It was another year in which we demonstrated our strong commitment to operating responsibly – doing what it takes to ensure sustainable, long-term growth.

— Ed Heffernan, President and Chief Executive Officer, Alliance Data

ALLIANCE DATA | 2016 Corporate Responsibility Report

2016 Corporate Responsibility Report

As a company committed to sustainable growth, we understand that living up to our values and delivering on what matters most to our stakeholders will ultimately determine our success.

In this report, we discuss our approach to corporate responsibility (CR), review the progress made in 2016, and look back collectively over the last three years. We also unveil new CR goals for the next three years, which were developed with input from a range of stakeholders. Being a large and successful business carries with it duties to many people, as well as opportunities to achieve great things. By setting and achieving CR goals, we aim to meet our stakeholders' highest expectations.

Table of Contents

Corporate Profile

Alliance Data is a leading global provider of data-driven marketing and loyalty solutions serving large, consumer-based businesses in a variety of industries. We offer a comprehensive portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, end-to-end marketing services, analytics and creative services, direct marketing services and private label and co-brand retail credit card programs. We focus on facilitating and managing interactions between our clients and their customers through all consumer marketing channels, including in-store, online, email, social media, mobile, direct mail, and telephone. We capture and analyze data created during each customer interaction, leveraging the insight derived from that data to enable clients to identify and acquire new customers and to enhance customer loyalty. We believe that our services are more valued as businesses shift marketing resources away from traditional mass marketing toward more targeted marketing programs that provide measurable returns on our clients' marketing investments and value to consumers.

Our client base of more than 1,800 companies consists primarily of large consumer-based businesses, including well-known brands such as Bank of Montreal, Sobeys Inc., Shell Canada Products, Hilton, Bank of America, General Motors, FedEx, Walgreens, Kraft, Victoria's Secret, Lane Bryant, Pottery Barn, J. Crew and Ann Taylor. Our client base is diversified across a broad range of end-markets, including financial services, specialty retail, grocery and drugstore chains, petroleum retail, automotive, hospitality and travel, telecommunications, insurance and healthcare. We believe our comprehensive suite of marketing solutions offers us a significant competitive advantage, as many of our competitors offer a more limited range of services. We believe the breadth and quality of our service offerings have enabled us to establish and maintain long-standing client relationships.

To learn more, visit alliancedata.com.

THREE BUSINESSES. ONE FOCUS.

ALLIANCE DATA'S CARD SERVICES business is a leading provider of marketing-driven branded credit card programs.

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

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

$7.1 BILLION in revenue in 2016

S&P 500 and **FORTUNE 500** company

More than **17,000 ASSOCIATES** in **100 LOCATIONS** worldwide

Managing over **100 MILLION CONSUMER RELATIONSHIPS**

Headquartered in **PLANO, TEXAS**

Message from Our CEO

Alliance Data enjoyed another year of solid growth in 2016, with financial performance outpacing that of our peers, as well as the S&P 500 and the U.S. GDP. Equally important, it was another year in which we demonstrated our strong commitment to operating responsibly – doing what it takes to deliver on our short-term financial targets, while focused on long-term, sustainable growth. The kind of growth that comes from consistently living up to our values, being an industry leader, and meeting the expectations of our clients, associates, stockholders and society at large.

Since 2014, we've been focused on achieving the three-year goals set out in our corporate responsibility strategy related to data, people, community and the environment. As you'll see in this report, we remained vigilant in protecting our data assets, as our practices and standards continuously evolved to safeguard consumer information and privacy. We invested in associate programs and our workplace to maintain industry-leading levels of engagement and enablement – which is the foundation of our success. We've made exceptionally strong progress in community investment and volunteerism, investing over $25 million and 70,000 volunteer hours, representing 125% and 47% increases respectively over 2014. Our attention to the impact we have on the environment resulted in a 28% reduction in carbon emissions over the three-year period. All of these achievements are a testament to the commitment of our diverse and enormously talented team of nearly 18,000 associates worldwide, who have rallied around the company's goals and initiatives that guide our progress and successes. I could not be prouder of them.

Going forward, we'll continue to evolve our approach to corporate responsibility just as the world around us evolves. Society expects more of businesses than ever before. The key to meeting – or better yet exceeding – our stakeholders' expectations will be seeking and responding to their ongoing feedback. We took a big step forward in 2016 by increasing our level of engagement with several stakeholder groups, including our associates, clients, suppliers and key investors. Their input is invaluable and drives our decision-making and actions.

I hope you enjoy our 2016 Corporate Responsibility Report and see us for what we are: a responsible company committed to accountability and continual improvement, for the benefit of all our stakeholders.

Sincerely,

Ed Heffernan
President and Chief Executive Officer, Alliance Data

> **Ours is a diverse and enormously talented team of nearly 18,000 associates, who have rallied around the goals and initiatives that guide our progress and successes.**

Awards and Recognition

Alliance Data was honored to receive a number of awards and distinctions in 2016, including the following:

CORPORATE

- Achiever's Top 50 Most Engaged Companies
- America's Best Employers, Forbes
- FORTUNE 50 Best Workplaces for Diversity
- Ragan's PR Daily 2016 Social Corporate Responsibility Awards, first place in the Report Category

CARD SERVICES

- #1, Top Large Workplaces, Denver Post
- Customer Care Centers, Benchmark Portal Certified "Center of Excellence"
- Healthy Worksite Award by the Ohio Department of Health and the Healthy Ohio Business Council
- United Way of Central Ohio Corporate Award of Excellence

EPSILON

- America's Best Employers, Forbes
- LinkedIn's Top Attractors
- Shorty Social Good Award
- Webby People's Voice Award in Interactive Advertising: Public Service & Activism

LOYALTYONE

- 50 Best Workplaces for Women Canada, Great Place to Work Institute
- Aon Best Employers in Canada, Platinum Level
- Best Workplaces in Canada, Large Category, Great Places to Work Institute
- Canada's Greenest Employers
- Canada's Top Employers for Young People
- Vitality Workplace Award (BrandLoyalty)

About This Report

We are pleased to present Alliance Data's fourth annual CR report, covering our 2016 performance and select highlights from the previous two years. This report complements our 2016 Annual Report, which provides financial performance details. Our last CR report was released in June 2016.

REPORT SCOPE AND BOUNDARY

The scope of this report reflects the entire enterprise, including Alliance Data's corporate headquarters and all three businesses: Epsilon®, LoyaltyOne®, and Alliance Data's Card Services business.

All financial information is presented in U.S. dollars except where otherwise noted.

DEFINING REPORT CONTENT

The content of this report is driven by the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines and a materiality assessment that concluded in 2013. The report has been prepared in accordance with the Core reporting option of the G4 Guidelines. A GRI content index is provided on page 61.

The results of a materiality assessment that concluded in late 2016 are presented on page 13. Strategic outcomes from this exercise will be presented in more detail in our 2017 corporate responsibility report, along with updated focus areas and goals.

In keeping with the structure of previous years' reports, this report closes out three-year CR goals that were established in 2014. New goals for the 2017–2020 period are presented at the back of this report, on page 59.

YOUR FEEDBACK

If you have any feedback for us on this report or our corporate responsibility strategy in general, we'd love to hear it. Contact Dana Beckman, Director of Corporate Affairs, at allforgood@alliancedata.com.

How We Approach Corporate Responsibility

Our approach to corporate responsibility is rooted in an understanding that we must meet the needs and expectations of a broad range of stakeholders. Being in business carries with it duties to the clients we serve and to the people who invest in our company, those who work with us and for us, and those whose communities we share. We play our part by engaging constructively with key stakeholders and acting on what matters most.

Managing Corporate Responsibility

Alliance Data's Corporate Responsibility Leadership Council helps set the company's CR direction, gain buy-in, implement programs, and measure progress. Each business has representation on the Council and works collaboratively to ensure commitments are met while retaining some level of autonomy. This enables individual businesses to meet enterprise-wide CR goals while maintaining local and cultural relevance that's most meaningful to their associate population.

An Executive Steering Team provides guidance, oversight, and accountability for the CR strategy and performance outcomes. This group of senior executives from each business reviewed the progress made against our three-year goals and helped shape our 2017–2020 goals.

At the highest level, the CEO and presidents of our three businesses, reporting to the Board of Directors, are responsible for the day-to-day conduct of the company's business, including economic, social, environmental and governance aspects.

OUR FOCUS AREAS

We pursue our CR initiatives through four focus areas: data, people, community and environment. For each focus area, we establish an overall commitment and three-year goals that are linked to business priorities and plans. Annual performance against goals is reported in our annual CR Report as a means of demonstrating transparency, accountability, and progress.

In 2017, we will be activating the outcomes of our materiality assessment, which may result in the need to redefine our focus areas to better represent our most significant priorities. We will share relevant updates to our strategy in the 2017 CR Report.

Our current focus areas and commitments:

Data – Be a leader in the secure and responsible use of consumer data

People – Create a workplace where associates can grow and contribute to the success of the company

Community – Protect and nurture the vitality of our communities by investing in programs that demonstrate a measurable impact

Environment – Respect the impact that our operations have on the environment and strive to measurably reduce our carbon footprint through operational efficiencies and associate engagement

ALLIANCE DATA BOARD OF DIRECTORS, CEO AND EXECUTIVE COMMITTEE

EXECUTIVE STEERING TEAM

CORPORATE RESPONSIBILITY LEADERSHIP COUNCIL

DATA   PEOPLE   COMMUNITY   ENVIRONMENT

INFORMATION SECURITY   PRIVACY
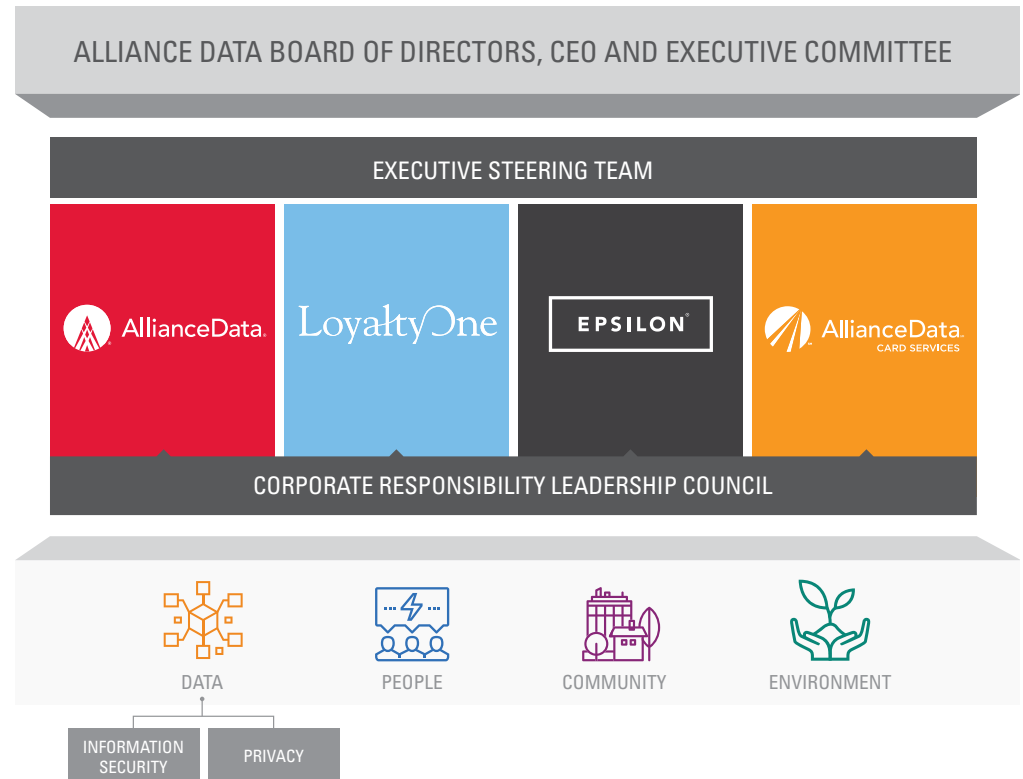
Stakeholder Engagement

Understanding and addressing stakeholder expectations is an integral part of our approach to corporate responsibility. We seek to establish relationships that build trust and mutual respect, and support our efforts to create shared value. In the past two years, we've significantly advanced our level of engagement with a broad range of internal and external stakeholders. Here are some examples:

ASSOCIATES
How We Engage

In addition to annual engagement surveys, two of our businesses are now conducting monthly pulse surveys on select topics.

In 2016, we introduced a number of initiatives in response to pulse survey feedback. One example is a new class called Mind Matters, which offers tips on how to decompress during the workday and better manage stress.

A survey to find out what associates thought about the new LED lighting installed in their building prompted us to look at retrofitting more buildings. Not only does LED lighting save energy and costs, associates told us they like it better because it's brighter and makes for a nicer work environment.

220 STAKEHOLDERS provided input to our 2016 materiality assessment, including 40 external stakeholders representing suppliers, clients, investors, industry associations, government, non-government organizations (NGOs) and academia.

See page 13 to learn more.

INVESTORS
How We Engage

Our Chief Executive Officer and Chief Financial Officer are accessible to the investment community and have a well-established history of dialogue and engagement with the company's investors. As good governance practices have evolved, the investment community has made clear that engagement should also take place at the Board level.

To that end, our General Counsel, along with the Chairman of our Board of Directors, started a proactive outreach program in which the Chairman dialogues with some of our largest investors to find out how they think we're doing on governance-related matters and answers any questions they may have. Quarterly reports on the discussions are provided to the Board's Corporate Governance and Nominating Committee, which incorporates investor feedback into its decision-making.

Additionally, instead of providing written responses to investor inquiry letters or proposals to the Board, we also offer to speak with investors to gain a better understanding of their concerns and more clearly explain our governance practices and philosophies.

Key topics of interest in 2016 were Board diversity and director tenure. One of the outcomes of our discussions was the development and use of a skills matrix for characterizing and identifying the specific range of skills needed in our Board to ensure a proper range of viewpoints and expertise in areas most critical to the company's success.

GOVERNMENT OFFICIALS
How We Engage

We've formalized our Government Relations function and established a Political Action Committee (PAC) to elevate our engagement with government officials and policy makers on issues affecting our business, including cyber security and breach notification, data privacy, banking regulation, consumer lending/finance, and corporate tax reform.

