, professional guidance, associates can select, open, and track the best tax-advantaged 529 college savings plan for their needs.
- **College Scholarship Program:** Children of our associates attending a two-year or four-year school can apply for a one-time Bread Financial scholarship of \$10,000. In 2023, we awarded five scholarships.
- **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 2023, 106 associates received support through the Help Right Here fund. Since its inception in 2016, the fund has supported 471 associates.

\*These benefits are offered to U.S. associates only.





## Engaging Our Associates

### New and Enhanced Benefits in 2023

Each year, associate feedback helps to inform the benefits we initiate, improve and remove from our portfolio. In 2023, we implemented the following:

- Launched an updated design for the **401(k) plan\***, including:
  - 3% “free money,” which is automatically deposited annually into each associate’s 401(k), equal to 3% of eligible annual pay, regardless of the associate’s contribution.
  - 3% company match of 50 cents for every \$1 the associate contributes to the plan, up to 6% of eligible annual pay.
  - Removal of the waiting period for new hires to participate.
  - Company coverage of administrative plan fees so participants can save even more for retirement.
  - In October 2023, transitioned to a best-in-class, tech-forward retirement service provider, T. Rowe Price, to help associates increase their savings over time.
- Formally recognized Juneteenth as a company holiday for the first time since it was added to our holiday schedule in 2022.
- Increased long-term disability coverage to 50% of monthly earnings up to a maximum of \$10,000/month, and increased the buy-up long-term disability coverage to 60% of monthly earning up to a maximum of \$15,000/month.
- Increased duration of basic and buy-up long-term disability duration to retirement age.
- Launched **Candidly\***, a new free financial wellness benefit with digital tools and resources to help associates pay down student loan debt faster and smarter. It includes one-on-one coaching from a certified expert for personalized guidance. This benefit helped Bread Financial associates pay down or reassess \$368,998 of student loan debt, with 469 eligible associates participating.
- Added a new **Caregiver Resource Hub** to the Bread Financial **LivingWell** platform, which provides resources and support for dealing with physical, emotional and/or financial stress that can come from being a caregiver.
- Expanded our **Bright Horizons\*** program to offer pet care services; last year we added elder care and college coaching to U.S. Associates, in addition to backup childcare and virtual tutoring.
- Added four hours of legal consultations for issues not normally covered under the MetLife legal plan.\*

\*These benefits are offered to U.S. associates only.

## OUR AWARD-WINNING LIVINGWELL PROGRAM CELEBRATES 10 YEARS OF ASSOCIATE WELLNESS

In 2013, we hired Lindsay Madaras to establish a company-wide wellness program. It started with two programs—preventative mammograms and financial workshops. Ten years later, the program, now called **LivingWell**, has transformed into an award-winning, holistic wellbeing resource to improve the physical, mental and financial health of our associates.

“Our leadership recognized the importance of supporting the associate’s whole self—both inside and outside of work—and we grew quickly. We began hosting things like on-site health checks, tobacco cessation workshops and movement challenges, and then eventually opened on-site fitness centers,” says Madaras.

When the pandemic hit, it became apparent to the LivingWell team there was a critical need for mental health resources. They introduced **Spring Health** in 2022, which offers free therapy sessions annually to associates and their family members along with coaching, digital wellness exercises and 24/7 crisis support.

The LivingWell team introduced the financial wellness platform **BrightPlan** in 2021 to provide access to a variety of tools, including unlimited one-on-one calls with a financial planner, to improve associate’s financial health and increase their financial wealth. Most recently, they focused on enhancing the **LivingWell Reward**, which reimburses associates for eligible wellbeing expenses.

Looking forward to the next 10 years, Madaras is focused on achieving parity between U.S. and India associates and to further expanding total wellness opportunities for all our associates.



The LivingWell team won a prestigious **Ragan Workplace Wellness Award** in the **financial wellness category** for its resources and programs designed to help associates and their families improve their financial confidence. The Workplace Wellness Awards celebrate organizations, people and teams that have made significant strides in improving their employees’ health and wellbeing, with a focus on physical, mental, financial and social wellness.



Our LivingWell program was awarded gold-level recognition from the Healthy Business Council of Ohio for demonstrating a commitment to offering programs and resources that support associate wellbeing. Our company was one of 23 large employers in Ohio to receive gold-level recognition in 2023!



Creating Possibilities for Our Communities

# Creating Possibilities for Our Communities

Community-centric values are deeply ingrained in our company and culture. We make 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.

## 2023 Business Accomplishments

\$8M in charitable donations

Associate volunteer hours increased by more than 160%

\$1M awarded in grants to 21 charities focused on financial wellness

\$55M in new commitments for multi-family affordable housing projects

## Alignment with Material Topics

Community Engagement

Corporate Culture

Corporate Governance

Diversity, Equity, Inclusion & Belonging

Financial Health & Wellbeing





Creating Possibilities for Our Communities

## Roles and Responsibilities

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

### PURPOSE-DRIVEN PRIORITIES

**Our Purpose-Driven Priorities encompass strategic focus areas that guide all of our community investments, grants and donations, and are aligned with our business strategy:**



#### 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.



**“Our community reinvestment strategy ensures we uphold our commitment to enrich the economic and social fabric of the communities we serve. Our dedication is a testament to our belief that the true measure of success lies in the positive impact we have on society.”**

**Stephanie White,**  
Director CRA Compliance



Creating Possibilities for Our Communities

## Our Community Reinvestment Act Commitments

At Bread Financial, we leverage our expertise, talents and resources to help improve the quality of life in our communities. We recognize our responsibilities under the **CRA** to identify and assist in meeting the credit needs of our communities. Led by our banks, our CRA strategy is based upon an annual community needs assessment. As part of this comprehensive process, our bank associates regularly engage with local nonprofits and government agencies to better understand and identify emerging community needs. Our CRA strategy is guided by three principles that further support our **Purpose-Driven Priorities**: building a diverse portfolio of community development loans and investments, making bold and responsive grants and engaging deeply in our communities through service and volunteerism.

### 2023 LOANS, INVESTMENTS AND GRANTS

#### Pelion Ventures VIII Fund

**Action:** Committed \$7.5 million to the fund.

**Impact:** Supported permanent job creation/retention, working closely with entrepreneurs to build innovative, disruptive, enduring and job-creating companies.

#### Salt Lake Neighborhood Housing Services

**Action:** Provided \$20,000 in grants.

**Impact:** Supported the Youthworks and Financial Empowerment programs, which focus on increasing youth opportunities for financial stability and upward mobility, and providing affordable banking resources to low-income families.

#### True Access Capital

**Action:** Provided \$19,000 in grants.

**Impact:** Supported the New Markets Opportunities program, which provides socially and economically disadvantaged small business owners with technical assistance and training to help access federal, state, local and private contracts.

#### Utah Microloan Fund

**Action:** Maintained \$63,000 into a loan pool and provided \$15,000 in grants.

**Impact:** Supported small business loans and technical expertise for small businesses in underserved low- and moderate-income communities.

#### Mortgage-Backed Securities

**Action:** Purchased \$22.4 million mortgage-backed securities.

**Impact:** All 74 of the underlying mortgages were made to low- and moderate-income borrowers in the communities where our banks operate.

#### Suazo Business Center

**Action:** Provided \$30,000 in grants.

**Impact:** Supported financial literacy and business training for low- and moderate-income small business owners.

#### CCM Community Impact Fund

**Action:** Maintained a \$29 million combined bank investment.

**Impact:** Supported investments that drive positive long-term economic and sustainable outcomes for communities.

#### Stepping Stones Community Federal Credit Union

**Action:** Invested \$250,000 through a certificate of deposit purchase.

**Impact:** Promoted community development within local communities.

#### Carver Federal Savings Bank

**Action:** Invested \$255,000, through multiple certificates of deposit.

**Impact:** Promoted community development within local communities.

#### Rocky Mountain Community Reinvestment Corporation

**Action:** Renewed and increased \$55 million in lines of credit.

**Impact:** Supported affordable multi-family housing units.



Creating Possibilities for Our Communities



## 2023 COMMUNITY INVESTMENT BY THE NUMBERS



### SINGLE-FAMILY AFFORDABLE HOUSING FINANCE

**\$22.4M**

invested in mortgage-backed securities consisting of 74 mortgages to low- and moderate-income households

**\$8M**

in housing bonds purchased



### MULTI-FAMILY AFFORDABLE HOUSING FINANCE

**\$55M**

in new commitments

**\$1.9M**

in commitments remaining from previous years

Contributed to

**31** affordable housing projects which developed or preserved

**3,270** affordable housing units



### SMALL BUSINESS SUPPORT

**\$7.5M**

in new commitments

**\$9.4M**

in commitments remaining from previous years

Provided

**\$4.1M**

in capital

**20**

small businesses impacted

**1,992**

jobs created or preserved



Creating Possibilities for Our Communities

## Partnering to Support Our Purpose-Driven Priorities

We partner with several local and national nonprofits whose missions align with our priority funding areas. Our investments and grants to these organizations focus on creating opportunities by fostering equity and inclusion, supporting financial wellness, and helping to protect our planet.



### \$1 MILLION IN GRANTS TO SUPPORT FINANCIAL WELLNESS AND PROMOTE ECONOMIC STABILITY

In 2023, we issued a competitive grant challenge for nonprofits focused on advancing economic equality by helping low- and moderate-income consumers to improve their financial wellbeing. We received 165+ grant applications and awarded 21 individual grants ranging from \$20,000 to \$100,000 to organizations with a demonstrated track record of performance supported by measurable impact. We chose programs that focused on financial education and coaching, credit building, workforce development, and innovative solutions in the financial wellness space. In total, we awarded **\$1 million in grants** to support programs across the U.S., where the majority of our workforce resides.

