

2024

Task Force on Climate-Related Financial Disclosures Report

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About Bread Financial:

Bread Financial® (NYSE: BFH) is a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions to millions of U.S. consumers. Our payment solutions, including Bread Financial general purpose credit cards and savings products, empower our customers and their passions for a better life. Additionally, we deliver growth for some of the most recognized brands in travel & entertainment, health & beauty, jewelry and specialty apparel through our private label and co-brand credit cards and pay-over-time products providing choice and value to our shared customers.

To learn more about Bread Financial, our global associates and our sustainability commitments, visit breadfinancial.com or follow us on [Instagram](#) and [LinkedIn](#).

About This Report:

Bread Financial is pleased to share our third Task Force on Climate-Related Financial Disclosures (TCFD) report, which demonstrates our progress on identifying, assessing, mitigating and governing climate-related risks as well as our evolving sustainability efforts. Our actions to understand and control our climate-related risks are part of our overall business transformation, and we expect our level of sophistication to continue to grow in the coming years. Data covered is primarily from Jan. 1 to Dec. 31, 2024, unless otherwise noted. We are aware that as of October 2023 the TCFD has disbanded and transferred its responsibilities over to the International Financial Reporting Standards (IFRS) Foundation.

The TCFD Report covers office locations under our operational control and includes Comenity Bank and Comenity Capital Bank, which we refer to in this report as our “banks” or “bank subsidiaries.” Three years of data have been provided where available; however, some metrics are newly added and may not have readily available data from prior years. Metrics presented in this report have generally been rounded for clarity and simplicity. The degree of rounding may vary across different figures. All financial information is presented in U.S. dollars, unless otherwise noted. This report, which speaks only as of its date and is not required to be updated, is not comprehensive, and for that reason, should be read in conjunction with our most recent Sustainability Report, Annual Report on Form 10-K, our subsequent reports on Forms 10-Q and 8-K, and other filings made with the U.S. Securities and Exchange Commission (SEC). This report represents our current policy and intent and is not intended to create legal rights or obligations. This report may contain links to other internet sites or references to third parties. Such links or references are not incorporated by reference to this report and we can provide no assurance as to their accuracy. The use or inclusion of the information is also not intended to represent endorsements of any products or services. We will continue to evaluate the reporting format which best suits our reporting needs and adjust accordingly.

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For more information about Bread Financial, please read our [2024 Sustainability Report](#), [2024 Annual Report](#), and [2025 Proxy Statement](#) or visit our website. For additional information on our sustainability initiatives, please visit our investor relations website or contact communityrelations@breadfinancial.com.

GOVERNANCE

Identifying and managing organizational risks, which include climate and environmental exposures, is foundational to our overall risk culture. We are committed to responsible business practices and employ a multi-tiered approach for comprehensive oversight. This approach includes strong governance practices and oversight by our Board of Directors, alignment with business strategy and risk management, and robust policies and procedures to monitor, assess, and mitigate risk.

Board Oversight

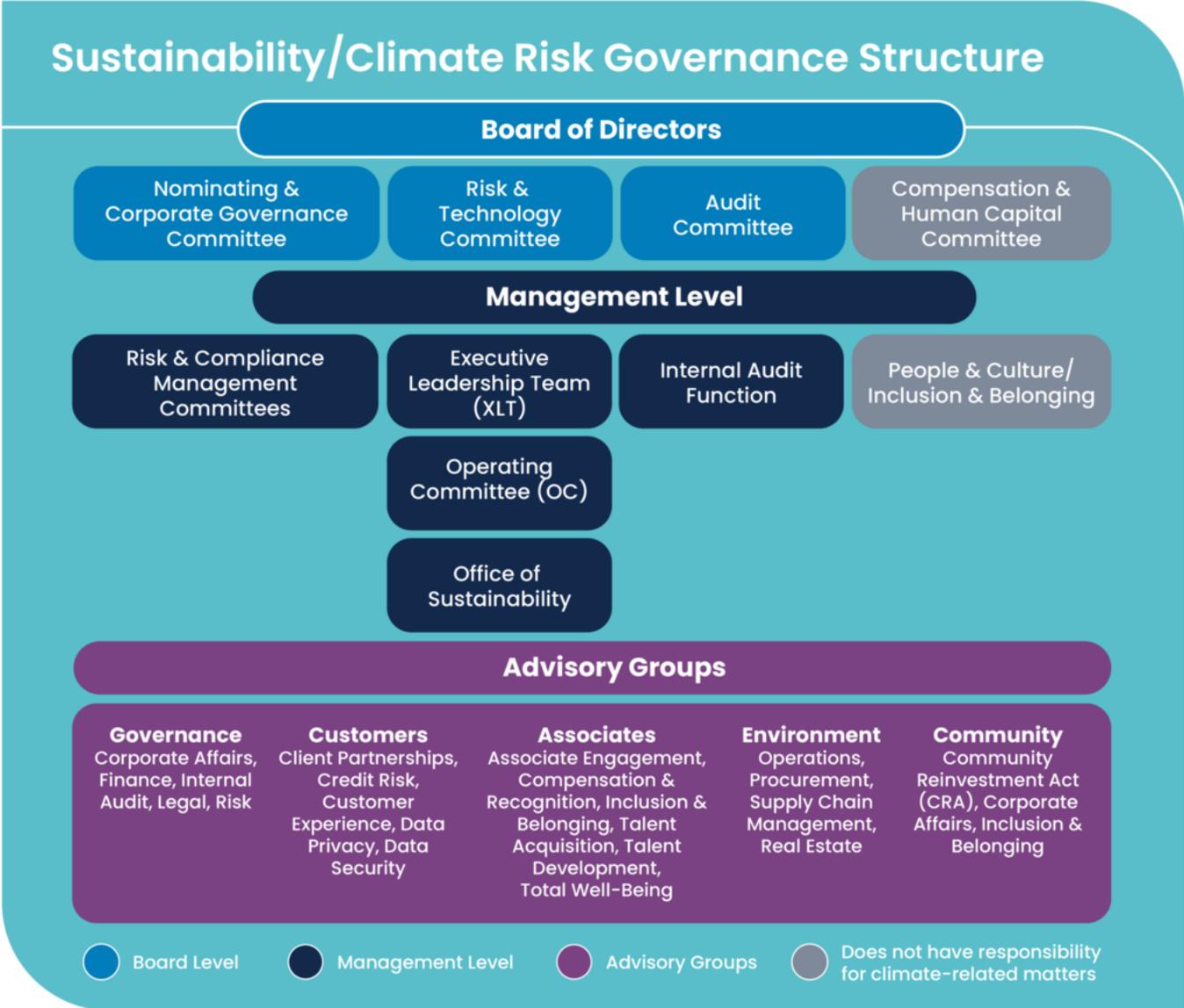
Sustainability is a strategic priority for Bread Financial. By integrating sustainability strategies within our overall business, we are better able to mitigate risk, drive operational efficiency and strengthen stakeholder relationships. This commitment to sustainability starts at the top with our Board of Directors, which is responsible for overseeing the implementation of our sustainability strategy, while the Board's Nominating & Corporate Governance Committee provides additional oversight and consults with management on related initiatives, policies, guidelines, programs and practices on a quarterly basis. Our Board-approved [Environmental Policy Statement](#) emphasizes the importance of environmental responsibility and acknowledges the risks that climate change and other environmental factors pose to our business, associates, partners, customers and communities.



