

EMBRACING CHANGE





In an ever-changing world, it's not enough to react — you have to adapt. Alliance Data is **Embracing Change head on**: rethinking, re-strategizing and reimagining what it takes **to succeed in today's** constantly **evolving environment**. In data, marketing and loyalty, customer care, consumer finance — and in its responsibilities as a company with purpose — **Alliance Data is moving to redefine its business**: Embracing the need to change — not ignoring it — because that is **the only way to thrive in the 21st century**.

42M

active cardholder accounts

35%

women in senior leadership

0

data breaches

\$16.5M

community investment





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ABOUT THIS REPORT

We are pleased to present Alliance Data's sixth annual Sustainability Report, which has been prepared in accordance with the Core Option of the GRI Standards and discloses to relevant metrics from the SASB Standards. The scope of this report reflects the entire enterprise for the year 2018, including Alliance Data's corporate headquarters, **Epsilon**®, **LoyaltyOne**® and **Alliance Data's card services** business. All financial information is presented in U.S. dollars except where otherwise noted. If you have any feedback on this report or our sustainability strategy, we'd love to hear it. Contact Dana Beckman, Director of Corporate Affairs, at allforgood@alliancedata.com.





INTRODUCTION

Change has always been with us.
But today it's different.

It's faster: What used to occur over a decade or longer now takes one to two years (or even less).

It's data-driven: The more the world goes digital, the more data we produce and the more we turn to it for analysis, insights, decision-making, competitive advantage and inspiration.

It's raising the stakes: Valuations and market leadership can disappear in a flash; economic upheaval and privacy and data security risks are ever increasing for individuals.

It's revolutionizing expectations: The flipside of those risks is more power to create and demand customizable, tailored experiences in all facets of life; greater convenience; and more value at a lower cost.





INTRODUCTION

At Alliance Data, our understanding of data gives us a unique perspective on both the risks and opportunities in this complex environment.

We've been listening to the people most important to us — our clients, consumers, associates, investors, regulators, policy makers and members of the communities where we live and work.

We know that to meet our goals as a successful, sustainable company, it's not enough merely to heed the challenges disruption presents, but to embrace them.

That realization is reflected in the process we began in 2018 of evaluating and implementing a transformational business strategy, and in the actions now underway to realign segments of our business for more sustainable growth.

It's also woven equally through all facets of our sustainability strategy — and, as detailed in this report, in the many significant, innovative steps taken in the past year to further that strategy's aim and objectives.





MESSAGE FROM OUR CEO

In a changing business environment, nothing is more important than recognizing and upholding the proven practices that have driven our success, while also acknowledging the need to adapt in order to differentiate and remain competitive for the future.

Managing through change is nothing new to us. In 2018, our Board of Directors initiated a comprehensive assessment of our business, which led to the announcement of a broader business strategy shift. As part of those plans, in 2019, the company entered into a definitive agreement to sell our Epsilon business and announced key leadership transitions. Even in the midst of this significant — but necessary — change, the ethical and responsible behaviors that have guided our purpose-driven business practices will remain intact.

Our valued associates have and will continue to play a crucial role in our success as we deliver on our commitments and shift our business strategy. I am pleased that in 2018, the accomplishments of our 20,000+ associates were recognized and validated by credible third-party organizations. Alliance Data appeared on both the FORTUNE 100 Best Companies to Work For and Forbes Best Employers for Diversity lists, among others. It is equally gratifying to know that 85% of our associates believe Alliance Data makes the communities where we operate better places to live and work.

Looking ahead, we have work to do in order to continue to grow sustainably in a way that is best for our cherished associates, clients, consumers, investors and community partners. We embrace and look forward to the challenge.



Melisa Miller
President and CEO,
Alliance Data



ABOUT ALLIANCE DATA

Alliance Data® (NYSE: ADS) is a leading global provider of data-driven marketing and loyalty solutions serving large, consumer-based industries. An S&P 500, FORTUNE 500 and FORTUNE 100 Best Companies to Work For company headquartered in Columbus, Ohio, Alliance Data consists of three businesses that together employ approximately 20,000 associates at more than 100 locations worldwide.

Alliance Data's card services business is a leading provider of marketing-driven branded credit card programs. **Comenity®** is the brand name for our two banks, **Comenity Bank** and **Comenity Capital Bank**, which fund our card services' credit programs, as well as other consumer finance products.

Epsilon® is a leading provider of multichannel, data-driven technologies and marketing services, and also includes **Conversant®**, a leader in personalized digital marketing.

LoyaltyOne® owns and operates the **AIR MILES®** Reward Program, Canada's premier coalition loyalty program, as well as Netherlands-based **BrandLoyalty**, a global provider of tailor-made loyalty programs for grocers.





ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|---|-----------------|---------|--------|---------|---------------|--------------|
| FINANCIAL/GOVERNANCE | | | | | | |
| Financial Performance | | | | | | |
| Core Earnings Per Share (EPS) | (Number) | 22.72 | 19.35 | 16.92 | | |
| Total revenues | (US\$ millions) | 7,791 | 7,719 | 7,138 | 102-7, 201-1 | |
| Adjusted EBITDA | (US\$ millions) | 2,466 | 2,218 | 2,095 | | |
| Provision for income taxes | (US\$ millions) | 260.6 | 292.4 | 319.4 | | |
| Net income | (US\$ millions) | 963 | 789 | 516 | 201-1 | |
| Receivables outstanding | (US\$ billions) | 16.9 | 17.7 | 15.8 | | |
| Stock price (end of year) | (US\$) | 150.08 | 253.48 | 229.25 | | |
| Governance and Ethics | | | | | | |
| Say on Pay — executive compensation score | (Number) | 95.3 | 98.4 | 98.8 | 102-38 | |
| Board diversity — gender (women representation) | (%) | 20 | 10 | 12 | 102-18, 405-1 | |
| Board independence | (%) | 89 | 89 | 89 | | |
| Average tenure of members of the Board of Directors | (Years) | 9 | 12 | 14 | | |
| Total PAC disbursements | (US\$) | 141,400 | 39,500 | 117,700 | 415-1 | |
| Number of disbursements to candidate committees | (Number) | 48 | 16 | 43 | | |
| Lobbying contacts | (Number) | 50 | 52 | 71 | | |
| Associates completing annual, mandatory ethics training | (%) | 97.9% | 98% | 99% | | |
| Significant fines or monetary sanctions | (US\$) | 0 | 0 | 0 | 419-1 | FN-CB-510a.1 |



ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|--|----------------------|--|--|--------------|---------------|--------------|
| CLIENTS/CONSUMERS | | | | | | |
| Number of clients | (Number) | 2,100 | 2,000 | 1,800 | 102-7 | |
| Active cardholder accounts | (Number in millions) | 41.7 | 43.4 | 42.5 | 102-7 | |
| Air Miles issued | (Number) | 5,500 | 5,524 | 5,772 | | |
| Air Miles redeemed | (Number) | 4,482 | 4,552 | 7,072 | | |
| Security and Privacy | | | | | | |
| Security and privacy certifications | (List) | ISO 27001 SSAE18 SOC2 | ISO 27001 SSAE18 SOC2 | not reported | | |
| Data breaches | (Number) | 0 | 0 | 0 | 418-1 | FN-CB-230a.1 |
| Fair and Responsible Banking | | | | | | |
| Community Reinvestment Act | (Rating) | Outstanding 42.7* | Outstanding 36.4† | Satisfactory | | |
| Credit card complaints per million active accounts (as reported to the CFPB) | | Fewest among credit card banking peers | Fewest among credit card banking peers | — | | |
| Care center and collections training & development hours | (Hours) | 24,722‡ | — | — | | |
| First call resolution (Purdue University, BenchmarkPortal) | (%) | 3%‡ above industry average | — | — | | |
| Customer satisfaction (Purdue University, BenchmarkPortal) | (%) | 7%‡ above industry average | — | — | | |
| First call resolution | (%) | 88 | 88 | 87 | | |

* Active accounts sourced from the Nilson Report which defines Active credit card accounts as those that had at least one purchase transaction in the fourth quarter of 2017.

† Active accounts sourced from the Nilson Report which defines Active credit card accounts as those that had at least one purchase transaction in the fourth quarter of 2016.

‡ This year Alliance Data established a baseline so that it can publicly disclose data for this disclosure.



ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|---|-------------|--------|--------|--------------|---------------|--------------|
| EMPLOYEES AND SUPPLIERS | | | | | | |
| Human Capital | | | | | | |
| Total number of employees | (Number) | 20,000 | 20,000 | 17,000 | 102-7, 102-8 | |
| Alliance Data adds about X% to Y% new people each year | (%) | 25-30% | 25-30% | 25-30% | 102-41 | |
| Voluntary turnover — average (all employees) | (%) | 15% | 16% | 16% | 401-1 | |
| Turnover — non-exempt (hourly employees) | (%) | 20% | 24% | 21% | 401-1 | |
| Turnover — exempt (salaried employees) | (%) | 12% | 11% | 13% | 401-1 | |
| Turnover — male | (%) | 14% | 15% | not reported | 401-1 | |
| Turnover — female | (%) | 16% | 18% | not reported | 401-1 | |
| Diversity and Inclusion | | | | | | |
| Total workforce by gender | (% female) | 54% | 55% | 55% | 102-8 | TC-SI-330a.3 |
| Senior leadership by gender | (% female) | 35% | 34% | 35% | 102-8 | TC-SI-330a.3 |
| Total workforce by ethnicity — minority representation* | (%) | 38% | 38% | 35% | 102-8, 405-1 | TC-SI-330a.3 |
| Senior leadership by ethnicity — minority representation* | (%) | 13% | 11% | 11% | 102-8, 405-1 | TC-SI-330a.3 |
| Pay parity — weighted by job level | (%) | 2.0% | 2.7% | 3.8% | 405-2 | |
| Pay parity — weighted by ethnicity* | (%) | -1.0% | -0.1% | -1.2% | 405-2 | |
| Human rights campaign: Corporate Equality Index Benchmark | (%) | 100% | 80% | not ranked | | |

* Ethnicity data for U.S. only.



ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|---|-----------------|-----------|--------------|--------------|---------------|-----------|
| Employee Training and Engagement | | | | | | |
| Training and development – total investment | (US\$ millions) | 17.70 | 17.50 | 18.30 | | |
| Training and development – dollars per employee | (US\$) | 899 | 933 | 1,084 | 404-1 | |
| Procurement/Supplier Diversity | | | | | | |
| Total supplier diversity spending | (%) | 10.1 | 8.2 | 6.6 | | |
| Minority owned supplier spending | (%) | 3.6 | 2.2 | 0.9 | | |
| Women owned supplier spending | (%) | 1.8 | 1.8 | 2.2 | | |
| Veteran owned supplier spending | (%) | 0.1 | 0.1 | 0.3 | | |
| LGBTQ owned supplier spending | (%) | 0.1 | not reported | not reported | | |
| COMMUNITY INVESTMENT | | | | | | |
| Community investment – donations | (US\$ millions) | \$16.5 | \$14.4 | \$11.5 | 201-1 | |
| Community investment as a percent of EBITDA | (%) | 0.67 | 0.63 | 0.55 | | |
| Community investment – volunteerism | (Hours) | 40,000 | 38,000 | 27,000 | | |
| Data for Good investment | (US\$ millions) | \$3.50 | \$1.20 | n/a | | |
| Value of matching gifts | (US\$) | \$990,000 | \$1,015,400 | \$1,094,140 | | |
| Dollars for Doers – volunteerism | (Hours) | 30,000 | not reported | 450 | | |
| Dollars for Doers – donations | (US\$) | \$240,000 | not reported | \$45,000 | | |



ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|--|------------------------|----------------|---------|---------|---------------|--------------|
| ENVIRONMENT | | | | | | |
| Greenhouse gas emissions (GHG) – Total | (MT CO ₂ e) | 129,860 | 138,740 | 146,206 | | |
| Greenhouse gas emissions (GHG) – Scope 1 emissions | (MT CO ₂ e) | 2,331 | 2,275 | 1,947 | 305-1 | |
| Greenhouse gas emissions (GHG) – Scope 2 emissions | (MT CO ₂ e) | 40,091 | 39,231 | 43,455 | 305-2 | |
| Greenhouse gas emissions (GHG) – Scope 3 emissions | (MT CO ₂ e) | 87,438 | 97,234 | 100,803 | 305-3 | |
| Total energy consumed | (GJ) | 323,476 | 308,041 | 326,131 | 302-1 | TC-SI-130a.1 |
| Electricity sourced from the grid | (%) | 93 | 94 | 94 | | TC-SI-130a.1 |
| Electricity from renewable sources | (%) | 7 | 6 | 6 | | TC-SI-130a.1 |



ESG BALANCED SCORECARD

| Topic/Issue | Metric/Unit | 2018 | 2017 | 2016 | GRI Indicator | SASB Code |
|--|-----------------|--------------------------|--------------|--------------|---------------|-----------|
| SUSTAINABILITY PERFORMANCE RANKINGS | | | | | | |
| Glass Lewis — overall ESG score (annual proxy analysis) | (Rating) | Average performer | — | — | | |
| FTSE Russell ESG rating — total score (out of five) | (Number rating) | 3.7 | 4 | 3.4 | | |
| ESG rating ICB Supersector Relative Percentile score (100 — highest) | (Number rating) | 82 | 92 | 82 | | |
| FTSE Russell ESG rating — Environment | (Number rating) | 4 | — | — | | |
| FTSE Russell ESG rating — Social | (Number rating) | 3 | — | — | | |
| FTSE Russell ESG rating — Governance | (Number rating) | 4 | — | — | | |
| Sustainalytics ESG risk rating | (Number rating) | 18.1 | not reported | not reported | | |
| MSCI ESG rating | (Letter rating) | BB | BB | BB | | |
| Just Capital rating | (Number rating) | 58.1 | — | — | | |
| CDP carbon disclosure rating | (Letter rating) | TBD | D | C | | |
| Bloomberg ESG rating | (Number rating) | 35.94 | 36 | 39.3 | | |



SELECT AWARDS AND RECOGNITION

Alliance Data was honored to receive a number of awards and distinctions in 2018 that reflect our commitment to putting core values into action.