**The grant recipients focus on high-impact outcomes to advance financial health and confidence, including:**

- Helping consumers build their savings accounts to an average of \$8,000.
- Employing 60% of participants in non-subsidized jobs.
- Securing employment for participants at an average hourly wage of \$20.80.
- Assisting consumers in reducing or restructuring debt, decreasing expenses, boosting income and avoiding scams.



### PURPOSE-DRIVEN PRIORITY: FINANCIAL WELLNESS

## \$300,000+

to **Junior Achievement (JA)** to continue our long-term support of financial literacy programs across our locations and to support the JA USA innovation fund, which pilots and scales new programs. Funding supported the opening of JA Central Ohio's new Finance Park facility, focused on financial planning and career exploration for students in grades 7-9.



## \$120,000

to **Teen Warehouse** to expand its RISE program, which provides personal development, soft skills, technical training, and workplace experience to help teens prepare for employment. Funding supported the growth of the program from 20 to 178 youth from 2022 to 2023, with 89% of participants completing the program.



## CivicHall

## \$250,000

to **Fedcap Group** for the launch of the Single Stop platform at the newly established tech innovation hub, Civic Hall at Union Square. Single Stop facilitates access to essential government benefits programs for all members and guests of Civic Hall.



## \$30,000

to **Utah Community Action** to support the Sauté and Senior Meals programs. Sauté is a culinary and nutrition employment training program where students graduate with culinary credentials. Senior Meals provides healthy meals to low- and moderate-income seniors in the state of Utah.



Creating Possibilities for Our Communities

### PARTNERING FOR A CAUSE

In recognition of **Pride Month**, Bread Financial partnered with Torrid to engage their cardmembers in a unique campaign running throughout June, celebrating the LGBTQ+ community while benefiting GLAAD, a nonprofit focused on LGBTQ+ advocacy and acceptance. This innovative campaign—supporting our joint commitment to DEIB through Torrid’s card program—is one way we are helping to empower our brand partners and their customers. At the end of the campaign, we made an additional \$50,000 donation to GLAAD in support of this shared cause.

#### Campaign highlights:

- Torrid announced that 1% of net proceeds of all purchases, up to \$250,000, would be donated to GLAAD, a goal they met in nine days.
- Torrid customers were able to double their donations by using their Torrid Credit Card, with 2% of net proceeds, up to \$50,000, donated to GLAAD.
- 20% of net proceeds from Torrid’s “Always Proud” capsule collection and all round-ups and donations to the Torrid Foundation were donated to GLAAD.
- As an incentive to shop, Torrid Credit Card cardmembers also earned 2x points every Wednesday in June.



### PURPOSE-DRIVEN PRIORITY: EQUITY & INCLUSION



## \$1.8M

invested in **Ruling Our eXperiences (ROX)**, a national leader in programming, research and education focused on girls. In 2023, we funded The Girls’ Index, a ROX survey of 17,000+ girls in grades 5-12 across the U.S. The report found that since the 2017 inaugural Girls’ Index was released, girls’ confidence and self-esteem has declined steeply, while stress, sadness and social media use increased sharply. Our investment was inspired by the results of the report and used to expand the school-based ROX Program for Girls, which teaches girls the skills necessary to address challenges they face as they navigate the complicated adolescent years, from 30 states to all 50 states.



## \$200,000+

to **Canine Companions**, a national organization that trains and matches service dogs for children, adults and veterans with disabilities. The grant supports team trainings across the U.S. that provides each client 60-70 hours of training over a two-week period. In one quarter, 60 service dog teams were placed at no cost to the clients, a service estimated to be \$50,000 per service dog.



**MY POSSIBILITIES**  
LEARN LIVE GROW

## \$60,000

to **My Possibilities** to support vocational training programs for adults with intellectual or developmental disabilities. In 2023, My Possibilities opened the Employment Innovations School powered by Bread Financial. The EIS carves pathways to empowerment, bridging the gap between talent and opportunity. With a dynamic range of vocational training program tracks, including general vocation, hospitality, facilities, technology, administration, retail and culinary, the school will amplify inclusivity across diverse industries with real-world training from day one. The new EIS program will serve an additional 300 students, known as “HIPsters” (Hugely Important People) within the organization.



## \$25,000

to the **American Patriot Services Corporation** to help wartime veterans and their surviving spouses apply for lifetime benefits from the Department of Veteran Affairs Wartime Aid and Attendance Pension, helping them access critical funds that they are entitled to.



Creating Possibilities for Our Communities



## PURPOSE-DRIVEN PRIORITY: PROTECTING OUR PLANET

Over the past three years, we have supported The Nature Conservancy (TNC) on several initiatives to help restore, protect and raise awareness. In 2023, we funded:

- **Plant a Billion Trees:** Planting 208,000+ trees across hundreds of acres of forest. Our campaigns included:
  - A social good campaign with Bread Financial, National Basketball Association’s Cleveland Cavaliers, and TNC to plant 58,296 trees across the world. We donated \$2 on behalf of every fan who attended the Cavaliers’ three City Editions games, leading to a \$116,592 donation to TNC.
  - A program celebrating Earth Month that incentivized our cardholders to opt into paperless communications—for each cardholder who opted in, we donated \$2 to plant a tree with TNC. We donated \$300,000, which was used to plant 150,000 trees.
- **TNC India’s SiteRight Tool:** \$25,000 to fund usage and enhancement of the tool, which identifies ideal sites for solar and wind development based on socio-ecological factors.
- **Preservation and Protection of Appalachian Mountain Range:** \$300,000 toward TNC’s 2030 efforts to preserve and protect the Appalachian Mountain Range with goals to protect 18 million acres of land, connect 5,200 miles of rivers, sequester 250 million metric tons of carbon, and work with diverse partners in support of communities. Our commitment has helped to:
  - Develop five case studies on embedding socio-economic factors, including equity, into TNC conservation projects.
  - Analyze abandoned mine lands and select potential sites for the development of renewable energy with TNC and the Appalachian Climate Technologies Coalition.





Creating Possibilities for Our Communities

## Associate-Led Community Impact

Our commitment to our communities does not stop with investments and grants. 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. We also offer our non-exempt workforce up to eight hours of PTO per year to volunteer in their communities—a policy launched in 2022 in response to feedback from our associates.

Our efforts to increase the number of coordinated volunteer opportunities, promote volunteerism as team building opportunities, and communicate our volunteerism benefits resulted in a more than 160% increase in associate volunteer hours compared to 2021.

### Help Right Here: Associates Helping Associates

Through Bread Financial’s Help Right Here initiative, associates can support each other during times of financial hardship. 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. Associate donations drive this program, and those donations are matched dollar-for-dollar by Bread Financial. **In 2023, 106 associates received a grant from Help Right Here.**

|                              |                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <h3>Giving Campaign</h3>     | <p><b>\$1.5M</b></p> <p>donated to 930 nonprofit organizations by 1,085 associates and matching donations</p> | <p>For 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.</p>                                                                                                                                |
| <h3>Operation Feed</h3>      | <p><b>\$66,502</b></p> <p>donated to 38 food banks by 431 associates and matching donations</p>               | <p>Through this campaign, associates donate to local food banks with matching donations from Bread Financial.</p>                                                                                                                                                                                                                                                                     |
| <h3>Matching Programs</h3>   | <p><b>\$87,650</b></p> <p>donated as a result of 3,506 associate volunteer hours</p>                          | <p>When associates volunteer outside of company volunteer time, they 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. We match associate donations with gifts up to \$2,500 per associate each year, and a 2:1 match up to \$5,000 for associates serving on nonprofit boards.</p> |
| <h3>Pay it Forward Week</h3> | <p><b>651 hours</b></p> <p>volunteered with 17 charities across nine states</p>                               | <p>In observance of Pay it Forward Week, we encourage associates to volunteer with nonprofit organizations, including virtual volunteering opportunities.</p>                                                                                                                                                                                                                         |
| <h3>Giving Tuesday</h3>      | <p><b>\$50</b></p> <p>charitable gift card to donate to a nonprofit of their choice</p>                       | <p>In November 2023, we gave every associate a \$50 charitable gift card to donate to a nonprofit of their choice, allowing our associates and our company to have a personal and meaningful collective impact across all the communities we serve.</p>                                                                                                                               |
| <h2>TOTAL IMPACT</h2>        | <p><b>9,941</b></p> <p>volunteer hours</p>                                                                    | <p><b>\$1,010,987</b></p> <p>matching gifts</p>                                                                                                                                                                                                                                                                                                                                       |



Creating Possibilities for Our Communities

## HIGHLIGHTS FROM OUR BANGALORE OFFICE

Throughout 2023, our associates in Bangalore, India got out of the office to volunteer. Their efforts included:

- Preparing and serving meals to 567 students at Samarthanam Trust School during the Operation Feed campaign.
- Making more than 1,000 seedballs to plant in a local forest and picking up 203 kilograms of plastic waste to celebrate Earth Day.
- Distributing essential school supplies to 170 children grades 1-5 at a local school.
- Volunteering at an event donating wheelchairs, mattresses, sewing machines and fitness equipment to Twig—The Learning Curve, a facility for adults with developmental disabilities.