Bread Financial Board of Directors: Our Board of Directors collaborates with management to serve the long-term interests of the company and all our stakeholders. Our Board delegates specific oversight responsibilities among four standing committees, the Nominating & Corporate Governance Committee, Risk & Technology Committee, Audit Committee, and Compensation & Human Capital Committee. Each committee has a defined charter outlining its distinct roles and responsibilities. This approach enables our Board to more effectively oversee the responsible management of the business, inclusive of sustainability matters.

Oversight of climate-related risks is included in the Board’s broader sustainability governance structure, pursuant to which the Board does the following:

- Oversees, directly and through its standing committees, the implementation of the organization’s sustainability strategy, including climate risk mitigation efforts.
- Receives updates from leadership on the sustainability strategy and progress.
- Receives quarterly updates from its committees regarding their respective areas of sustainability oversight.



Board Committees with Climate-Related Oversight

Nominating & Corporate Governance Committee: The Nominating & Corporate Governance Committee is responsible for providing oversight of the implementation of our sustainability strategies. The committee collaborates closely with both our management team and Chief Sustainability Officer on pertinent initiatives, policies, guidelines and procedures that address environmental and climate risk considerations with at least quarterly management updates.

The Nominating & Corporate Governance Committee's role in climate-related oversight includes the following:

- Oversee the company's sustainability strategies and receive reports from and discuss with management the company's initiatives and formal reporting related to sustainability matters, including those related to climate change.

Risk & Technology Committee: The Risk & Technology Committee plays a pivotal role in supporting the Board's oversight of the organization's Enterprise Risk Management (ERM) program. The committee receives at least quarterly reports to assess the company's compliance with its established risk appetite, while carefully reviewing and monitoring major known and emerging risk exposures, and also oversees the company's enterprise technology function.

The Risk & Technology Committee's involvement in climate-related oversight includes the following:

- Review significant and emerging risks to the organization and assess if the company is in accordance with its risk appetite.
- Evaluate risk reports provided by our Chief Risk Officer (CRO) and other members of management and advise the Board on those material risks which might adversely affect the achievement of our strategic, financial, compliance, operational and enterprise objectives.

Audit Committee: The Audit Committee's responsibilities include monitoring the integrity of the company's financial statements, compliance with legal and regulatory requirements, and overseeing the activities and results of the organization's Internal Audit function.

The Audit Committee's involvement in climate-related oversight includes the following:

- Review the results of Internal Audit's periodic assessment of the organization's sustainability program and reporting, as part of the Committee's broader oversight of the Internal Audit function.
- Review the company's major financial risk exposures and the steps management has taken to monitor and control such exposures.



Management’s Role

Our Office of Sustainability, led by our Chief Sustainability Officer, is responsible for defining and executing our sustainability strategy, while also providing the necessary details and updates to Executive Leadership and our Board of Directors. Bread Financial’s approach to integrating and managing sustainability is defined within our Sustainability Strategic Framework, which places a focus on integrating sustainability across our operations for topics such as managing our business responsibly, empowering our customers, engaging our associates, protecting our planet and creating possibilities for our communities.

Every two to four years we conduct a materiality assessment to ensure we appropriately prioritize topics most important to our stakeholders and the long-term success of our business. We refreshed this assessment in 2023 and found that our stakeholders viewed the management of environmental and climate-related risks as an important focus area, but one of lower impact than other key topics, such as governance, cybersecurity and customer privacy, due to the nature of our business and limited physical footprint. Assessing and mitigating environmental risks remains a priority among our various stakeholders as managing these risks is an essential activity for establishing operational resilience as well as maintaining transparency within our disclosures.

We drive progress by setting goals, measuring and monitoring key indicators, and fostering cross-functional collaboration. Our internal business partnerships are essential for achieving shared priorities within the business, solving problems, tracking progress, and ensuring accountability. This approach enables us to identify opportunities and advance toward our long-term sustainability objectives.