Culture

FORTUNE 100 Best Companies to Work For

FORTUNE Canada's Best Workplaces for Women

FORTUNE Best Workplaces for Diversity

Forbes America's Best Employers for Diversity

Human Rights Campaign, Corporate Equality Index, Best Places to Work for LGBTQ

Canada's Top Employers for Young People

Achievers 50 Most Engaged Workplaces in North America

Sustainability and innovation

Customer Care Centers, Benchmark Portal Certified Center of Excellence (13th year)

Top 100 Tech Companies, Built in Chicago

Media Excellence Award, Excellence for Payments and mCommerce, Frictionless Mobile Credit

Largest U.S. CRM/Direct Marketing Networks

FTSE4Good Index Series, FTSE Russell

Canada's Greenest Employers

Most Trusted Service Brand in Canada, BrandSpark International, Loyalty Program category





OUR APPROACH

Our approach to sustainability is rooted in the understanding that to grow our business and prosper over time, we must meet the needs and evolving expectations of a broad range of stakeholders. We answer to our clients and their customers; our associates; stockholders and investors; regulators and policy makers; and our communities and neighbors around the globe. We proudly demonstrate to all of them that we operate ethically and with purpose.



OUR SUSTAINABILITY STRATEGY

In 2017, we updated our strategy to provide a blueprint for our activities over the next three years. Our strategy is aimed at helping us achieve long-term results and strengthening the business, with an intentional focus on social and environmental awareness.

Our strategy has five focus areas, which were developed through extensive stakeholder engagement and industry research conducted in 2016 and 2017 as part of a formal materiality assessment. For each area, there's a principal commitment and three-year goals linked to business priorities and objectives. As a means of demonstrating transparency, accountability and progress, we report performance against goals in our annual Sustainability Report.*

We also commit to continuously evaluate and advance our operating practices, recognizing that stakeholder perceptions and expectations are constantly changing, as is the business environment in which we operate. Increasingly, the investor community is using sustainability performance as a proxy for sound governance and business performance. Our current priorities are to track emerging issues and their potential impact on our business; improve overall data collection and accuracy in

eventual pursuit of third-party assurance; and link our enterprise risk management and materiality risk assessment processes. We're also taking steps to further integrate our sustainability and financial reporting in a way that provides a more comprehensive and transparent view of the company.



* An important topic that was further elevated through our materiality assessment and reflected in our updated strategy is the addition of fair and responsible banking. These activities reside within Alliance Data's card services business and its two banking entities, Comenity Bank and Comenity Capital Bank. Operating practices include issuing credit, collecting payments and overall cardholder care. In this year's report, we have expanded the discussion of our responsibilities and approach under the categories of credit and lending, customer care, and security and data privacy. To learn more, see [page 36](#).



OUR SUSTAINABILITY STRATEGY

Critical to our success



Ethics

Drive global growth and long-term success through integrity, ethical decision-making and transparency.



Excellence

Lead in data-driven marketing and loyalty programs, ensure the secure and responsible use of data, adhere to responsible lending practices and display an unwavering commitment to service.



Associates

Cultivate an inclusive, healthy workplace where we develop and reward associates — and empower them to contribute to our continued success.



Communities

Invest in the long-term vitality of our communities through programs and initiatives that make a measurable impact.



Environment

Respect our environment through sustainable operations and investments in global conservation efforts.

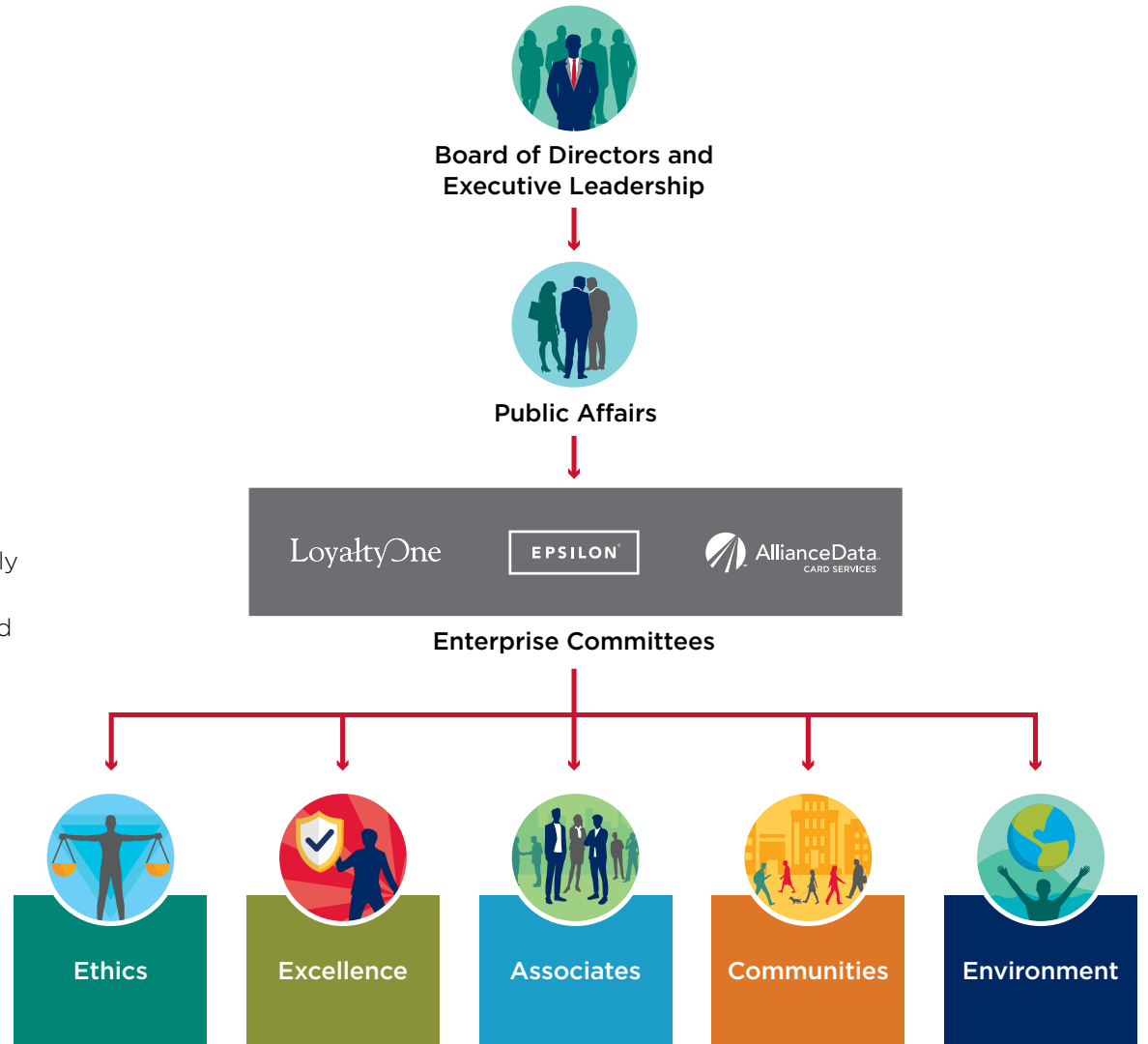


SUSTAINABILITY GOVERNANCE

At the highest level, Alliance Data's CEO and executive leadership are held accountable for the company's overall performance, including economic and environmental, social and governance (ESG) aspects. The Board of Directors provides active oversight and receives regular updates on ESG topics.

Public Affairs guides the enterprise sustainability strategy, measurement and reporting, working closely with the appropriate business leaders and enterprise committees to ensure proper strategic alignment and management of programs and initiatives.

Executive team leaders provide guidance, oversight and accountability for strategy and performance outcomes. A cross-functional group of senior executives helped shape our 2017-20 goals.





RISK MANAGEMENT

Our company’s approach to Enterprise Risk Management identifies and manages risks related to the achievement of strategic, financial, compliance and operational objectives.

Our key risks and mitigation strategies are documented, monitored and reviewed quarterly. The company’s Board of Directors reviews management’s assessment of enterprise risk as well as risk mitigation strategies twice a year. The Board may request additional review should they deem it appropriate or necessary. These risks are also reviewed alongside our sustainability strategy and priorities to ensure alignment of key issues across functions company-wide.

Please see our **2018 Annual Report** for additional information on key risks and associated factors.



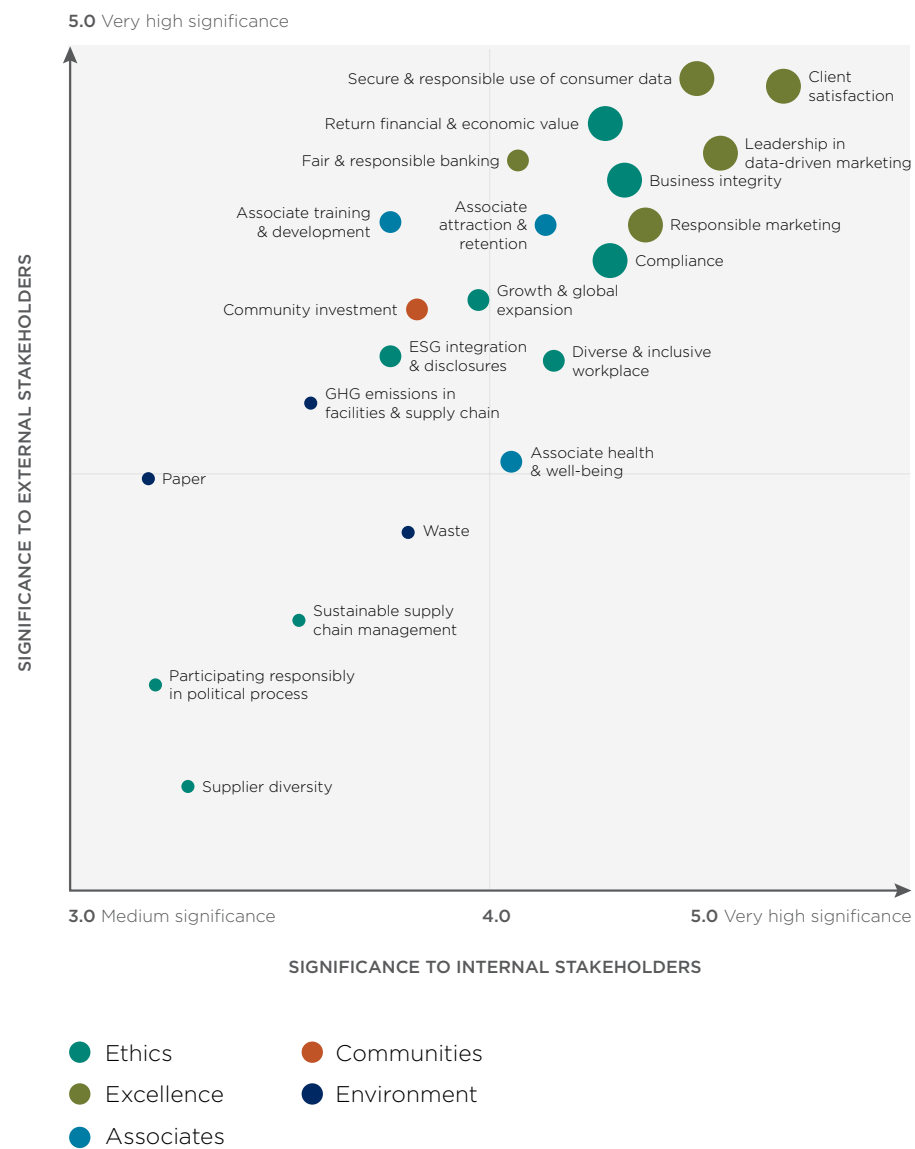


MATERIALITY

In 2016 and 2017, we conducted a formal materiality assessment* to identify and evaluate the sustainability topics most critical to our business and our stakeholders. This exercise yielded 21 topics, as shown on the accompanying matrix. While all are important for us to manage and monitor, during our materiality validation exercise we prioritized 12 that have the greatest impact on our business and merit more attention. These are:

- Client satisfaction
- Leadership in data-driven marketing
- Secure and responsible use of consumer data
- Business integrity
- Responsible marketing
- Long-term financial and economic value to key stakeholders
- Fair and responsible banking
- Associate attraction and retention/associate training and development
- Compliance
- Global business expansion and growth
- Community investment
- Diversity and inclusion

* This assessment followed the principles and recommended process outlined in the Global Reporting Initiative (GRI) Standards. For details, please see our **2017 Materiality Assessment Overview** posted on our website. All priority topics are discussed to varying degrees in this report or our 2018 Annual Report. The GRI Content Index on **page 64** provides direction on where to find most information relating to our priorities while our annual report includes key economic topics including: financial return and economic value; leadership in data-driven marketing; and growth and global expansion.





THREE-YEAR GOALS (2020)

| | Goal | How we measure success: |
|-------------------------------------|--|-------------------------|
| SUSTAINABILITY GOVERNANCE | Strengthen stakeholder engagement with key influencers including clients, consumers, investors, policy makers and associates via strategic communications and outreach | ● |
| | Leverage outcomes from materiality assessment to re-evaluate sustainability strategy, identify areas of opportunity and integrate ESG performance across the business | ● |
| | Improve the quality of our response to key standards and frameworks, and ensure that participation in them is material to our business | ● |
| | Improve overall data collection and accuracy in pursuit of third-party assurance | ● |
| | Provide regular sustainability performance updates to the Alliance Data Board of Directors | ● |
| FAIR AND RESPONSIBLE BANKING | Adhere to fair, responsible and unbiased consumer lending practices | ● |
| | Continually advance our approach to customer care | ● |
| | Enhance resources and tools to help cardholders improve their financial literacy and well-being, and ensure a well-informed consumer and user of credit | ● |
| DATA PRIVACY | Make ongoing, substantial investments in proactive measures to monitor and prevent data breaches | ● |
| | Collaborate with industry peers and policy makers globally to monitor emerging legislation, inform regulation and help shape the industry | ● |
| | Integrate and apply advanced (best practice) privacy and information security practices across our people, processes and technology | ● |

● Achieved ● On track ⓘ On hold



THREE-YEAR GOALS (2020)

| | Goal | How we measure success: |
|--------------------|--|--------------------------------|
| PEOPLE | Manage voluntary turnover, with a focus on associate retention and enablement | ● |
| | Invest in talent development programs through training courses, coaching and academic advancement opportunities | ● |
| | Leverage associate feedback, internal analytics and insight to identify opportunities for targeted, relevant programs and initiatives that benefit our associates and enhance our culture | ● |
| | Promote a culture of inclusion, where associates have a voice and diverse perspectives are respected | ● |
| COMMUNITY | Invest an additional \$60 million globally by 2020 in the communities where we live and work | ● |
| | Invest \$20 million in “Data for Good” programs that help nonprofits build mission-critical capacity leveraging data-driven insights | ● |
| | Annually increase associate engagement in the community through volunteerism, participation in our matching gifts, dollars for doers program and annual campaigns | ● |
| ENVIRONMENT | Develop an action plan for setting a science-based GHG emission reduction target | ⏸ |
| | Establish a pan-enterprise environmental task force focused on developing and overseeing protocols and initiatives designed to reduce our GHG emissions and minimize the environmental impacts of our operations | ⏸ |
| | Build relationships with environmentally focused NGOs to identify conservation initiatives to invest in that engage associates and align with our biggest impact areas | ● |
| | Invest \$2M annually in efficient technologies for new buildings, retrofits and/or other initiatives, based on associate feedback, to make our facilities and operations more sustainable. | ⏸ |

● Achieved ● On track ⏸ On hold



OUR STAKEHOLDERS

Our business interests and reputation depend on the trust, understanding and mutual respect of our many stakeholders. We engage with those stakeholders in a number of ways to better understand their expectations and needs.