## PRIDE ON HIGH

Each June, the corner of Goodale Boulevard and High Street in Columbus, Ohio marks the return of the **Stonewall Columbus Pride March** and serves as the home of **Pride on High**, an annual event that raises thousands of dollars for local LGBTQ+ youth initiatives. Mike Maly, Senior Manager of Corporate Real Estate and Facility Services at Bread Financial, founded Pride on High in 2010 with a table for two on an empty patio. The event now welcomes 750+ guests and has raised more than \$600,000 in 14 years—nearly \$70,000 in 2023—with donations going to Stonewall Columbus, Kaleidoscope Youth Center, Equitas Health Mozaic Project, and the Columbus College of Art & Design’s LGBTQ+ Scholarship Fund.

Maly says that being an openly gay man leading a facilities team is rare, but he wants his team to know what his life is like. To him, a job well done is helping people think differently and be kinder, and he prioritizes candid dialogue and the sharing of knowledge. Outside of his role, he also participates in three of the company’s BRGs, either as a member of the group or as an ally, so he can continue to learn about different backgrounds, cultures and experiences.

“If you don’t listen, how can you learn?” said Maly. “The groups [that BRGs represent] don’t have a voice in many parts of the world. You never know what areas someone might be able to help you in one day, or what resources or talent they have unless you take the time to find out. I love the direction that we’re headed in with DEIB at Bread Financial—it helps us understand one another and enables us to be better.”





# Planet

Protecting Our Planet

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Protecting Our Planet

# Protecting Our Planet

We are committed to protecting our planet and doing our part to address the impacts of climate change by embracing environmentally responsible practices throughout the organization. Our environmental goals focus on what is best for the success of our business—addressing climate-related risks and opportunities, reducing our carbon footprint, conserving natural resources, and supporting associate-led environmental initiatives.

## 2023 Business Accomplishments

Completed enhanced climate risk evaluations and scenario analysis

Launched Earth Month incentive program for cardholders to “go paperless”

Conducted a carbon footprint supply chain assessment

Expanded use of biodegradable, renewable plastic material for our proprietary card, Bread Rewards™ American Express®

Launched initiative to improve the accuracy of our greenhouse gas (GHG) inventory through the use of a new carbon accounting platform

First Smart Columbus Acceleration Partner to achieve 100% of the interim 2023 goals, in advance of the 2025 target

## Alignment with Material Topics



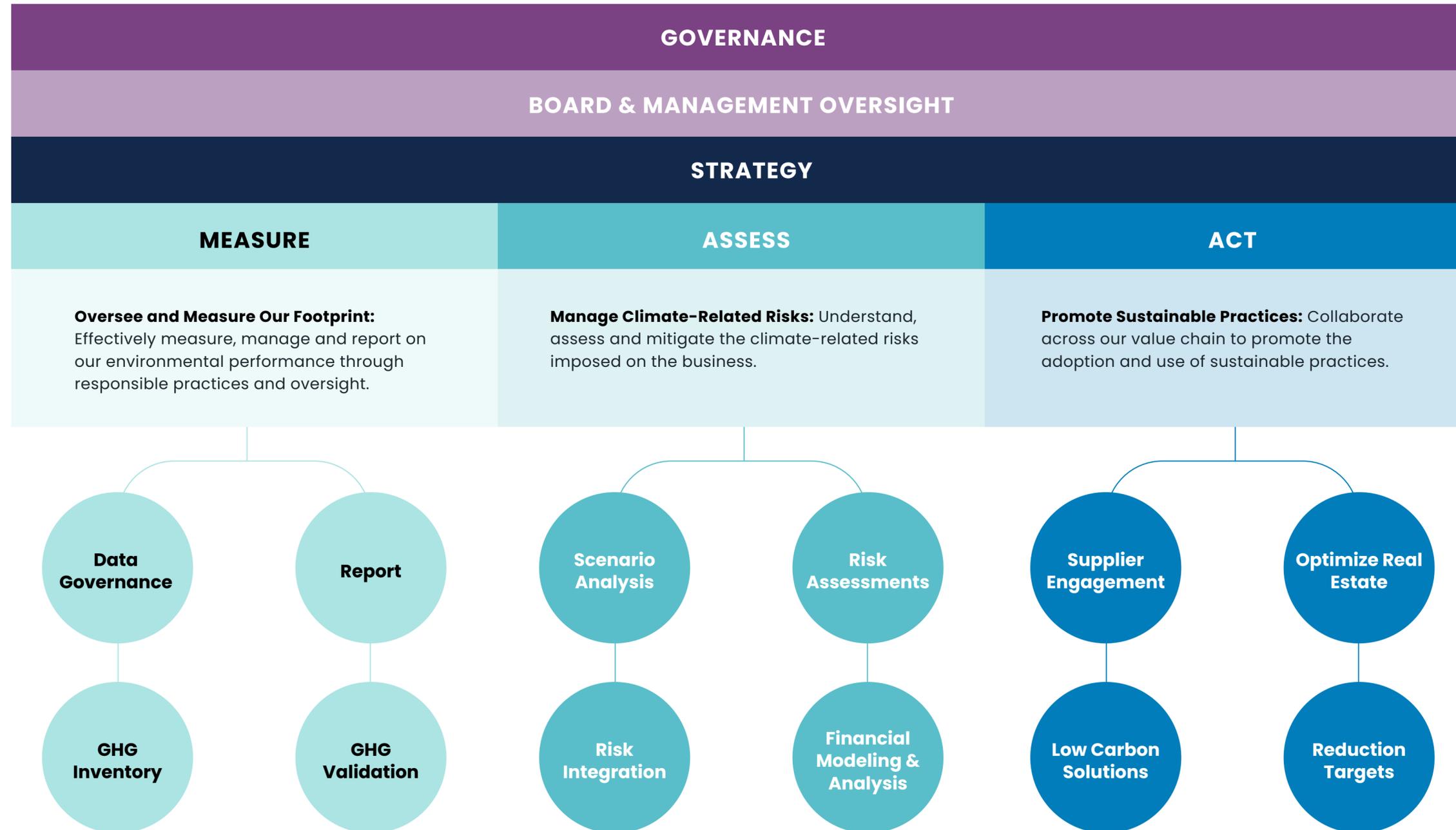
## OUR ENVIRONMENTAL PERFORMANCE

|                                                     | 2023    | 2022*   | 2021    |
|-----------------------------------------------------|---------|---------|---------|
| <b>GHG emissions - Total (in MTCO<sub>2</sub>e)</b> | 164,414 | 160,981 | 159,925 |
| <b>Total energy consumed (in gigajoules)</b>        | 71,301  | 91,405  | 144,864 |
| <b>Electricity from renewable sources</b>           | 48%     | 64%     | 15%     |

\*Our emissions and energy metrics disclosed for 2022 were recalculated due to the adoption of a new carbon accounting tool and improved data governance practices.



## ENVIRONMENTAL STRATEGY CONTROL FRAMEWORK



## 2024 CLIMATE GOALS

- Use new carbon accounting tool to remeasure 2022 baseline year and calculate 2023 inventory.
- Introduce and communicate GHG reduction targets based on assured 2022 emissions data, and implement GHG reduction strategies.
- Implement climate and sustainability supplier assessments.
- Advance the assessment and understanding of our climate-related risks, incorporating the assessed impacts into our banks' capital stress testing exercise.



## Protecting Our Planet

### Roles and Responsibilities

Our commitment to protecting the planet starts at the top with our Board of Directors, who provide oversight of the environmental strategy and initiatives that are developed by our Office of Sustainability and guided by our **Environmental Policy Statement**. The policy, which is the foundation for our approach to environmental management, outlines a range of actions and commitments aimed at protecting and preserving the environment and reducing the risks posed by environmental challenges. Some of our commitments include: measuring GHG emissions, prioritizing the use of renewable energy, and managing the consumption of natural resources.

### Environmental Strategy and Management

In line with this policy, our **Environmental Strategy Control Framework** defines how we govern, assess and act on our environmental commitments. Through this framework, we identify annual goals and practices to advance our environmental priorities, which are shared with our Board and leadership to promote transparency and accountability of our intended actions. Each of these environmental practices aligns with the expectations of our internal and external stakeholders, and supports the long-term success and strength of our business operations.





Protecting Our Planet

## Assessing Climate-Related Risks and Opportunities

Due to the nature of our business and limited physical footprint, our **2023 Materiality Assessment** indicated that environmental and climate-related risks were seen to have lower impact on our business compared to other core areas of focus. However, assessing and mitigating environmental risks continues to be a priority among our various stakeholders and is essential to maintaining resilience within our operations and preparing us for changing regulatory and reporting requirements.

We are taking proactive steps to embed climate-related risks into our ERM Framework, and we continually refine our approach to ensure comprehensive oversight and management of these risks. We also issued our first annual **TCFD Report** in 2022, and refreshed it in 2023, demonstrating our progress in identifying, assessing, mitigating and governing climate-related risks and opportunities. The report details the results of our climate change scenario analysis, identifying and quantifying the climate-related risks and opportunities unique to our operations across different warming scenarios.

In 2023, we aimed to mature our climate risk analysis by partnering with our internal scenario analysis team, which has a deep understanding of our company's control, risk and banking environment. We assessed risks at the enterprise level and incorporated a broader group of diverse leaders from other functions to quantify risks and identify our largest vulnerabilities and potential impacts to our business.

To aid in the quantification and assessment of physical risks to our customers, we created a model to assess potential impacts of climate-related events in locations where our customers reside (e.g., financial hardship, inability to meet payment obligations, or a general disruption to retail activity). Our risk model and analysis included data from the impact of past events, as well as the geographical concentration of our customer base and natural disaster risk of these areas defined by the Federal Emergency Management Agency (FEMA). The results of the scenario analysis were presented to our banks' Asset and Liability Committees, as well as other relevant business leaders.