Governance	Customers	Associates	Environment	Community
<ul style="list-style-type: none"> • Corporate Affairs • Finance • Internal audit • Legal • Risk 	<ul style="list-style-type: none"> • Client Partnerships • Credit Risk • Customer Experience • Data Privacy • Data Security 	<ul style="list-style-type: none"> • Associate Engagement • Compensation and Recognition • Inclusion & Belonging • Talent Acquisition • Talent Development • Talent Well-Being 	<ul style="list-style-type: none"> • Operations • Procurement • Supply Chain Management • Real Estate 	<ul style="list-style-type: none"> • CRA • Corporate Affairs • Inclusion & Belonging

Recent examples of such initiatives include the adoption of greenhouse gas reduction targets, a Sustainable Technology Framework, digitalization of billing statements and communications, supplier engagement, expansion of sustainable card plastics, and climate risk analyses. For more information regarding the organization’s approach to climate risk specifically, please reference the [Identifying and Assessing Climate Risks](#) section of this report.

Further, having an ERM program is essential for us to execute our strategy responsibly and efficiently. Our Board-approved ERM Framework summarizes the responsibilities of our Board, risk management committees, and our dedicated Risk Management team which is led by our CRO. Our program sets high standards for identifying, managing, measuring, monitoring and reporting on risks across the organization. The CRO regularly reports on risk management matters to our Board and management-level risk committees.

Bread Financial Management Teams

Executive Leadership Team (XLT): Consists of our six most senior executives who establish and drive Bread Financial's business strategy. XLT involvement in climate-related oversight includes the following responsibilities:

- Review and approve the formal Sustainability Framework governance document.
- Review of quarterly updates on sustainability strategy and progress.
- Review and provide feedback on sustainability-related strategies and goals.
- Provide a forum to regularly discuss sustainability-related risks, issues and action plans.
- Provide accountability for the sustainability program and ensure support and participation for sustainability-related goals.
- Approve our greenhouse gas reduction targets.

Operating Committee (OC): Consists of key business leaders responsible for overseeing and operationalizing the business strategy set by the XLT. The OC involvement in climate-related oversight includes the following responsibilities:

- Review periodic updates on sustainability strategy, progress and initiatives.
- Provide a forum to regularly discuss sustainability-related risks, issues and action plans.
- Collaborate and assist in endorsing the execution of the sustainability strategy as approved by the Board's Nominating & Corporate Governance Committee.

Disclosure Committee: Consists of senior officers who oversee the accuracy, completeness and timeliness of public disclosures made by the company. As a subcommittee of the Disclosure Committee, the Proxy/Sustainability Subcommittee's involvement in climate-related oversight includes the following responsibilities:

- Review the annual Sustainability and TCFD Reports to verify the accuracy and completeness of the disclosures.

Risk & Compliance Management Committees: Both of our banks maintain management-level committees responsible for reviewing and overseeing designated risk areas. The committees' involvement in climate-related oversight includes the following responsibilities:

- Review reports and provide management guidance on risks reviewed in the committee.
- Provide a forum for escalation and determination of action for issues that are outside of risk tolerance.

Internal Audit: Bread Financial's Internal Audit function is an independent and objective assurance and consulting department. Internal Audit's involvement in our climate-related oversight includes the following responsibilities:

- Perform periodic assessments on the adequacy and sufficiency of Bread Financial's sustainability program.

Management Responsibilities

Executive Vice President, Chief Administrative Officer, General Counsel and Secretary (CAO):

Our CAO is a member of the XLT and serves as the executive sponsor of our sustainability strategy and assumes these related responsibilities:

- Appoint the Chief Sustainability Officer to lead the program.
- Provide legal guidance and executive oversight for sustainability-related matters and initiatives.
- Enforce governance and accountability of sustainability program updates and execution.
- Engage directly with our Board on key sustainability risks and elevate climate-related issues as necessary.

Chief Sustainability Officer: Our Chief Sustainability Officer is responsible for guiding the organization's sustainability strategy. Our Chief Sustainability Officer's responsibilities include:

- Provide governance and oversight for the Sustainability program.
- Identify and recommend sustainability strategies, goals and action plans to the XLT/OC and Board of Directors.
- Execution of, and the organization's adherence to, the Sustainability Framework as implemented by the Sustainability team and sustainability-related regulatory standards.

Chief Risk Officer: Our CRO is responsible for overseeing and governing the organization's enterprise risks and ensuring risks are appropriately embedded within the ERM program. Our CRO's responsibilities related to sustainability include:

- Assist in integrating sustainability risks into the ERM program.
- Provide credible challenge for the Sustainability program and initiatives.
- Monitor sustainability-related risks as part of normal risk management activities.



RISK MANAGEMENT

Identifying and Assessing Climate Risks

We continue to improve our understanding of climate-related risks and opportunities by conducting scenario analyses, risk assessments, and collaborating with subject matter experts. This approach allows us to understand the potential impact of these risks on our operations and identify opportunities to integrate into our business strategy. We conduct assessments at the enterprise level, collaborating with a cross-functional group of leaders to quantify risks, identify the greatest vulnerabilities and potential impacts to our business. This internal stakeholder group includes:

- Office of Sustainability
- Enterprise Risk Management
- Finance and Legal
- Operations, Fraud and Credit Management
- Data, Analytics and Technology
- Customer Experience and Customer Care
- People & Culture, Corporate Affairs
- Supplier Relationship Management
- Cybersecurity and Business Resilience

To aid in quantifying and assessing physical risks to our customers, we created a model to assess potential customer financial impacts during climate-related events such as natural disasters — particularly hurricanes and wildfires — that may impact locations where our customers reside, resulting in financial hardship, inability to meet payment obligations, or a general disruption to retail activity. This model is also used to inform our response in providing aid to customers. Our risk model and analysis included data from the impact of past events as well as layering in the geographical concentration of our customer base and Federal Emergency Management Agency (FEMA)-defined natural disaster risk of these areas. The results of the scenario analysis were presented to our banks' Asset and Liability Committees. Further, we incorporated the assessed impacts from the risk analysis into our banks' capital stress testing exercise to evaluate the potential capital and financial impacts these climate-related risks may have on the business in a severe scenario. Reference our [Scenario Analysis](#) section of this report for more information on climate-risk impacts to our business.