Whether it's through meetings, surveys, industry presentations and committees, social media or other initiatives, we actively gather feedback and collaborate with internal and external stakeholders who can help us create shared value.

We are committed to delivering on our promises, especially for our clients. By listening to all of our stakeholders, we are better equipped to meet or exceed client expectations, which fuels our growth.





STAKEHOLDER ENGAGEMENT

The ways we engage with our stakeholders reflect the nature of our relationships, responsibilities, goals and mutual objectives. Some engagements are interconnected, such as when our associates and clients work together for the benefit of the consumer, while others are one-to-one. Each group, in its own way, informs our actions, practices, market offerings and strategy.

Associates

Our associates bring the perspective and firsthand knowledge necessary to best serve our clients, the consumer and our larger stakeholder community. They know we value their input into how we run the business and that we take their feedback seriously: their high participation and positive input through our annual Associate Satisfaction (ASAT) survey is well above industry benchmarks as a result.

Clients

Alliance Data is a valued partner to many of the world's most recognized brands. These strong client partnerships allow us to tout an industry-leading renewal rate. While our roots are in retail, we apply our expertise to an ever-expanding list of clients across multiple industries and verticals.

Consumers

The end-consumer, our clients' customer, is at the heart of our business. We serve as an

extension of our clients' brands to enhance the customer experience and build loyalty. Deliberately behind the scenes, we provide the strategic insights and solutions that build stronger, more loyal relationships between our retail clients and their customers.

Regulators

The nature of our business necessitates that we be subject to certain regulatory requirements, restrictions and guidelines designed to create transparency between corporations, consumers and financial institutions.

Federal, state and international laws regulate numerous aspects of our business. Core regulatory areas for our business include banking, data security and data privacy. Our principal regulators in these areas are the Federal

Deposit Insurance Corporation (FDIC), the Consumer Financial Protection Bureau (CFPB) and the Payment Card Industry Security Standards Council (PCI SSC).

We monitor developments in these areas and interact with the departments, agencies and individual representatives who oversee them. Those interactions can involve matters of compliance, policy, operational expertise and guidance.

With the General Data Protection Regulation (GDPR) taking effect in the European Union in 2018, we had frequent engagement with regulators in affected jurisdictions and worked closely within the businesses, and with our clients, to ensure proper compliance protocols were implemented prior to the enforcement deadline in May.



Associates



Clients



Consumers



STAKEHOLDER ENGAGEMENT

Investors

We continue to engage with institutional investors and financial analysts, who are increasingly interested in our ESG performance as well as financial results. In response, we are now providing increased disclosure and transparency through our annual proxy statement. We've also developed a concrete plan for continual Board refreshment, which incorporates a skills matrix to ensure the best mix of skills, experience, knowledge and independence, and seeks to enhance gender and ethnic diversity.

Public policy makers

Participating responsibly in the political process is important to Alliance Data's success. As legislative and regulatory activity increases, we are actively engaged in advocating for our business interests and telling our story. We monitor and manage issues that directly affect our operations, and which have the greatest potential to impact the company's overall performance and ability to do business. Our priority legislative issues include banking and consumer finance, data privacy, cybersecurity and tax policy.

Sharing our point of view by educating elected officials, regulators and their staff about our concerns increases awareness of and interest in our priority issues. Understanding potential legislative or regulatory changes

is critical to protecting our interests and helps inform our compliance efforts. Our political engagement efforts comply with all laws and Alliance Data policies.

We engage in the public policy process through trade associations, industry coalitions and lobbying activity. In 2018, designated associate representatives had 50 lobbying contacts with government agencies, members of Congress and their staff.

Eligible associates may also participate in our issues-focused political action committee (the Alliance Data-Epsilon PAC) which is governed by an associate-led board. In 2018, the PAC disbursed \$141,400 to 48 distinct federal candidate committees and raised \$90,503 from eligible associates. All political contributions and

activities comply with applicable laws and are reported publicly as required by law.

Lobbyists of record

- Capitol Legislative Strategies represents Card Services/Comenity on banking and consumer finance matters
- Glover Park Group represents Epsilon on data privacy and breach notification matters, and Alliance Data on general legislative matters
- O'Rourke and Nappi LLP represents Card Services/Comenity on banking and consumer finance matters, and Alliance Data on tax-related matters
- Polaris Consulting LLC represents Alliance Data on tax-related matters

KEY POLICY ISSUES



Cybersecurity



Banking and consumer finance



Data privacy



Tax policy



STAKEHOLDER ENGAGEMENT

Industry

We engage with industry partners on key business issues, such as cybersecurity, data privacy, and fair and responsible banking. We also belong to many industry associations as a way to stay on top of emerging developments, collaborate on issues of common concern and validate the strength of our own practices and protocols. Some of our key memberships include:

- **Alliance of National Advertisers**
- **Association of Credit and Collection Professionals (ACA)**
- **Card Coalition**
- **Data Protection Network (DPN)**
- **Delaware Bankers Association (DBA)**
- **Digital Advertising Alliance (DAA)**

- **Direct Marketing Association UK (DMA UK)**
- **Future of Privacy Forum (FPF)**
- **Information Systems Security Association (ISSA)**
- **Interactive Advertising Bureau Europe (IAB)**
- **Interactive Advertising Bureau US (IAB)**
- **International Association of Privacy Professionals (IAPP)**
- **Midsize Bank Coalition of America (MBCA)**
- **Mobile Marketing Association**
- **National Association of Industrial Banks (NAIB)**
- **Network Advertising Initiative (NAI)**
- **Utah Bankers Association**

Suppliers

Purchasing from companies that are owned by minorities, women, veterans and members of the LGBTQ communities allows us to further showcase our commitment to economic growth in all communities and reinforce the important connection between diversity and innovation. We established a Supplier Diversity Program for our U.S. operations in 2016 and two years later the share of our total U.S. procurable spending directed to diverse suppliers had increased by more

than 50%. This growth reflects the program's evolution towards a comprehensive, enterprise-wide effort to enhance our supplier base to help address current and future customer and workforce dynamics. We anticipate supplier diversity to be a continued priority for our stakeholder community and are committed to having the right analytical tools and processes in place to meet these demands. This includes continuing to verify our certified diverse suppliers through a qualified research agency.

Diverse Supplier Spend*

| (% of overall total) | 2018 | 2017 | 2016 |
|----------------------|-------|------|------|
| Total diverse spend | 10.1% | 8.2% | 6.6% |

Diverse Supplier Spend by Type*

| | 2018 | 2017 | 2016 |
|----------------|-------|--------------|--------------|
| Minority-owned | 3.6% | 2.2% | 0.9% |
| Women-owned | 1.8% | 1.8% | 2.2% |
| Veteran-owned | 0.1% | 0.1% | 0.3% |
| LGBTQ-owned | 0.01% | Not reported | Not reported |

* The above tables represent diverse spend as a percentage of total U.S. procurable company spend. This excludes non-procurable items such as taxes and payroll.



SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Each of the 17 Goals, while broad and interconnected, has specific targets to reach by 2030. Achieving them requires the partnership of governments, the private sector and civil society organizations.

The SDGs offer a road map, framework and common language for businesses, investors and stakeholders to discuss their sustainability activities and communicate achievements in advancing the Goals.

Last year, Alliance Data identified areas of alignment between specific Goals and our business priorities, practices and values. Led by our Corporate Responsibility Leadership Council, we selected three SDGs that directly link to our sustainability strategy, where the company can, and is, having the greatest impact. Here, we highlight those SDGs with relevant examples from our accomplishments in the past year:



Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Example: Alliance Data's offices in Bangalore, India, are operating a program that sponsors underprivileged girls' education for five years. Learn more on [page 52](#).



Gender equality

Achieve gender equality and empower all women and girls.

Example: We made a significant investment in the development and launch of the ROX Research and Training Institute, the first multidisciplinary institute designed to address the complex needs of today's girls. Learn more on [page 48](#).



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all.

Example: Alliance Data is a long-time supporter of My Possibilities, a nonprofit in Plano, Texas, which provides continuing education for adults with Intellectual and Developmental Disabilities (IDD) and promotes disabled hiring. Learn more on [page 47](#).





ETHICS

We know that the way to engender stakeholders' trust and foster long-term confidence in us is through our business conduct — by what we do, not just what we say. Our Board of Directors and leaders set the tone at the top and take responsibility for fostering a culture of integrity and accountability. In a world of competing demands and rising expectations, having a strong ethical culture is essential for protecting our reputation and preparing for whatever challenges come our way.





BUSINESS INTEGRITY AND ETHICS

Business integrity, ethics and compliance with all applicable laws and regulations governing our business have been part of the foundation of Alliance Data’s operations and success. Our leaders set the tone at the top and foster a culture of integrity and accountability.

Management approach

Our guiding principles influence all decision-making and actions. We operate under a strong Code of Ethics, which covers numerous aspects of conduct expected of our associates. We also have supplementary codes for our Board of Directors and senior financial officers, which include ethics standards and guidance.

Annually, associates must certify they have read and agree to adhere to the Code. Every two years, they complete

mandatory online training, which includes topics related to anti-harassment and non-retaliation. Leadership ethics training also covers anti-harassment and non-retaliation, along with anti-trust, global anti-corruption, insider trading, conflicts of interest and other topics.

Our Corporate Ethics Officer regularly conducts on-site meetings with associates, promoting an ethical culture, providing training on the Code,

reinforcing awareness of the company’s anti-harassment and non-retaliation policies and providing guidance on how to respond to ethical issues and other situations.

Associates have a responsibility to report suspected violations of the Code – to their immediate supervisor, their local Human Resources representative, the Human Resources executive for their line of business, the Corporate Ethics Officer, or

via our Ethics Helpline. The helpline can be reached by phone or online around the clock, and associates may remain anonymous if they wish (except where prohibited by local law). Alliance Data will not retaliate or tolerate retaliation against any associate who reports in good faith a concern about potential illegal or unethical conduct or a violation of policies or procedures.

HIGHLIGHTS FROM OUR ANNUAL ASSOCIATE ENGAGEMENT SURVEY:

85%

felt their manager treats associates with respect and dignity

74%

said senior leadership’s actions are consistent with company values

82%

felt they could report unethical behavior or practices without fear of retaliation

80%

said they are proud to work for their company



BUSINESS INTEGRITY AND ETHICS

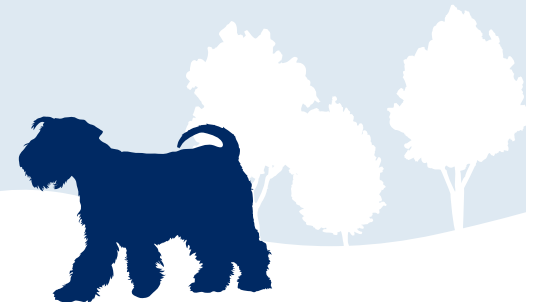
An important segment of our annual associate engagement survey measures whether people feel that the company’s leaders walk the talk on ethics, and whether associates know they can report unethical behavior without retaliation.

In 2018, building on this foundation, we developed and launched a new ethics program that is more contemporary and engaging to better reinforce our ethical standards and bring ethics even more top of mind for our associates in everything they do. We also upgraded our compliance methodology to improve our tracking and analysis of complaint report data. In conjunction, the Corporate Ethics Officer began providing more detailed information drawn from this analysis to the company’s Board of Directors.



SPOT ON ETHICS

Ethics is engrained in our culture and operating principles at all levels of the business. To make this serious topic more conversational and engaging to our associates, we launched the “Spot On Ethics” campaign during Ethics Week in 2018. “Spot” serves as our mascot and go-to guide when it comes to navigating the ins and outs of ethics at Alliance Data by giving helpful ethics tips and reminders throughout the year. This campaign serves as an engaging reminder to associates that if they “spot” something that seems unethical, they need to speak up through any one of the available channels.





EXCELLENCE

While we may not be a household name, Alliance Data engages with millions of consumers across the globe every day through our notable list of FORTUNE 1000 clients. Executing excellence in data-driven loyalty marketing solutions also means delivering on critical responsibilities to ensure the secure and responsible use of data, adhering to responsible lending practices and providing an unwavering commitment to service.



SECURE AND RESPONSIBLE USE OF DATA

Respecting consumer privacy and safeguarding information are central to everyone's role at Alliance Data. Our commitment to good data governance and protection in these critical areas is foundational to our ability to help our clients understand and build relationships with their customers.

Cybersecurity demands both vigilance and continual improvement to defend against threats. Data-related issues are compounded by the rapid pace of evolving technology, which continues to reshape the marketplace and consumer expectations of choice in how businesses collect and use their information. As cyber incidents have become a more common occurrence, expectations among consumers, our clients, regulators and investors are also shifting; companies are increasingly judged by the adequacy of their security protocols, controls and practices to safeguard consumer data and mitigate threats. It's our

responsibility in these contexts to provide the right level of transparency into how we responsibly collect, use and protect data; to continually invest in technologies, processes and controls and in ongoing security enhancements.

Management approach

Our attention to data security and privacy starts with policies governing enterprise-wide controls and practices that are approved either by the Board or our Enterprise Compliance Council, whose membership includes representation from across the business. These policies address how we manage risks, monitor threats,

collaborate across the enterprise and prepare briefing materials for the Board. Dedicated cybersecurity and privacy teams across the company establish and monitor the relevant and necessary standards, protocols and management processes. Our clients also depend on us to stay atop the most current developments in data security and privacy, and to provide insights and education to ensure adherence to strong consumer privacy and data protection controls and practices.