In 2023, we also enhanced our NB&I program to include sustainability topics. We now evaluate how potential and current brand partners for new credit card portfolios manage environmental risks, disclosures, and their plans for lowering their impact. We also examine our own proposed initiatives to see how they may affect our environmental footprint. This helps to assess and understand the possible impacts of any new business initiative as it relates to our own sustainability goals, identify opportunities to collaborate on the topic, and reduce our collective impact. For more information, please see the **Evaluating New Business and Initiatives** section in the **Managing Our Business Responsibly** chapter.

## NATURAL DISASTER CUSTOMER RELIEF PROGRAM

We recognize that the impacts of climate change, including natural disasters from severe weather events, can cause unexpected hardships for our customers. We offer a **Customer Relief Program** to provide credits for late fees and finance charges for customers who are experiencing hardships from natural disasters declared by FEMA. In 2023, we provided relief for customers affected by Hurricane Idalia and the wildfires on the island of Maui in Hawaii.



## CLIMATE RISK SCENARIO ANALYSIS

**Scenario:** As global temperatures climb, natural disasters become more frequent and intense, affecting supply chains, habitats, and customer spending and payment patterns. To address the climate crisis, governments introduce stringent regulatory measures requiring organizations to reduce their carbon footprint and minimize environmental impacts. Elevated costs are incurred to improve the sustainability of operations. Non-compliance hampers our ability to attract and retain both partners and customers, while also exposing the company to regulatory fines and the loss of business.

**Using this scenario and working with our internal scenario analysis team, subject matter experts from across the company helped to identify and quantify potential impacts to our business, including:**

1. Increased regulatory fines and investor lawsuits.
2. Revenue impact due to reduced usage from cardholders, as well as late fees, finance charges and write-offs.
3. Disruptions to our brand partnerships, Customer Care Center, supply chain, and other operations and systems.

Many of these impacts are addressed in our RCSA program, Business Continuity & Disaster plans, risk assessments, and in our budgeting processes, all of which we continue to mature according to our findings.

To further educate our leadership teams on the potential impacts of climate risk, we presented our findings to our banks' Operational Risk Management Committees in 2023. This included an overview on how this threat relates to other risk areas (i.e., geographical concentration, credit and reputational risks), as well as mitigation actions. As a result, climate risk is now included as a watch-list item as part of our ERM program.



Protecting Our Planet

## Reducing Our Carbon Footprint

### Assessing and Setting Targets for GHG Emissions

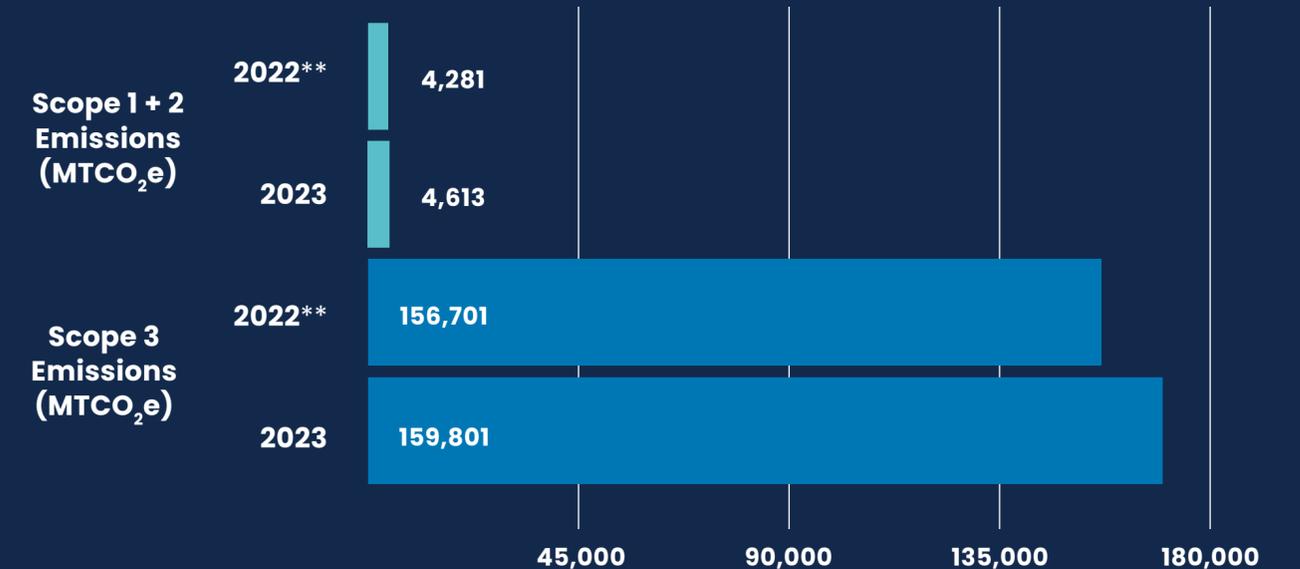
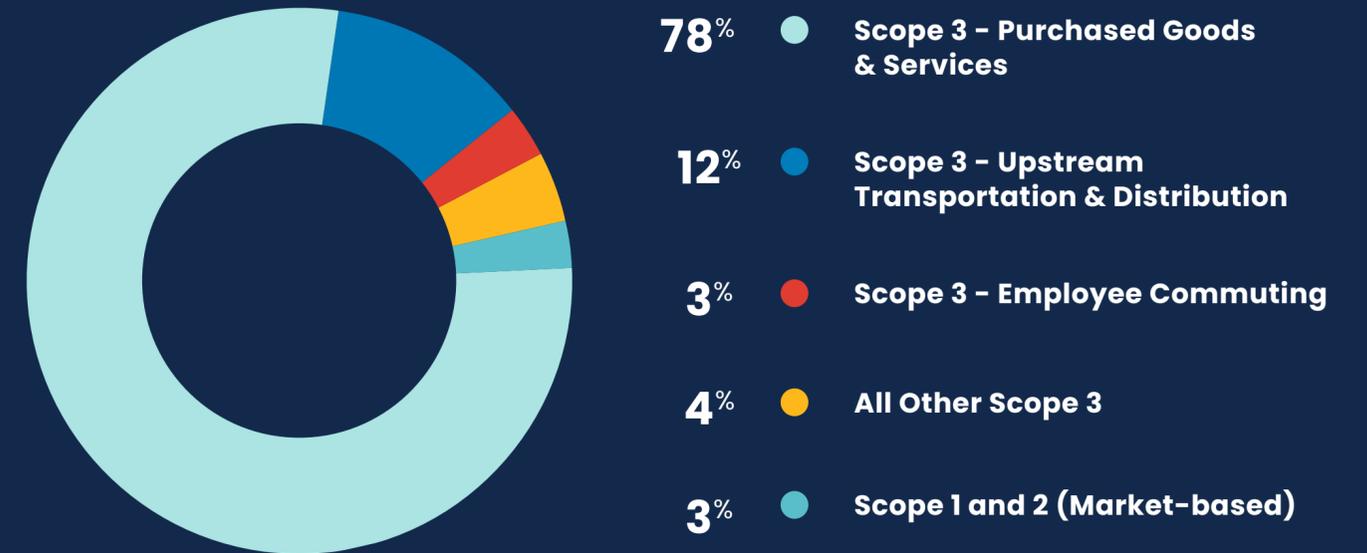
The path to reducing our environmental footprint starts with a clear and accurate measurement of environmental data, particularly our GHG emissions. On an annual basis, we collect and track Scopes 1, 2 and 3 emissions across our operations, completing our 12<sup>th</sup> inventory in 2023. To improve the quality and accuracy of our metrics, we began implementing a new carbon accounting tool to recalculate our 2022 baseline year, as well as our 2023 emissions. The additional transparency and rigor the tool provides is crucial for designing reduction strategies and ensuring the accuracy and comprehensiveness of our emissions data. We have used our emissions data to report annually to CDP since 2014, maintaining our CDP rating of C in 2023.

With Scope 3 being our largest greenhouse gas category, we are committed to engaging with our suppliers to reduce the footprint of our overall value chain. In 2023, we initiated this process by completing a supply chain assessment to identify suppliers with the greatest impact to our carbon footprint. We partnered with our procurement team to establish a risk-based strategy for assessing the responsible business practices of these suppliers, including their sustainability efforts. These ongoing supplier assessments will facilitate the evaluation of both new and existing suppliers, enabling us to engage with and collectively improve on sustainability practices. In 2024, these evaluations will be integrated into our supplier assessments.



**Our 2022 GHG inventory has been verified by an independent third party, certifying the reliability of our data and reinforcing the credibility of our commitment to reducing emissions and mitigating climate risk.**

## 2023 GHG EMISSIONS BREAKDOWN\*



\*Market-based approach results are used throughout for Scope 2 + 3 emissions to effectively capture renewable energy efforts.  
 \*\*Our emissions and energy metrics disclosed for 2022 were recalculated due to the adoption of a new carbon accounting tool and improved data governance practices.