Managing Climate Risks

Our Board of Directors assumes responsibility for supervising our ERM program, which encompasses monitoring our risk practices throughout the organization. Significant risks are identified, assessed and mitigated related to our ability to achieve strategic, financial, compliance and operational goals.

Our ERM program employs advanced tools and platforms to manage and monitor risk exposures, focusing on potential vulnerabilities, performance indicators, emerging threats and control assessments to provide comprehensive oversight and proactive mitigation strategies. Risk assessments are conducted on a cadence dependent on the risk level to maintain an ongoing evaluation; however, ad hoc assessments are also undertaken as appropriate when unforeseen events or significant changes in the business environment occur. This approach allows for timely identification and response to emerging risks that could impact the organization’s operations or objectives.

Our ERM Framework is managed through the “Three Lines of Defense” model, designed to clarify and delineate the roles and responsibilities of risk and control activities across the organization. Each line of defense has different responsibilities to address the objectives of the ERM Framework related to the organization’s risk strategy, appetite and mitigation strategies, as outlined below:

Three Lines of Defense:

1

First line of defense (FLOD) -
Associates who engage in activities that generate revenue or provide operational support or services that introduce risk.

2

Second line of defense (SLOD) -
Independent risk management team charged with the oversight and monitoring of risk within the business.

3

Third line of defense (TLOD) -
Internal Global Audit organization. Responsible for providing the organization with an independent and objective assessment of the effectiveness of FLOD and SLOD governance, policies, procedures, processes and internal controls..



Integrating Climate Risk into Enterprise Risk Management

Sustainability and climate-related risks are treated like any other risk to the organization, which means they are embedded within our risk assessment and management processes. Our Risk Management team partners with SMEs across the business to identify, evaluate, respond to and monitor both internal and external exposures. Moreover, the group considers any interconnected risks and emerging risk themes to provide a holistic view and enhanced reporting to the Board Risk and Technology Committee. This reporting process identifies the primary risks faced by the enterprise while highlighting the critical risks that may require deeper review by the full Board of Directors. These evaluations are based on a combination of factors, including the probability of the risk occurring, the potential impact and the effectiveness of the controls put in place to mitigate the risk. The Sustainability team further evaluates the climate-related risks identifying key vulnerabilities and collaborating with teams to mitigate them.

Business Continuity and Disaster Recovery

Our Business Continuity and Disaster Recovery Program focuses on the resilience of our operations and business processes. Our program is designed to maintain the continuity of our operations in the event of disruptions, including natural disasters such as severe storms, hurricanes, cyclones, tornadoes, wildfires, earthquakes, extreme temperature events, etc. We evaluate potential risks in the geographic areas where our operations are located and develop plans to minimize the business impact of disruptions. Business processes are evaluated for criticality based on impact, allowable downtime, and other measures to assess the risk of failed business processes. Our business continuity and disaster recovery plans focus on continuing business operations, and restoring systems, applications, and processes. These plans are tested via a walk-through, table-top or live-action exercise to assess the adequacy of the plan, and the ability of the organization to operationalize the procedures.



STRATEGY

Understanding Our Climate-Related Risks and Opportunities

With the significant majority of our revenue generated from consumer credit card lending, our business model does not involve business-to-business lending or issuing collateralized loans. Combined with our limited physical presence, we do not face the same climate-related risks that are common to other larger, full-service financial service companies with more significant physical footprints.

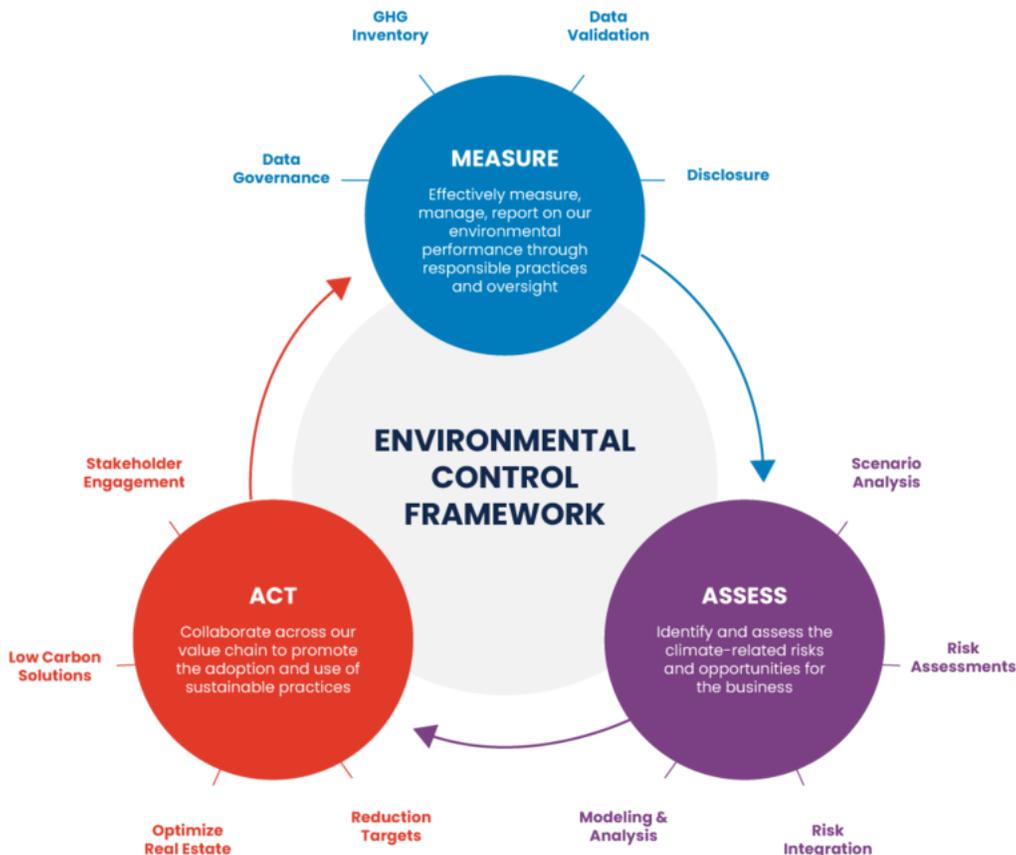
We acknowledge the potential ramifications that may arise from climate change and the importance of adopting a transparent and proactive approach in identifying, evaluating and mitigating such risks, and managing to those related opportunities.