In 2016, Alliance Data and its U.S.-based businesses had just under 100 formal lobbying contacts with members of Congress, their staff and Administration officials. These contacts were led by 15 of our business leaders and professionals, Washington D.C. consultants, and key trade association partners. We also participated in 11 PAC-related events and hosted three congressional in-district visits:

- Congressman Pete Roskam (R-IL-6) at Epsilon West Chicago, Illinois
- Congressman Jared Polis (D-CO-2) at Epsilon Lafayette, Colorado
- Congressman Ed Perlmutter (R-CO-7) at Westminster, Colorado

Advocacy and Key Memberships

Alliance Data's public policy strategy includes a variety of activities aligned around defending our business interests. We manage issues that most directly affect our operations and have the greatest potential to impact the company's overall performance and ability to do business. One way we do this is through trade association partnerships and lobbying activity. Another is through monitoring and engaging the legislative and regulatory processes, with a focus on priority issues such as consumer and data privacy, cyber security, bank regulation, and tax reform.

We created a PAC in 2014 to ensure we continue to have a seat at the table in ensuring our business imperatives and operating practices are clear to policy makers. In 2016, the Alliance Data–Epsilon PAC contributed $117,700 to 43 distinct federal candidate committees, with a total of five contributions.

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 & 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

Porterfield, Fettig & Sears LLC represents industry coalition to preserve deferred interest financing programs

KEY MEMBERSHIPS

- American Benefits Council (ABC)
- American Catalog Mailers Association (ACMA)
- Association of National Advertisers (ANA)
- Data & Marketing Association (DMA) (formerly the Direct Marketing Association)
- Interactive Advertising Bureau (IAB)
- National Association of Industrial Bankers (NAIB)
- Network Advertising Initiative (NAI)

CYBER SECURITY AFFILIATIONS

- CEB CISO Coalition (part of Gartner) (www.cebglobal.com)
- National Technology Security Coalition (www.ntsc.org)
- Cloud Security Alliance (www.cloudsecurityalliance.org)
- Domestic Security Alliance Council (www.dsac.gov)
- Financial Services Information Sharing and Analysis Center (FS-ISAC) (www.fsisac.com)
- Knowledge Connect Information Security Forum (peer group of CISOs)
- Online Trust Alliance (https://otalliance.org/initiatives/internet-things)
- PCI Security Standards Council (voting member)

* Comenity Bank and Comenity Capital Bank are Alliance Data's Bank subsidiaries.

WE WERE INVITED TO SPEAK ABOUT OUR CR PRACTICES AT A NUMBER OF EVENTS IN 2016, INCLUDING:

GREENBIZ, *The Business Value of Sustainability Reporting*

SILICON VALLEY COMMUNITY FOUNDATION: CORPORATE PHILANTHROPY INSTITUTE, *Integrating Corporate Responsibility into Business Strategy*

GOOD DONE GREAT ROUNDTABLE, *Best Practices and Thoughts on the CSR Industry*

Supplier Diversity

We aim to support a culture of inclusion both internally with our associates and externally with our suppliers. As planned in 2016, we established a more formal Supplier Diversity Program for our U.S. operations.

The program encourages the inclusion and integration of small and diverse businesses throughout our procurement process. We have improved our ability to respond to client inquiries for diversity spend by providing support for Requests for Proposals (RFP), maintaining reporting metrics, and regular verification of certified diverse suppliers through a research agency (CVM).

We see the Supplier Diversity Program as a first step towards a comprehensive, enterprise-wide effort to enhance our supplier base to address current and future customer and workforce dynamics.

PERCENTAGE OF DIVERSE SUPPLIER SPEND*

	2016 % of total	2015 % of total	2016 vs 2015 % change
TOTAL DIVERSE SPEND	6.6%	6.3%	0.3%

PERCENTAGE OF DIVERSE SUPPLIER SPEND BY TYPE**

	2016 % of total	2015 % of total	2016 vs 2015 % change
WOMEN OWNED	2.2%	1.8%	0.4%
MINORITY OWNED	0.9%	0.9%	0.0%
VETERAN OWNED	0.3%	0.3%	0.0%

*   In 2016, we adjusted our approach to reporting to align with our peers and best practice. Certified diverse suppliers are validated through a third-party provider, CVM.
** The above tables reflect diverse spend as a percentage of total U.S. procurable company spend. This excludes non-procurable items such as taxes and payroll.
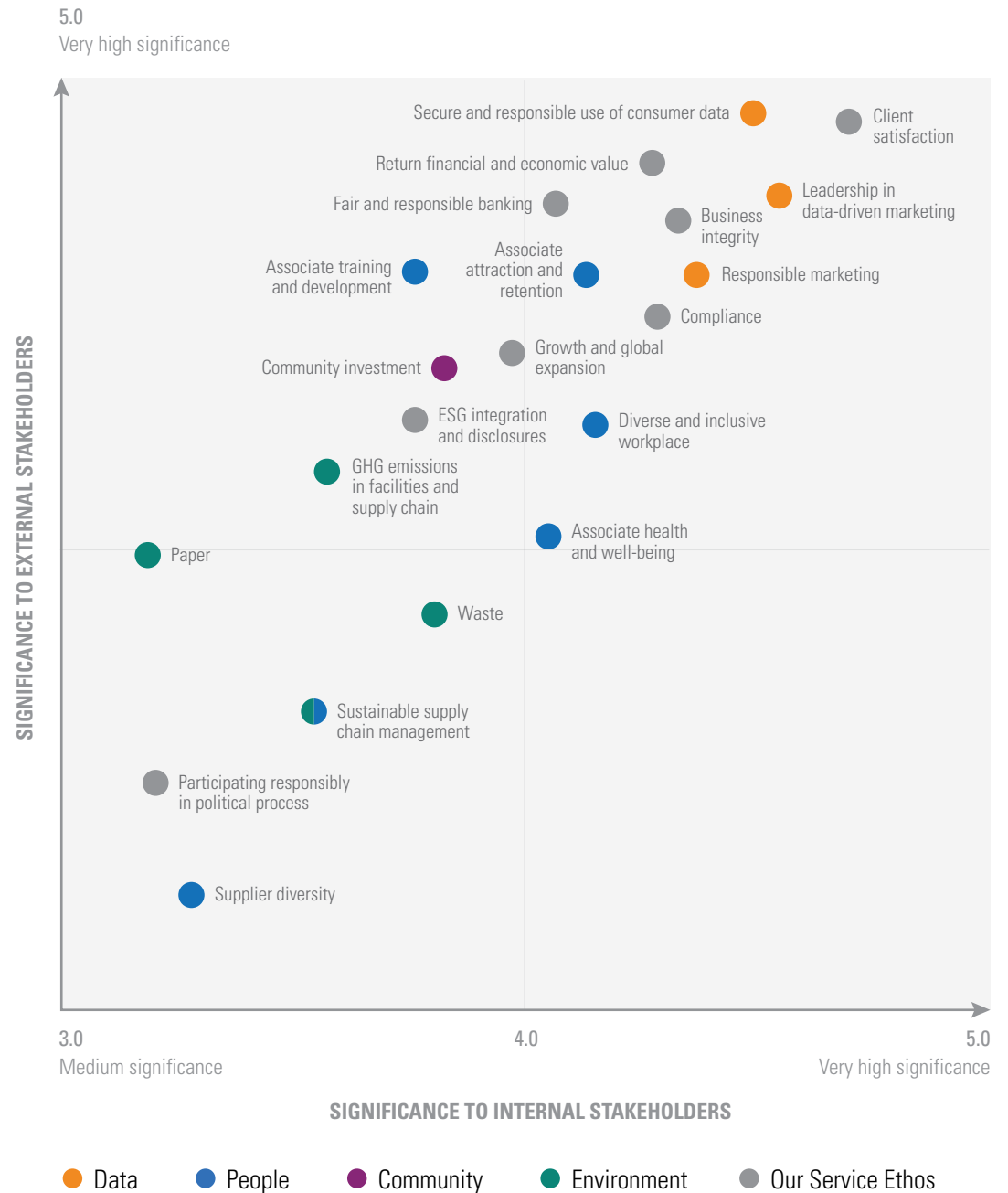
Materiality Assessment

In 2016, we conducted a formal materiality assessment, with the help of Anthesis Group, to identify and evaluate the issues that are most critical to our business and our stakeholders. This exercise was an update to the assessment concluded in 2013 and followed the recommended process outlined in the Global Reporting Initiative (GRI) Standards.

As part of the process, 220 internal and external stakeholders (including suppliers, clients, investors, industry associations, NGOs, government and academia) participated in a perception survey where they ranked issues in terms of their significance to stakeholders and the potential impact to the long-term sustainability of Alliance Data's business. We then conducted interviews with 20 select individuals from this list to gain additional insights.

Outcomes were validated through a workshop with our senior leadership team, and one-on-one conversations with CR Leadership Council members and business representatives.

The materiality matrix below presents the priority topics plotted per their significance to Alliance Data and its stakeholders. While most of the topics remained the same as in our 2013 materiality assessment and are discussed in this report, there were some additions, which are described in our separate Materiality Assessment Overview.

The findings will inform and shape our CR strategy and focus areas in 2017. Our refreshed strategy will be presented in our 2017 CR Report.

Materiality matrix. Y-axis: SIGNIFICANCE TO EXTERNAL STAKEHOLDERS (5.0 Very high significance at top). X-axis: SIGNIFICANCE TO INTERNAL STAKEHOLDERS (3.0 Medium significance to 5.0 Very high significance). Plotted topics: Secure and responsible use of consumer data; Client satisfaction; Return financial and economic value; Fair and responsible banking; Leadership in data-driven marketing; Business integrity; Associate training and development; Associate attraction and retention; Responsible marketing; Compliance; Community investment; Growth and global expansion; ESG integration and disclosures; Diverse and inclusive workplace; GHG emissions in facilities and supply chain; Paper; Associate health and well-being; Waste; Sustainable supply chain management; Participating responsibly in political process; Supplier diversity.

Legend: ● Data ● People ● Community ● Environment ● Our Service Ethos

Materiality Assessment (continued)

Two new areas that we'll be building into our updated CR strategy more explicitly are fair and responsible banking, and responsible marketing. Here's why:

FAIR AND RESPONSIBLE BANKING

Over the past year, we've noted an uptick in investor interest in our CR practices. In the fall of 2016, a respected investor requested a meeting to learn more about how we are managing and reporting on our CR activities, and to share best practices. After that meeting, we set out to address the feedback and will include "responsible banking" in our CR priorities in 2017. This responsibility is operated within our Alliance Data Card Services business and its two banking entities, Comenity and Comenity Capital.

Our Card Services business partners with some of the best-known retailers in extending their brand with consumers through private label and/or co-brand credit card programs. This area of our business places us in a position of responsibility related to issuing credit, collecting payments and overall cardholder care. Everything we do in this space is highly regulated, but meeting the highest standards related to those regulations, and going above and beyond what is expected from a compliance perspective, reinforces our high standards of our underwriting efforts and related customer care — and that is our number one priority.

RESPONSIBLE MARKETING

Through our integrated, multichannel, data-driven marketing services, we design and implement strategies that assist our clients in acquiring and retaining valuable repeat customers. We work with our clients to create marketing campaigns rooted in the responsible collection and use of data that results in relevant, meaningful offers for the end-consumer. We strive for transparent marketing practices, providing information about our marketing practices and allowing consumers choice in receiving marketing messages.

Tone at the Top

Sound governance and high ethical standards support our company's strong performance and long-term success, by helping build trust with our stakeholders and enhancing our reputation as an exemplary corporate citizen. We regularly assess our policies and processes to ensure they meet or exceed legal and regulatory requirements, address our stakeholders' needs, and reflect good practice.

Building Trust with Stakeholders

A Message from Joseph Motes, Senior Vice-President, General Counsel and Secretary

The parameters of good corporate governance are changing, in the face of rapidly evolving regulatory and market pressures and rising stakeholder expectations, which extend well beyond a company's financial performance. At Alliance Data, we have the added challenge of managing continued growth, often in new geographic markets.

For these reasons, we constantly review and refine our governance structures and processes. We cannot – and will not – allow our high standards of compliance, ethics and accountability to slip.

In 2016, we updated our Code of Ethics, the foundation of our governance framework. We didn't change the principles on which the Code is based, rather we simplified the language and provided specific examples and guidance so that associates can better understand the Code and what's expected of them.

We also enhanced our already robust investor engagement by having the Chairman of our Board of Directors reach out to institutional stockholders, representing over one-third of our outstanding shares, to discuss our corporate governance practices, investors' governance expectations, and to facilitate mutually beneficial dialogue on these and other issues. The outreach has proven invaluable for understanding investors' concerns, and shedding light on our Board composition, stockholder rights and other corporate governance philosophies that ultimately inform our decision-making.

We know that the way to secure our stakeholders' trust and our long-term success is through our business conduct – by what we do, not just what we say. The key to that is creating a culture of integrity and accountability, where our people understand that it's not about success at all costs, it's about doing things the right way at all times. Our leadership works to set the "tone at the top" critical to nurturing that culture throughout our organization.

Board of Directors

Alliance Data is managed under the direction of its Board of Directors. All directors are elected annually and serve a one-year term. The board selects the Chief Executive Officer and oversees the senior management team, who are responsible for the day-to-day conduct of the company's business.

OUR BOARD HAS FOUR REGULAR COMMITTEES

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee
- Executive Committee

Committee charters and corporate governance guidelines are posted on our website at www.alliancedata.com.

CORPORATE GOVERNANCE HIGHLIGHTS

We believe that effective corporate governance should include regular constructive dialogue with our stockholders. We have a proactive engagement process that encourages feedback. This feedback helps shape our governance practices, which include:

- Independent chair of the Board of Directors
- Declassified Board of Directors
- Majority voting to elect directors
- All independent director nominees, except the CEO
- Independent directors frequently meet in executive session
- Active Board engagement in managing talent and long-term succession planning for executives
- Active Board oversight of risk and risk management
- Adoption of proxy access
- 100% attendance at 2016 committee meetings
- Annual Board and committee self-assessments
- Active stockholder outreach
- Commitment to social responsibility with respect to data, our people, the community and the environment
- Independent Audit, Compensation, and Nominating and Corporate Governance Committees
- All financially literate Audit Committee members and three Audit Committee financial experts

CYBER SECURITY GOVERNANCE ASSESSMENT

In 2016, we engaged PwC to assess our information security governance program to identify opportunities to strengthen the governance function for information security risk and capabilities across the organization, and assist management in developing a consistent, industry-leading methodology for Board level reporting.

Ethics and Integrity

Alliance Data's reputation is built on a solid foundation of honesty, integrity and accountability. Our Board of Directors, CEO and Executive Committee set the tone for a culture of integrity and compliance, and associates at every level are expected to uphold the ethical standards set out in our Code of Ethics. Board members and senior financial officers are also required to comply with supplementary codes of ethics for their roles.