In 2018, we updated Alliance Data's information security policy, acceptable use policy, data privacy and protection policy, business

continuity/disaster recovery policy and physical security. Some policy updates were also required to be compliant with the European Union's General Data Protection Regulation (GDPR). Additionally, we expanded the scope, detail and frequency of cybersecurity and privacy metrics reporting, providing the Board with a more in-depth view of the areas in which our security teams are monitoring.



SECURE AND RESPONSIBLE USE OF DATA

Compliance

Compliance with new data privacy regulations and legislation was a key focus in the European Union and the United States in 2018, along with maintaining other certifications.

- **GDPR:** The General Data Protection Regulation took effect in the EU in May 2018, radically changing how companies collect, process, retain and delete the data of individuals residing there. The regulation is intended to give citizens of EU member states greater control over their personal data. Rigorous preparations were necessary to address GDPR requirements and to protect our company

and clients. We appointed numerous cross-functional teams to review policies, procedures, contracts, services and technology platforms to ensure proper compliance controls were implemented. Privacy champions helped train associates on the new regulations and specific enumerated obligations, such as responding to data access requests.

- Our response also included creating opportunities for our clients to gain a better understanding of how the regulation would impact their business. In April, Epsilon hosted an event in London that was open to clients, peers and other parties interested in understanding GDPR's impact

on business. A highlight of that presentation, and of Alliance Data's GDPR implementation overall, was the introduction of an online consent tool we developed to help advertisers and publishers easily comply with the law. When installed, the tool prompts website visitors to provide their consent before the site processes their personal data.

- **California Consumer Privacy Act:** In 2018, the state of California enacted major privacy legislation known as the CCPA. Like GDPR, it strongly advances customer/user rights and will require significant changes and adaptation for businesses that operate in California to be compliant when it comes into effect in 2020. We were actively engaged with the state attorney general's

implementation, which continues pending possible further amendments to the Act. We also began early-stage discussions with clients about compliance requirements that might be required.

- **ISO 27001:** Epsilon has maintained this certification for its primary U.S. and India locations since 2006 and 2016, respectively, and is evaluating expansion into key EU locations. Epsilon also maintains SSAE18 SOC2 for the services it provides in its email, database and loyalty offerings. Conversant conducts an annual privacy assessment confirming its non-personally identifiable information (non-PII) approach.





SECURE AND RESPONSIBLE USE OF DATA

Standards

In 2017, Alliance Data adopted the National Institute of Standards and Technology (NIST) cybersecurity framework. It consists of standards, guidelines and best practices to manage cybersecurity risk. All of our cybersecurity efforts are now planned, structured, tested, measured and reported on in accordance with the NIST framework. We assessed the maturity level of our current programs and practices against that framework to determine priority areas for improvements on cybersecurity in 2018.

In 2018, our Chief Information Security Officer met with NIST (which operates under the U.S. Department of Commerce) and industry peers

for opening discussions on the development of a similar NIST framework for privacy. We continue to be highly engaged in conversations with NIST on a privacy framework that would align with the corollary cybersecurity framework already in place.

The core of the NIST cybersecurity framework consists of five functions or capabilities: Identify, Protect, Detect, Respond and Recover. The following overview outlines those functions, with examples of metrics tracked/measures taken under each.








JEFF SCHILLING

SVP, CHIEF INFORMATION SECURITY OFFICER, EPSILON

“At the end of the day, Epsilon and Conversant associates are our #1 security capability, not the security technology we wield.”





| Standard | Description | Metrics/Measures |
|---|---|---|
|  <p>IDENTIFY</p> | <p>Identify assists in developing an organizational understanding to managing cybersecurity risk to systems, people, assets, data and capabilities. Understanding the business context, the resources that support critical functions and the related cybersecurity risks enables an organization to focus and prioritize its efforts, consistent with its risk management strategy and business needs.</p> | <p>Asset inventory (servers, end points, networks, databases); vulnerability checks (assets scanned by line of business); security patches (speed/rate of application).</p> |
|  <p>PROTECT</p> | <p>Protect outlines appropriate safeguards to ensure delivery of critical infrastructure services. This function supports the ability to limit or contain the impact of a potential cybersecurity event.</p> | <p>Access controls (reviewing who has access to privileged information); awareness and training (Information Security Policy review; associate phishing campaigns; ongoing communication regarding good practices); empowering associates (see something, say something; to protect their digital life); formal quarterly communications sessions (how security and data privacy apply to all).</p> |
|  <p>DETECT</p> | <p>Detect defines the appropriate activities to identify the occurrence of a cybersecurity event, enabling timely discovery of cybersecurity incidents.</p> | <p>Systems and technology (security information and event management tools for incident and event reporting; a Security Operations Center providing automated attack/suspicious activity detection); protective controls effectiveness (red team, blue team, purple team mock security exercises, testing cyberattack vulnerability and assessing defensive capabilities).</p> |
|  <p>RESPOND</p> | <p>Respond includes appropriate activities to take regarding a detected cybersecurity incident. This function supports the ability to contain the impact of a potential cybersecurity incident.</p> | <p>Incident response planning (cross-functional table-top exercises performed at the enterprise and LOB levels); incident report metrics (number of high and critical incidents detected and acted upon; in 2018, this figure was 0).</p> |
|  <p>RECOVER</p> | <p>Recover identifies appropriate activities to maintain resilience and to restore any capabilities or services impaired due to a cybersecurity incident. It supports timely recovery to normal operations to reduce an incident's impact.</p> | <p>Disaster recovery planning (in 2018, executed numerous disaster recovery exercises).</p> |



SECURE AND RESPONSIBLE USE OF DATA

Cybersecurity affiliations

- CEB Information Risk Leadership Council
- Cloud Security Alliance
- Domestic Security Alliance Council
- FAIR Institute Charter Member
- Financial Services Information Sharing and Analysis Center (FS-ISAC)
- Knowledge Connect Information Security Forum (peer group of CISOs)
- Online Trust Alliance
- PCI Security Standards Council (voting member)



SANDRA LIEPKALNS

CHIEF INFORMATION SECURITY OFFICER, LOYALTYONE

“In today’s digital product world, security needs to be integrated at the beginning of the innovation process and during the development lifecycle. We work side-by-side with our lines of business, enabling them to deliver secure digital products to our Collectors and clients.”





FAIR AND RESPONSIBLE BANKING

Comenity Bank and Comenity Capital Bank are the banks behind Alliance Data’s branded consumer credit programs. We work with top companies and some of the best-known retailers to extend their brands with their customers through innovative private label, co-brand and commercial credit card programs.



Behind the scenes of these programs, we are committed to building trust and providing outstanding service to our clients and our cardholders. Applying the industry’s most advanced analytics and data-driven consumer insights, we deliver meaningful customer experiences through tailored credit solutions that build relationships, drive brand affinity and enhance customer loyalty. Whether our cardmembers shop with our clients in-store, online or through a mobile device, we deliver consistent, frictionless customer experiences across all consumer touch points.

Credit and lending

Management approach

As a leading provider of branded credit programs, fair and responsible lending is core to our cardmembers’ journey with us. Our credit programs create a win-win for consumers and our clients.

Significant consideration and detail go into ensuring the consumer credit application and evaluation underwriting processes are administered fairly. Our commitment is to adhere to a straightforward and seamless, transparent, impartial and equitable process for our underwriting practices. This is made possible through our fully automated system, which has been rigorously calibrated to accurately analyze and issue credit based on specific, unbiased statistical modeling criteria. For further assurance, each year we employ

an outside third party to conduct an extensive review of our credit portfolio and evaluation metrics, screening for any evidence of unintentional bias or discrimination to further ensure fair and responsible lending protocols.

Issuing consumer credit responsibly also means taking care not to overburden cardholders with credit limits that surpass their “ability to repay.” We similarly apply advanced analytics and customary industry strategies to establish appropriate limits that enable consumers the appropriate level of credit access and spending power, which meet the needs (and are in the best interests) of both cardholders and our clients. Full-time dedicated resources continually examine and evaluate those models to ensure we maintain accurate and consistent thresholds. Last year,

we invested in additional new analytics software, expanding and further enhancing our modeling capabilities for improved accuracy and consistency. This means establishing appropriate limits for individual consumers requesting credit. With these and other new enhancements in place, a fully updated assessment and approvals process will be deployed in 2019.

Application fraud detection and prevention also plays an important role in our responsible lending practices. We apply rigorous authentication verification protocols to confirm applicant identity and prevent potential harm. Using these improved tools to further mitigate risk, we’ve reduced the incidence of application fraud for several years running, a trend that continued in 2018.



FAIR AND RESPONSIBLE BANKING

Customer care

Management approach

Delivering an exceptional customer experience is at the heart of our business practices, and our award-winning Care Centers are dedicated to creating that positive experience for our valued cardholders throughout every interaction. Whether communicating approved credit, answering cardholder questions, or

collecting a payment, we recognize that every opportunity to connect with cardmembers counts. Advancing our customer-centric approach is an ongoing imperative.

In 2018, we launched two ambitious, complementary initiatives on our journey of continuous improvement — creating a Customer Experience (CX) team and an Enterprise

Customer Messaging Strategies and Standards (ECMSS) function. In both cases, work will continue through 2019 in furthering our efforts to ensure the best customer experience possible.

The CX team is inclusive of leaders within our Care Centers. Its goal is to improve associate and company interactions with cardholders in all situations. The

team began by analyzing areas of lower customer satisfaction to determine how new strategies could improve their experience. Simultaneously, the team reviewed training materials and held “boot camps” for customer care staff. In part, those sessions addressed specific challenges, like how to better present unwelcome information.

CARE CENTER EXCELLENCE

For a record-setting 13th time since 2003, our Care Centers were certified by BenchmarkPortal as a Center of Excellence for the quality of our operations, the most prestigious ranking attainable. That certification is presented to the top 10 percent of all customer care centers based on quality, cost, efficiency, effectiveness and overall performance, based on actual performance metrics against the world’s largest contact center database. Alliance Data’s ranking highlights the importance the company places on great customer experience. We continue to improve and excel in key areas, including first call resolution, customer satisfaction and the speed at which calls are answered. “Alliance Data takes enormous pride in the exceptional quality of service that we deliver to our cardholders,” said Sallie Komitor, Chief Services Officer, Card Services. “These achievements, which stand out in the financial services and credit industry, are the result of focused training, innovative tools, and genuine compassion, and they demonstrate our commitment to creating positive customer experiences that foster a deeper relationship between the customer and the brand.”



Customers calling into Alliance Data customer care centers experience a resolution with one call 3% more often than the industry average.



Customers express a 7% higher level of satisfaction when calling into an Alliance Data customer care center and calls are answered 33% faster.



13th consecutive year to be certified.



FAIR AND RESPONSIBLE BANKING

More fundamentally, these efforts were aimed at reinforcing a care culture built around customer advocacy and celebrating “moments that matter.” These start with the customer’s initial discovery of our private label or co-branded credit card products and grow as they move along as cardmembers in the purchasing and servicing lifecycle. Associates who provide exceptional service to cardmembers in these moments are recognized, reinforcing this culture of caring.

The objective of the new ECMSS function is to improve the clarity and quality of all customer-facing messaging and communications, recognizing that what we say and how we say it matters. The team developed and published new Comenity “voice” standards and a writing guide for customer service representatives. It also began drafting new messaging strategies, leveraged across cardmember messaging including letters and emails, as well as revising scripts used by associates when talking with cardmembers.

Cardmembers also engage with us on the Comenity website, where we have introduced a series of videos and articles that provide education and guidance on a range of financial topics tailored for different consumer audiences — another expectation under the principles of fair and responsible banking.

Security and data privacy

Management approach

Data security and privacy for our banking and credit operations falls under the scope of the reporting outlined in the “Secure and responsible use of consumer data” section on page 31. But within the realm of fair and responsible banking, one specific advancement in 2018 warrants separate mention.

In early 2018, the company appointed a new Chief Risk Officer, responsible for oversight of the risk management function and integration with all applicable areas of the card services business. The creation of this elevated position reflects a commitment to strengthening

our risk management process, goals and procedures while ensuring the business continues to meet regulatory compliance requirements applicable to large financial institutions.

As a result, we spent much of 2018 implementing and advancing our risk management and governance framework across our entire banking operations and card services organization. That framework embodies multiple lines of defense: our first-line associates, compliance, risk management and global audit. We’ve done extensive training across all four levels, communicating across the organization to ensure staff understand their roles and responsibilities in defending against risks. Having established that framework in 2018, work will shift in 2019 to validating efforts within that framework, including identifying specific risks, and determining necessary controls and implementing them. Following that, the final phase will involve testing the controls we’ve put in place.



GREG BETCHKAL

CHIEF RISK OFFICER,
CARD SERVICES

“Having a best-in-class, proactive, risk management strategy is an imperative at Alliance Data. The work we’ve done over the past year establishing a structure and processes that minimizes and mitigates risk should provide the highest level of assurance for our cardmembers and clients.”



RESPONSIBLE MARKETING

Across the entire enterprise, through our data-driven marketing services and across all channels, we work with clients to create marketing campaigns that result in relevant, meaningful communication for end-consumers.

Management approach

We believe consumers should understand how information is provided and used for marketing purposes. The more informed consumers are about the use of data for marketing purposes, the more they can enjoy the many benefits provided by the responsible use of information.

Among the steps taken to help build trust and loyalty with consumers:

- We strive for transparency and consumer choice. For example, Epsilon’s online Consumer Preference Center

and website include a guide to direct marketing that explains how Epsilon uses data and how consumers can opt out of information sharing. Individuals can request access to the information in Epsilon’s databases about their households. They also have the ability to opt out of receiving direct marketing. On the Comenity website, there is clear, detailed information about marketing practices, marketing regulations and a toll-free number for consumers to call with any questions.

- Our marketing practices are honest, truthful and fair. All associates responsible for managing advertising, direct marketing and point-of-sale material are required to carry out their responsibilities in a manner that upholds these values and industry standards. Compliance staff also monitor how we market to consumers and how information is shared

- among business partners, to ensure consumer rights are always protected.
- We participate actively in industry forums and associations like the Association of National Advertisers (ANA) to help us align with best practices related to responsible data-driven marketing and shape responsible industry standards.





ASSOCIATES

Our associates are the backbone of our business. Cultivating an inclusive, respectful workplace that develops and empowers them has always been critical to our continued success. As employees increasingly seek a strong, purpose-driven culture, including open communication and fulfillment, we are adopting talent strategies that keep pace with these expectations — engaging associates through data-driven feedback, technology and customization, just as we're doing for our clients and end-consumers.