Our climate strategy is built on a foundation of governance that spans across the three pillars of our Environmental Control Framework described below, which continuously enhances our understanding and management of environmental risks and opportunities:

Measure: *Oversee and Measure Footprint* — First and foremost, we must have a comprehensive and accurate understanding of our footprint to identify where our sources of greenhouse gas (GHG) emissions originate and where there are opportunities to reduce.

Assess: *Manage Climate Risks* — We employ best practices to understand our unique climate-related risks, how the risks impact our business and methods to mitigate those vulnerabilities.

Act: *Promote Sustainable Practices* — We collaborate internally and externally to promote, identify and adopt sustainable business practices to reduce our footprint.



Furthermore, we have assessed our exposure to climate risks in the short (zero to three years), medium (three to five years) and long term (five to 10 years). We have screened Climate-Related Risks (Physical and Transition), Climate-Related Opportunities (Resource Efficiency, Energy Source, Products and Services, Market and Resilience), Physical Risks (Acute and Chronic) and Transition Risks (Market, Reputation, Technology and Policy) in this evaluation, those which are most relevant are described in the tables below.

Climate-Related Risks				
Risk	Risk Type	Description	Time Horizon	Potential Business Impact
Acute physical	Hurricanes and other natural disasters	Natural disasters like hurricanes, cyclones, and wildfires can significantly disrupt business operations. Bread Financial may face disruptions from events affecting brand partners, suppliers, customers, and associates. These events and continuing impacts of climate change can alter customer spending and payment habits both in the short and long term, potentially leading to increased loan defaults, the need for fee forgiveness programs, and a decrease in loan issuance.	Short-, medium- and long-term	Decreasing revenue and increasing credit losses
Transition	Reputation	Customers expecting stronger sustainability commitments may influence how our brand partners operate. As such, customers and brand partners might also expect Bread Financial to have mature climate action plans and low-carbon products/solutions. Failing to meet these expectations could make it more difficult for Bread Financial to attract and/or retain partners.	Long-term	Decreasing revenue and demand
Transition	Policy and legal	<p>Evolving regulatory and stakeholder expectations of an institution's environmental impact can affect Bread Financial if we do not comply with those expectations. This could result in fines and/or loss of business.</p> <p>Bread Financial has been proactive in managing our environmental footprint and preparing for any potential regulatory requirements.</p>	Long-term	Increasing costs and/or reduction of demand for services



Climate-Related Opportunities

Opportunity	Opportunity Type	Description	Time Horizon	Potential Business Impact
Building resilience into supply chain	Resilience	Integrating climate risk considerations within our supply chain can ensure a more consistent and reliable way to meet customers' demands and manage costs. We have implemented a sustainability questionnaire that is deployed to new and existing suppliers. Using a risk-based approach, we gather information on the suppliers' responsible business practices and plans to manage their environmental footprint.	Medium-term	Decreasing costs and resilient supply chain
Sustainable card plastics and digital wallets	Products and services	<p>We have expanded our credit card product offerings to include both sustainable plastics and digital wallets.</p> <p>Bread Cashback® American Express® Credit Card and Bread Rewards™ American Express® Credit Card use the Thales Gemalto Carbon Offset Program to make each card carbon neutral. These Cards are also produced with PLA (polylactic acid), a bioplastic derived from renewable, organic sources. In 2024, we expanded our use of sustainable plastics to include recycled PVC (rPVC), and issued our first rPVC cards via one of our valued brand partners. Our specification guides for new and existing brand partners now includes sustainable plastic options for partners when they are building their card programs. In total, we issued approximately 1,470,000 sustainable plastic cards in 2024.</p> <p>We also offer digital wallets for eligible cards. Studies have found that digital payments produce fewer CO2 emissions compared to physical card transactions.</p>	Medium-term	Increasing revenue
Digitalization	Products and services	We are dedicated to enhancing the digitalization of our services to improve our customer service capabilities. This involves increasing the adoption of paperless billing statements, digitizing other customer communications, and launching an app along with other technological investments to enable better self-service capabilities for our customers	Medium-term	Decreasing costs and increasing revenue
Renewable energy and energy efficiency	Resource efficiency and resilience	<p>We use renewable energy at the following U.S. locations, either through the purchase of renewable energy credits or onsite solar panels</p> <ul style="list-style-type: none"> • All our Columbus, Ohio, locations, inclusive of our headquarters • Draper, Utah • Coeur d'Alene, Idaho, and Westminster, Colorado <p>Furthermore, we have invested in making our facilities more energy efficient. Our headquarters in Columbus, Ohio, received both a LEED and Energy Star certification and our Draper, Utah, location has also received Energy Star certification.</p>	Medium-term	Decreasing costs and exposure to future fossil fuel price increases
Real estate optimization	Resource efficiency	We have continued to be flexible and offer our associates a hybrid work style. This has allowed us to optimize our real estate footprint, reducing our office space by 1,334,000 square feet since 2020. We have established plans to continue our optimization of office space in the coming years.	Medium-term	Decreasing costs
Sustainable Technology	Resource Efficiency	<p>Our goal is to integrate sustainability into our technology strategy using innovative solutions that promote environmental responsibility, enhance operational efficiency, and foster long-term value for our stakeholders. Our main areas of focus include</p> <ul style="list-style-type: none"> • Create efficiencies through cloud solutions, workflow optimizations, and automations • Source energy-efficient devices • Responsibly dispose of technology hardware through donations and recycling efforts • Prioritize technology providers that demonstrate sustainability ambitions 	Medium-term	Decreasing costs

Scenario Analysis

Physical Risks – Hurricanes & Cyclones

Temperature Scenarios	Scenarios Below 2°C by end of century (Low)	2–4°C by end of century (Moderate)	Above 4°C by end of century (High)
Temperature Impacts	To conduct our analysis for the risk of hurricanes and cyclones, extreme precipitation was used as a high-level indicator. The projected change in the number of extreme precipitation events varies by location. Increasing temperature scenarios pose a higher risk for the frequency and intensity of extreme events, with South Carolina, Florida and Texas likely to experience the greatest impact.		