Annually, our associates must certify that they have read and agree to adhere to the Code. Every two years, they complete mandatory online training on the Code, including topics related to anti-harassment and non-retaliation.

Our Corporate Ethics Officer regularly conducts small-group meetings with associates to assess and encourage an ethical culture, train people on the Code, reinforce awareness of the company's non-retaliation policy, and provide guidance on how to respond to situations.

Associates have a responsibility to report suspected violations of the Code, to either their immediate supervisor or a manager, Human Resources, the Corporate Ethics Officer, or the company's Ethics & Compliance helpline. The helpline can be reached by phone or online (24/7/365) and associates may remain anonymous if they wish. 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.

In 2016, we updated and simplified the Code to make it more relevant to today's business realities and our new global operating environment. We also wanted to make it easier for associates to understand, so that they know exactly how to respond to the various real-world situations that can arise. The roll-out of the updated Code will take in place in 2017 and 2018.

Managing Our Risks

Our Enterprise Risk Management Policy provides each business with a framework for identifying and managing risks recognized as material to the success of the company's operations. This framework encompasses and promotes the inclusion of economic, compliance, operational and reputational risk factors in decision-making. All significant risks are documented in an enterprise risk register, which is reviewed quarterly by our internal enterprise risk management team and biannually by our Board of Directors.

The risk register includes those risks identified as having the greatest potential impact to the organization. Select key risks noted in our risk register include: regulatory compliance, major security breach, privacy legislation, talent attraction and retention, market changes and competitive pressure, international growth, and supply chain. Our 2016 Annual Report provides more detailed descriptions of our key risk factors. Of note, see page 19 to learn how amendments to the Ontario Consumer Protection Act in Canada affected our AIR MILES Reward Program.

Building on the outcomes of our 2016 materiality assessment, we will be working closely with our enterprise risk team in 2017 to align language and criteria used to assess the significance of business risks, including the risk factors identified in our annual report.

Doing Data Differently

How we use data is what differentiates Alliance Data from its peers. Every day, we capture, analyze and leverage consumer data on behalf of our clients to deliver relevant loyalty programs and marketing campaigns. We also take every precaution to safeguard that data, embedding information security and privacy protocols into our technology, tools, platforms and training. We know that our approach to data is both a competitive advantage and one of our biggest risks – and we dedicate ourselves to getting it right.

Taking the Lead on Information Security and Privacy

A message from Bryan Kennedy, Executive Vice-President, President and Chief Executive Officer, Epsilon/Conversant

Data is at the center of everything we do, and our commitment to information security and the responsible use of consumer data requires constant vigilance. In a world of increasingly sophisticated threats, risks and privacy rules, our business depends on it, and our clients depend on us to take all necessary precautions. They trust that when they choose Alliance Data, or one of its businesses, they've confidently made a secure and reliable choice.

Our commitment is to be in front of, and actively managing, all information security and privacy risks. It's about proactively identifying and addressing threats and potential issues — before they affect our business. We want to be leaders in cyber security and responsible privacy practices, to be recognized in our industry, and to leverage our expertise to drive even greater client satisfaction.

To achieve these high standards, we continually invest in, and integrate, responsible information security and privacy practices across our people, processes and technology. We believe our substantial financial investments and proactive measures to monitor and prevent data breaches, while also protecting consumer privacy, underscore the significance they hold as mission-critical operational standards for our business.

We also stay on top of evolving regulations. For example, the European Union General Data Privacy Regulation, a legal framework governing data sharing and collection, and related consumer privacy rights, is set to take effect in May 2018. Our privacy team is working on several fronts to prepare for the changes: assessing the ramifications on our business and that of our clients; collaborating with industry groups to advocate our collective point of view in areas of ambiguity; adjusting internal controls to ensure compliance; and training associates on the new requirements and processes.

Safeguarding data and protecting customer privacy are paramount to our business sustainability. By embracing that reality and investing the time and resources needed to operate responsibly and stay ahead of the bad guys, we set ourselves — and our clients — up for success.

Approach to Data Security and Privacy

Alliance Data is committed to being a global leader in the secure and responsible use of consumer data. Living up to this commitment requires a multidisciplinary and multi-faceted approach that prioritizes:

INTERNAL GOVERNANCE – dedicated cyber security and privacy teams within each line of business establish the appropriate standards, policies and management processes for their organization, and we have enterprise-wide structures and frameworks for collaborating, monitoring threats, managing risks, and Board level reporting

COMPLIANCE – internal controls and processes are designed to ensure compliance with applicable privacy laws and regulations, and to stay in front of legislative changes – so we can assess how they will affect our business and that of our clients, and begin preparing for them

INVESTMENTS IN TECHNOLOGY – we continually assess and make substantial investments in new cyber security technology and software to drive improvement and proactively protect our systems and information from cyber threats

ASSOCIATE TRAINING – in addition to annual online information security and privacy training for our associates, we use computer-based training, role-based training, awareness campaigns and various simulation exercises to continuously improve associate knowledge

PROTECTING AND INFORMING CONSUMERS – this involves providing information to consumers on how to protect themselves, creating clear, user-friendly communications and processes, and being transparent about how we use and safeguard the data we collect from consumers

INDUSTRY ENGAGEMENT – through our participation in industry associations and forums, we stay on top of emerging developments, collaborate on issues of common concern, build our industry's capacity to respond quickly to threats, and validate the strength of our own practices and protocols

THOUGHT LEADERSHIP – by investing in research and broadly sharing our insights and perspectives, we help set the tone as an active participant in the marketing industry and enhance our reputation in the marketplace

USING DATA FOR GOOD – we find ways to harness the power of our technology and analytics expertise to benefit communities; for example, by pushing urgent messages directly to those impacted by impending weather emergencies or in the event of a reported missing child

INTRODUCING EPSILON'S CHIEF PRIVACY OFFICER
Noga Rosenthal

As Chief Privacy Officer, I help ensure the responsible collection and use of the data we manage across all of Epsilon's global operations. One of my top priorities upon joining the company in 2016 was to make sure we have an ongoing mechanism for educating our associates about continually changing privacy requirements, so that they can in turn recognize privacy issues, flag them for our clients, and incorporate privacy considerations into the design of our solutions. We now conduct monthly webinars to train associates about privacy in various sectors, whether it be anti-spam laws or data transfer rules.

Another aspect of this role is helping the company monitor and track privacy laws and regulation. New bills are being introduced at the country, state and federal levels, and working with industry groups to advocate on behalf of Epsilon and our clients to support industry self-regulation and responsible privacy practices has become an increasingly critical role. We strive to responsibly connect advertisers and consumers in a way that creates value for all.

Tracking Our Progress

INDUSTRY LEADERSHIP AND COLLABORATION

2014 – Partnered in establishing the Security Advisor Alliance

2015 – Helped draft a Mobile Code of Conduct for the industry with the Network Advertising Initiative (NAI)

2016 – Joined as a founding member of the board of directors of the National Technology Security Coalition

Provided leadership support and expertise in the redrafting of the Data & Marketing Association's (DMA) self-regulation principles

While we had **NO DATA BREACHES** in each of the last three years, we recognize that no organization is immune to the possibility. That's why we continually **ASSESS AND INVEST IN IMPROVING OUR SECURITY PROTOCOLS**.

HONORS

5 YEARS
Epsilon named to the Online Trust Alliance Honor Roll for five consecutive years

FIRST 100
Conversant selected as one of the first 100 companies approved for the Trustworthy Accountability Group (TAG) Registry in 2016

TWO IN A ROW
Conversant and the Federation for Internet Alerts won the Webby People's Voice Award in Interactive Advertising: Public Service and Activism for the second consecutive year, and took home the first annual Shorty Social Good Award in 2016

USING DATA FOR GOOD

800 MILLION+
AMBER Alert messages issued since 2011, including 304 million messages to devices in 2016, have helped rescue 794 abducted children

10 MILLION+
Tornado warnings issued by the Federation for Internet Alerts since 2012 using our brands' technology

*ZIP*RISK MAP launched in 2016 to help tackle child abuse (see page 27)

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Educate and provide transparency to consumers, lawmakers and regulators about how we use and safeguard personal information	●	Developed "keeping you secure" online content targeted to our private-label cardholders, which provides information on how consumers can protect themselves from identity theft, privacy notice and choice, and detailed account safety features (see http://about.comenity.net/resources#keeping-you-secure). Updated the Epsilon consumer preference center to include more information and resources related to consumer privacy and protection as well as our own marketing practices (see https://www.epsilon.com/en_US/consumer-information/consumer-preference-center.html). Our Fair and Responsible Banking team provided education to military consumers on service member benefits and how they can access those benefits.
Collaborate and exchange information with industry peers and regulators about ongoing opportunities for privacy and security improvements	●	Joined as a founding member of the board of directors of the National Technology Security Coalition, a respected advocacy voice for chief information security officers. Provided leadership support and expertise in the redrafting of the Data & Marketing Association's (DMA) self-regulation principles. Co-chaired the Canadian Institute's annual Advertising and Marketing Law Conference and participated as a panelist at the Conference Board of Canada's inaugural Canadian Privacy Summit.

◐ Some progress made   ◔ Good progress made   ● Excellent progress made   ⊖ On hold

PROACTIVE IMPROVEMENTS

In 2016, Alliance Data built a new security operations center and staffed it with security analysts and engineers to detect and track cyberthreats in real time.

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Understand and address the international regulatory landscape: what are the evolving issues and how might they impact our business and consumers	◐ (good progress)	Initiated the process of interpreting, assessing ramifications of and preparing for the European Union General Data Privacy Regulation (GDPR) compliance, a legal framework governing data sharing and collection and related consumer privacy rights, which takes effect in May 2018. Modified our information security standards to proactively address the dynamically changing global information security landscape. Collaborated with clients as a trusted partner and expert throughout the relationship to ensure the latest information security and privacy measures are proactively incorporated into everything we do.
Conduct rigorous, ongoing associate training to continuously improve associate knowledge and minimize risks due to human error	● (excellent progress)	Rolled out significant training on privacy laws and concepts for associates so they can, in turn, educate clients and more proactively incorporate privacy into the design of our solutions. 100% of our Card Services privacy compliance associates are certified by the International Association of Privacy Professionals (IAPP). Conducted associate awareness and education campaigns highlighting phishing and social engineering. Held inaugural enterprise-wide security summit for our security practitioners.

◖ Some progress made   ◐ Good progress made   ● Excellent progress made   ⊖ On hold

Held inaugural
ENTERPRISE-WIDE SECURITY SUMMIT
for our security practitioners.

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Assess new and evolving technologies/protocols to continually drive improvement and proactively protect our systems and information	●	Made substantial financial investments in proactive measures to monitor and prevent data breaches. Built a new security operations center, staffed with security analysts and engineers, for real-time detection and tracking of cyberthreats. Received third-party assurance that our agreed upon management, collection and security procedures for the privacy of consumer data meet the requirements of the Privacy Systrust principles. Instituted an enterprise-wide incident response policy and conducted a comprehensive tabletop incident response exercise to assess and enhance our response plans and procedures.

◗ Some progress made   ◑ Good progress made   ● Excellent progress made   ⊖ On hold

SPOTLIGHT

Data for Good

Harnessing the power of Alliance Data's technologies and data analytics capabilities to benefit our communities, just like we do for our clients, is turning out to be a powerful concept.

It dates back to 2011 when Epsilon's Conversant founded the Federation for Internet Alerts (FIA) to display urgent information that overrides online ads in geo-targeted areas to people impacted by an event. The technology was first used for AMBER Alerts. When a child goes missing, an alert is geo-targeted to phones, tablets, and computers in the area where the child was last seen.

Today, FIA sends AMBER Alerts to almost 15 million unique devices a month. More importantly, since its inception, the ability to issue alerts has helped rescue 794 abducted children and return them to their families.

The same innovative technology is used to alert families in the paths of devastating storms to prepare for danger and take cover. Since 2012, FIA has issued 10 million tornado warnings.

In 2016, Alliance Data was behind the launch of a groundbreaking ZipRisk Map, an interactive data tool that helps advocates and policy makers in Texas identify the highest-risk areas in their efforts to prevent and end child abuse. The development of the ZipRisk Map was a collaboration between TexProtects, the University of Texas at Dallas School of Engineering and Computer Sciences UT Design program, Alliance Data and its Epsilon business. Students at UT Dallas worked with data technology specialists at Epsilon to create the data model that would present the detailed geographic view on behalf of TexProtects. Previously, this type of data existed only at the county level. Ultimately, the ZipRisk Map enables lawmakers to more effectively target state funds and child protection resources in areas of greatest need.