OUR WORKFORCE

As a result of our rapid business growth, Alliance Data has been recruiting the same type of specialized, in-demand talent needed by other high-growth companies. We work hard to attract the best people and provide a diverse, inclusive workplace that makes them want to stay and grow with us. Here are some selected metrics about our workforce.

20,000 associates made up of...

45.7%
MEN

37.9%
NON-WHITE

54.3%
WOMEN

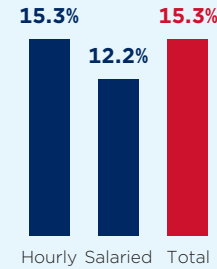
34.5%
WOMEN LEADERS,
DIRECTOR AND ABOVE

12.7%
NON-WHITE LEADERS,
DIRECTOR AND ABOVE

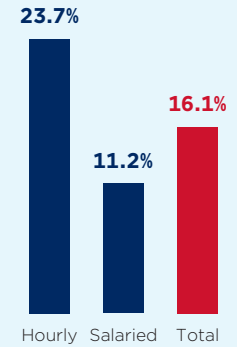


Voluntary turnover

2018



2017

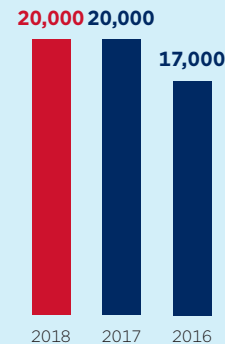


BY GENDER (2018)

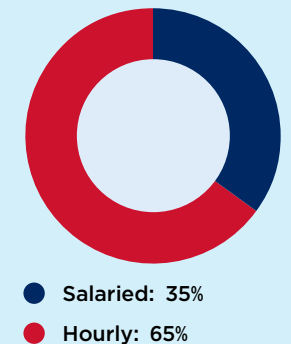
16.4%
WOMEN

14.2%
MEN

Total workforce



Salaried vs. hourly for total workforce





OUR WORKFORCE

U.S. ethnic pay equality

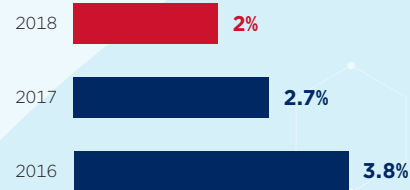
100%

pay parity

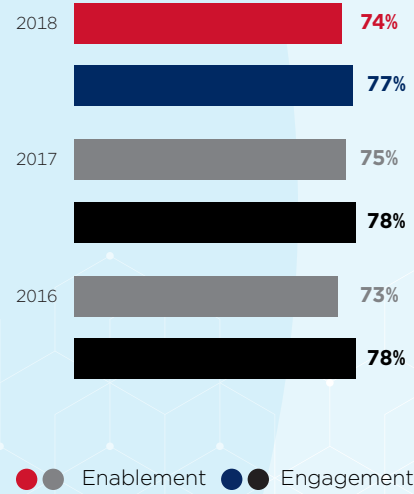


Pay parity

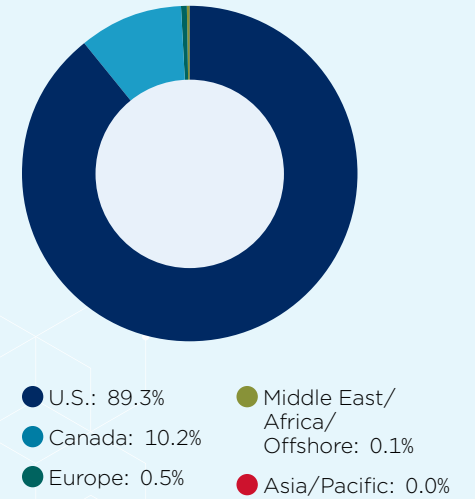
GLOBAL GENDER PAY GAP
(WEIGHTED BY JOB LEVEL)



Associate enablement and engagement



Geographic distribution



5.7%

INTERNETS
(BORN 1995 ONWARD)



51.5%

MILLENNIALS
(BORN 1979-94)



29.9%

GENERATION X
(BORN 1964-78)



12.7%

BABY BOOMERS
(BORN 1946-63)



0.2%

MATURES
(BORN 1925-45)





OUR WORKFORCE

In 2018, Alliance Data was a repeat winner on the FORTUNE 100 Best Companies to Work For list. Here are the reasons cited for our success:



Great Place to Work “For All”

Associates at all levels report high levels of trust, see their leaders as credible and fair, are proud to be part of the organization, and genuinely enjoy spending time with each other.



People-focused programs

Generous programs and practices are integrated and grounded in the company’s values and designed to deliver variety, originality, and inclusiveness with a human touch.



Innovation

Associates have the opportunity and are willing to engage in cultural behaviors that drive sustainable business performance through innovation. This includes their ability to continuously improve, adapt and generate game-changing opportunities.



Executive team effectiveness

Associates experience great leadership, marked by a high degree of confidence in leaders and associates’ experience of a coherent business strategy, driven by leaders’ strong communication, competence, integrity, and authentic connection to their people.

Diversity and inclusion results in our annual Associate Satisfaction (ASAT) survey

OVERALL RATING OF OUR FAIR AND UNBIASED TREATMENT OF EMPLOYEES:

80%

(8 points above industry norm)

OPPORTUNITIES FOR ADVANCEMENT ARE AVAILABLE TO ALL ASSOCIATES:

74%

(4 points above industry norm)

IN MY WORK ENVIRONMENT, EVERYONE IS TREATED FAIRLY:

81%

(2 points above industry norm)

MY COMPANY IS COMMITTED TO CREATING A DIVERSE AND INCLUSIVE ENVIRONMENT:

85%

(19 points above industry norm)



ATTRACTING AND RETAINING TOP TALENT

The better we do at meeting our associates’ needs, the better we’ll do as a company. The same shifting of expectations among clients and consumers that is disrupting the marketplace is also impacting the workplace — and we’re innovating to keep pace.

Management approach

- Associate experience:**
 Every associate’s workday is made up of scores of discrete tasks: training, performance and career planning, time-keeping, collaboration across teams and locations, and so on. In 2018, we set out to create a best-in-class digital system that would enable our associates to do these tasks faster, more easily and with optimal individual control. It creates a digital experience for associates designed to reduce the number of times an employee has to touch a transaction, integrating an array of tools, resources,

applications and databases all customizable through one seamless gateway. The full roll-out of the system is coming in 2020.

- Training and development:**
 In 2018, we invested \$17.7 million in training and development programs, the equivalent of an average of \$900 per associate. We offer a variety of online and on-site structured training, coaching, tuition reimbursement for external courses, and on-the-job learning opportunities. Enrollment in the Harvard Business School enterprise leadership development program that started in 2017 exceeded 120 senior

leaders last year. Virtual courses ensure associates in different locations have access to the same optimal level of resources to draw on to develop our next generation of leaders.

In our Care Centers, virtual training sessions help minimize downtime and improve productivity. In one example, our customer care associates attended a virtual presentation on the topic of negotiation that saved approximately 30 hours of productivity by enabling us to run larger sessions than would typically fit into a classroom.

COMMUNICATION AND CONTACT FOSTERS SUCCESS

On-campus recruiting and internships connect us with top candidates starting their careers. Progressive pre-hire assessments help ensure optimal cultural fit for all candidates and improve retention. Once a person is hired, 30- and 90-day check-ins help us assess how she or he is assimilating. For established associates, pulse surveys and our annual associate engagement survey create an ongoing dialogue and provide essential feedback, so we can respond to the evolving expectations of our increasingly diverse population.





ATTRACTING AND RETAINING TOP TALENT

In 2018, work was done to explore an integrated learning and development road map intended to create an improved holistic view of training and coaching for the enterprise.

- **Physical and financial well-being:** There's a well-established connection between associate health and well-being and an associate's ability to do his or her best work. Our data also tells us that associates who join one of our on-site fitness centers, undergo company-provided health checks or participate in our 401(k) plan are significantly more likely to stay with the company. For these reasons, we have long

had programs to support associate physical, mental and financial well-being.

Recognizing there was still room to improve how we deliver those benefits, last year we introduced an innovative concierge service model with a completely customizable, patient-focused approach. Benefits administrators now work as advocates for our associates rather than gatekeepers. The goal is to always point our people to the right resources at the right time. Not only can they expect improved outcomes, but having health care advocates navigating the

service on their behalf will also save them time and money. Since implementation, we've seen use rates go up. While that may create added cost for the company, we know that it means our associates are getting healthier and are happier with the service — which, in the long run, means less time lost to illness, increased efficiency and greater overall associate satisfaction.



ALLIANCE DATA ASSOCIATE SURVEY RESULTS

77%

Associate engagement score

76%

My company provides development opportunities

74%

I would recommend Alliance Data as one of the best places to work



DIVERSITY, EQUALITY AND INCLUSION

As a company with clients, end-consumers and associates around the world, we work to reflect the diversity of the markets we serve and embrace different backgrounds, viewpoints, skills and talents.

Management approach

Consistent with our values, our Code of Ethics states that we will not discriminate based on race, color, religion, religious dress and grooming, gender, pregnancy, age, national origin, disability, sexual orientation, marital status, citizenship, veteran status, gender identity, transgender status or any other protected status. Beyond the Code, and basic protection of individual rights, we actively promote diversity, equality and inclusion (DE&I).* Though we

have always cultivated a culture of inclusion, in 2017, we began to roll out unconscious bias training, and additional associate-led D&I committees continued to form in various locations helping to raise personal awareness and celebrate individuality. In 2018, we formed a cross-functional Diversity and Inclusion Council established to formalize and align the business strategy behind our D&I initiatives. This included how D&I strategies work to solve key business issues,

down to establishing consistent ground rules for business resource groups.

At the Board and leadership levels, the focus has been on promoting gender and skills diversity. While demographics have been the focus of associate diversity efforts in the past, this year the Board was briefed on a more comprehensive view of our diversity efforts, including gender make-up, gender leadership and pay equity.



MELISA MILLER

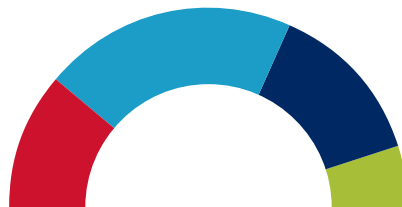
PRESIDENT AND CEO, ALLIANCE DATA

“As a successful global employer, we continually strive to cultivate a strong culture of inclusion and equality, recognizing the importance diversity plays in all aspects of our operations. We are proud to be selected for inclusion in the Bloomberg Gender-Equality Index and particularly on the heels of also being named to the lists of Forbes’ Best Employers for Diversity and FORTUNE’s Best Workplaces for Diversity.”

DIVERSITY AT ALLIANCE DATA

37.9%

U.S. WORKFORCE BY ETHNICITY (NON-WHITE %)



- 8.6% Asian
- 15.5% Black/African American
- 10.2% Hispanic/Latino
- 3.6% Other minorities



CEO ACTION FOR DIVERSITY & INCLUSION

* We define these as follows. Diversity: The full spectrum of human demographic differences — race, religion, gender, sexual orientation, age, socio-economic status or disability. Also often considered: lifestyles, personality characteristics, perspectives, opinions, family composition, education level, etc. Equality: The fair treatment of people regardless of their race, religion, gender, sexual orientation, age, disability or nationality. Ensuring people are given equal opportunities and equal pay and are accepted for their differences. Inclusion: A cultural and environmental feeling of belonging. The extent to which employees are valued, respected, accepted and encouraged to fully participate in the organization.



DIVERSITY, EQUALITY AND INCLUSION

Women in leadership

At the end of 2018, women made up 54% of Alliance Data’s global workforce and held 35% of leadership positions. Across the business, we work hard to ensure women are equally represented and receive equal opportunities for advancement. In 2017, a Women in Leadership program was launched in nine pilot locations and expanded to 12 offices in early 2018. Under the program, which is geared toward women at the manager level and above, groups meet monthly to discuss both business challenges and opportunities in areas like leadership development and change management.



INCLUSION IN ACTION

For nearly two decades, Alliance Data has supported organizations like My Possibilities, a Plano, Texas-based nonprofit designed to provide adults with Intellectual and Developmental Disabilities (IDD) the opportunity to continue their education. In 2018, My Possibilities merged with LaunchAbility, another local nonprofit that focuses on disability hiring. The result is a more powerful, integrated organization offering vocational training, higher education and socialization opportunities for adults with cognitive disabilities, as well as employment planning, job training, coaching and placement assistance through LaunchAbility Career Services. In 2018, Alliance Data employed four My Possibilities clients with cognitive disabilities, who collectively had more than 30 years’ combined work experience with either Alliance Data or Epsilon. “This isn’t meant to be charity. There’s a job there and they’re doing that job,” said Karen Wald, Alliance Data’s Senior Vice President of Corporate Affairs and a board member of MyPossibilities. “But I think the uplift that you have in employee morale for your associates to see how you treat everyone fairly and that you’re an inclusive organization, I see that as a win-win.”





DIVERSITY, EQUALITY AND INCLUSION

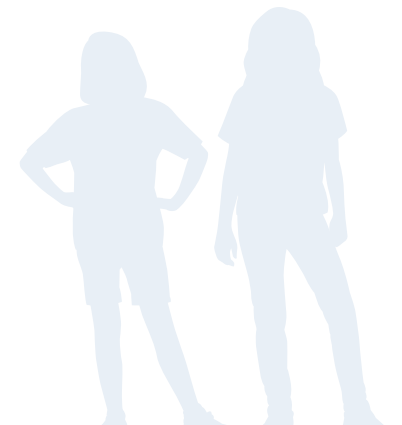
It is gratifying when our efforts and those of women in the company are recognized by third-party organizations. In 2018, that recognition included the following:

- **Financial Times HERoes Award, for champions of women in business** — Stacey Hawes, President of Data Practice, Epsilon
- **Marcom Awards Leadership Podcast Gold** — Womenwill, Epsilon



Our support for women and girls goes beyond our workplace. In all, Alliance Data invested more than \$500,000 last year in programs and organizations that support the advancement of women and girls in their communities. Organizations that received funding included Ruling Our eXperiences (ROX), Girls Who Code and Girls Inc. Of those, ROX received a transformational gift for the development and launch of the ROX Research and Training Institute. The institute, which will be both a physical location and a virtual hub, is to be the first multidisciplinary institute designed to address the complex needs of today’s girls. It will create targeted training and educational content to enable adults to make data-informed decisions when teaching, mentoring, parenting and caring for girls.