Protecting Our Planet



## 2023 GHG CO<sub>2</sub> AVOIDANCE MEASURES AND THEIR IMPACT



### BEVI WATER MACHINES

**~24,000**

plastic bottles not used

**4.7**

MTCO<sub>2</sub>e prevented



### EV CHARGERS

**100.8** MWh

of electricity used

**71.8**

MTCO<sub>2</sub>e prevented



### PLA CREDIT CARDS

**685,000**

cards composed of sustainable plastic instead of standard plastic

**12.3**

MTCO<sub>2</sub>e prevented



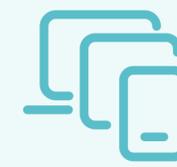
### PAPER SHREDDING & RECYCLING\*

**130.0** short tons

of paper shredded & recycled

**650.1**

MTCO<sub>2</sub>e prevented



### ELECTRONIC DEVICE RECYCLING/DONATING

**24.1** short tons

of electronics recycled or donated

**57.5**

MTCO<sub>2</sub>e prevented



## Protecting Our Planet

### Low Carbon Products and Services

We actively work to reduce our carbon footprint by using low carbon products and services, including carbon neutral card programs and digital-first initiatives to reduce paper and waste. We have adopted a carbon offset strategy for our Bread Cashback™ and Bread Rewards™ American Express® cards, using the **Thales Gemalto Carbon Offset Program** to make each card certified carbon neutral. Both of these cards are produced with polylactic acid (PLA), a biodegradable plastic derived from renewable, organic sources.

In 2023, we converted our active Comenity MasterCard customers to the Bread Rewards™ American Express® card and added recycled plastics as an option for new and existing brand partners to utilize in their card programs. In total, we issued approximately 685,000 PLA cards in 2023. We are also committed to increasing the adoption of digital services and communication by our customers, including cardmember billing statements and marketing materials.





Protecting Our Planet

## Energy and Resource Conservation

### Physical Footprint

At each of our locations, we strive to reduce our environmental footprint through facility improvements, investing in renewable energy sources, reducing our waste, and associate engagement and education. We invest in technology that allows us to monitor schedules and gain insights into how people use our buildings so that we can reduce energy usage, while still maintaining optimal working environments. These efficiencies lead to cost savings overall and allow us to operate responsibly and effectively.

Starting in 2019, and accelerating through the COVID-19 pandemic, we worked to optimize our U.S. real estate portfolio in response to our associates' desire for workplace flexibility and to streamline operations. We have dispositioned approximately 869,000 square feet since 2020, which has helped us to reduce our Scope 1 and 2 GHG emissions and resource consumption. In 2023, we reduced office space at our Broad Street location in Columbus, Ohio by 90% and will completely phase out this facility in 2024. We also added a **Leadership in Energy and Environmental Design (LEED) Silver** certified location in Toronto, Ontario and a small office space in Chicago. As our workplace needs change, we will continue to evaluate and modify our real estate strategy.

### Energy

We continually evaluate our operations for energy efficiency opportunities, and work toward implementing them each year. For example, in 2023:

- We met our goal of sourcing renewable energy at all U.S. locations where it was available, adding two more sites for a total of six. They include:
  - All of our Columbus, Ohio locations, including our headquarters (also ENERGY STAR certified).
  - Draper, Utah.
  - Coeur d'Alene, Idaho and Westminster, Colorado (new).
- We applied for LEED certification for our Easton headquarters, and anticipate getting certified in 2024. We also offer 20 parking spots for electric vehicle (EV) charging, reducing GHG emissions by 35.9 MTCO<sub>2</sub>e in 2023.
- Our Draper building received an 89 out of 100 on its ENERGY STAR review, indicating a top energy performance. We upgraded automation control equipment, including remote control of all thermostats, and we also offer EV charging, reducing GHG emissions by 35.9 MTCO<sub>2</sub>e in 2023\*.
- We upgraded to LED lighting at our Coeur d'Alene, Idaho location.

\*Emission reductions include subtenant usage.

## SMART COLUMBUS ACCELERATION PARTNER PROGRAM

Our headquarters in Columbus, Ohio partnered with the Smart Columbus "Smart Cities" sustainability initiative in 2020 and pledged to achieve sustainability goals related to Transportation, Energy & Buildings and Digitalization on or before 2025, with annual interim goals. We were the first Smart Columbus Acceleration Partner to achieve 100% of the interim 2023 goals, in advance of the 2025 target.

### Partner Program Targets

#### Transportation

- ✓ Employee EV Adoption: Host an annual EV education program & provide EV charging access at all major worksites.

#### Energy & Buildings

- ✓ 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.

#### Digitalization

- ✓ 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.



## Protecting Our Planet

### Water

As a company whose physical footprint does not include retail bank locations, storefronts or 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 water usage in 2023 was 13,972,663 gallons.\*

\*Calculation is limited by the availability of data from property managers and utility providers.

### Paper

Our paperless adoption efforts significantly reduce waste created from consumer marketing materials and cardmember statements. We conduct quarterly campaigns inviting cardholders to **Go Paperless** and have invested in technology and systems to help create a secure and seamless transition for participating customers. Our initiatives include the addition of QR codes on paper statements, allowing customers to easily enroll in paperless communications. Customer education also highlights the benefits of digitalization, including improved account security and monthly payment email reminders.

For the past three years, we have also partnered with **TNC** to support their **Plant a Billion Trees** campaign. Last year during Earth Month, for each of our cardholders who opted to Go Paperless, we donated \$2 to plant a tree through TNC. Through this and other initiatives, our donations supported the planting of a total of 208,000+ trees in 2023—the equivalent of 1,000+ acres of forest. This is just one example from our larger, multi-year collaboration with TNC aimed at restoring and protecting the environment, as well as raising awareness. For more information about our TNC partnership and initiatives, please see the **Protecting Our Planet** section of the **Creating Possibilities for Our Communities** chapter.

In 2023, we generated 239 million statements of which 105 million were paperless, representing 43.9%. We are confident that our continued investment in education, training, and the digital customer experience will help increase paperless adoption in 2024 and beyond, resulting in financial savings and reducing our environmental impact.

Partnering with Iron Mountain in 2023, we shredded and recycled 138.0 U.S. short tons of paper. Iron Mountain used the Environmental Paper Network’s Paper Calculator to provide relevant equivalencies.

| SOLID WASTE                                        | WATER                                                     | ENERGY                                              | WOOD                                                                      | GREENHOUSE GASES                              |
|----------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------|
| <b>866</b>                                         | <b>5,245</b>                                              | <b>1,660</b>                                        | <b>3,312</b>                                                              | <b>146</b>                                    |
| <b>Trash Bags Avoided</b>                          | <b>Bathtubs of Water Preserved</b>                        | <b>Residential Refrigerators Operated Per Year</b>  | <b>Trees Preserved</b>                                                    | <b>Gas-Powered Cars off the Road Per Year</b> |
| 11,041.6 lbs/<br>5,008.4 kg of solid waste avoided | 262,238.0 gallons/<br>992,678.4 liters of water preserved | 408,541.6 kWh/<br>1,394,339,795.7 BTUs energy saved | 552.1 fresh green tons preserved/500.8 fresh green metric tonne preserved | 650.1 MTCO <sub>2e</sub> avoided              |

### MANAGING OUR WASTE\*

In 2023, we partnered with our waste management provider to enhance our reporting capabilities.

**24.1 short tons**

of e-waste diverted from landfills in 2023 through donation, recycling, and responsible disposal programs

preventing

**57.5 MTCO<sub>2e</sub>**

from entering the environment.

**102 short tons**

Waste Landfilled

**210.7 short tons**

Waste recycled/donated

**67%**

Waste diversion rate



## Protecting Our Planet

### Associate-Led Environmental Action

Our Environmental Committee is a team of associates who work closely with our Office of Sustainability to actively promote environmental education and energy reduction strategies. The associate committee produces and distributes content and events on best practices including reducing your personal carbon footprint and back-to-school sustainability tips. The committee also works with management across the company to assist in implementing positive environmental practices.

#### 2023 Associate-Led Initiatives

- Hosted an electric vehicles education event.
- Hosted a paper shredding and recycling event at our Columbus, Ohio offices.
- Hosted an event on sustainable gardening and composting led by The Formal Garden.

- Continued to work with our food service provider to introduce more environmentally friendly options at our U.S. cafes, including:
  - Adding Bevi machines to dispense sparkling or still flavored water resulting in a reduction of ~24,000 plastic bottles.
  - Providing more vegan and vegetarian dining options.
  - Sourcing more local and in-season products and produce.
  - Implementing an innovative tracking and waste management program to cut waste.
  - Converting to recyclable and/or compostable coffee cups, napkins, etc. throughout the café.



**“By embedding responsible practices throughout the business and ensuring accountability at every level, we can generate long-term value for our stakeholders, drive profitable growth, and facilitate an award-winning culture.”**