"This type of project is what we've desired for years — the public sector, the private sector, and the nonprofit advocacy worlds pooling resources and passions to change the trajectory for many vulnerable families and their children," said TexProtects Founding CEO Madeline McClure. "This tool will ensure funds are directed more precisely to match need versus a scatter-shot approach. We are so grateful to Alliance Data, Epsilon and UT Dallas for bringing this vision to fruition."
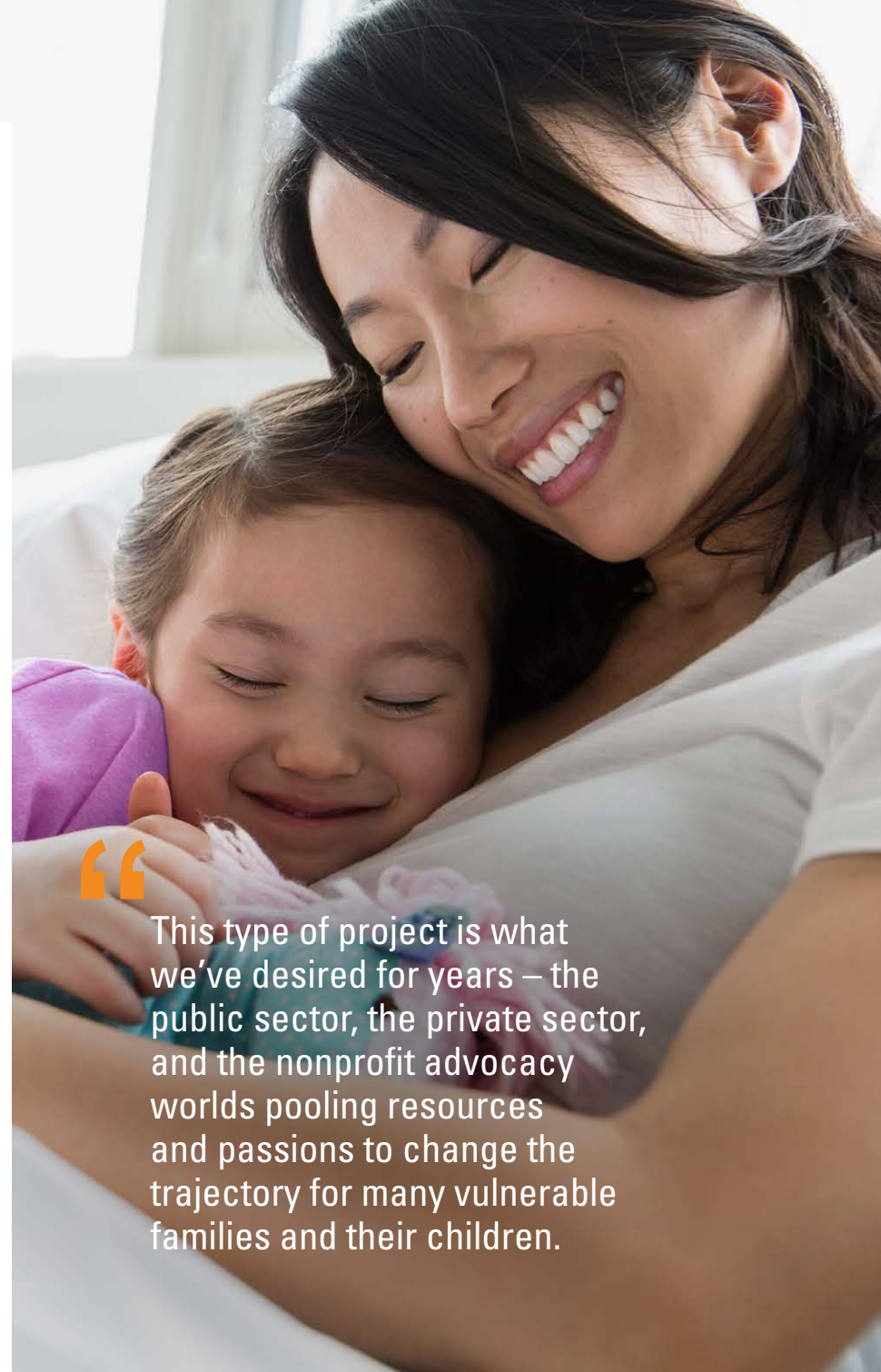
> "This type of project is what we've desired for years — the public sector, the private sector, and the nonprofit advocacy worlds pooling resources and passions to change the trajectory for many vulnerable families and their children.

Our People Make It Happen

Our associates drive our success, so we must attract and retain the brightest and the best. Competitive pay, excellent benefits and professional development opportunities that challenge and motivate are essential elements of our associate value proposition. So is culture – and that's where we distinguish ourselves. We make it a priority to listen and act on what's important to associates, and to give them room to grow, have fun, stay healthy, be themselves, and balance work and life commitments.

Winning the Battle for Talent

Message from Melisa Miller, Executive Vice President and President, Alliance Data's card services business

In our digital economy, the demand for specialized talent has never been greater. Companies like ours need data scientists, analytics experts, security analysts and marketing professionals, as well as accountants, compliance experts, customer care agents and other business professionals. Of course, the competition for talent is great. Many other companies, both our own competitors and those in the broader technology sector, are on the hunt for the very same talent.

The challenge of attracting talent across our organization is heightened by our extraordinary growth. As a result of that growth and natural attrition, we are hiring 25% to 30% new people each year.

In this competitive environment, we need to be strategic in attracting, rewarding and retaining our most valuable resource – our associates. We are most successful when we effectively onboard our associates, even before Day 1. Once they have officially joined our great team, we quickly begin developing our new associates through traditional training and enrichment, challenging work, and opportunities that stretch their abilities. By keeping this commitment to our associates, we find they are more likely to remain highly engaged and stay.

Each of our businesses has unique programs designed to enable and engage its associates. Through our use of associate surveys, data analytics, frequent one-on-one career path and performance conversations, and very direct leadership involvement, we have become especially proficient at understanding associates' needs and adjusting our practices and programs to meet them. We know that within five years, up to 80% of our associate population will be millennials. We have worked to address their desire for continued growth opportunities by building a robust set of emerging-leader training programs and career pathing tools.

We know that when our people thrive, our business thrives. Our greatest wish is that Alliance Data's sincere care for our associates shines through in the many ways we support, develop, invest in and champion their growth.

Approach to Managing Our Talent

Alliance Data is committed to creating a workplace where associates can grow and contribute to our success. Each of our businesses has the flexibility to define its own set of protocols and programs that allow it to do what's necessary and relevant to succeed. Common core elements that define the work experience at Alliance Data and in our lines of business include:

TRAINING AND DEVELOPMENT – extensive online and on-site structured training designed to fit associates' schedules and career aspirations, as well as tuition reimbursement, and opportunities for innovative project work and to explore different career paths

HEALTH AND WELLNESS – we prioritize all dimensions of health and wellness, with programs that include health checks, fitness reimbursement, on-site fitness centers, employee assistance programs, stress reduction classes, sabbaticals, flexible work arrangements, and, as of 2016, our first on-site health clinic

VIBRANT, OPEN CULTURE – we act on associate feedback and create programs and communications that exemplify our values, build a sense of community, and help people make the connection between their roles and the overall success of the company

DIVERSITY AND INCLUSION – we believe that each individual provides a valuable perspective on how we serve our clients and drive our business, and have implemented processes to nurture, develop, and utilize these different points of view

GIVING BACK – giving back to the community is important to our associates and we support their efforts through a variety of programs including hands-on and skills-based volunteerism, as well as volunteer time-off protocols and a flexible matching gifts program
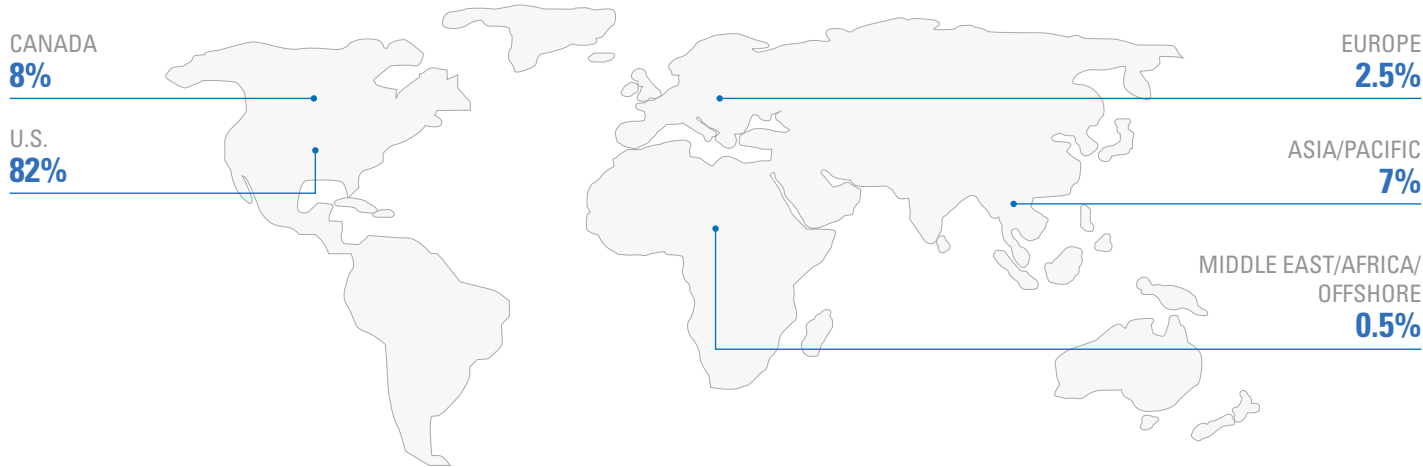
DATA-DRIVEN PEOPLE PRACTICES

Data and analytics drive our business and they're increasingly driving our people practices as well. Not only do we regularly survey our people to gather quality feedback and data, but we're also analyzing the data to more effectively inform our programs and improve associate engagement and productivity.
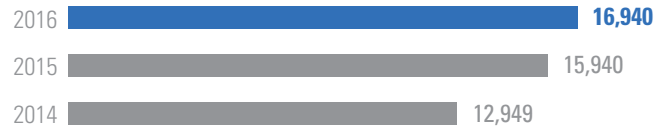
For example, after surveying our associates, we partnered with our employee assistance program provider to offer more support in dealing with stress. Mind Matters is a new class that provides practical tips on how to decompress during the workday. We've also put together a class for leaders on how to identify issues beyond typical stress (both work- and non-work-related) and offer appropriate resources.
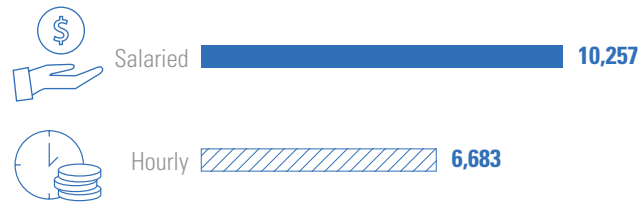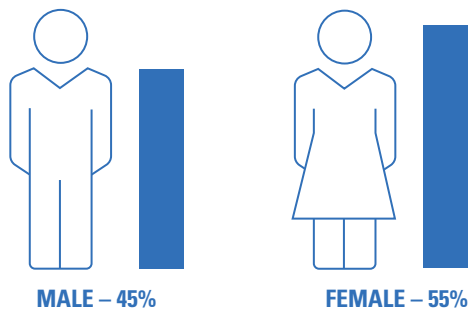
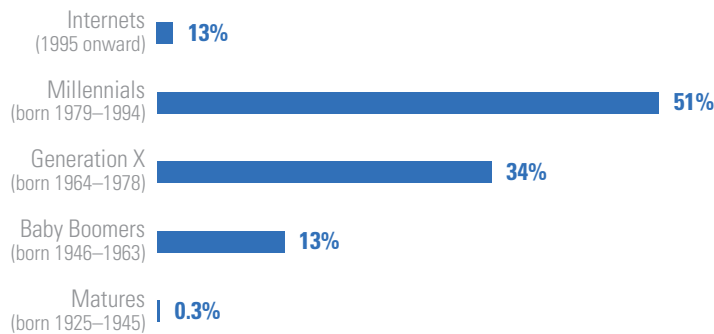# Workforce Demographics

2016 GEOGRAPHIC DISTRIBUTION

CANADA
8%

U.S.
82%

EUROPE
2.5%

ASIA/PACIFIC
7%

MIDDLE EAST/AFRICA/
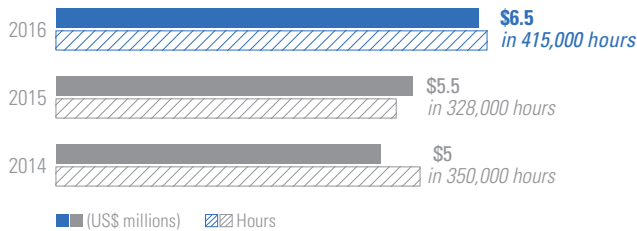OFFSHORE
0.5%

'79 – '94

The percentage of **MILLENNIALS** in our workforce has grown steadily from 43% in 2014 to **51% IN 2016**. This generation has had a significant impact on our workplace in a number of areas, from recruiting to associate engagement.
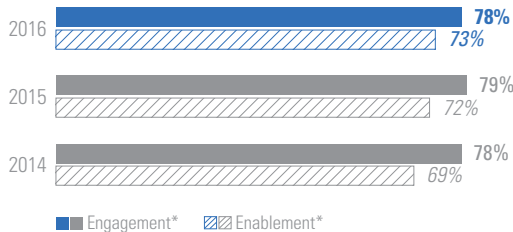
TOTAL WORKFORCE

Year	
2016	**16,940**
2015	15,940
2014	12,949

2016 SALARIED/HOURLY

Salaried **10,257**

Hourly **6,683**

2016 MALE/FEMALE

MALE – 45%

FEMALE – 55%

2016 AGE SEGMENTS

Segment	
Internets (1995 onward)	**13%**
Millennials (born 1979–1994)	**51%**
Generation X (born 1964–1978)	**34%**
Baby Boomers (born 1946–1963)	**13%**
Matures (born 1925–1945)	**0.3%**

Tracking Our Progress

Investments in Associate Training

Year	(US$ millions)	Hours
2016	**$6.5**	in 415,000 hours
2015	$5.5	in 328,000 hours
2014	$5	in 350,000 hours

■ (US$ millions)   ▨ Hours

Associate Engagement and Enablement

Year	Engagement*	Enablement*
2016	**78%**	73%
2015	79%	72%
2014	78%	69%

■ Engagement*   ▨ Enablement*

* Engagement refers to an associate's commitment to the organization and willingness to go above and beyond the job requirements. Enablement refers to how well positioned for success associates feel and whether they're being effectively utilized.

Alliance Data, our individual lines of business, and specific locations have earned a host of WORKPLACE DISTINCTIONS over the past three years. See page 6 for 2016 awards.

2014

Launched "PASS IT ON" – a platform for thanking and recognizing fellow associates

Introduced a SMOKING CESSATION PROGRAM that helped more than 300 associates kick the habit

Increased dollar-for-dollar match in 401(k) from 3% TO 5%

Launched MDLIVE, our 365/24/7 telemedicine program

2015

Increased FITNESS REIMBURSEMENT benefit by 20%

Recognized by FORTUNE MAGAZINE for our culture of INCLUSION

Increased SHORT-TERM DISABILITY BENEFIT to 100% for up to 8 weeks and introduced paid bonding leave for dads, adoptive parents, and long-term foster parents

2016

No increase in HEALTHCARE PREMIUMS

Opened our first ON-SITE HEALTH CENTER in Columbus, Ohio

Launched a DIVERSITY AND INCLUSION COUNCIL and guidelines for the creation of affinity groups

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Launch formalized training protocol for new people managers to ensure they have the necessary management skills to lead, motivate and empower our growing workforce	⬤	Invested more than 415,000 hours and $6.5 million in associate training. Established new coaching programs from manager to vice-president levels with curriculum from leading universities like Harvard and Southern Methodist University in Dallas, Texas. Developed Card Services' new Career Vision intranet site, which enables associates to explore career opportunities and learn about the career journeys of their peers. It received 30,000 hits in the first three months. Rolled out a new approach to ongoing performance feedback, coaching and training for managers — called 20/20 at Card Services (20 minute conversations every 20 days) and 30 in 30 at Epsilon (30 minute conversations every 30 days).
Reduce voluntary turnover rates by 1% annually	◓	Annual voluntary turnover rates: • 2016: 15.8% (12.5% among salaried and 21.2% among hourly associates) • 2015: 16.3% • 2014: 15% A highly competitive market for technology talent and rapidly evolving workforce demographics (with more young associates who are inclined to change jobs more frequently) make improving voluntary turnover rates an ongoing challenge. However, we are doing better than the industry average. According to the 2016 CEB (now part of Gartner) benchmark of 862 sample companies, the average turnover rate was 19.3% and the median was 17.2%.