Impact Assessment Scenario Analysis – Physical & Transition Risks

Impact	Summary	Risk Areas	Mitigations
Customer/ Cardholder	Increasing natural disasters may disrupt customers' livelihood, increasing the need for enrollments in our Natural Disaster Relief program. Disasters may impact a customer's income, spending and payment habits, which could contribute to an increase in delinquencies and elevated bad debt ultimately causing decreased revenue and liquidity impacts.	Credit, Liquidity, Operational, Reputational	<ol style="list-style-type: none"> 1. Enrollment in Natural Disaster Relief and hardship programs help alleviate customer payment pressures, reducing risk of bad debt. 2. Robust credit risk management program. 3. Concentration risk analyses enable us to assess and understand sources of risk and pathways to minimize those risks. 4. Comprehensive liquidity, capital, and market risk programs evaluate our vulnerabilities and their impacts to the business.
Brand Partner	Existing and potential brand partners may be affected by natural disasters, which impact their ability to operate, and in turn, provide goods and services to our cardholders. New prospects in our pipeline may be lost. The collective impacts could cause decreased revenue and potential reputational impacts. Bread Financial may risk losing potential partnerships if we fail to meet our partners' expectations for responsible business practices.	Operational, Reputational, Strategic	<ol style="list-style-type: none"> 1. Brand partner concentration analyses further inform considerations for a diverse client base so impacts to one portfolio minimize the impact to our overall business. 2. Brand partner pipeline that results in new programs added to our portfolio offsetting the potential loss of impacted brands. 3. Responsible business practices are instilled into our business strategy to ensure we see continue growth in these areas.

<p>Supplier</p>	<p>Climate-related events could impact critical suppliers, affecting our ability to appropriately provide services to our customers and brand partners.</p>	<p>Operational, Reputational</p>	<ol style="list-style-type: none"> 1. Mature supplier risk assessment program identifies critical suppliers with detailed risk analyses to verify suppliers have appropriate control environments, including business continuity and disaster recovery plans. 2. Contingency plans detailing actions needed if a supplier's operations are disrupted. 3. Sustainability questionnaires to assess our suppliers' environmental responsibility.
<p>Operations</p>	<p>A climate-related event could disrupt Bread Financial's operations, customer servicing, technology, systems, associates, etc., impacting our ability to service cardholders. Further, these events may lead to increased customer calls, required notifications, operational pressures, and missed service-level agreements with our brand partners.</p>	<p>Operational, Reputational</p>	<ol style="list-style-type: none"> 1. Internal business continuity and disaster recovery program documents our risks and actions if disruptions were to occur. 2. Geographically diverse workforce enables areas not impacted to absorb excess demand from disrupted operations. 3. Redundancies for critical systems are in place should a particular system or process be impacted. 4. Contractual force majeure provisions are incorporated into our contracts should a large-scale event occur. 5. Extreme event monitoring is conducted by our command center and helps to inform necessary decision making regarding potential actions should an event occur.
<p>Legal</p>	<p>Bread Financial could face fines, business losses and other regulatory consequences if it fails to meet current or future regulatory requirements.</p>	<p>Operational, Reputational</p>	<ol style="list-style-type: none"> 1. Strong legal program that keeps track of new and emerging laws and regulations to make sure the company meets all obligations. 2. Established programs, such as within our Office of Sustainability, to implement control environments to comply with requirements.

Metrics & Targets

Our Environmental Control Framework of Measure, Assess, and Act shapes our approach to environmental responsibility. We **measure** our environmental footprint by calculating our greenhouse gas emissions and other relevant metrics, allowing us to **assess** the impact of our operations and climate change on our business. These insights inform how we **act** to mitigate risks and reduce our footprint. After implementing our actions, we initiate a feedback loop of Measure, Assess, Act to continuously refine our strategy based on a comprehensive understanding of our environmental impact.

This approach enables us to establish realistic environmental goals and practices aligned with stakeholder expectations, while also ensuring our competitiveness in the market. The opportunities we identify align with our organization's strategic goals of operational excellence, technology modernization, and digital advancement. By creating efficiencies, minimizing waste, and streamlining processes, we not only enhance these strategic priorities but also ensure that our environmental initiatives are integrated into our operations, allowing us to responsibly reduce our environmental impact. Our main opportunities to reduce our environmental footprint are identified and explained within the [Climate-Related Opportunities](#) section.

In 2024 we used our emissions data to establish our first reduction targets informed by commonly accepted target-setting strategies. These reduction targets are further aligned with both strategic and operational company goals.

By 2030, we aim to:

- **Reduce our direct impact on the environment** by lowering Scope 1 and 2 emissions by 55% compared to 2022.
- **Reduce our suppliers' impact on the environment**, with 55% of our suppliers* (by emissions) having adopted defined sustainability practices.
 - 'Defined Sustainability Practices' is as follows:
 - + Large Enterprise: Supplier has identified GHG reduction targets
 - + Small Enterprise: Supplier has adopted other sustainable practices as we understand smaller organizations may not have the resources to create a mature sustainability program needed to set targets. Examples include:
 - Measures scope 1 & 2 emissions
 - 50% of electricity powered by renewables
 - Predominate use of sustainable materials within our supplier relationship
 - Responds to climate / environmental questionnaire (e.g., CDP).