**Dana Beckman,**  
Chief Sustainability Officer



# Appendix





## Material Topics Defined

- **Associate Career Development:** Investing in our associates through training and development to build capability and career opportunities.
- **Associate Health & Wellbeing:** Creating a safe working environment and promoting the overall health and wellbeing of our associates in a way that supports a positive work-life balance.
- **Business Ethics & Integrity:** Promoting and upholding the highest ethical behavior across the value chain, including those related to bribery and corruption, engaging in fair and competitive business practices, and complying with all relevant laws and regulations.
- **Community Engagement:** Supporting and engaging the communities where we operate, including through philanthropy, promoting associate volunteerism, national and local partnerships, social and financial investments, job creation, and other indirect economic impacts.
- **Corporate Culture:** Creating an environment where associates are engaged and empowered to uphold and maintain our core beliefs and values as a company.
- **Corporate Governance:** Upholding responsible corporate governance practices in our business, including ensuring proper governance and accountability of sustainability topics.
- **Customer Privacy:** Meeting customer expectations for how their data is collected, used, stored and shared.
- **Customer Satisfaction:** Fueling sustainable value creation and satisfaction through our long-standing commitment to meet and exceed expectations.
- **Cybersecurity:** Identifying vulnerabilities, preventing data security breaches, and employing safeguards to ensure the safety of customers' data.
- **Diversity, Equity, Inclusion & Belonging:** Creating an inclusive workforce that reflects the communities and markets we represent, fostering equity compensation across all levels of the business, and ensuring representation of diverse associates in our workforce, management and Board.
- **Fair & Responsible Banking:** Ensuring consumer credit application and underwriting processes are managed equitably, including transparency and impartiality in our lending practices and proprietary statistical modeling criteria.
- **Financial Health & Wellbeing:** Helping our customers improve financial literacy and wellness, as well as supporting them to gain/maintain financial stability.
- **Greenhouse Gas Emissions:** Measuring, managing and reducing greenhouse gas emissions from operations and the value chain.
- **Physical Climate Risk:** Managing, mitigating and adapting to the physical risks such as weather, natural disasters and others presented by climate change.
- **Low Carbon Products & Services:** Identifying opportunities for reducing the environmental footprint of our financial products and services to align with customer demands and preferences.
- **Political Policy Engagement:** Engaging in a public policy strategy that promotes impactful legislative, trade association and regulatory interests, while also balancing contributions with company stated values.
- **Renewable Energy:** Decreasing dependence on non-renewable energy sources by expanding the use of renewable sources, such as solar and wind.
- **Responsible Supply Chain:** Ensuring long-term viability of our supply chain through effective supply chain management, supplier diversity management, and sustainable procurement of goods and services.
- **Risk Management & Compliance:** Implementing processes and procedures to ensure that we can effectively identify, manage, mitigate and adapt to risk exposures.
- **Waste Management:** Managing, reducing and recycling solid waste.
- **Water Management:** Pursuing sustainable water management practices.



# Sustainability Performance Summary

Note: All metrics are as of 12/31/2023, unless otherwise noted. 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 readily available data from prior years. All data on Board of Directors reflects the director nominees in the Proxy Statement published after the reporting year. Associate data encompasses global full-time associates and contractors unless otherwise noted. Non-US associates in 2022 and 2023 were based in Bangalore, India. "Per associate" intensity calculations use average headcount of global associates unless otherwise noted.

| Topic/Issue                                                                                            | Metric/Unit               | 2023          | 2022   | 2021  | Alignment with External Standards and Frameworks |
|--------------------------------------------------------------------------------------------------------|---------------------------|---------------|--------|-------|--------------------------------------------------|
| <b>FINANCIAL/GOVERNANCE</b>                                                                            |                           |               |        |       |                                                  |
| <b>Financial Performance</b>                                                                           |                           |               |        |       |                                                  |
| <i>For a full view of our financial disclosures, please see our <a href="#">2023 Annual Report</a></i> |                           |               |        |       |                                                  |
| Total net interest and non-interest income                                                             | US\$ millions             | <b>4,289</b>  | 3,826  | 3,272 | GRI 201-1                                        |
| Income from continuing operations before income taxes                                                  | US\$ millions             | <b>968</b>    | 300    | 1,044 |                                                  |
| Provision for income taxes                                                                             | US\$ millions             | <b>231</b>    | 76     | 247   |                                                  |
| Net income                                                                                             | US\$ millions             | <b>718</b>    | 223    | 801   | GRI 201-1                                        |
| <b>Governance and Ethics</b>                                                                           |                           |               |        |       |                                                  |
| Say on pay - executive compensation                                                                    | %                         | <b>75</b>     | 83     | 81    |                                                  |
| Board diversity - ethnicity                                                                            | % minority representation | <b>11</b>     | 14     | 25    | GRI 405-1                                        |
| Board diversity - gender                                                                               | % female                  | <b>33.3</b>   | 28.5   | 37.5  | GRI 405-1; <b>Bloomberg Gender-Equality KPI</b>  |
| Board committee chair diversity - gender                                                               | % female                  | <b>49.2</b>   | 50     | 50    | <b>Bloomberg Gender-Equality KPI</b>             |
| Board independence                                                                                     | %                         | <b>89</b>     | 86     | 88    |                                                  |
| Board average tenure                                                                                   | Years                     | <b>6.4</b>    | 7.0    | 5.5   |                                                  |
| Executive officers diversity - gender                                                                  | % female                  | <b>42.9</b>   | 40     | 37.5  | <b>Bloomberg Gender-Equality KPI</b>             |
| Total PAC disbursements                                                                                | US\$                      | <b>40,500</b> | 91,600 | 6,400 | GRI 415-1                                        |
| Number of disbursements to candidate committees                                                        | Number                    | <b>17</b>     | 28     | 3     |                                                  |
| Government contacts                                                                                    | Number                    | <b>60</b>     | 51     | 35    |                                                  |
| Amount of PAC donations raised                                                                         | US\$                      | <b>89,090</b> | 67,640 | -     |                                                  |
| Associates completing annual, mandatory Code of Ethics training                                        | %                         | <b>99.9</b>   | 99.6   | 99.6  |                                                  |
| Ethics Helpline reports received                                                                       | Number                    | <b>58</b>     | 60     | 53    |                                                  |
| Ethics Helpline reports substantiated                                                                  | %                         | <b>17</b>     | 12     | 15    |                                                  |



| Topic/Issue                                                                  | Metric/Unit | 2023                                    | 2022 | 2021 | Alignment with External Standards and Frameworks |
|------------------------------------------------------------------------------|-------------|-----------------------------------------|------|------|--------------------------------------------------|
| <b>CLIENTS/CONSUMERS</b>                                                     |             |                                         |      |      |                                                  |
| <b>Data Privacy and Information Security</b>                                 |             |                                         |      |      |                                                  |
| Associates completing Data Privacy training                                  | %           | 99.9                                    | 99.5 | 98.9 |                                                  |
| Associates completing Information Security Awareness training                | %           | 99.9                                    | 99.9 | -    |                                                  |
| Associates completing Regulatory Compliance training                         | %           | 99.9                                    | -    | -    |                                                  |
| <b>Customer Care</b>                                                         |             |                                         |      |      |                                                  |
| Customer Care first call resolution                                          | %           | 92.6                                    | 92.6 | 91.7 |                                                  |
| Customer Care overall customer satisfaction                                  | %           | 78.5                                    | 69.8 | 67.1 |                                                  |
| <b>Fair and Responsible Banking</b>                                          |             |                                         |      |      |                                                  |
| Credit card complaints per million active accounts (as reported to the CFPB) | -           | <b>CFPB Consumer Complaint Database</b> |      |      |                                                  |

| <b>Community Reinvestment Act Rating</b> |        | <b>2020-2023</b> | <b>2017-2020</b> | <b>2014-2017</b> |
|------------------------------------------|--------|------------------|------------------|------------------|
| Comenity Bank                            | Rating | Outstanding      | Outstanding      | Outstanding      |
| Comenity Capital Bank                    | Rating | Outstanding      | Outstanding      | Outstanding      |



| Topic/Issue                                            | Metric/Unit | 2023  | 2022  | 2021  | Alignment with External Standards and Frameworks |
|--------------------------------------------------------|-------------|-------|-------|-------|--------------------------------------------------|
| <b>ASSOCIATES AND SUPPLIERS</b>                        |             |       |       |       |                                                  |
| <b>Total Headcount</b>                                 |             |       |       |       |                                                  |
| <b>Global associates</b>                               |             |       |       |       |                                                  |
| Associates - total                                     | Number      | 6,996 | 7,766 | 6,000 | GRI 2-7                                          |
| U.S. associates - total                                | Number      | 6,049 | 6,988 | -     |                                                  |
| Non-U.S. associates - total                            | Number      | 947   | 778   | -     |                                                  |
| <b>New Hires</b>                                       |             |       |       |       |                                                  |
| <b>Global associates</b>                               |             |       |       |       |                                                  |
| New associates growth rate                             | %           | 10-15 | 45-50 | 20-25 |                                                  |
| <b>U.S. associates</b>                                 |             |       |       |       |                                                  |
| New hires - total                                      | Number      | 785   | 2,977 | -     | GRI 401-1                                        |
| <b>Non-U.S. associates</b>                             |             |       |       |       |                                                  |
| New hires - total                                      | Number      | 318   | 312   | -     | GRI 401-1                                        |
| <b>Turnover</b>                                        |             |       |       |       |                                                  |
| <b>U.S. associates</b>                                 |             |       |       |       |                                                  |
| Voluntary turnover - total <sup>1</sup>                | %           | 13    | 18    | 17    | GRI 401-1                                        |
| Turnover - non-exempt (hourly) associates <sup>2</sup> | %           | 37    | 31    | 25    | GRI 401-1                                        |
| Turnover - exempt (salaried) associates <sup>2</sup>   | %           | 5     | 12    | 13    | GRI 401-1                                        |
| Turnover - male associates <sup>2</sup>                | %           | 15    | 20    | -     | GRI 401-1                                        |
| Turnover - female associates <sup>2</sup>              | %           | 30    | 25    | -     | GRI 401-1; <b>Bloomberg Gender-Equality KPI</b>  |
| <b>Non-U.S. associates</b>                             |             |       |       |       |                                                  |
| Turnover - male associates <sup>2</sup>                | %           | 15    | 22    | -     | GRI 401-1                                        |
| Turnover - female associates <sup>2</sup>              | %           | 17    | 24    | -     | GRI 401-1                                        |

1 - Uses total terminations divided by two-point calculation of average headcount (headcounts as of January 1st and December 31st divided by two). Excludes terminations for reasons of No Show and Retirement.