◗ Some progress made   ◕ Good progress made   ⬤ Excellent progress made   ⊝ On hold

AN INCLUSIVE WORK ENVIRONMENT

Alliance Data ranked among the FORTUNE 50 Best Workplaces for Diversity in 2016 and LoyaltyOne was named one of the 50 Best Workplaces for Women Canada

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Increase enablement and engagement scores by 2%* * Engagement refers to an associate's commitment to the organization and willingness to go above and beyond the job requirements. Enablement refers to how well positioned for success associates feel they are and whether they're being effectively utilized.	🟠	Our enablement score climbed to 73% in 2016, up 4% in the three years since the goal was set, suggesting that we're doing a better job of giving associates the support they need to succeed. Engagement has remained stable at around 78%, which speaks to high levels of existing engagement and the challenge of maintaining a strong score. Among the bright spots across the enterprise: • 81% of associates are proud to work for Alliance Data. • 73% say they would recommend Alliance Data as one of the best places to work. • 93% agree Alliance Data provides benefits that meet their needs.
Continue to provide access to premier health benefits and wellness programs that improve the health of our associates and their families	🟢	No increase in healthcare benefit premiums for 2017, which is significant given the passing of the Affordable Care Act in the U.S. In partnership with Central Ohio Primary Care, we opened our first on-site health clinic at one of our care centers in Columbus, Ohio, providing convenient healthcare for associates and reducing visits to the emergency room. Some 280 visits took place between October and year-end. Use of MDLIVE, our 24/7/365 telemedicine program, increased again in 2016, with 3,484 total doctor consultations, and 10,500 doctor consultations since inception. Paid over $2 million to associates through our fitness reimbursement program for qualified gym memberships and group exercise programs. Took 1.5 billion steps through the biannual step challenge, which encourages associates to partner up and get moving. Shed nearly 2.5 tons through our associates' participation in a company-sponsored Weight Watchers program. Introduced the Mind Matters stress reduction program in select locations.

◑ Some progress made   🟠 Good progress made   🟢 Excellent progress made   ⊖ On hold

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Explore and establish programs with a focus on financial security	🟢	Continued to share the company's success with associates through financial rewards at all levels in the organization: • Discretionary CEO bonus for those ineligible for other incentive programs. • Discretionary 401(k) contributions for all associates, even if not enrolled in the plan – the 401(k) plan had nearly 9,500 active participants in 2016 with nearly 8,000 taking full advantage of the 5% company match. This represented an increase of 18% in company-paid matches. Associates benefited from 110 hours of consultation through our College Coach program, a free resource helping families successfully navigate the college preparatory landscape. Established Card Services' Help Right Here fund, an associate-funded reserve that other associates can apply for in times of need or unexpected hardship.
Create an enterprise-wide steering committee to define a more formal framework for acquiring diverse talent and maintaining an inclusive work environment	🟠	Named among the FORTUNE 50 Best Workplaces for Diversity. Formed the Diversity and Inclusion Council to nurture, develop and utilize different points of view and encourage diversity of thought and inclusion of each associate in every aspect of our business. Signed Texas Competes Pledge, a partnership of business leaders committed to a Texas that is economically vibrant and welcoming of all people, including lesbian, gay, bisexual, and transgender (LGBT) people, whose members include about 900 small businesses, 34 Fortune 500 companies, 18 chambers of commerce, several industry associations, and large and small employers from every part of the state.

◑ Some progress made   ◔ Good progress made   🟢 Excellent progress made   ⊖ On hold

Three-Year Goals (Established in 2014)

	GOAL	PROGRESS	2016 ACCOMPLISHMENTS
	Establish ground rules for creation of affinity groups	●	Formed new military members and veterans affinity groups. Offered more than 10 LoyaltyOne Women in Leadership events and programs, including a mentorship program, fireside chats with senior leaders, and the inaugural International Women's Day Panel.
	Promote diversity on leadership team and Board of Directors	◐	Increased the representation of women on the senior leadership teams of Alliance Data and our three businesses: • 2014: 249 of 772 Senior Leadership Team were women, or 32.3% • 2015: 279 of 816 Senior Leadership Team were women, or 34.2% • 2016: 259 of 750 Senior Leadership Team were women, or 34.5% Created a Board skills matrix used to characterize and identify specific skills needed in our Board to ensure a proper range of viewpoints and expertise in areas most critical to the company's success. Women in leadership recognition: • Jane Huston, Chief People Officer at Epsilon/Conversant, selected as one of the Dallas Business Journal's top women in business • Catapult (part of Epsilon) associates Heidi Froseth, Group Director, Shopper Science and Design, and Alicia Smestad, EVP and Senior Group Director, and Epsilon's Kim Finnerty, SVP, Consumer and Shopper Insights named among Shopper Marketing Magazine's Women of Excellence • Jeannie Green, VP of Data Solutions, named one of Marketing EDGE's rising stars

◐ Some progress made   ◔ Good progress made   ● Excellent progress made   ⊖ On hold

SPOTLIGHT

New Health Center Fits the Bill

Step inside the new Health Center at our Broad Street Care Center in Columbus, Ohio, and you might think you've been transported to a family doctor's office.

In partnership with Central Ohio Primary Care (COPC), we opened our first on-site health center in late 2016. Available to all Columbus-area Alliance Data associates, the Center provides consultation and treatment for general health concerns, sickness and minor injuries as well as vaccines, screenings, lab work and physicals. The COPC staff also guides associates to other care within the community as appropriate.

Associates can drop in, call, or book an appointment online. Visits are free, with a nominal $25 fee for those on our Health Savings Account medical plan, per IRS guidelines.

"In analyzing our medical plan data, we knew that many of our care center associates were accessing emergency rooms for all levels of care. This is a very costly option for them and for the company, yet it's understandable given the complexity of the healthcare industry. Our goal with the Health Center is to take the guesswork out of healthcare and get our associates connected to preventive and primary care," said Kim Berdinsky, Director, Benefits Alliance Data.

So far, so good. Some 280 visits to the Health Center took place from the time it opened in November 2016 to year-end. Feedback has been overwhelmingly positive. We continue to look at other ways to get our associates better connected to the right level of care for their particular need with a key focus on primary care.

"The health and well-being of our associates is a priority," added Kim. "We're always on the lookout for innovative ways to simplify healthcare for our associates and help them, and their families, be at their best."

> " The health and well-being of our associates is a priority. We're always on the lookout for innovative ways to simplify healthcare for our associates and help them, and their families, be their best."

Investing in What Matters

Giving back to the communities where we live and work, whether through time, talent or financial support, is embedded in our values and a big part of our identity. It's one of our responsibilities as a profitable company. But it's also much more than that — our investments help strengthen local economies, engage our workforce and build a vibrant, more resilient society. While there are many admirable causes, we focus our efforts on the priorities of our associates and the pressing needs in their communities.

A Force for Good in the Community

Message from Karen Wald, Senior Vice President and Chief of Staff, Alliance Data

Business can be a powerful force for good in society. Beyond the products and services we offer, a company like ours has the financial resources and talented people to improve lives and strengthen communities in unique ways.

At Alliance Data, we see it not only as core to our culture, but as one of our responsibilities as a successful company — an imperative to which everyone in our organization, from the top down, is committed. It has helped us build a proud track record of investing back into the communities where we operate, and supporting our associates' interests and efforts to contribute to the common good.

Several years ago, our leadership made a commitment to ensure our philanthropic investments remain commensurate with our financial performance. Given the spectacular growth of the company, that's significant. In the last three years, our contributions have increased from $5.1 million in 2014 to $9.4 million in 2015 to $11.5 million in 2016. We're continuing to work toward a "best-in-class" annual giving benchmark of 1% of adjusted net EBITDA.

By actively engaging our associates through a variety of programs and access to volunteer opportunities, our total volunteer hours increased by 8% last year and participation in our matching gifts program increased by 22%. What's especially satisfying is the way our associates are leveraging their specialized skills and technological expertise to deliver social value. There's no better example than the ZipRisk Map, a geo-mapping tool that one of our teams helped create to assist in the fight against child abuse (see page 27).

We believe that Alliance Data has a lot to offer society, through our everyday work and through our dedication to going over and above to support the communities we share. Going forward, we expect to do even more, especially in the area of helping nonprofits collect, analyze and use data to drive positive outcomes and measure social impacts.

Approach to Community Investment

Alliance Data is committed to protecting and improving the vitality of our communities by investing in programs that demonstrate measurable and meaningful impact. Our approach to philanthropy encompasses company financial support and associate engagement through volunteerism and fundraising.

While all of our businesses have adopted certain distinctions in their approach to community engagement, we have enterprise-wide goals, programs and governance that guide our decision-making and align our efforts – primarily in the focus areas of education, children and self-sufficiency. Our Corporate Responsibility Leadership Council, with representation from each line of business, acts as a centralized steward for charitable endeavors and partnerships, provides strategic direction and leadership in this area, and is a forum for sharing best practices and lessons learned.

As our company branches into new markets, we will continue to expand our initiatives to be more global in scope. This includes exploring international partnerships and areas of local need in new regions.

FINANCIAL SUPPORT

We've been working toward a "best-in-class" annual giving benchmark of 1% of adjusted net EBITDA, and a goal of investing $50 million in the community over five years, starting in 2014. Support is focused on three areas that provide the most meaning to our associates and are of greatest need in the community, namely:

- **Education** – helping children and 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
- **Self-sufficienc**y – maximizing the independence and self-determination of those in need

In addition to aligning with our focus areas, contributions to programs or organizations must, at a minimum, meet the following requirements:

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

ASSOCIATE ENGAGEMENT

Investing in 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 – makes a meaningful impact in the places where we live and work. 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** – the company awards up to $75,000 in grants to associate-driven causes through five winning $10,000 gifts and select Fan Favorite grants chosen by associates
- **Annual giving campaigns** – at different times of the year, 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
- **Volunteer time off protocols** – each line of business has its own protocol, designed to give associates flexibility and encouragement to volunteer, either on their own or as a team

Our Impact

Here are a few of the communities we touched in 2016:

RUMIE INITIATIVE (RUMIE.ORG)

LoyaltyOne made a $100,000 commitment to Rumie for the work it does with Aboriginal communities in northern Ontario. Only 40% of students on indigenous reserves graduate from high school, compared to 90% in the rest of Canada. Our contribution supported a tablet-based curriculum to help high school students learn about indigenous culture, history and language, while gaining employment skills and financial literacy. In addition, more than 150 associates worked with Rumie during LoyaltyOne's CommunityOne week, contributing about 550 volunteer hours.

A PRECIOUS CHILD (APRECIOUSCHILD.ORG)

For the past two years, Card Services' Care Center in Westminster, Colorado, has been involved with A Precious Child, a nonprofit that helps disadvantaged and displaced children in Colorado. It's a relationship that resonates strongly with our associates. We host giving trees during the holiday season, where associates donate gifts for children. We support the summer Fill a Backpack program, in which associates fill backpacks with school materials that they've donated. In addition, Westminster leaders volunteer at A Precious Child's warehouse, sorting items for its Precious Boutiques program, which discreetly provides everyday items to students whose families can't afford them.

INDIA ART FOR HEART

Associates in Bangalore, India, joined hands with two local nonprofits committed to changing the face of public education in Karnataka — where over 8 million children study in poorly equipped schools. More than 80 associates helped 500 students from two nearby schools create unique paintings, pottery, photo frames, jewelry and dreamcatchers. The artwork was later sold at the office's Family Day event, raising INR 45,000 ($700 USD) towards the purchase of new audio/visual learning equipment for Karnataka area schools.

ALLIANCE DATA HOUSE

Our Westerville, Ohio, Care Center has a special relationship with the Columbus Ronald McDonald House, a home away from home for families when a loved one is receiving medical care at area hospitals. In 2016, we donated $100,000 toward a standalone home for families who need a place to stay for six months or longer. The home will be called The Alliance Data House. It will be run by volunteers, which means our associates will also be able to support the house and the families staying there.

Tracking Our Progress

Community Investment (US$ millions)

2016 ███████████ **$11.5**
2015 ████████ $9.4
2014 ████ $5.1
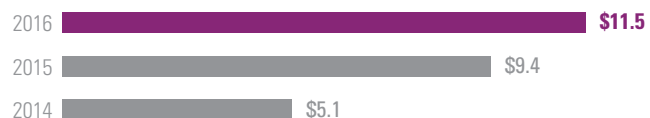
Associate Volunteer Hours (hours)

2016 ███████████ **27,000**
2015 ██████████ 25,000
2014 ███████ 18,350

86% of our associates believe that Alliance Data is a **GOOD CORPORATE CITIZEN** – providing strong validation of our commitment to and investment in our communities

MORE THAN $7 MILLION TO UNITED WAY SINCE 2014

2014 – $2 MILLION+ in associate funds and company match

2015 – $2.6 MILLION through a combination of $1.35 million in associate funds and a dollar-for-dollar company match

2016 – $2.4 MILLION in associate funds and a dollar-for-dollar company match

2016 IMPACT AREAS

HUNGER ($3.5 MILLION):
North Texas Food Bank, San Francisco-Marin Food Bank, Greater Chicago Food Depository, Northern Illinois Food Bank, Mid-Ohio Foodbank

CHILDREN'S HEALTH ($500,000):
OhioHealth Neonatal Intensive Care Unit, Children's Hospital of Michigan and Children's Hospital Colorado (building on gifts to other children's hospitals in Columbus, Dallas and Kansas City)

HOUSING: HABITAT FOR HUMANITY ($125,000):
builds in Albuquerque, Boston, Chicago, Columbus, Connecticut, Dallas, Denver, Minneapolis, New York, San Francisco, Toronto

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Work toward "best-in-class" benchmark of 1% of adjusted net EBITDA. Our goal has been to invest $50 million in the community over five years, starting in 2014	●	Increased community investment by 22% year-over-year to $11.5 million, from $9.4 million in 2015. On track to meet our multi-year $50 million goal in 2017 and our annual 1% of adjusted net EBITDA goal by 2020, as per our five-year financial road map.
Conduct a strategic philanthropy planning exercise to help us further focus our resources and competencies for maximum impact	◔	Corporate Responsibility Leadership Council informed the refinement of our community giving strategy with the help of Silicon Valley Community Foundation (SVCF).
Understand the impacts and unique requirements for developing and implementing a truly global philanthropy program, including exploration of international partnerships and areas of local need in new regions	◔	Established a relationship with SVCF to aid in the vetting and equivalency determination for international organizations. Partnered with company leadership in India to identify issues and organizations to institute our value of giving back in our new Bangalore, India, office. Deepened engagement in international offices including Toronto (Canada), Den Bosch (Holland) and Teddington (UK).