Primary Reduction Pathways



*We do not consider investors, debt holders or our brand partners to be suppliers.

To ensure accountability and measure our progress, we track our environmental performance throughout the year, keeping our Board of Directors and leadership informed. We report on the most significant environmental metrics based on our business model. We currently track GHG emissions, energy (renewable and non-renewable), water usage and paperless statement adoption, among other metrics.

Climate-Related Metrics				
	Unit	2024	2023¹	2022¹
Total Energy Usage²	GJ	59,737	71,301	91,405
Percentage of Renewable Electricity²	Percentage	64%	42%	62%
Paperless Statement Rate	Percentage	50%	44%	43%
Total Water Usage³	Gallons	13,545,963	13,972,663	22,252,653
Waste Landfilled³	Short Tons	101	102	—
Waste Recycled / Donated³	Short Tons	235	211	—
Waste (non-electronic) Recycled	Short Tons	45	49	—
Electronic Waste Recycled / Donated	Short Tons	93	24	—
Paper Recycling	Short Tons	97	138	—
Waste Diversion Rate³	Percentage	70%	67%	—
GHG Emissions – Scope 1	MT CO ₂ e	933	1,147	1,371
GHG Emissions – Scope 2 (location-based)	MT CO ₂ e	5,679	6,571	9,083
GHG Emissions – Scope 2 (market-based)	MT CO ₂ e	2,250	3,919	3,392
GHG Emissions – Scope 1 + Scope 2 (market-based)	MT CO ₂ e per associate ⁴	0.6	0.6	0.5
GHG Emissions – Scope 3	MT CO ₂ e	93,226	149,740	155,858
Purchased Goods & Services	MT CO ₂ e	73,803	121,223	124,909
Capital Goods	MT CO ₂ e	1,478	1,317	1,597
Fuel and Energy Related Activities (market-based)	MT CO ₂ e	1,283	1,537	1,885
Upstream Transportation & Distribution	MT CO ₂ e	8,634	17,483	18,863
Waste Generated in Operations	MT CO ₂ e	162	139	83
Business Travel	MT CO ₂ e	3,073	2,372	2,555
Employee Commuting	MT CO ₂ e	4,736	5,382	5,876
Upstream Leased Assets	MT CO ₂ e	5	5	3
End-of-Life Treatment of Sold Products	MT CO ₂ e	22	53	55
Investments	MT CO ₂ e	30	229	32

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

¹Our emissions and energy metrics disclosed for 2022 and 2023 were recalculated due to changes in calculation methodology.

²Calculation includes both actual and estimated data.

³Calculation is limited by the availability of data from property managers and utility providers.

⁴Calculation uses average headcount of global associates.

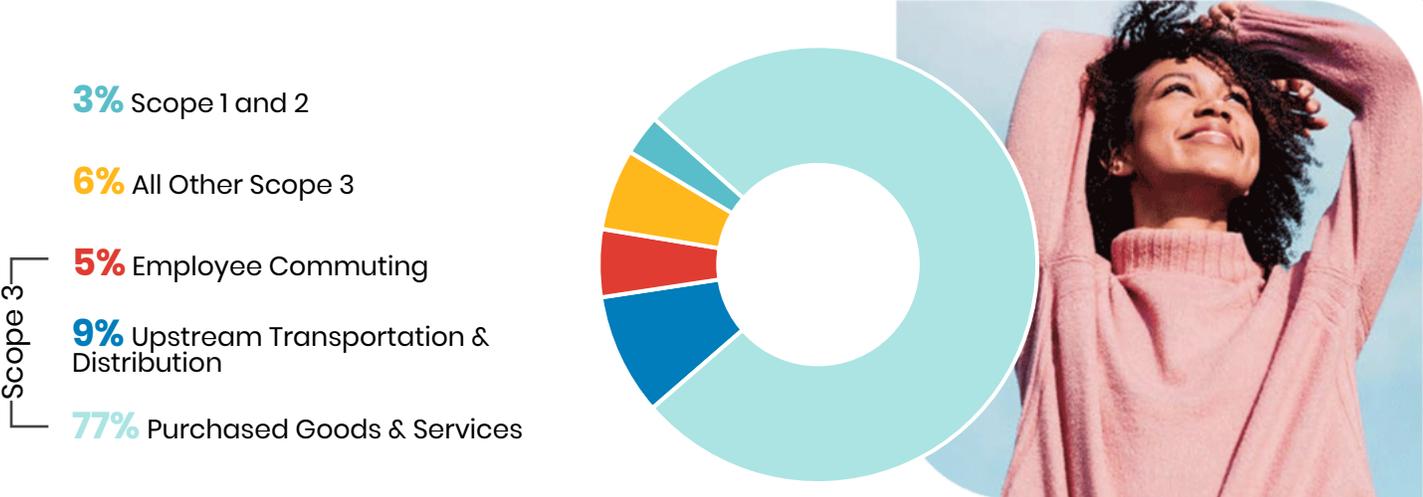
In the interest of transparency and accountability, we are sharing our methodology for calculating greenhouse gas emissions, which adheres to the internationally recognized GHG Protocol guidelines.

1. **Alignment with GHG Protocol:** Our GHG emissions calculations follow the comprehensive and rigorous accounting and reporting standards set forth by the GHG Protocol. This ensures that our emissions data is consistent, and comparable across industries and geographies.
2. **Scope of Emissions:** We report our emissions across all three scopes defined by the GHG Protocol. Scope 1 covers direct emissions from our owned or controlled sources, Scope 2 accounts for indirect emissions from the generation of purchased electricity and Scope 3 encompasses all other indirect emissions occurring in our value chain.
3. **Base Year:** We have identified 2022 as the baseline year to measure progress in reducing our GHG emissions. This year most accurately reflects our current business and serves as a reference point to help us track our performance over time. During the three prior years our footprint fluctuated due to COVID-19 with a return to normalcy post-COVID, combined with the divestiture of substantial lines of business and optimization of our real estate portfolio.
4. **Metrics:** We monitor both absolute emissions (total metric tons of CO2 equivalent) and intensity-based emissions (emissions per unit of output, such as revenue or production volume). Monitoring both metrics allows for a comprehensive understanding of our emissions profile and enables us to identify areas for improvement and accurately track our progress.