2 - Uses total terminations divided by two-point calculation of average headcount (headcounts as of January 1st and December 31st divided by two). Excludes terminations for reasons of No Show, Did Not Start, Duplicate, Death, Disability, and Retirement.



| Topic/Issue                                               | Metric/Unit               | 2023  | 2022  | 2021  | Alignment with External Standards and Frameworks              |
|-----------------------------------------------------------|---------------------------|-------|-------|-------|---------------------------------------------------------------|
| <b>Diversity, Equity, Inclusion &amp; Belonging</b>       |                           |       |       |       |                                                               |
| <b>Global associates</b>                                  |                           |       |       |       |                                                               |
| Human Rights Campaign: Corporate Equality Index Benchmark | Number                    | 85    | 90    | 90    |                                                               |
| Total associates by gender                                | % female                  | 63    | 67    | -     | GRI 2-7, 405-1; <a href="#">Bloomberg Gender-Equality KPI</a> |
| Senior leadership by gender                               | % female                  | 44    | -     | -     | GRI 2-7, 405-1; <a href="#">Bloomberg Gender-Equality KPI</a> |
| <b>U.S. associates</b>                                    |                           |       |       |       |                                                               |
| Total associates by racial/ethnic diversity               | % minority representation | 44    | 47    | -     | GRI 2-7, 405-1                                                |
| Senior leadership by racial/ethnic diversity              | % minority representation | 15    | 14    | -     |                                                               |
| <b>Associate Training and Engagement</b>                  |                           |       |       |       |                                                               |
| <b>Global associates</b>                                  |                           |       |       |       |                                                               |
| Training and development - total investment               | US\$ millions             | 9     | 15    | 14    |                                                               |
| Training and development investment                       | US\$ per associate        | 1,229 | 2,236 | 2,020 | GRI 404-1                                                     |
| Training and development                                  | Hours per associate       | 24    | 56    | -     |                                                               |
| <b>Procurement/Supplier Diversity</b>                     |                           |       |       |       |                                                               |
| <b>Supplier spend</b>                                     |                           |       |       |       |                                                               |
| Total diverse and small business spend <sup>3</sup>       | %                         | 1.1   | 6.1   | 5.8   |                                                               |
| Total diverse spend                                       | %                         | 0.4   | -     | -     |                                                               |
| Disabled-owned (DVBE/DOBE)                                | %                         | <0.1  | <0.1  | -     |                                                               |
| Minority-owned (MBE)                                      | %                         | 0.2   | 0.1   | 0.2   |                                                               |
| Veteran-owned (VBE)                                       | %                         | <0.1  | <0.1  | 0.1   |                                                               |
| Women-owned                                               | %                         | 0.1   | 0.4   | 0.6   |                                                               |
| Small business (SBE) <sup>4</sup>                         | %                         | 0.7   | 5.4   | -     |                                                               |

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

4 - Small disadvantaged business spend was measured as a separate category in previous reports, but is incorporated into the small business (SBE) category in this report to reflect our revised measurement methodology.



| Topic/Issue                                            | Metric/Unit                       | 2023              | 2022 <sup>5</sup> | 2021       | Alignment with External Standards and Frameworks |
|--------------------------------------------------------|-----------------------------------|-------------------|-------------------|------------|--------------------------------------------------|
| <b>ENVIRONMENT</b>                                     |                                   |                   |                   |            |                                                  |
| <b>Emissions</b>                                       |                                   |                   |                   |            |                                                  |
| GHG emissions - total                                  | MTCO <sub>2</sub> e               | <b>164,414</b>    | 160,981           | 159,925    |                                                  |
| GHG emissions - Scope 1                                | MTCO <sub>2</sub> e               | <b>1,153</b>      | 1,295             | 1,493      | GRI 305-1                                        |
| GHG emissions - Scope 2 <sup>6</sup>                   | MTCO <sub>2</sub> e               | <b>3,460</b>      | 2,985             | 11,220     | GRI 305-1                                        |
| GHG emissions - Scope 3                                | MTCO <sub>2</sub> e               | <b>159,801</b>    | 156,701           | 147,212    | GRI 305-1                                        |
| GHG emissions - Scope 1 + Scope 2 total <sup>6</sup>   | MTCO <sub>2</sub> e per associate | <b>0.6</b>        | 0.6               | 2.0        | GRI 305-4                                        |
| CDP Climate Change rating                              | Letter rating                     | <b>C</b>          | C                 | C          |                                                  |
| <b>Energy</b>                                          |                                   |                   |                   |            |                                                  |
| Total energy consumed <sup>7</sup>                     | GJ                                | <b>71,301</b>     | 91,405            | 144,864    | GRI 302-1                                        |
| Electricity sourced from non-renewable sources         | %                                 | <b>52</b>         | 36                | 85         |                                                  |
| Electricity from renewable sources <sup>8</sup>        | %                                 | <b>48</b>         | 64                | 15         | GRI 302-1                                        |
| <b>Water</b>                                           |                                   |                   |                   |            |                                                  |
| Total water usage <sup>9</sup>                         | gal                               | <b>13,972,663</b> | 22,252,653        | 14,300,303 | GRI 303-5                                        |
| <b>Waste<sup>10</sup></b>                              |                                   |                   |                   |            |                                                  |
| Waste landfilled                                       | Short tons                        | <b>102.0</b>      | -                 | -          | GRI 306-5                                        |
| Waste recycled/donated                                 | Short tons                        | <b>210.7</b>      | -                 | -          | GRI 306-4                                        |
| Non-electronic waste recycled                          | Short tons                        | <b>48.6</b>       | -                 | -          | GRI 306-4                                        |
| Electronic waste recycled/donated                      | Short tons                        | <b>24.1</b>       | -                 | -          | GRI 306-4                                        |
| Paper recycling                                        | Short tons                        | <b>138.0</b>      | -                 | -          | GRI 306-4                                        |
| Waste diversion rate                                   | %                                 | <b>67</b>         | 21.5              | -          |                                                  |
| Paperless adoption                                     | %                                 | <b>43.9</b>       | 42.7              | -          |                                                  |
| CO <sub>2</sub> savings from electronic waste disposal | lbs                               | <b>126,711</b>    | 113,329           | -          |                                                  |

5 - Our emissions and energy metrics disclosed for 2022 were recalculated due to the adoption of a new carbon accounting tool and improved data governance practices.

6 - Emissions are market-based.

7 - Calculation includes both actual and estimated data.

8 - Renewable sources include wind and solar power. Calculation includes both actual and estimated data.

9 - This metric represents water consumption, as measured by water bills. Calculation is limited by the availability of data from property managers and utility providers.

10 - Calculation is limited by the availability of data from property managers and utility providers.



| Topic/Issue                      | Metric/Unit         | 2023             | 2022    | 2021      | Alignment with External Standards and Frameworks |
|----------------------------------|---------------------|------------------|---------|-----------|--------------------------------------------------|
| <b>COMMUNITY INVESTMENT</b>      |                     |                  |         |           |                                                  |
| Total donations                  | US\$ millions       | <b>8</b>         | 9       | 6         | GRI 201-1                                        |
| Total volunteerism               | Hours               | <b>9,941</b>     | 3,771   | 7,003     |                                                  |
| Associate volunteerism           | Hours per associate | <b>1.4</b>       | 1       | 1         |                                                  |
| Value of matching gifts          | US\$                | <b>1,010,987</b> | 949,110 | 1,020,654 |                                                  |
| Participation in matching gifts  | %                   | <b>23.1</b>      | 22.2    | -         |                                                  |
| Dollars for Doers - volunteerism | Hours               | <b>3,506</b>     | 2,944   | 6,400     |                                                  |
| Dollars for Doers - donations    | US\$                | <b>87,650</b>    | 73,600  | 160,021   |                                                  |



## SASB Content Index

| TOPIC                   | METRIC                                                                                                                                  | CODE         | DISCLOSURE                                                                                                                                                                                                                                |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Customer Privacy</b> | 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 <a href="#">Privacy Policies</a> 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 <a href="#">2023 Annual Report</a> , pages 35-40 and F-37.                                                                                                                            |
| <b>Data Security</b>    | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected | FN-CF-230a.1 | Any material cybersecurity incidents from the reporting period would be disclosed in accordance with regulatory requirements in our public SEC filings.                                                                                   |
|                         | 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 <a href="#">2023 Annual Report</a> , page 24.                                                                                                                                              |
|                         | Description of approach to identifying and addressing data security risks                                                               | FN-CF-230a.3 | <a href="#">Data Management, Protection and Governance</a> section, page 26 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 51 of our <a href="#">2024 Proxy Statement</a> for our Compensation Discussion and Analysis (CD&A), and page F-37 of our <a href="#">2023 Annual Report</a> 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 <a href="#">2023 Annual Report</a> , page F-17.                                                                                               |
|                   | (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 <a href="#">Protecting Our Customers</a> and <a href="#">Building Financial Confidence</a> 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 <a href="#">Consumer Financial Protection Bureau (CFPB) Consumer Complaint Database</a> .                                                                                                                                                       |
|                   | 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 <a href="#">2023 Annual Report</a> , pages 35-40 and F-37.                                                                                                                                                                  |
| 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 5 of our <a href="#">2023 Annual Report</a> , we disclose the number of active accounts as of December 31, 2023.                                                                                                                                                        |
|                   | "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.                                                                                | <b>Governance and Management</b> section, page 12.<br>For more detailed information, please see our <a href="#">2023 TCFD Report</a> , pages 4-6.                                                                                                                                                                                  |
|              | b) Describe management’s role in assessing and managing climate-related risks and opportunities.                                                             | <b>Governance and Management</b> section, page 12.<br>For more detailed information, please see our <a href="#">2023 TCFD Report</a> , pages 7-9.                                                                                                                                                                                  |
| Strategy     | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.                               | <b>Assessing Climate-Related Risks and Opportunities</b> section, page 74.<br>For more detailed information, please see our <a href="#">2023 TCFD Report</a> , pages 12-14.                                                                                                                                                        |
|              | b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.                        | <b>Assessing Climate-Related Risks and Opportunities</b> section, page 74.<br>For more detailed information, please see our <a href="#">2023 TCFD Report</a> , pages 12-14.                                                                                                                                                        |
|              | c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | See <b>Assessing Climate-Related Risks and Opportunities</b> section, page 74 for highlights from the scenario analyses we conducted in 2022. Examination of the resilience of our strategy in various scenarios is underway.<br><br>For more detailed information, please see our <a href="#">2023 TCFD Report</a> , pages 15-16. |