◐ Some progress made   ◔ Good progress made   ● Excellent progress made   ⊖ On hold

BEST-IN-CLASS INVESTMENTS

Alliance Data is on track to meet our $50 million investment goal in 2017, on our way to investing 1% of adjusted net EBITDA by 2020.

Three-Year Goals (Established in 2014)

	GOAL	PROGRESS	2016 ACCOMPLISHMENTS
	Roll out updated giving guidelines and new grant application process to ensure transparency, clarity, and consistency in how we manage our funding process	◖	Following our annual review, updated the guidelines to reflect matters we deem material to our decision-making process.
	Implement new grant application and tracking tool to more efficiently manage the increasing complexity of the global philanthropy program (measurement/outcomes and nonprofit partnerships)	◖	Through our relationship with SVCF, set up improved governance around our grant making, including the ability to track outcomes, the benefits of which will largely be realized in 2017.
	Institute a recognized protocol for volunteer time off	◖	Each line of business has its own volunteer time off protocol, giving associates flexibility and encouragement to do good in the community, either on their own or as a group.

◖ Some progress made   ◔ Good progress made   ● Excellent progress made   ⊖ On hold

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Create and connect associates to a variety of volunteer opportunities including hands-on, skills-based, virtual, and voluntourism	Good progress made	Increased total volunteer hours by 8% for a total of 27,000 hours. Each business annually sets aside time throughout the year to encourage and inspire associates to get involved in their community: • Card Services National Volunteer Week – in this inaugural event, 222 associates volunteered close to 325 hours to projects that included assembling 300 summer learning kits for local schools, sorting 5,494 pounds of food at the Mid-Ohio Foodbank, and assembling and delivering more than 700 brown bag lunches to a local homeless shelter for families • Epsilon Summer of Service – more than $84,000 was raised, close to 26,000 items were donated, and associates volunteered more than 4,200 hours of personal time • LoyaltyOne CommunityOne Week – associates logged over 2,900 volunteer hours with 24 different charities, rolling up their sleeves to sort food, build houses, refurbish furniture, prepare meals, provide mentorship, and more
Research and implement communication tools that better connect and manage associate volunteerism	Good progress made	Selected a new technology platform for more effective management and promotion of volunteer activities enterprise-wide that will roll out in 2017.
Increase participation in our matching gifts and volunteer rewards programs by 5% for each program	Some progress made	Increased participation in one-to-one matching gifts program by 7% from 2014 to 2016; associates donated $450,000 in 2016, which was then matched by the company Volunteer rewards program participation declined by 21% from 2014 to 2016; associates volunteered 450 hours through the program in 2016, which resulted in a $45,000 donation by the company

◐ Some progress made   ◔ Good progress made   ● Excellent progress made   ⊖ On hold

SPOTLIGHT

Help Where It's Needed Most

Approximately one in eight homes in the United States is food insecure, according to a 2016 study by Coleman-Jensen. During the same year, Alliance Data, on behalf of our Dallas-based Epsilon and Alliance Data associates, made a $2.5 million gift to North Texas Food Bank – our largest single gift to date.

"The issue of hunger is pervasive, and can be found even in affluent areas," said Ed Heffernan, CEO of Alliance Data, in issuing a challenge to neighboring corporations to support the North Texas Food Bank Stop Hunger Build Hope capital campaign. "The time to act is now, and we are proud to support an organization that is fighting for the future of our home. We know that hunger is an economic issue, with severe implications if left unaddressed."

The campaign is raising funds for the Food Bank's expansion and new 200,000 square foot food distribution center in Plano, Texas. Our gift was designated towards the new distribution center, which will be in a more centralized location that will enable the Food Bank to reach more food pantries with fresh food deliveries, while lessening its logistical spend, so that it can help more North Texas families.

Many of Alliance Data's locations across North America regularly conduct food or fundraising drives for their local food banks throughout the year. That's why, in 2016, we wanted to make a statement and further validate the work of our associates through a series of larger gifts to their local food banks. In addition to the North Texas Food Bank donation, Alliance Data gave more than $3.5 million to hunger-related projects, including major food banks in Boston; Chicago; Columbus, Ohio; Dallas; Lenexa, Kansas; and San Francisco.

▷ Learn more about the North Texas Food Bank capital campaign
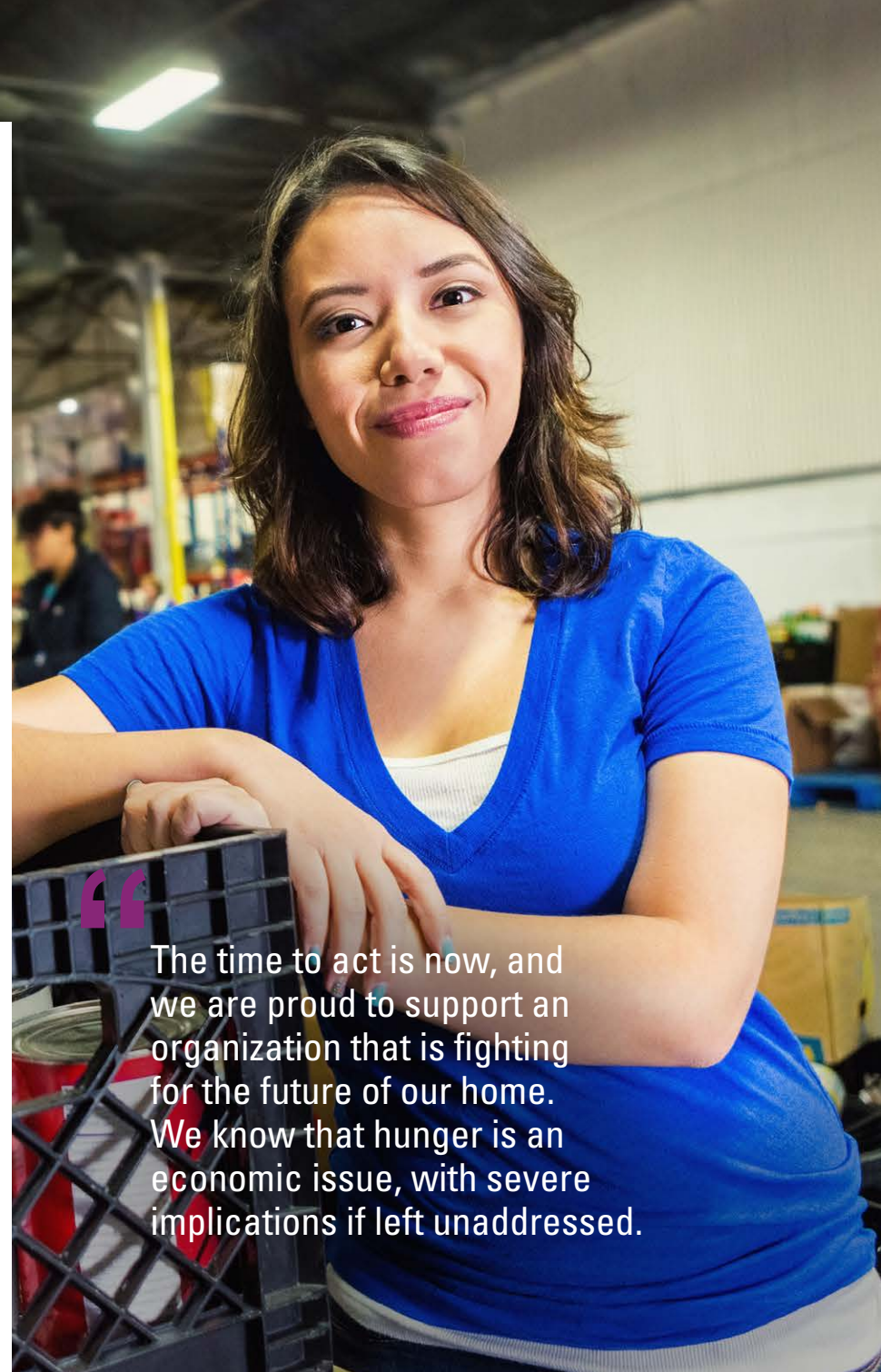
"The time to act is now, and we are proud to support an organization that is fighting for the future of our home. We know that hunger is an economic issue, with severe implications if left unaddressed.

For the Good of Our Planet

As the pressures on our planet mount, we recognize the need to do our part to protect our shared environment and quality of life. At Alliance Data, we target the areas where our impacts are the greatest – namely, our buildings and how they are managed, and the paper used in our client-driven marketing materials and cardholder statements. By using resources efficiently; by engaging clients, suppliers and associates; and by rigorously tracking performance, we aim to both minimize our environmental footprint and deliver social and economic benefits.

Joining Forces to Make a Difference

Message from Bryan Pearson, Executive Vice-President, President and CEO, LoyaltyOne

We recognize that our natural environment is under increasing strain: ecosystems and wildlife are being threatened, and climate change is creating a growing array of problems. The issues are real and very relevant to our clients and associates, as well as consumers and collectors.

From a business perspective, we see steady increases in the number of requests from clients and investors to provide information on our company's environmental, social and governance performance. Our associates tell us that our environmental activities contribute to their sense of pride in the workplace, in the same way that community giving and volunteerism do. We also know that a company's commitments to environmental conservation are important to new hires when deciding where to work, especially those individuals who are concerned about reducing their own carbon footprint.

We've spent the past several years assessing our environmental footprint, and now, more than ever, are positioned to identify how we can improve. Our investments in enterprise sustainability software enable us to track and measure our impacts with greater accuracy, set meaningful reduction targets, and monitor performance against those targets.

Just as important, we also need to engage others in our efforts, be it our clients or suppliers on paper use, our landlords on energy reduction, or our associates on recycling and water conservation practices. We know that we cannot make a significant difference without their support. Our collective impacts are too broad and the issues are bigger than any one of us alone. We look for approaches and partnerships that are relevant, mutually beneficial, and have the potential to create lasting change.

The good news is that most of our stakeholders are on the same page with us. If we can harness our shared interests and combined influence, I'm confident that we can make a real difference for the environment and achieve our respective business, organizational and personal goals.

Approach to Environmental Stewardship

We respect the impact that our operations have on the environment and strive to measurably reduce our carbon footprint through operational efficiencies and associate engagement.

The starting point of our efforts is our greenhouse gas (GHG) inventory, which details and quantifies our GHG emissions. We completed our fifth GHG inventory in 2016 with increased data accuracy thanks to continued investments in cutting-edge sustainability management software. The inventory helps us better understand our impacts, allows our businesses to manage those impacts in relevant and targeted ways, and enables us to report annual GHG emissions to the CDP (formerly Carbon Disclosure Project). It will ultimately provide the basis for setting science-based GHG emission reduction targets.

USING RESOURCES EFFICIENTLY

From our GHG inventory, we know that some of our biggest environmental impacts are paper usage, energy consumption, and associate commuting.

Paper usage – 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. Internally, we're making strong gains by switching from individual desktop printers to multi-function devices (MFDs) that are shared by multiple users, so people are less inclined to print unnecessarily. The MFDs are set to automatically print in black and white and double-sided.

Energy conservation – Facility managers are responsible for energy conservation projects at their respective buildings and have initiated projects such as switching to energy-efficient LED lighting and removing desktop printers (see above). LoyaltyOne's offices in Calgary, Mississauga and Toronto purchase renewable energy from Bullfrog Power and its Mississauga Customer Care Center has 800 photovoltaic panels on its rooftop for generating solar power.

In 2016, our Westminster, Colorado, facility partnered with Xcel Energy to identify and implement various opportunities for energy and cost savings, while our new facility in Bangalore, India, achieved LEED Gold certification from the U.S. Green Building Council. Our new Easton office complex in Columbus, Ohio, incorporated a number of environmental attributes, including daylight harvesting systems, energy-efficient windows, ENERGY STAR cafeteria equipment, and electric car charging stations. See story on page 57.

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

TAKING INVENTORY

Alliance Data completed its fifth GHG inventory in 2016 – with increased data accuracy.

Tracking Our Progress

GHG Emissions (MT CO$_2$e)

2016 **148,819**
2015 180,816
2014 207,819

59,073 MT CO$_2$e reduction since 2014 is equivalent to removing 12,478 cars from the road in 2016.