In 2023 we invested in a new carbon accounting tool, further underscoring our commitment to the complete and accurate calculation and disclosure of our GHG inventory. Further, we validated our 2022 baseline emission year and our most recent 2024 inventory with an external consultant and received a limited assurance rating. Please reference the assurance letter at the end of this report.

2024 GHG Emissions Breakdown*

Bread Financial's FY24 GHG Emissions by Source



Our commitment to this robust methodology allows us to effectively tackle climate change and reduce our environmental impact. We remain dedicated to improving our emissions management practices and contributing to a more sustainable future.

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

APPENDIX

Note Regarding Materiality and Forward-Looking Statements

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

The goals and projects described in our sustainability and climate-related disclosures involve, and are based on, targets, commitments, estimates, assumptions, standards, methodologies and currently available data, which continue to evolve and develop. As such, we cannot guarantee or provide assurance that these goals and projects will be met or achieved as described. Furthermore, data, statistics and metrics included in this report are non-audited estimates, are not necessarily prepared in accordance with generally accepted accounting principles (GAAP), continue to evolve, and may be based on assumptions believed to be reasonable at the time of preparation, but may be subject to revision. Additionally, our sustainability and climate-related information is as of the date referenced, subject to change without notice, and may be regarded as indicative and for illustrative purposes only. This information may vary based on applicable laws, rules and regulations and may also include the use of non-financial metrics and/or other information that are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

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

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

Limited Assurance for 2024 GHG Metrics For Bread Financial

May 9, 2025

KERAMIDA Inc. (KERAMIDA) was engaged by Bread Financial to provide limited assurance greenhouse gas (GHG) verification of their 2024 Scope 1, 2 and 3 Categories 1, 2, 3, 4, 5, 6, 7, 8, 12, & 15 GHG emissions inventory. The data and calculations being verified cover the period of January 1, 2024, to December 31, 2024. KERAMIDA is an accredited solution provider to CDP.

Statement of Independence

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

Verification Assurance Opinion

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

Bread Financial has established an appropriate system for collecting, calculating, and analyzing quantitative data and information for the GHG emissions for the stated time period, scope and level of assurance. An opinion of limited assurance was concluded based off KERAMIDA's verification.

KERAMIDA's Approach

Verification was conducted in accordance with ISO 14064-3: 2019 *Specification with guidance for the validation and verification of greenhouse gas assertion*, which is an approved verification standard accepted by the Carbon Disclosure Project (CDP). The scope of work was to provide limited assurance for the verification of their GHG emissions inventory and energy use data, and verification was led by an accredited California Lead GHG Verifier.

Validation scope of the reporting company GHG emissions

- Organizational boundaries: Operational Control Approach for Bread Financial

Time Period

- January 1, 2024, to December 31, 2024

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Level of Assurance

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

KERAMIDA's Methodology and Procedure

Procedure performed during the verification

- Interviews with key personnel involved in the process of data collection, compiling, calculating, and preparing the emissions data report. All meetings were conducted virtually;
- Assessed the data management systems and protocols by:
 - Understanding the selection process for data to be used and reported.
 - Conducting assurance procedures to assess the accuracy of data collected and reported; and
 - Understanding the calculation approach and methods.
- Review of a variety of data analytics to check the reasonableness of the data and calculations;
- A variety of re-calculation procedures to confirm stated quantities.
- Evaluated the reasonableness of any assumptions used in support of disclosures;
- Reviewed how disclosures were presented and determine if they were representative of data and operations.

Table 1. Data Verified by KERAMIDA

Scope	CO2 e (MT)
Scope 1	933
Scope 2 (Location-Based)	5,679
Scope 2 (Market-Based)	2,250
Scope 3 Total (Market-Based)	93,226
Category 1: Purchased Goods and Services	73,803
Category 2: Capital Goods	1,478
Category 3: Fuel- and Energy- Related Activities	1,283
Category 4: Upstream Transportation & Distribution	8,634
Category 5: Waste Generated in Operations	162
Category 6: Business Travel	3,073
Category 7: Employee Commuting	4,736
Category 8: Upstream Leased Assets	5
Category 12: End-of-Life Treatment of Sold Products	22
Category 15: Investments	30

Environmental Data	
GHG Emissions – Scope 1 + Scope 2 Total	0.5 MT CO ₂ e per associate
CDP Climate Change rating	B
Energy	
Total Energy Consumed from Scope 1 and 2	59,737 GJ
Energy sourced from non-renewable sources	36%
Energy from renewable sources	64%
Water	
Total Water Usage	13,545,963 gallons
Waste	
Waste landfilled	101 Short Tons
Waste recycled/donated	235 Short Tons
Non-electronic waste recycled/donated	45 Short Tons
Electronic waste recycled/ donated	93 Short Tons
Paper recycling	97 Short Tons
Waste diversion rate	70%
Paperless adoption	50%
CO ₂ savings from electronic waste disposal	96 MT CO ₂

This verification statement, including the opinion expressed herein, is provided to Bread Financial and is solely for the benefit of Bread Financial in accordance with the terms of our agreement. We consent to the release of this statement by you for sustainability reporting disclosures, including to CDP in order to satisfy the terms of CDP disclosure requirements, but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.

KERAMIDA, Inc,



Ellie Agioutanti, M.S.
Senior Sustainability Analyst
KERAMIDA Inc.



Xuqing Xiong, M.S., P.E.
Accredited Lead GHG Verifier
Vice President, GHG Services
KERAMIDA Inc.



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