| TCFD ELEMENT               | DISCLOSURE                                                                                                                                                | REFERENCE                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Risk Management</b>     | a) Describe the organization’s processes for identifying and assessing climate-related risks.                                                             | <p><b><u>Assessing Climate-Related Risks and Opportunities</u></b> section, page 74.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, page 10.</p>                                                                                                                                                                                                                       |
|                            | b) Describe the organization’s processes for managing climate-related risks.                                                                              | <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.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, pages 10-11.</p>                                                 |
|                            | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.  | <p>See the <b><u>Risk Management</u></b> section of this report, pages 22-25, 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.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, page 11.</p> |
| <b>Metrics and Targets</b> | 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><b><u>Sustainability Performance Summary</u></b>, pages 83-88.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, pages 17-18.</p>                                                                                                                                                                                                                                      |
|                            | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.                                         | <p><b><u>Sustainability Performance Summary</u></b>, pages 83-88.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, pages 17-18.</p>                                                                                                                                                                                                                                      |
|                            | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.                       | <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.</p> <p>For more detailed information, please see our <b><u>2023 TCFD Report</u></b>, pages 17-18.</p>                                                                                                                                |



# Bloomberg Gender–Equality Disclosure\*

| KPI                                                               | DISCLOSURE                                                           |
|-------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Leadership</b>                                                 |                                                                      |
| Percentage of women on company board                              | 33.3%<br>See our <a href="#">2024 Proxy Statement</a> , page vi.     |
| Board Chairperson is a woman                                      | See our <a href="#">2024 Proxy Statement</a> , page 36.              |
| Percentage of the board committees chaired/ co-chaired by a woman | See our <a href="#">2024 Proxy Statement</a> , page 36.              |
| Chief Executive Officer (CEO) is a woman                          | See our <a href="#">2024 Proxy Statement</a> , page 36.              |
| Chief Financial Officer (CFO) is a woman                          | See our <a href="#">2024 Proxy Statement</a> , page 46.              |
| Percentage of women executive officers                            | 42.9%<br>See our <a href="#">2024 Proxy Statement</a> , pages 46–49. |
| Chief Diversity Officer (CDO) appointed                           | Yes<br>See <a href="#">pages 50–51 of this report</a> .              |
| <b>Talent Pipeline</b>                                            |                                                                      |
| Percentage of women in total management                           | Not disclosed.                                                       |
| Percentage of women in senior management                          | 44%<br>See <a href="#">page 86 of this report</a> .                  |
| Percentage of women in middle management                          | Not disclosed.                                                       |



| KPI                                                                                                                      | DISCLOSURE                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Percentage of women in non-managerial positions                                                                          | Not disclosed.                                                                                                                                                            |
| Percentage of women in total workforce                                                                                   | 63%<br>See <a href="#">page 86 of this report</a> .                                                                                                                       |
| Percentage of women total promotions                                                                                     | Not disclosed.                                                                                                                                                            |
| Percentage of women in functional IT/Engineering roles                                                                   | Not disclosed.                                                                                                                                                            |
| Percentage of women new hires                                                                                            | Not disclosed.                                                                                                                                                            |
| Percentage of women attrition                                                                                            | 30%<br>See <a href="#">page 85 of this report</a> .                                                                                                                       |
| 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.          |
| <b>Pay</b>                                                                                                               |                                                                                                                                                                           |
| Adjusted mean gender pay gap                                                                                             | Not disclosed.                                                                                                                                                            |
| 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<br>See our <a href="#">2024 Proxy Statement</a> , pages 65-67.                                                                                                        |



| KPI                                                                                                                         | DISCLOSURE                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Inclusive Culture</b>                                                                                                    |                                                                                                                                                                                                                |
| <b>Number of weeks of fully paid primary parental leave offered</b>                                                         | Our associates receive 6 weeks of 100% paid parental time off regardless of whether they are primary or secondary caregivers.                                                                                  |
| <b>Number of weeks of fully paid secondary parental leave offered</b>                                                       | See <a href="#">page 58 of this report</a> .                                                                                                                                                                   |
| <b>Percentage of women employees that remained employed by the company 12 months after their return from parental leave</b> | Not disclosed.                                                                                                                                                                                                 |
| <b>Back-up family care services or subsidies through the company</b>                                                        | Yes<br>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. |
| <b>Flexible working policy</b>                                                                                              | Yes<br>See <a href="#">page 44 of this report</a> .                                                                                                                                                            |
| <b>Employee resource groups for women</b>                                                                                   | Yes<br>See <a href="#">page 52 of this report</a> .                                                                                                                                                            |
| <b>Unconscious bias training offered to all employees</b>                                                                   | Yes<br>See <a href="#">page 51 of this report</a> .                                                                                                                                                            |
| <b>Annual anti-sexual harassment training offered to all employees</b>                                                      | Yes<br>See <a href="#">page 19 of this report</a> .                                                                                                                                                            |



# External Assurance



**KERAMIDA**  
GLOBAL SUSTAINABILITY | CLIMATE | EHS

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Indianapolis, Indiana 46202  
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April 25, 2024,

KERAMIDA Inc. (KERAMIDA) was engaged by Bread Financial to provide limited assurance greenhouse gas (GHG) emission inventory verification for 2022 Scope 1 and Scope 2. KERAMIDA also provided limited assurance GHG verification of specific Scope 3 GHG emission categories including categories 1, 2, 3, 4, 5, 6, 7, 8, 12, and 15.

The calculation of the GHG inventory is the sole responsibility of Bread Financial using guidance per the United States Environmental Protection Agency, GHG Protocol standards, and other applicable guidance documents.

**Statement of Independence**  
KERAMIDA affirms our independence from Bread Financial and is free from bias and conflicts of interest related to the assurance of Bread Financials' environmental data.

**Verification Assurance Opinion**  
Based on the process and procedures conducted, there is no evidence that the GHG emissions calculations and verified data are not a fair representation of the actual GHG emissions data and information.

**KERAMIDA's Approach**  
Verification was conducted in accordance with ISO 14064-3: 2019 *Specification with guidance for the validation and verification of greenhouse gas assertion*, which is an approved verification standard accepted by CDP.

*Validation scope of the reporting company GHG emissions*

- Organizational boundaries: Operational Control Approach

*Time Period*

- January 2022 – December 2022

*Level of Assurance*

- Limited
- Materiality Threshold: 5% as suggested by ISO 14064-3 (2019)

*Annual Data Comparison*

- Comparison of 2022 KERAMIDA verified data with TCFD Report Data from 2020, 2021, and 2022

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Bread Financial Greenhouse Gas Emission Inventory Verification  
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**KERAMIDA's Methodology and Procedure**  
*Procedures performed during verification:*

- Reviewed evidence and data in support of disclosures
- Performed data analytics to check the reasonableness of the data and calculations
- Performed re-calculation procedures to confirm stated quantities
- Provided recommendations for improved data handling based on verification findings
- Evaluated the reasonableness of any assumptions used in support of disclosures
- Reviewed how disclosures were presented and determined if they were representative of data and operations

**Table 1. 2022 Data Verified by KERAMIDA**

| Scope                                                                | CO <sub>2</sub> e (Metric Tons) |
|----------------------------------------------------------------------|---------------------------------|
| Scope 1                                                              | 1,295                           |
| Scope 2 (Location Based)                                             | 9,208                           |
| Scope 2 (Market Based)                                               | 2,985                           |
| Scope 3 Category 1 Purchased Goods and Services                      | 124,890                         |
| Scope 3 Category 2 Capital Goods                                     | 1,550                           |
| Scope 3 Category 3 Fuel and Energy Related Activities (Market Based) | 2,106                           |
| Scope 3 Category 4 Upstream Transportation and Distribution          | 19,529                          |
| Scope 3 Category 5 Waste Generated in Operations                     | 79                              |
| Scope 3 Category 6 Business Travel                                   | 2,531                           |
| Scope 3 Category 7 Employee Commuting                                | 5,927                           |
| Scope 3 Category 8 Upstream Leased Assets                            | 3                               |
| Scope 3 Category 12 End-of-life Treatment of Sold Products           | 55                              |
| Scope 3 Category 15 Investments                                      | 32                              |

This verification statement, including the opinion expressed herein, provided by Keramida to Bread Financial is solely for Bread Financials' benefit in accordance with the terms of our agreement.

KERAMIDA Inc.,

  
Albert Chung, PhD, PE  
Senior Vice President

  
Ben Bira, J.D., M.B.A., M.S.  
Senior Sustainability Advisor

  
Albert Lu, MS,ENE  
Senior Sustainability Analyst

  
Elie Agioutanti, MS  
Senior Sustainability Analyst

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## Note Regarding Materiality and Forward-Looking Statements

Our sustainability 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 sustainability 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 sustainability 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 sustainability 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 sustainability 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 sustainability 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.



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