LEED GOLD CERTIFICATIONS

2014 – LEED for Existing Buildings: Operations & Maintenance (EB: O&M) Gold at LoyaltyOne's head office in Toronto

2016 – LEED for Interior Design and Construction (ID+C) Gold at Epsilon's office in Bangalore, India

SELECT 2016 HIGHLIGHTS

$500,000 DONATED to American Forests and the Nature Conservancy of Canada – enough to plant **250,000** trees

LOYALTYONE named one of Canada's **GREENEST EMPLOYERS** for the 7th year in a row

As part of our annual Earth Day campaign, associates submitted **8,134 PLEDGES** to reduce their water, energy or paper usage. Fulfilling these pledges equates to protecting **8.87** acres of wetland, planting **2,445** trees, offsetting **2,878** tons of carbon and contributing **$50,000** to the Nature Conservancy of Canada

Our Card Services business **ELIMINATED 1 MILLION SHEETS OF PAPER** by switching from desktop printers to multi-function devices set at black and white, double-sided printing

Our Carbon Footprint

GHG EMISSIONS (MT CO_2e) BY SCOPE: 5-YEAR COMPARISON		2016	2015 (Base Year)	2014	2013	2012	Percent Change from 2015 Baseline	Direction of Change
SCOPE 1	Occur from sources that are owned, operated, and controlled by Alliance Data (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles). Approximately 80 locations and 50 vehicles.							
1	Direct Emissions	**1,956**	**3,035**	1,839	2,203	2,210	**35.5%**	▼
SCOPE 2	Purchased electricity consumed by the company							
2	Indirect Emissions	**46,114**	**35,480**	80,393	75,419	72,238	**-30.0%**	▲
	Total (MT CO_2e) Scope 1 & 2	**48,070**	**38,514**	82,232	77,622	74,448	**-24.8%**	▲
GHG Intensity per Associate	Total associates	16,940	15,480	12,949	12,000	11,000	**-9.4%**	▲
	GHG per associate	**2.8**	**2.5**	6.4	6.5	6.8	**-14.1%**	▲
	Percent change year over year	-14.1%	60.8%	1.8%	4.4%			▼
GHG Intensity per Revenue	Annual revenue	$7.1B	$6.4B	$5.3B	$4.3B	$3.6B	**-10.9%**	▲
	GHG per revenue	**0.000007**	**0.000006**	0.000016	0.000018	0.000021	**-12.5%**	▲
	Percent change year over year	-12.5%	61.2%	14.0%	12.7%			▼

Our Carbon Footprint (continued)

GHG EMISSIONS (MT CO$_2$e) BY SCOPE: 5-YEAR COMPARISON		2016	2015 (Base Year)	2014	2013	2012	Percent Change from 2015 Baseline	Direction of Change
SCOPE 3	An optional reporting category. Allows for the treatment of all other indirect emissions created as a consequence of the activities of the company, but occurs from sources not owned or controlled by the company. Examples: air and ground business travel as well as associate commuting to and from work, relevant upstream emissions (paper purchases driven by client demand) and downstream emissions (freight and small parcel shipments with third-party carriers), and emission sources from material and energy flows.							
3	Indirect emissions not owned or controlled by the company	100,749	142,301	125,660	94,832	70,262	**29.2%**	▼
	Total (MT CO$_2$e) Scope 1, 2 & 3	148,819	180,816	207,892	172,454	144,710	**17.7%**	▼

Note: Base year was updated to 2015 (previously 2012) due to a greater confidence in data accuracy and improved data quality.
Data for 2012–2014 are included in this report for continuity, but will not be included in future reports. Only data from 2015 base year and onwards will be included for comparison.
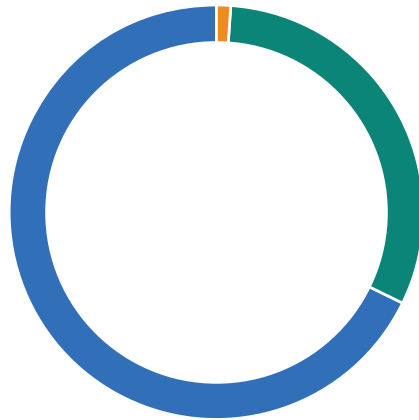
SCOPE 3 EMISSIONS ARE INDIRECT EMISSIONS NOT OWNED OR CONTROLLED BY THE COMPANY, such as air and ground business travel, associate commuting to and from work, paper purchases driven by client demand, and freight and small parcel shipments by third-party carriers.
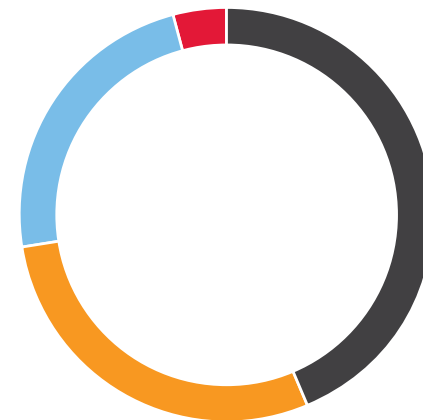
Our Carbon Footprint (continued)

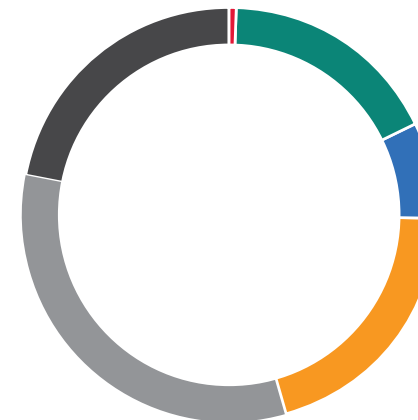**TOTAL GHG EMISSIONS (MT CO$_2$e): 148,819**

TOTAL GHG EMISSIONS BY SCOPE

● Scope 1	1,956
● Scope 2	46,114
● Scope 3	100,749

TOTAL GHG EMISSIONS BY LINE OF BUSINESS

● Epsilon	65,062
● Card Services	43,043
● LoyaltyOne	34,811
● Corporate	5,903

TOTAL GHG EMISSIONS BY ACTIVITY

● Paper internal	948
● Paper external	25,624
● Business travel	11,113
● Employee commuting	30,520
● Energy consumption	48,070
● Distribution and packaging	32,544

EPSILON AND CARD SERVICES have comparatively **HIGHER GHG** emissions due to their larger scale – larger populations of associates equate to more buildings and square footage, along with higher volumes of client-driven paper consumption.

The majority of our **PAPER PURCHASED** is used to meet client needs for marketing materials and cardholder statements.

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Achieve a 5% reduction (Scope 1 and 2) in our carbon footprint	⬤	Annual GHG emissions of 148,819 MT CO_2e represented about a 28% reduction since 2014. Improved data collection and consolidation of office space contributed to our 2016 performance.
Conduct fifth annual GHG inventory with improved accuracy	◑	Completed our fifth inventory with increased accuracy related to paper purchases and additional air and truck freight data. Submitted our second official response to the CDP and received a D score (down from C in 2015), which has prompted us to assess opportunities for improvement such as pursuing third-party verification of our emissions. Invited our suppliers to complete the CDP supplier questionnaire and about 30% responded.
Finish implementation of centralized sustainability data management software to improve the efficiency and accuracy of our annual GHG inventory	⬤	Completed implementation of the SoFi tool in 2016 and will be upgrading to SoFi Enterprise in 2017, with the intent of expanding its use beyond carbon and energy related aspects in future years. SoFi Enterprise will provide additional analytic capabilities by business and by facility.

◑ Some progress made   ◔ Good progress made   ⬤ Excellent progress made   ⊖ On hold

REDUCING OUR FOOTPRINT

Alliance Data has reduced GHG emissions by 28% since 2014.

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Implement centralized utility bill software management tool, inclusive of energy efficiency modules to ease tracking and management of utility bills	●	Completed implementation of Ecova utility management software, which will enhance the quality and accuracy of our energy data and help identify areas for improvement.
Conduct energy audits in a select number of buildings and facilities to identify opportunities to reduce consumption	⊖	Put on hold until after the Ecova software has been implemented and the data analyzed, which will help identify facilities with the greatest opportunities for reduction.
Create an energy awareness campaign to educate associates on ways to change behavior and reduce energy consumption	●	Expanded Earth Day associate engagement campaign to include energy and water consumption as well as waste reduction.

◐ Some progress made   ◑ Good progress made   ● Excellent progress made   ⊖ On hold

Three-Year Goals (Established in 2014)

GOAL	PROGRESS	2016 ACCOMPLISHMENTS
Assign responsibility for energy reduction at the facility management level	◐	Set expectations for facility managers to have environmental management responsibility. Implemented energy conservation initiatives at numerous facilities, including several measures at the new Easton campus in Columbus, Ohio, LEED Gold certification of the new India office, and a partnership between Excel Energy and the Westminster, Colorado, facility.
Conduct waste audit in two or three production facilities to better understand opportunities for diversion and increase associate engagement activities related to waste reduction	⊖	Shifted focus from waste to energy management in 2015 and 2016.

◐ Some progress made   ◓ Good progress made   ● Excellent progress made   ⊖ On hold

SPOTLIGHT

Going for Green at Easton

Associates started moving into the first of three buildings at our brand new, 565,000 square foot Easton complex in Columbus, Ohio, in early 2016. The complex consolidates various satellite offices we occupied throughout the Columbus area and gives us room to grow. By year-end, the second building was completed and 2,000 or more associates had moved over to the complex.

From the get-go, environmental responsibility was a priority. "One of our guiding principles was to embed environmental thinking into all of our decision-making," said Bruce McClary, Vice-President, Facilities Security.

As a result, the complex incorporates a variety of environmental attributes, including:

Energy-efficient lighting: In addition to using LED lights, we installed daylight harvesting systems that make the most of available natural light to reduce overhead lighting use. The systems automatically dim or brighten the lights as needed.

ENERGY STAR certified cafeteria equipment: Appliances that meet the ENERGY STAR standard are more water and energy efficient than conventional models.

Virtual server environment: By utilizing virtual servers instead of physical servers and consolidating them onto fewer physical machines, we reduce energy and cooling costs for the computer rooms. In addition, server consolidation with virtualization lowers the overall footprint of the computer rooms – fewer servers, less networking gear and a smaller number of racks means that less floor space is required.

Electric car charging stations: 12 stations were installed close to the building front entrances to reward drivers who use electric cars.

Rainwater collection system: We built a large retention pond and well to collect rainwater that is then used to water plants and gardens, so that we don't have to draw from city water supplies. We plan to construct a footbridge over the pond that will become part of a one-mile walking path around the property.

Landscaping: All trees and shrubs that had to be removed from the building sites were replanted elsewhere on the property.

Wetland preservation: In partnership with the U.S. Army Corps of Engineers, the Ohio Environmental Protection Agency and the site developer, we converted one acre of non-functioning wetland on our property into green space and walking paths for our associates, and restored 2.5 acres of healthy wetlands in a watershed area elsewhere.

"We're really pleased with what we achieved at the Easton complex," said Bruce. "Special thanks goes to the many partners who helped us along the way, including our energy provider, American Electric Power, who identified opportunities to build in energy-saving mechanisms that were eligible for immediate rebates and will generate ongoing energy and cost savings."

Where We're Going

Outcomes from our 2016 materiality assessment will be used to inform and refresh our corporate responsibility strategy, goals and reporting for the next three years.

Key activities scheduled for 2017 include:

- Publish a Materiality Assessment Overview detailing our materiality assessment process, outcomes and top issues.
- Evaluate how well our current programs are addressing the top issues through a gap assessment exercise.
- Discuss materiality assessment outcomes with members of our management team and representatives of each line of business to determine how we can best address any identified gaps.
- Work with our enterprise risk team to align the language and criteria used to assess the significance of business risks.
- Refresh our overall corporate responsibility strategy.
- Develop a strategy for incorporating responsible banking into our ongoing reporting.

2017–2020 Goals

	CATEGORY	GOAL
	CR GOVERNANCE	Leverage outcomes from materiality assessment to re-evaluate CR strategy, identify areas of opportunity and integrate environmental, social and governance performance across the business.
		Ensure ongoing stakeholder engagement with key influencers including clients, consumers, investors, policy makers and associates via strategic communications and outreach.
		Monitor evolving corporate responsibility standards and frameworks, evaluating if/when participation is material to our business.
		Improve overall data collection and accuracy in pursuit of third-party assurance.
		Provide regular CR performance updates to the Alliance Data Board of Directors.
	DATA & PRIVACY	Make ongoing, substantial investments in proactive measures to monitor cyberthreats 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 best-practice privacy and information security practices across our people, processes and technology.
	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 new, more frequent associate feedback, internal analytics and insight to identify opportunities for targeted, relevant programs that benefit our associates and enhance our culture.
		Promote a culture of inclusion, where associates have a voice and diverse perspectives are celebrated.

2017–2020 Goals (continued)

	CATEGORY	GOAL
	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 action plan for setting a science-based GHG emissions 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 $5 million in efficient technologies for new buildings, retrofits and/or other initiatives, based on associate feedback, to make our facilities and operations more sustainable.

GRI Index

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURE	**DISCLOSURE TITLE**	**DISCLOSURE DESCRIPTION OR LOCATION**
STRATEGY AND ANALYSIS		
G4-1	CEO Letter	Message from Our CEO
ORGANIZATIONAL PROFILE		
G4-3	Name of organization	Alliance Data Systems Corporation
G4-4	Primary brands, products and services	Corporate Profile Form 10-K, pages 2–6 (http://investor.alliancedata.com) Website: Homepage (https://www.alliancedata.com)
G4-5	Location of the organization's headquarters	7500 Dallas Parkway, Suite 700 Plano, TX 75024
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Our People Make It Happen – Workforce Demographics Form 10-K, pages 2–6 (http://investor.alliancedata.com)
G4-7	Nature of ownership and legal form	Website: Snapshot (http://investor.alliancedata.com/Tearsheet.ashx?c=120991)
G4-8	Markets served	Corporate Profile Form 10-K, pages 2–6 (http://investor.alliancedata.com)
G4-9	Scale of the organization	Corporate Profile Our People Make It Happen – Workforce Demographics Form 10-K, pages 27 and 28 (http://investor.alliancedata.com)

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-10	Employee demographics	Our People Make It Happen – Workforce Demographics Total workforce: 16,940 (excluding contract employees) Workforce gender: 8,711 female, 7,140 male Workforce type: 10,214 salaried, 6,683 hourly Contract workforce: 706 Alliance Data does not currently report on its total workforce based on employee type (i.e., employees and supervised workers).
G4-11	Percentage of total employees covered by collective bargaining agreements	Form 10-K, page 10 (http://investor.alliancedata.com) We have no collective bargaining agreements with our employees.
G4-12	Describe the organization's supply chain.	How We Approach Corporate Responsibility – Supplier Diversity Form 10-K, pages 4 and 22 (http://investor.alliancedata.com) Our suppliers are critical to the services and value we deliver to our clients and consumers each and every day. They 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 supply chain spending is the role 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.
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There are no significant changes to report.

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Tone at the Top — Managing Our Risks Consistent with the precautionary principle, we advocate a risk-based approach to our operations through our enterprise risk management process and accompanying systems.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	About This Report For the Good of Our Planet — Tracking Our Progress Doing Data Differently — Tracking Our Progress Our People Make It Happen — Three-Year Goals
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization is involved	How We Approach Corporate Responsibility — Advocacy and Key Memberships

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	Form 10-K, pages 2–6 (http://investor.alliancedata.com)

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-18	Process for defining the report content and the Aspect Boundaries	About This Report – Defining Report Content How We Approach Corporate Responsibility – Materiality Assessment Website: 2017 Materiality Assessment Overview (https://www.alliancedata.com/corporate-responsibility) In 2012, an assessment was conducted to identify the significant ESG topics for Alliance Data and its key stakeholders to inform the development of its initial CR Strategy. The process involved the following steps: 1) Developed an initial list of ESG topics based on the GRI Sustainability Reporting Guidelines, competitor and peer benchmarking, relevant regulations, criteria from various indices and rankings, and other sources; 2) Consulted with a number of senior executives internally and external Corporate Responsibility experts to get their perspectives on what Alliance Data's priorities should be; 3) Through an on-site strategy workshop with senior executives, the topics were prioritized and aligned to the four focus areas of strategy and to strategic ESG risks and opportunities within each focus area (Data, People, Community, Environment).
G4-19	Material Aspects that were identified in the process for defining report content	About This Report – Defining Report Content How We Approach Corporate Responsibility – Materiality Assessment Website: 2017 Materiality Assessment Overview (https://www.alliancedata.com/corporate-responsibility) The main areas of impact that were identified in our materiality assessment include: • Data (information security, internal governance, customer privacy) • People (associate health and well-being, diversity and inclusion, leadership development and training, associate engagement and enablement) • Community (associate engagement, community investment) • Environment (energy, greenhouse gases, waste, paper)

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-20	Aspect Boundaries for each Material Aspect inside the organization	About This Report – Defining Report Content How We Approach Corporate Responsibility – Materiality Assessment Website: 2017 Materiality Assessment Overview (https://www.alliancedata.com/corporate-responsibility) Alliance Data has direct control over, and the ability to influence, the impacts related to each of its material aspects, with the exception of paper and the associated greenhouse gas emissions from our paper consumption. Our paper use is dictated by the marketing and consumer outreach campaigns that are determined by our clients.
G4-21	Aspect Boundary for each Material Aspect outside the organization	About This Report – Defining Report Content How We Approach Corporate Responsibility – Materiality Assessment Website: 2017 Materiality Assessment Overview (https://www.alliancedata.com/corporate-responsibility) Data: Government regulators, clients and consumers People: Suppliers, clients and consumers Community: Community partners Environment: Suppliers and clients
G4-22	Restatements of information provided in previous reports, and the reasons for such restatements	Restatement: In 2016, we adjusted our supplier diversity reported to provide better clarity on our spending, which is also more consistent with our peers and industry best practices.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	There are no significant changes.