“Diversity and inclusion are not an à la carte ‘program.’ You either decide to make them a priority or you don’t. We’ve made them integral to our a way of thinking and being — they’ve become part of our culture.”



Alliance Data received a perfect score of 100% on the 2018 Corporate Equality Index (CEI), a national benchmarking survey and report on corporate policies and practices related to lesbian, gay, bisexual, transgender and queer (LGBTQ) workplace equality administered by the Human Rights Campaign Foundation.

54%
of associates are women

90%
of Alliance Data’s consumer cardmembers are women



COMMUNITIES

For Alliance Data, giving back to our communities is more than the right thing to do. As a common thread that connects and inspires us, it's ingrained in the very culture of our business and how we operate in the communities where we live and work. Over the years, as our organization has grown, we've steadily increased our global community investment and volunteerism, recognizing the need for successful companies like ours to step up and use our expertise to strengthen our communities and help create a future where our business and local economies can flourish.



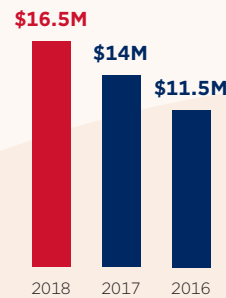
OUR SOCIAL IMPACT

2018 saw continued progress on our big Data for Good goals.

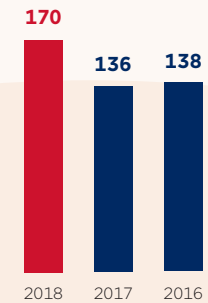
Progress towards 2020 goals:



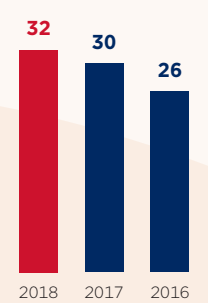
INVEST \$60 MILLION BY 2020



SERVE 200 NONPROFITS ANNUALLY



IMPACT 40 LOCATIONS ANNUALLY



Associate volunteer hours:



COMMUNITY INVESTMENT AS A PERCENTAGE OF EBITDA: **0.67%**
 DATA FOR GOOD INVESTMENT: **\$3.5M**
 VALUE OF MATCHING GIFTS: **\$1M**



LoyaltyOne donated
820,000
 AIR MILES®



In our latest associate survey:

90%

SAID ALLIANCE DATA ENCOURAGES THEM TO GIVE BACK TO THE COMMUNITY

85%

SAID ALLIANCE DATA HELPS TO MAKE COMMUNITIES WHERE IT OPERATES BETTER PLACES TO LIVE AND WORK



COMMUNITY INVESTMENT

Our company is only as strong as the communities where we work and that we serve. Alliance Data directly supports people, associations and agencies in those communities by investing in an array of targeted initiatives.

Management approach

While each of our businesses has adopted certain distinctions in tailoring its approach to meeting the needs of their respective associates and local communities, we have enterprise-wide goals, programs and governance that guide our decision-making and align our efforts.

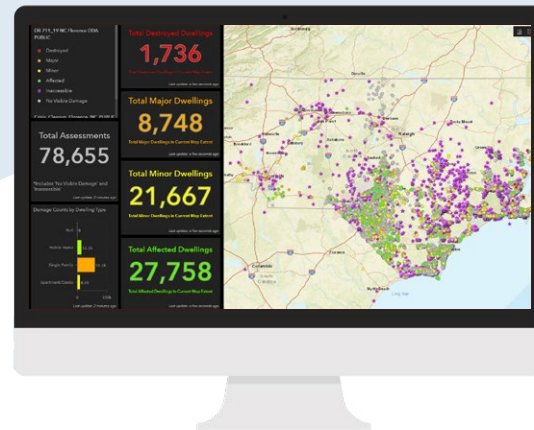
Our Corporate Responsibility Leadership Council, with representation from each line of business, has become a centralized steward for charitable endeavors and partnerships, and is a forum for sharing best practices and lessons learned. For international grant making, we rely on the consultative expertise and nonprofit equivalency determination of the Silicon Valley Community Foundation.

We continue toward a best-in-class annual giving benchmark of 1% of adjusted net EBITDA. We have identified focus areas based on what's most important to our associates, where our communities need the most support and investments that promote a sustainable economic environment:

- **Education** — helping students of all ages acquire the skills and knowledge they need to achieve their highest potential and become productive members of society
- **Children** — promoting, protecting and improving the lives and health of children

DATA DELIVERS FOR DISASTER RELIEF

The American Red Cross launched RC View, a digital, disaster event-management geographic information system (GIS) in 2015. The interactive tool enables the Red Cross and its partners to share real-time, situational data in a visualized format to more effectively manage disaster operations. In 2018, Alliance Data invested in RC View to enable the Red Cross to fully launch RC View's improved capabilities during Hurricane Florence. The platform was successfully used to assess areas most in need of services through modeling and near real-time data sources across multiple agencies. "Our experience in 2018 reaffirms that the foundation of effective disaster relief is top-notch logistics," said Brad Kieserman, American Red Cross Vice President, Disaster Operations & Logistics. "This GIS platform provides us with powerful tools that help the Red Cross and its partners get people affected by disasters what they need, where they need it, and when they need it."





COMMUNITY INVESTMENT

- **Independence** — maximizing individuals' independence and self-determination
- **Environment** — respecting the impact our operations have on the environment and striving to measurably reduce our carbon footprint

In addition, we prioritize investments that connect associates, align with our expertise, are geographically inclusive, provide measurable impact, and enhance our brand and reputation.

Data for Good

In 2017, we set a goal of investing \$20 million by the close of 2020 in what we call Data for Good programs that help nonprofits build mission-critical capacity by leveraging data-driven insights and technology. It's what our business

is built on, and we believe in its potential to move the needle on pressing social issues like hunger, housing, health and education.

The program's objectives and payoffs span three areas:

- **Social** — Our investments strengthen communities and help create a future where business and local economies can flourish.
- **Cultural** — The program engages our associates to create a more innovative and purpose-driven company that collectively helps solve pressing societal issues.
- **Business** — We advance and protect our position as a responsible, data-driven loyalty marketing company, committed to delivering maximum impact across our value chain.

One example of our Data for Good strategy at work is our support of community food banks in markets where our associates and customers live. Four such organizations we have focused on recently are the Roadrunner Food Bank in New Mexico, Northern Illinois Food Bank, North Texas Food Bank and San Francisco–Marin Food Bank. Our investments in expanded data-driven technology are helping these organizations deliver food to people in need in more effective and powerful ways. At Roadrunner, in 2018, we made an investment that is being used to implement an innovative external stakeholder communications system. That work will include an overhaul of the food bank's website, an update of its partner agency portal and the creation

of client data tracking software. These initiatives will enhance the well-being of the people Roadrunner serves, improve stakeholder engagement through effective internal and external communications, and solidify Roadrunner's status as the statewide leader in ending hunger.



SUPPORT FOR GIRLS' EDUCATION



Alliance Data's community investments take different forms in different regions to ensure they deliver the most appropriate results. In Bangalore, India, we are running a program to increase opportunities for women. Recognizing that there is also a need to help underprivileged girls get the education they need to later join the workforce, we created a program in which we commit to sponsoring a girl's schooling for five years each time a female candidate is hired through the employee referral program. When the program was launched, we set a goal of sponsoring 50 girls in five years. But in less than two, that number has already exceeded 70.



ASSOCIATE COMMUNITY ENGAGEMENT

Serving the community together connects our associates with a greater common purpose, gives them a chance to learn new skills through volunteerism and, given the number of people we employ, can have a meaningful impact. Enterprise-wide associate programs include:

Dollars for Doers and Matching Gifts programs — The company makes financial contributions to the charities where our associates volunteer or donate, matching their hours or personal gifts.

Internal Grant Reward program — In 2018, we awarded \$250,000 in grants to nonprofits nominated by our associates. New this year, a \$25,000 Data for Good grant was added to the program for nonprofits that leverage data and

technology in innovative ways. As part of the grant requirement, associates also volunteer in unique capacities with the winning nonprofits.

Annual giving campaigns — Every fall, associates come together to support various causes, either locally relevant initiatives within their community or on an enterprise scale where we can make a collective impact.



DATA EXPERTISE EMPOWERS COMMUNITY NONPROFIT

When Mike Schmidt, Vice President, Marketing Analytics, joined the board of HandsOn Central Ohio, a nonprofit that provides information about social, health and government services to the local community, he hoped to use his marketing and analytics expertise to help the greater good. In 2018, he got that chance when HandsOn’s leadership approached Schmidt and the board with a problem: they didn’t have a reliable way to measure which of their efforts had the most impact. Schmidt enlisted the help of members of his team at Alliance Data and together they brought HandsOn’s data to life, presenting a clearer picture of what was making the most impact while uncovering opportunities to help more people. Those insights have helped HandsOn improve its service and acquire more funding and resources to expand its reach in the community.





ASSOCIATE COMMUNITY ENGAGEMENT

Volunteer time off protocols —

Each line of business has adopted its own protocol designed to meet associates' needs, giving them flexibility based on their working environment and encouragement to volunteer, either on their own or as a team.



“The communities where Alliance Data’s associates live and work comprise diverse populations, but one thing everyone has in common is the dream of safe, affordable housing,” said Dana Beckman, Director of Corporate Affairs for Alliance Data. “Our journey with Habitat began 16 years ago and has reigned as one of our associates’ favorite organizations to volunteer with. Building on this solid history of partnership, and engagement, we see this expanded partnership as an opportunity to further accelerate Habitat’s progress.”

BUILDING STRENGTH, STABILITY AND SELF-RELIANCE IN OUR COMMUNITIES



In 2018, after many years of partnership with Habitat for Humanity at the local level, Alliance Data embarked on a national partnership with Habitat to enhance the company’s work in building stability through shelter in our communities. With a \$300,000 contribution for U.S. and global Habitat builds, along with the commitment of associate volunteers, more families now live in resilient homes and communities.

Throughout the year, 247 associate volunteers gave 1,784 hours of their time to build homes from Santa Barbara, California to Calgary, Canada and everywhere in between. Many of our associates work behind a desk every day, so having the opportunity to roll up their sleeves and help a family by painting, framing and installing siding on a new home is a great way to get involved in our communities and make a tangible difference.

DOLLARS FOR DOERS 2018 HIGHLIGHTS

40,000

Associate hours volunteered

\$240,000

Dollars for Doers donations to nonprofits

ALLIANCE DATA ASSOCIATE SURVEY RESULTS

90%

My company encourages employees to participate in activities that benefit the community

85%

My company actively helps to make communities in which it operates better places to live and work



COMMUNITY REINVESTMENT

Under the Community Reinvestment Act (CRA), passed in 1977 as a measure to expand access to credit, federally insured depository institutions like Comenity Bank and Comenity Capital Bank have an obligation to support the credit needs of the communities in which they are located.

Management approach

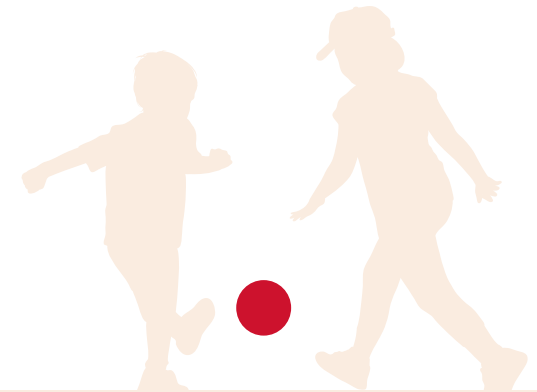
Comenity and Comenity Capital are subject to regulatory supervision by the FDIC and the Consumer Financial Protection Bureau (CFPB), in addition to state supervision in Delaware and Utah, where the banks are respectively headquartered. In our most recent FDIC examination, we received the highest rating of “outstanding” for our activities under the CRA.

Comenity’s holistic approach to community reinvestment

engages and connects local stakeholders and resources, as well as community development investments and services, to meet the greatest needs of the communities it serves. These programs are led by an officer appointed by the bank’s Board of Directors, with oversight from respective bank committees.

In 2018, Comenity convened its eighth annual Community Leaders Symposium, hosting

25 community organizations in a discussion to better understand needs in Delaware with the Mayor of Wilmington, Mr. Mike Purzycki. Affordable and safe housing, employment for youth and recently incarcerated individuals, job training and other basic services, as well as the continuation of downtown redevelopment, were identified as top priorities. This firsthand input ultimately informed the reinvestment strategy in this community.



COMENITY 2018 COMMUNITY REINVESTMENT HIGHLIGHTS



In addition to grants, the banks provide access to capital for community development projects. In Draper, Utah, not far from the bank’s new headquarters, through our partnership with Community Capital Management Fund, we invested \$2.5 million in Heritage Apartments, a multi-family,

low-income housing tax credit project. And, in response to the ongoing rebuilding effort in Puerto Rico after Hurricane Maria’s destruction in late 2017, Comenity invested \$1 million in Villa Blanca Apartments, a Section 8 affordable rental property for families in Caguas, Puerto Rico.



COMMUNITY REINVESTMENT

Additionally, as was the case in 2017, Comenity purchased CRA-qualifying investment instruments totaling more than \$99 million and maintains a portfolio totaling about \$285 million. The housing bonds, mortgage-backed securities and community-focused mutual funds all supported home ownership for low- to moderate-income borrowers and communities. And in Utah, we again renewed our participation in a \$10 million community development loan consortium focused on new affordable multi-family projects and the preservation of existing affordable housing.



JENNIFER GODFREY

CEO, UTAH COMMUNITY ACTION

“Comenity Capital Bank has been an integral partner in serving the low-income community. Their lending, investing and grant opportunities have allowed Utah Community Action to better meet the needs of vulnerable individuals. We are grateful for their support and willingness to give back to the community.”

STANDING BEHIND OUR COMMITMENTS



The banks collectively granted \$1 million to their CRA assessment areas of Salt Lake and New Castle Counties. Charitable grants were made to various nonprofit partners that serve the low-moderate income (LMI) members of our communities for programs and services that support the greatest needs. By way of these grants, 66 unique causes and programs received support from Comenity.

In Delaware, we supported the Ministry of Caring organization and its Certified Nursing Associate (CNA) training program by providing scholarships for 15 unemployed students. We also supported the Food Bank of Delaware and its Culinary School which prepared about 30 recently incarcerated individuals for jobs in the community.

In Utah, more than 45 nonprofit executive directors serving LMI people attended the Sorenson Winter Innovation Summit at the University of Utah and received impact investing training through a Comenity scholarship.

Our Comenity leaders are highly engaged in the communities where our banks operate and not only understand the critical needs but also contribute time and talent to solving many issues. Sixteen Comenity leaders represented us in board positions at nonprofit organizations in 2018.



ENVIRONMENT

We recognize that the natural environment is under increasing strain: ecosystems and wildlife are being threatened and climate change is creating a growing uncertainty for societies and economies. These issues are real and relevant to our clients and associates. We strive to minimize our environmental footprint and deliver social and economic benefits by using resources efficiently; by engaging with clients, suppliers and associates to rethink our policies and practices; and by rigorously tracking our performance.



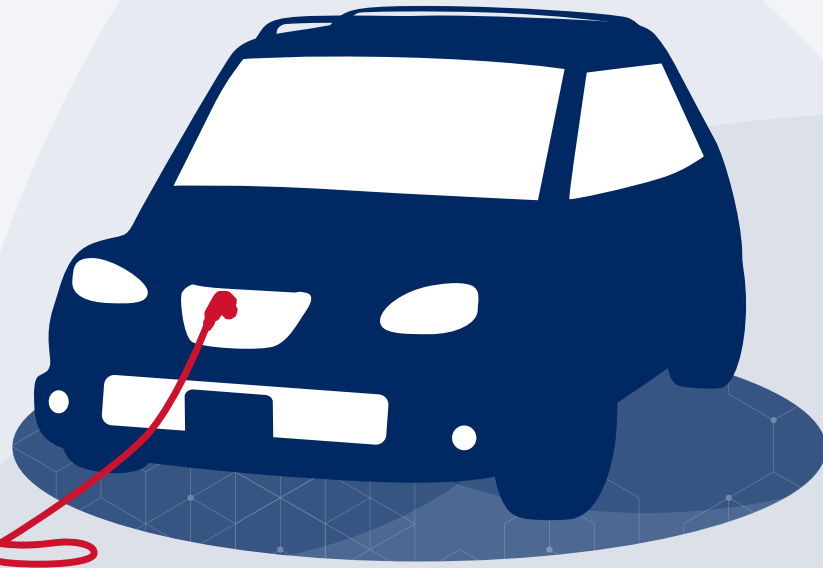


OUR ENVIRONMENTAL PROGRESS



26.5%

reduction in CO₂ emissions since 2015 (equivalent to 4,932,579 incandescent lamps switched to LEDs)



GHG emissions (Mt CO₂e)



Smart commuting

Since we joined the Smart Columbus “Smart Cities” initiative to encourage residents to drive electric vehicles (EVs) and drive less in 2017, the number of our associates driving EVs has increased to 22 from four.

In our latest associate survey

76%

SAID ALLIANCE DATA IS AN ENVIRONMENTALLY RESPONSIBLE COMPANY

\$650K

INVESTED IN ENVIRONMENTAL CONSERVATION AND FOREST RESTORATION

LoyaltyOne was recognized in 2018 as **one of Canada’s Greenest Employers**



REDUCING OUR CARBON FOOTPRINT

Alliance Data has an ongoing commitment to reducing our greenhouse gas emissions to help combat climate change. Our efforts extend to all lines of business, stakeholder groups and our work in the community.

Management approach

The starting point of our efforts to reduce our carbon footprint is capturing our greenhouse gas (GHG) inventory, which details and quantifies our GHG emissions. We completed our seventh inventory in 2018, and we are using the results to better understand and manage our impacts and to report to the CDP.

The GHG inventory also provides the basis for setting science-based GHG emission reduction targets (SBTs). To date, we've focused on low-hanging fruit when it comes to opportunities to reduce emissions. The SBTs will guide our next big steps, which will require even greater investment but also offer opportunities to lower our energy costs, enhance our brand and inspire innovation.

WHAT MAKES A GREEN LEADER?

In 2018, LoyaltyOne was named as one of Canada's Greenest Employers. Here are some of the reasons why:

- Its 50,000 square foot Mississauga Care Center has one of the largest solar rooftops in Canada, which has generated over 1 million kWh of solar electricity since 2010 — resulting in more than 740,000 kilograms of CO₂ reduction.
- The core and shell of its new 351 headquarters in Toronto were built to LEED Gold standards and the interior office space to LEED Platinum standards.
- It purchases renewable energy credits from Bullfrog Power, a Canadian green energy provider, to offset GHG emissions.
- The company's Toronto-area associates have access to a fleet of CarShare vehicles, discounted transit passes, bicycle parking and carpooling zones to help them reduce their own carbon footprints.





USING RESOURCES EFFICIENTLY

Our GHG inventory indicates that some of our biggest environmental impacts are paper usage, associate commuting and energy consumption. Here’s what we’re doing about them:

Management approach

Paper — The majority of our paper purchase is based on the needs of our clients. Paper is used in client-driven marketing materials and cardholder or collector statements, although many clients are shifting from print to digital formats. We’ve made strong gains internally by switching from individual desktop printers to multi-function devices (MFDs), which are shared by multiple users and discourage unnecessary printing. MFD defaults are set to double-sided black-and-white printing.

Commuting — Efforts to minimize emissions from commuting include work-from-home programs, which are rare in call center settings, electric car charging stations, and bike racks and on-site shower facilities to encourage cycling to work.

In Columbus, we signed on to be an Acceleration Partner as part of a Smart Columbus “Smart Cities” initiative aimed at inspiring and motivating employees to drive electric and drive less. As an Acceleration Partner, we’ve committed to five partner engagements: appointing

a program leader, encouraging executives to buy electric vehicles (EV), installing charging infrastructure, educating our associates on smart mobility and incentivizing behavior change. Smart Columbus’s goals are to bring the city’s EV adoption rate to at least 1.8% by 2020 — a four-fold increase that would put more than 3,600 electric vehicles on the road — and decrease single-occupant vehicle commuter traffic by 10%.

Since our involvement began, the number of our associates driving EVs has increased to 22

from four at kick-off. We have also begun deploying additional EV parking infrastructure to recognize these conversions and encourage further EV adoption. We have focused on encouraging associates who don’t have EVs to cut down the number of single-occupant vehicle commutes through ride sharing. We are also evaluating potential uses for a small EV fleet. To educate our associates on the benefits of EVs and ride sharing, we hold “Snack & Learn” information sessions and last year hosted a two-day “Ride & Drive” event where 300 associates took EV test drives.

2018 HIGHLIGHT

49,521

invoices were processed through our e-invoicing system

THAT’S THE EQUIVALENT OF:

18

trees saved

63 LB

of air pollutants avoided

6 MONTHS

worth of energy to run a home

1,321 MILES

worth of fuel to run an average car



USING RESOURCES EFFICIENTLY

Our Epsilon offices have a program for bringing people to and from work that’s used by about 1,100 associates daily. The 110-vehicle fleet runs primarily on diesel but also includes a number of electric vehicles. As EV infrastructure grows, we plan to add even more in the future.

Energy conservation — Facility managers are responsible for conservation projects at their respective buildings. We also have a campaign inviting input from associates on which initiatives to invest in. Improvements have been made by upgrading to energy-efficient LED lighting and removing desktop printers in existing buildings. However, the biggest gains come from brand new facilities that are designed for efficiency from the start: LoyaltyOne’s new headquarters is on track to achieve LEED Platinum certification; our two Epsilon offices in Bangalore are LEED Gold certified and the newest of the pair achieved LEED Platinum certification for the interior design and construction.

GREENING OUR COMMUNITIES

If the best time to plant a tree was 20 years ago, the second-best time is now. That’s a maxim held dear at Alliance Data. We make substantial investments in trees and tree planting to restore local environments and boost community well-being.

Nature for Nurture — Boston: Speak for the Trees Boston is a new nonprofit dedicated to improving the quality of the tree canopy in that city. Last fall, it teamed with other local groups, national partner American Forests and Epsilon (the primary funder), to create the H.E.R.O. Hope Community Nurturing Garden, a community garden, food forest and community gathering space in a former vacant lot. The project promises to provide food, connect people to nature, clean the air, mitigate high temperatures and sequester carbon.

Wake the Lake — Bangalore: Water bodies in this Indian city have been in decline for years, due to a potent mix of domestic and industrial waste starving the water of oxygen. Epsilon teamed up with United Way of Bangalore’s “Wake the Lake” project to help restore one of them, Dodda Bommasandra Lake. Over the next three years, associate volunteers will augment community-led clean-up efforts, planting trees and installing drip irrigation to enhance flora and fauna. Epsilon is also donating \$150,000 to the project.

Beat the Heat — Dallas: In 2018, Alliance Data continued work on a project in partnership with the Texas Trees Foundation to bring awareness to the problem of rising temperatures in Dallas and to help mitigate the effects by planting trees to reduce the urban heat island effect. After planting 40 mature trees at the Dallas Farmers Market in 2017, we carried out another round of plantings in 2018. We also began work on a plan to expand the program across North Texas.





OUR CARBON FOOTPRINT

Total GHG emissions by Scope – Current [market based]

| [Mt CO ₂ e] | 2015 | 2016 | 2017 | 2018 | Percent change since 2015 |
|--|----------------|----------------|----------------|----------------|---------------------------|
| Gross emissions (Scope 1) | 2,484 | 1,947 | 2,275 | 2,331 | -6.1% |
| Gross emissions (Scope 2 – market based) | 30,791 | 36,806 | 34,630 | 31,545 | 2.5% |
| Gross emissions (Scope 3) | 142,298 | 100,803 | 97,234 | 87,438 | -38.6% |
| Total | 175,571 | 139,557 | 134,139 | 121,314 | -31% |

Total GHG emissions by Scope – Current [location based]

| [Mt CO ₂ e] | 2015 | 2016 | 2017 | 2018 | Percent change since 2015 |
|--|----------------|----------------|----------------|----------------|---------------------------|
| Gross emissions (Scope 1) | 2,484 | 1,947 | 2,275 | 2,331 | -6.1% |
| Gross emissions (Scope 2 – location based) | 31,845 | 43,455 | 39,231 | 40,091 | +25.0% |
| Gross emissions (Scope 3) | 142,298 | 100,803 | 97,234 | 87,438 | -38.6% |
| Total | 176,625 | 146,206 | 138,740 | 129,860 | -21.4% |

Carbon reduction since 2015 equivalent to:

27.5

WIND TURBINES
RUNNING FOR A YEAR

45,295

TONS OF WASTE RECYCLED
INSTEAD OF LANDFILLED

2,147,263

TREE SEEDLINGS GROWN
FOR 10 YEARS





OUR ENVIRONMENTAL PROGRESS

GHG Emissions (Mt CO₂e) by Scope: 6-year comparison

| | | 2018 | 2017 | 2016 | 2015* | Percent change from 2015 baseline | Direction of change |
|------------------------------------|--|------------|------------|------------|------------|-----------------------------------|---------------------|
| Scope 1 | Occurring from sources owned, operated or controlled by Alliance Data (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles): approximately 80 locations and 50 vehicles | | | | | | |
| 1 | Direct emissions | 2,331 | 2,275 | 1,947 | 2,482 | 6.1% | ↓ |
| Scope 2 | Purchased electricity consumed by the company | | | | | | |
| 2 | Indirect emissions | 40,091 | 39,231 | 43,455 | 31,845 | -25.9% | ↑ |
| | Total (Mt CO ₂ e) Scope 1 & 2 | 42,422 | 41,506 | 45,403 | 34,327 | -23.6% | ↑ |
| GHG intensity per associate | Total associates | 20,000 | 19,719 | 16,940 | 15,480 | 29.2% | ↑ |
| | GHG/associate | 2.1 | 2.1 | 2.7 | 2.2 | 4.3% | ↑ |
| | Percent change year over year | -0.8% | 21.5% | -20.9% | 60.5% | | |
| GHG intensity per revenue | Annual revenue | \$7.8B | \$7.7B | \$7.1B | \$6.4B | 21.7% | ↑ |
| | GHG/revenue | 0.00000545 | 0.00000538 | 0.00000639 | 0.00000536 | -1.5% | ↓ |
| | Percent change year over year | -1.3% | 15.9% | -19.2% | 60.9% | | |
| Scope 3 | An optional reporting category: all other indirect emissions created as a consequence of the activities of the company but occurring from sources not owned or controlled by the company Examples: air and ground business travel as well as associate commuting to and from work; relevant upstream emissions (paper purchases driven by client demand) and downstream (freight and small parcel shipments with third-party carriers); and emission sources from material and energy flows | | | | | | |
| 3 | Indirect emissions not owned or controlled by the company | 87,438 | 97,234 | 100,803 | 142,298 | 38.6% | ↓ |
| | Total (Mt CO ₂ e) Scope 1, 2 & 3 | 129,860 | 138,740 | 146,206 | 176,625 | 21.4% | ↓ |

* Base year



GRI CONTENT INDEX

This table covers the Global Reporting Initiative’s Sustainability Reporting Standards and Disclosures found in Alliance Data’s 2018 Corporate Responsibility Report, 2018 Annual Report and company websites. This report has been prepared in accordance with the GRI Standards: Core Option. We have focused our topic-specific standard disclosures on our Tier 1 and 2 priority sustainability topics.

| GRI GENERAL DISCLOSURES | | LOCATION AND NOTES |
|-------------------------------|--|--|
| Organizational Profile | | |
| 102-1 | Name of the organization | About Alliance Data |
| 102-2 | Activities, brands, products, and services | About Alliance Data Form 10-K, pages 2-6 (alliancedata.com/investors) Website: homepage (alliancedata.com) |
| 102-3 | Location of headquarters | 3075 Loyalty Circle Columbus, OH 43219 |
| 102-4 | Location of operations | About Alliance Data |
| 102-5 | Nature of ownership and legal form | About Alliance Data |
| 102-6 | Markets served | About Alliance Data Form 10-K, pages 2-9 (alliancedata.com/investors) |
| 102-7 | Scale of the organization | About Alliance Data Introduction: Balanced Scorecard Associates: Our Workforce Form 10-K, pages 27 and 87 (alliancedata.com/investors) |
| 102-8 | Information on employees and other workers | Introduction: Balanced Scorecard Associates: Our Workforce |



GRI GENERAL DISCLOSURES

LOCATION AND NOTES

102-9 Supply chain

Our Approach: Suppliers
Form 10-K, pages 3-15 (alliancedata.com/investors)
Our suppliers are critical to the services and value we deliver to our clients and consumers each and every day. They enable us to progress and help us to reach our strategic goals, purchase responsibly and manage our expenses. Alliance Data's global supply chain consists of purchases in four high-level categories: technology, real estate, paper and loyalty rewards. The management of our spend is the responsibility of Strategic Procurement, responsible for negotiating and contracting with either new suppliers or new statements of work as well as management of the supplier's post-contract performance.