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by our organization	How We Approach Corporate Responsibility – Stakeholder Engagement
G4-25	Basis for identifying and selecting stakeholders with whom to engage	How We Approach Corporate Responsibility – Stakeholder Engagement
G4-26	Our approach to stakeholder engagement	How We Approach Corporate Responsibility – Stakeholder Engagement How We Approach Corporate Responsibility – Advocacy and Key Memberships How We Approach Corporate Responsibility – Materiality Assessment
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how we are responding to those key topics and concerns	How We approach Corporate Responsibility – Stakeholder Engagement How We Approach Corporate Responsibility – Materiality Assessment Website: 2017 Materiality Assessment Overview (https://www.alliancedata.com/corporate-responsibility)
REPORT PROFILE		
G4-28	Reporting period for information provided	Calendar Year – 2016
G4-29	Date of most recent previous report	April 2016
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report or its contents	Dana Beckman, Director of Corporate Affairs allforgood@alliancedata.com

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-32	Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines.	GRI G4 Core Reporting Option
G4-33	Policy and current practice with regard to seeking external assurance for the report	We do not currently have a policy regarding external assurance for our CR reporting, and as such, the data and information in our report is not externally assured. We are exploring the options and requirements of having future reports assured.
GOVERNANCE		
G4-34	Governance structure, including any committees responsible for decision-making on economic, environmental and social impacts	Tone at the Top — Board of Directors, Corporate Governance Highlights 2017 Proxy Statement, pages 6–8 (http://investor.alliancedata.com)

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURE	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Tone at the Top – Ethics and Integrity Website: Governance documents – Code of Ethics (http://investor.alliancedata.com/phoenix.zhtml?c=120991&p=irol-govHighlights) Our Code of Ethics includes five major sections: 1) Our Commitment to Each Other (i.e., equal opportunity, anti-harrassment, etc.); 2) Our Obligation to Our Stockholders (i.e., accurate financial records, safeguarding our assets, avoiding conflicts of interest, etc.); 3) Our Social Media Policy (i.e., respectful, honest, etc.); 4) Our Commitment to Our Customers and Business Partners (i.e., Fairness, Fair Lending, Customer Privacy, etc.); 5) Our Pledge to Our Communities (i.e., anti-corruption, environmental protection, political activities).

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
CATEGORY: ECONOMIC		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4-DMA	Disclosures on Management Approach	Corporate Profile Tone at the Top – Managing Our Risks Investing in What Matters – Approach to Community Investment Investing in What Matters – Three-Year Goals Form 10-K (http://investor.alliancedata.com)
G4-EC1	Direct economic value generated and distributed	Corporate Profile Investing in What Matters – A Force for Good in the Community Investing in What Matters – Tracking Our Progress Form 10-K, pages 2–6, 27 and 28 (http://investor.alliancedata.com)

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
CATEGORY: ENVIRONMENTAL		
MATERIAL ASPECT: ENERGY		
G4-DMA	Disclosures on Management Approach	For the Good of the Planet – Approach to Environmental Stewardship
G4-EN3	Energy consumption within the organization	For the Good of the Planet – Our Carbon Footprint CDP Disclosure: https://www.cdp.net/en/responses/40183?back_to=https%3A%2F%2Fwww.cdp.net%2Fen%2Fresponses%3Futf8%3D%25E2%259C%2593%26queries%255Bname %255D%3Dalliance%2Bdata&queries%5Bname%5D=alliance+data Purchased energy in GWh (2015 in parentheses): Gasoline/petrol – 0.07 (0.45) Diesel – 0.31 (0.13) Fuel oil – 0.00 (0.32) Natural gas – 9.73 (14.7) Bio gas – 0.00 (0.00) Electricity (grid mix) – 80.5 (65.8) Green electricity (certified) – 4.75 (4.75) District heating – 0.00 (0.00) Green district heating (certified) – 0.63 (0.63) Total purchased energy – 95.9 GWh (86.7 GWh)

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-EN6	Reduction of energy consumption	For the Good of the Planet – Approach to Environmental Stewardship, Using Resources Efficiently For the Good of the Planet – Spotlight See 2015 and 2016 data in EN3. Overall purchased energy increased between 2015 and 2016 by 9.2 GWh.

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
MATERIAL ASPECT: EMISSIONS		
G4-DMA	Disclosures on Management Approach	For the Good of the Planet – Approach to Environmental Stewardship Our Chief of Staff holds direct responsibility for climate change within our organization.
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	For the Good of the Planet – Tracking Our Progress For the Good of the Planet – Our Carbon Footprint CDP Disclosure: https://www.cdp.net/en/responses/40183?back_to=https%3A%2F%2Fwww.cdp.net%2Fen%2Fresponses%3Futf8%3D%25E2%259C%2593%26queries%255Bname%255D%3Dalliance%2Bdata&queries%5Bname%5D=alliance+data Greenhouse gas emissions in tons of CO_2e (2015 data in parentheses): Scope 1 – 1,956 (3,035) Scope 2 – 46,114 (35,480) Scope 3 – 100,749 (142,301) Total – 148,819 (180,816) We have used The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to collect activity data and calculate our Scope 1 and Scope 2 emissions. We used the CO_2 IPCC Fifth Assessment Report (AR5 – 20 year) to calculate our Global Warming Potentials and are using 2015 as our base year due to a greater confidence in data accuracy and improved data quality (previously 2012). We use operational control as the boundary for our Scope 1 and 2 GHG inventory and our inventory is inclusive of all facilities and geographies and includes CO_2, CH_4, and N_2O. See our CDP report for more details at www.cdp.net.

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	For the Good of the Planet – Tracking Our Progress For the Good of the Planet – Our Carbon Footprint CDP Disclosure: https://www.cdp.net/en/responses/40183?back_to=https%3A%2F%2Fwww.cdp.net%2Fen%2Fresponses%3Futf8%3D%25E2%259C%2593%26queries%255Bname%255D%3Dalliance%2Bdata&queries%5Bname%5D=alliance+data See Scope 2 data in EN15. We have used The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to collect activity data and calculate our Scope 1 and Scope 2 emissions. We used the CO_2 IPCC Fifth Assessment Report (AR5 – 20 year) to calculate our Global Warming Potentials and are using 2015 as our base year due to a greater confidence in data accuracy and improved data quality. We use operational control as the boundary for our Scope 1 and 2 GHG inventory and our inventory is inclusive of all facilities from all LOBs and geographies and includes CO_2, CH_4, and N_2O. See our CDP report for more details at www.cdp.net.

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
G4-EN17	Indirect greenhouse gas (GHG) emissions (Scope 3)	For the Good of the Planet – Tracking Our Progress For the Good of the Planet – Our Carbon Footprint CDP Disclosure: https://www.cdp.net/en/responses/40183?back_to=https%3A%2F%2Fwww.cdp.net%2Fen%2Fresponses%3Futf8%3D%25E2%259C%2593%26queries%255Bname%255D%3Dalliance%2Bdata&queries%5Bname%5D=alliance+data See Scope 3 data in EN15. We have used The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to collect activity data and calculate our Scope 1 and Scope 2 emissions. We used the CO_2 IPCC Fifth Assessment Report (AR5 – 20 year) to calculate our Global Warming Potentials and are using 2015 as our base year due to a greater confidence in data accuracy and improved data quality. We use operational control as the boundary for our Scope 1 and 2 GHG inventory and our inventory is inclusive of all facilities and geographies and includes CO_2, CH_4, and N_2O. See our CDP report for more details at www.cdp.net.
G4-EN19	Reduction of greenhouse gas (GHG) emissions	For the Good of the Planet – Tracking Our Progress For the Good of the Planet – Our Carbon Footprint For the Good of the Planet – Three-Year Goals Greenhouse gas reduction cannot be provided for the initiatives cited in the report, though overall GHG reduction between 2015 and 2016 was 31,997 (see EN15 for data).

SPECIFIC STANDARD DISCLOSURES		
DMA AND INDICATOR	**DISCLOSURE TITLE**	**DISCLOSURE DESCRIPTION OR LOCATION**
CATEGORY: SOCIAL		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4-DMA	Disclosures on Management Approach	Tone at the Top – Managing Our Risks Our People Make It Happen – Winning the Battle for Talent Our People Make It Happen – Approach to Managing Our Talent
G4-LA1	Employee turnover by age group, gender and region	Our People Make It Happen – Three-Year Goals Total turnover: 2,529 (15.8%) Female: 1,442 (16.6%) Male: 1,050 (14.7%) Salaried: 1,236 (12.5%) Hourly: 1,293 (23.2%) U.S.: 2,210 (15.7%) Canada: 212 (15.9%) Europe: 93 (21.8%) Asia Pacific: 118 (16.7%) Millennials (1979–): 1,748 (21.7%) Gen X (1969–1978): 594 (10.5%) Baby Boomers (1946–1963): 180 (8.1%) Matures (1925–1945): 4 (9%)

SPECIFIC STANDARD DISCLOSURES		
DMA AND INDICATOR	**DISCLOSURE TITLE**	**DISCLOSURE DESCRIPTION OR LOCATION**
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4-DMA	Disclosures on Management Approach	Our People Make It Happen – Winning the Battle for Talent Our People Make It Happen – Approach to Managing Our Talent
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Our People Make It Happen – Tracking Our Progress Our People Make It Happen – Three-Year Goals We don't currently track our investments in training by gender or employee category. (Information is currently unavailable.)
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees	Our People Make It Happen – Tracking Our Progress Our People Make It Happen – Three-Year Goals Due to the ongoing growth we've experienced, we have not focused on developing programs to facilitate continued employability after layoffs, but have placed more emphasis on developing and growing our talent.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our People Make It Happen – Three-Year Goals 100% of managers are expected to complete performance reviews on either an annual or more frequent basis; though Alliance Data has shifted from "formalized" performance reviews to more "informal" (i.e., 20/20, 30 in 30) ongoing performance feedback.

SPECIFIC STANDARD DISCLOSURES		
DMA AND INDICATOR	**DISCLOSURE TITLE**	**DISCLOSURE DESCRIPTION OR LOCATION**
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-DMA	Disclosures on Management Approach	Tone at the Top – Managing Our Risks Our People Make It Happen – Approach to Managing Our Talent
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our People Make It Happen – Workforce Demographics Our People Make It Happen – Three-Year Goals We do not track or manage diversity by age group from a gender perspective, or manage diversity beyond gender. (Information is currently unavailable.)
MATERIAL ASPECT: NON-DISCRIMINATION		
G4-DMA	Disclosures on Management Approach	Tone at the Top – Ethics and Integrity Tone at the Top – Managing Our Risks We have a formal statement relating to diversity and equal opportunity on our website and in our Code of Ethics: Website: Employment information (https://www.alliancedata.com/employment-information) Website: Governance documents – Code of Ethics (http://investor.alliancedata.com/phoenix.zhtml?c=120991&p=irol-govHighlights)
G4-HR3	Total number of 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.)

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
SUB-CATEGORY: SOCIETY		
MATERIAL ASPECT: ANTI-CORRUPTION		
G4-DMA	Disclosures on Management Approach	Tone at the Top – Ethics and Integrity Tone at the Top – Managing Our Risks Anti-corruption is one of the areas called out in our formal Code of Ethics. Website: Governance documents – Code of Ethics (http://investor.alliancedata.com/phoenix.zhtml?c=120991&p=irol-govHighlights)
G4-SO4	Communication and training on anti-corruption policies and procedures	Tone at the Top – Ethics and Integrity 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, our ethics training, and in regular small group meetings with our Corporate Ethics Officer. Website: Governance documents – Code of Ethics (http://investor.alliancedata.com/phoenix.zhtml?c=120991&p=irol-govHighlights)
MATERIAL ASPECT: PUBLIC POLICY		
G4-DMA	Disclosures on Management Approach	How We Approach Corporate Responsibility – Stakeholder Engagement How We Approach Corporate Responsibility – Advocacy and Key Memberships
G4-SO4	Total value of political contributions by country and recipient/beneficiary	How We Approach Corporate Responsibility – Advocacy and Key Memberships Alliance Data did not make political contributions in countries outside of the U.S.

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DISCLOSURE TITLE	DISCLOSURE DESCRIPTION OR LOCATION
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER PRIVACY		
G4-DMA	Disclosures on Management Approach	Tone at the Top – Building Trust with Stakeholders Tone at the Top – Board of Directors, Cybersecurity Governance Assessment Tone at the Top – Managing Our Risks Doing Data Differently – Taking the Lead on Information Security and Privacy Doing Data Differently – Approach to Data Security and Privacy Doing Data Differently – Three-Year Goals
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No breaches of customer privacy or losses of customer data in 2016. In addition, Alliance Data has not received any substantiated complaints regarding breaches of customer privacy and losses of customer data.

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

Alliance Data® (NYSE: ADS) is a leading global provider of data-driven marketing and loyalty
solutions serving large, consumer-based industries. Alliance Data helps its clients create
and increase customer loyalty through solutions that engage millions of customers each day.
An S&P 500 and Fortune 500 company headquartered in Plano, Texas, Alliance Data consists
of three businesses that together employ more than 17,000 associates at approximately
100 locations worldwide.

Investor information about Alliance Data's businesses may be found at AllianceData.com.
Follow Alliance Data on Twitter, Facebook, LinkedIn and YouTube.