102-10 Significant changes to the organization and its supply chain

There are no significant changes to report.

102-11 Precautionary Principle or approach

Our Approach: Risk Management
Consistent with the precautionary principle, we advocate a risk-based approach to our operations through our enterprise risk management process and accompanying systems.

102-12 External initiatives

Our Approach: Stakeholder Engagement
Secure and Responsible Use of Data
Operational Excellence: Responsible Marketing

102-13 Membership of associations

Our Approach: Stakeholder Engagement

Strategy

102-14 Statement from senior decision-maker

Message from Our CEO

102-15 Key impacts, risks, and opportunities

Message from Our CEO
Our Approach: Our Sustainability Strategy
Our Approach: Risk Management
Form 10-K, pages 20-21 (alliancedata.com/investors)



GRI GENERAL DISCLOSURES

LOCATION AND NOTES

Ethics and Integrity

102-16 Values, principles, standards, and norms of behavior

Ethics: Business Integrity and Ethics

Website: **Code of Ethics**

Our Code of Ethics includes five major sections: 1) Our Commitment to Each Other (equal opportunity, anti-harassment, etc.), 2) Our Obligation to Our Stockholders (accurate financial records, safeguarding our assets, avoiding conflicts of interest, etc.), 3) Our Social Media Policy (respectful, honest, etc.), 4) Our Commitment to Our Customers and Business Partners (fairness, fair lending, customer privacy, etc.), 5) Our Pledge to Our Communities (anti-corruption, environmental protection, political activities).

102-17 Mechanisms for advice and concerns about ethics

Ethics: Business Integrity and Ethics

Website: **Code of Ethics**

Governance

102-18 Governance structure

Our Approach: Balanced Scorecard

Our Approach: Sustainability Governance

Our Approach: Risk Management

Investor Relations: **Corporate Governance**

Stakeholder Engagement

102-40 List of stakeholder groups

Our Approach: Stakeholder Engagement

It's imperative that we continue to place the biggest emphasis on the interconnectedness of our associates, clients and the end-consumer. Our business must also closely manage relationships with our investors, suppliers, government officials and the local communities in which we operate. Proactive engagement of these stakeholder groups will be fundamental to our continued success.

102-41 Collective bargaining agreements

We have no collective bargaining agreements with our associates.

102-42 Identifying and selecting stakeholders

Our Approach: Stakeholder Engagement



GRI GENERAL DISCLOSURES

LOCATION AND NOTES

102-43 Approach to stakeholder engagement

Our Approach: Materiality Assessment
Our Approach: Stakeholder Engagement
Our Approach: Key Industry Association Memberships
Website: **2017 Materiality Assessment Overview**

102-44 Key topics and concerns raised

Our Approach: Materiality Assessment
Our Approach: Stakeholder Engagement
Website: **2017 Materiality Assessment Overview**

Reporting Practice

102-45 Entities included in the consolidated financial statements

Form 10-K, page F-9 (**alliancedata.com/investors**)

102-46 Defining report content and topic Boundaries

Website: **2017 Materiality Assessment Overview**

102-47 List of material topics

Our Approach: Materiality Assessment
Website: **2017 Materiality Assessment Overview**

102-48 Restatements of information

No major changes: any adjustments are explained within the report.

102-49 Changes in reporting

No major changes: any adjustments are explained within the report.

102-50 Reporting period

Calendar year 2018

102-51 Date of most recent report

2017 Corporate Responsibility Report (published July 2018)

102-52 Reporting cycle

Annual

102-53 Contact point for questions regarding the report

Dana Beckman, Director of Corporate Affairs
(**allforgood@alliancedata.com**)

102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core Option.

102-55 GRI content index

This GRI Index table

102-56 External assurance

Our Approach: Our Sustainability Strategy
The data and information in our report are not externally assured, but we are exploring the options and requirements of having future reports assured.



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 200 Economic Standard Series

Economic Performance

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Message from Our CEO
Form 10-K (alliancedata.com/investors)
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Message from Our CEO
Our Approach: Three-Year Goals
Communities: Our Social Impact
Form 10-K (alliancedata.com/investors)

103-3 Evaluation of the management approach

Message from Our CEO
Communities: Our Social Impact
Form 10-K (alliancedata.com/investors)

GRI 201: Economic Performance 2016

201-1 Direct economic value generated and distributed

Introduction: Balanced Scorecard
Communities: Our Social Impact
Form 10-K (alliancedata.com/investors)

Anti-corruption

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Ethics: Business Integrity and Ethics
Website: **2017 Materiality Assessment Overview**
Governance: alliancedata.com/investors
Form 10-K (alliancedata.com/investors)

103-2 The management approach and its components

Ethics: Business Integrity and Ethics
Anti-corruption is one of the areas called out in our formal Code of Ethics.
Governance: alliancedata.com/investors
Website: **Code of Ethics** applies to all associates.
We also have customized Codes of Ethics that apply to our Chief Financial Officer, other senior financial executives and members of our Board of Directors and are available on our website: alliancedata.com/investors



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 103: Management Approach 2016

103-3 Evaluation of the management approach

Ethics: Business Integrity and Ethics
Anti-corruption is one of the areas called out in our formal Code of Ethics, and the Code of Ethics applies to all associates.
We also have customized Codes of Ethics that apply to our Chief Financial Officer, other senior financial executives and members of our Board of Directors and are available on our website: alliancedata.com/investors
In order to supplement our ongoing compliance efforts, in 2005 Alliance Data created the Enterprise Compliance Council. This cross-functional council acts to unite the company's compliance initiatives in a way that allows us to intelligently address regulatory and other demands while preserving our ability to focus on our Mission and Vision.
Alliance Data Systems Audit Committee Charter available on our website: alliancedata.com/investors

GRI 205: Anti-corruption 2016

205-2 Communication and training about anti-corruption policies and procedures

Ethics: Business Integrity and Ethics
Website: Code of Ethics
Anti-corruption and bribery topics are covered in the Pledge to Our Communities section of our Code of Ethics and are included in our onboarding process for all associates, in our ethics training (which all associates, senior executives and our Board of Directors need to take annually) and in regular small group meetings with our Corporate Ethics Officer.

GRI 300 Environmental Standards Series

Emissions

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Environment: Reducing Our Carbon Footprint
Our Environment: Using Resources Efficiently
Website: 2017 Materiality Assessment Overview



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 103: Management Approach 2016

103-2 The management approach and its components

Environment: Reducing Our Carbon Footprint
Environment: Using Resources Efficiently
Our Approach: Three-Year Goals

2018 CDP Disclosure

Our Chief of Staff holds direct responsibility for climate change within our organization.

103-3 Evaluation of the management approach

Environment: Reducing Our Carbon Footprint
Environment: Using Resources Efficiently

2018 CDP Disclosure

GRI 305: Emissions 2016

305-1 Direct (Scope 1) GHG emissions

Our Approach: Balanced Scorecard
Environment: Our Carbon Footprint

2018 CDP Disclosure

Alliance Data does not have biogenic emissions.

305-2 Energy indirect (Scope 2) GHG emissions

Our Approach: Balanced Scorecard
Environment: Our Carbon Footprint

2018 CDP Disclosure

305-3 Other indirect (Scope 3) GHG emissions

Our Approach: Balanced Scorecard
Environment: Our Carbon Footprint

2018 CDP Disclosure

305-5 Reduction of GHG emissions

2018 CDP Disclosure



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 400 Social Standards Series

Employment

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Ethics: Business Integrity and Ethics
Associates: Attracting and Retaining Top Talent
Form 10-K (alliancedata.com/investors)
Website: **2017 Materiality Assessment Overview**
Website: **Code of Ethics**

103-2 The management approach and its components

Associates: Attracting and Retaining Top Talent
Ethics: Business Integrity and Ethics
Our Approach: Three-Year Goals
Website: **Code of Ethics**

103-3 Evaluation of the management approach

Associates: Attracting and Retaining Top Talent

GRI 401: Employment 2016

401-1 New employee hires and employee turnover

Introduction: Balanced Scorecard
Associates: Our Workforce

Training and Education

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Associates: Attracting and Retaining Top Talent
Website: **2017 Materiality Assessment Overview**
Form 10-K (alliancedata.com/investors)

103-2 The management approach and its components

Associates: Attracting and Retaining Top Talent
Our Approach: Three-Year Goals

103-3 Evaluation of the management approach

Associates: Attracting and Retaining Top Talent

GRI 404: Training and Education 2016

404-1 Average hours of training per year per employee

Introduction: Balanced Scorecard
We don't currently track our investments in training specifically by gender or employee category (information is currently unavailable).



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 404: Training and Education 2016

404-3 Percentage of employees receiving regular performance and career development reviews

100% of managers are expected to complete performance reviews either on an annual or more frequent basis. Alliance Data has shifted from “formalized” performance reviews to more “informal” (i.e., 20/20, 30 in 30) ongoing performance feedback.

Diversity and Equal Opportunity

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Associates: Diversity, Equality and Inclusion
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Associates: Diversity, Equality and Inclusion
Our Approach: Three-Year Goals
We have a formal statement relating to diversity and equal opportunity on our website and in our **Code of Ethics**.

103-3 Evaluation of the management approach

Associates: Diversity, Equality and Inclusion

GRI 405: Diversity and Equal Opportunity 2016

405-1 Diversity of governance bodies and employees

Introduction: Balanced Scorecard
Associates: Diversity, Equality and Inclusion
Associates: Our Workforce
Investor Relations: Corporate Governance
We provided ethnicity data for Alliance Data in the countries where we are able to. Privacy regulations restrict collection of this information in many countries. We also do not track or manage diversity by age group from a gender perspective, or manage diversity beyond gender (information is currently unavailable).

405-2 Ratio of basic salary and remuneration of women to men

Introduction: Balanced Scorecard
Associates: Diversity, Equality and Inclusion
Associates: Our Workforce



GRI MATERIAL TOPICS

LOCATION AND NOTES

Non-discrimination

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Ethics: Business Integrity and Ethics
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Ethics: Business Integrity and Ethics
Website: **2017 Materiality Assessment Overview**
We have a formal statement relating to diversity and equal opportunity on our website and in our **Code of Ethics**.

103-3 Evaluation of the management approach

Ethics: Business Integrity and Ethics

GRI 406: Non-discrimination 2016

406-1 Incidents of discrimination and corrective actions taken

We do track this; however, we do not publicly report on this due to employee privacy concerns and any pending legal or regulatory actions (information is subject to specific confidentiality constraints).

Local Communities

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Communities: Community Investment
Communities: Associate Community Engagement
Communities: Community Reinvestment
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Our Approach: Three-Year Goals
Communities: Community Investment
Communities: Associate Community Engagement
Communities: Community Reinvestment
Website: **2017 Materiality Assessment Overview**
While we have conducted needs assessments in close collaboration with community partners for our Community Reinvestment Act commitments for many years, in 2017 we started conducting more formal needs assessments of each of the local communities where we operate. We are directing our investments accordingly in community development programs based on particular community needs, which do differ from region to region.



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 103: Management Approach 2016

103-3 Evaluation of the management approach

Communities: Community Investment
Communities: Associate Community Engagement
Communities: Community Reinvestment
Website: **2017 Materiality Assessment Overview**

GRI 413: Local Communities 2016

413-1 Operations with local community engagement, impact assessments, and development programs

Communities: Community Investment
Communities: Associate Community Engagement
Communities: Community Reinvestment

Public Policy

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Our Approach: Stakeholder Engagement
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Our Approach: Risk Management
Our Approach: Stakeholder Engagement

103-3 Evaluation of the management approach

Our Approach: Stakeholder Engagement

GRI 415: Public Policy 2016

415-1 Political contributions

Introduction: Balanced Scorecard
Our Approach: Stakeholder Engagement
Alliance Data did not make political contributions in countries outside of the U.S.

Marketing and Labeling

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Excellence: Responsible Marketing
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Our Approach: Risk Management
Excellence: Responsible Marketing
Website: **2017 Materiality Assessment Overview**

103-3 Evaluation of the management approach

Our Approach: Risk Management
Excellence: Responsible Marketing



GRI MATERIAL TOPICS

LOCATION AND NOTES

GRI 417: Marketing and Labeling 2016

417-3 Incidents of non-compliance concerning marketing communications

We had no incidents of non-compliance concerning marketing communications in 2018.

Customer Privacy

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Website: **2017 Materiality Assessment Overview**
Form 10-K (alliancedata.com/investors)

103-2 The management approach and its components

Our Approach: Risk Management
Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Our Approach: Three-Year Goals
Website: **2017 Materiality Assessment Overview**
Form 10-K (alliancedata.com/investors)

103-3 Evaluation of the management approach

Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Form 10-K (alliancedata.com/investors)

GRI 418: Customer Privacy 2016

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Introduction: Balanced Scorecard
We had no breaches of customer privacy or losses of customer data in 2018. In addition, Alliance Data has not received any substantiated complaints regarding breaches of customer privacy and losses of customer data.



GRI MATERIAL TOPICS

LOCATION AND NOTES

Socioeconomic Compliance

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

Ethics: Business Integrity and Ethics
Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Website: **2017 Materiality Assessment Overview**

103-2 The management approach and its components

Our Approach: Risk Management
Our Approach: Three-Year Goals
Ethics: Business Integrity and Compliance
Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Website: **2017 Materiality Assessment Overview**
Form 10-K, pages 7-8 (alliancedata.com/investors)

103-3 Evaluation of the management approach

Ethics: Business Integrity and Compliance
Excellence: Secure and Responsible Use of Data
Excellence: Fair and Responsible Banking
Website: **2017 Materiality Assessment Overview**
Form 10-K, pages 7-8 (alliancedata.com/investors)

GRI 419: Socioeconomic Compliance 2016

419-1 Non-compliance with laws and regulations in the social and economic area

We had no incidents of socioeconomic non-compliance in 2018.



To learn more about Alliance Data and our CR strategies and accomplishments, visit alliancedata.com/sustainability or email allforgood@alliancedata.com.

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