

2017

# IMPACT REPORT

LoyaltyOne®





“The issues we face as a society are bigger than any one of us alone. LoyaltyOne looks for approaches and partnerships that are relevant, mutually beneficial and have the potential to create lasting change.”

– *Bryan Pearson, President and CEO, LoyaltyOne*

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# WHO WE ARE

We're a global leader in the design and implementation of coalition loyalty programs, customer analytics and loyalty services for Fortune 1000 clients around the world. We have over 20 years of experience in applying data-driven insights to develop and operate some of the world's most effective loyalty programs and customer-centric solutions.

## An Alliance Data Company

We operate as an individual business within the Alliance Data family, and are aligned in our corporate responsibility strategy to meet the family's broader business goals.

Alliance Data is a leading provider of marketing, loyalty and credit solutions. The company uses the power of data to achieve results for clients. Together, Alliance Data's three lines of business (LoyaltyOne, Epsilon and Alliance Data's card services) manage more than 100 million consumer relationships for some of the world's leading brands.

## Corporate Responsibility at Alliance Data

Alliance Data believes that a business should support its clients, investors, associates and community – to engage constructively and act on what matters most to them. The company's corporate responsibility initiatives have four focus areas: Data, People, Community and Environment.

Alliance Data has established commitments and three-year goals that are reported in its annual Corporate Responsibility Report. In addition to the report, Alliance Data also discloses its climate change–related risks and strategy to the CDP (formerly the Carbon Disclosure Project) at an enterprise level.

## Making an Impact

This 2017 Impact Report summarizes our values, goals and initiatives, and defines our approach to corporate responsibility.

We strive to be a good corporate citizen, and this report represents who we are and what our associates are doing to benefit our business, strengthen communities and limit our environmental impact. Additional information is also available here. All currencies in this report are in Canadian dollars, unless specified otherwise.

# LOYALTYONE'S CORPORATE RESPONSIBILITY STRATEGY

## THREE PILLARS. ONE GOAL.

Corporate responsibility isn't just something we do – it's ingrained in the culture of our business. As LoyaltyOne associates, it's crucial that we build relationships inside and outside our company.

We do the work we love in a place where we love to work. And that's thanks to the clients and customers who make what we do possible. We want to activate the strength of our people to make a positive impact in our communities. Inspired by the vision of the Alliance Data family, our corporate responsibility strategy has three pillars:

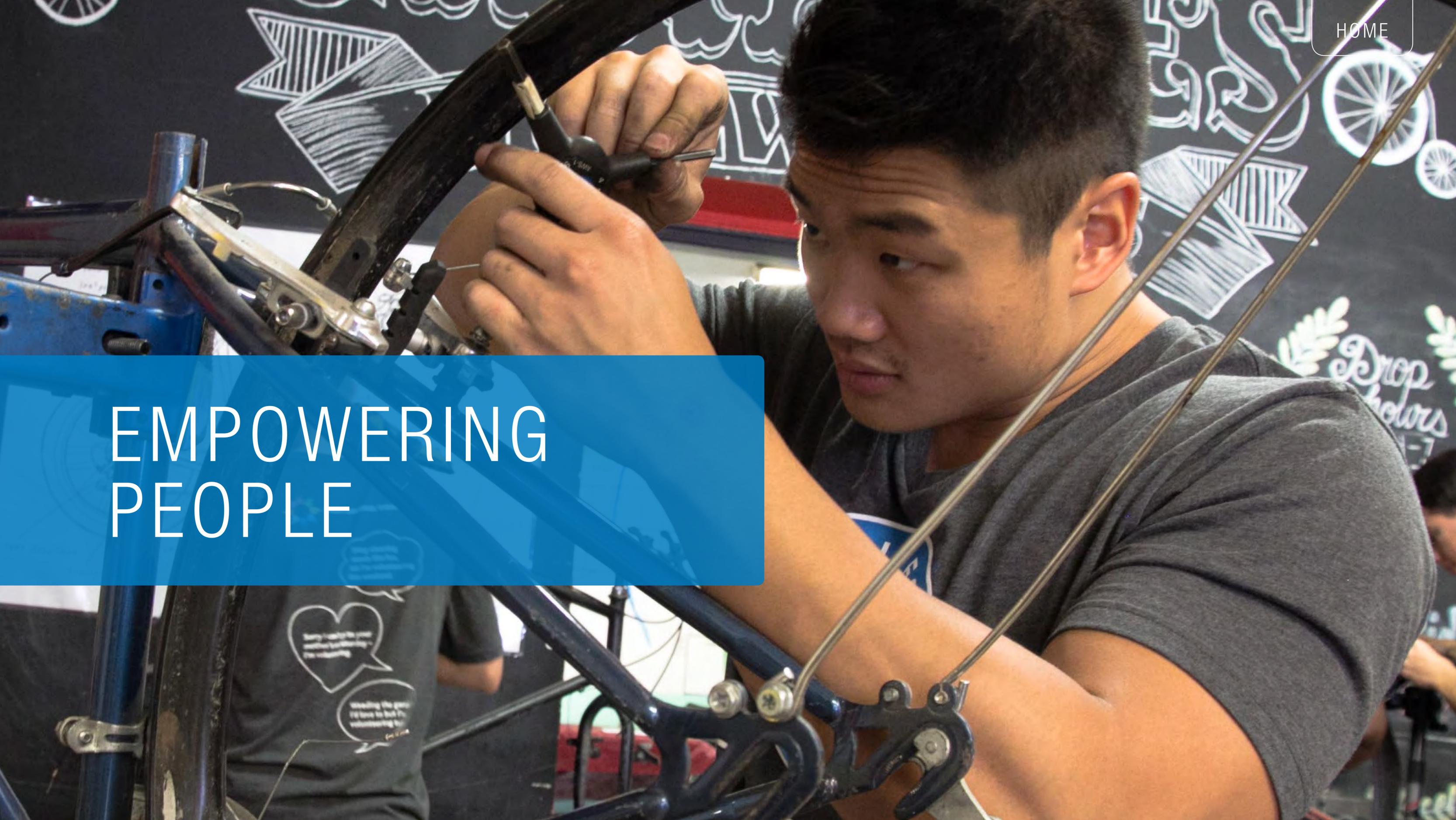
Empowering People

Enriching Communities

Respecting the Environment

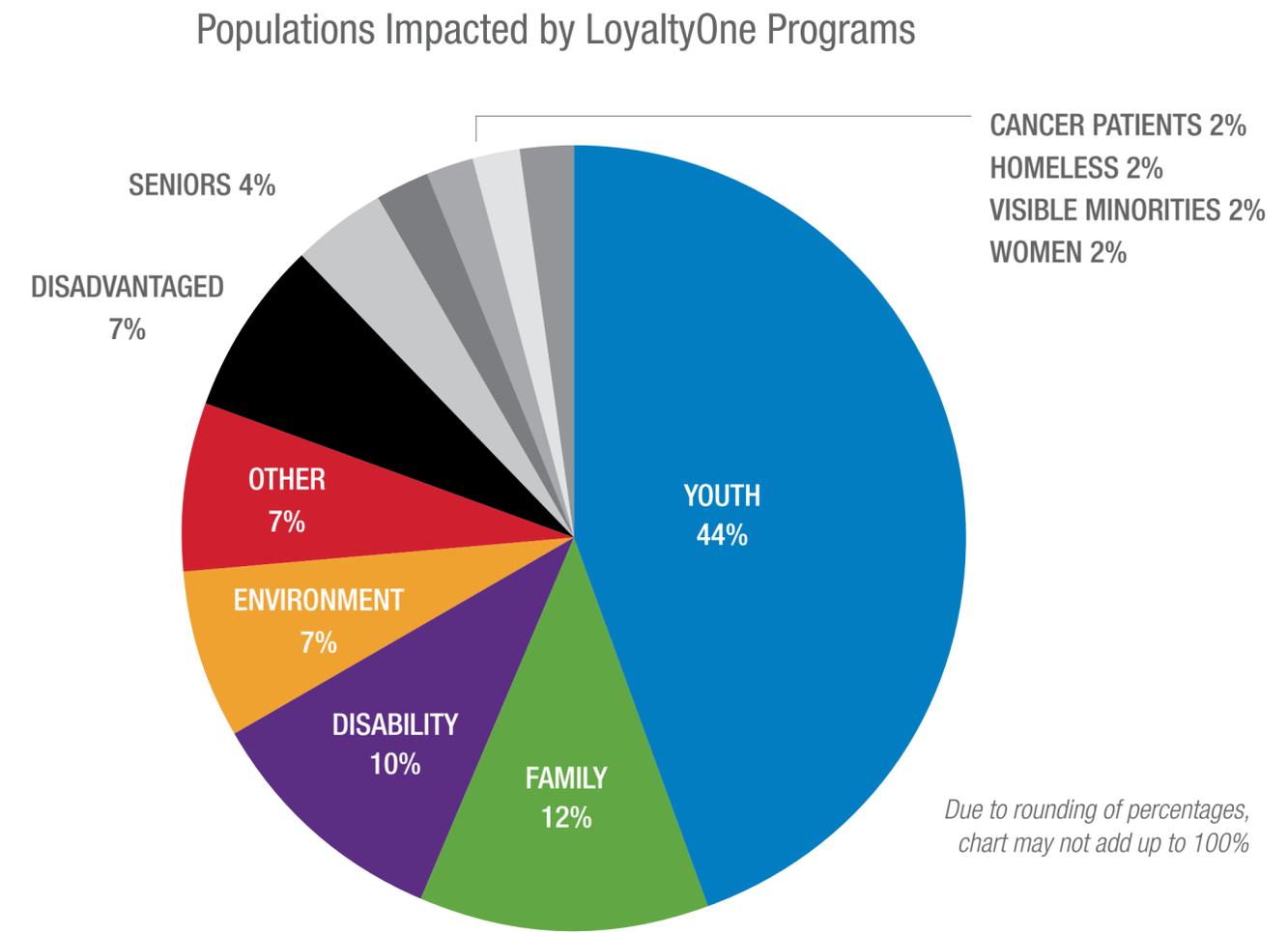
*Our corporate responsibility strategy reflects our goals and the passion of our associates. By working with our colleagues, community members, peers and partners, we hope to inspire others – people and businesses – to work together and make a difference.*

# EMPOWERING PEOPLE



We believe that highly engaged associates drive highly successful companies. Because of this, we offer a variety of programs that promote professional development and encourage associates to get involved with the local charities and non-profits that they value:

- LoyaltyOne's **Volunteer Time-Off Program** provides associates with one paid day each year to volunteer with their charity of choice. Associates contributed **202** volunteer days under the program in 2017.
- Our annual **CommunityOne Week** encourages associates in Canada, the U.S., the U.K. and the Netherlands to volunteer for half a workday in support of the social causes about which they are most passionate. In 2017, associates volunteered more than **3,800** hours during CommunityOne Week.
- The Alliance Data **Matching Gifts Program** matches LoyaltyOne associate donations of up to **\$2,500** to registered charities. In 2017, Alliance Data matched **\$36,960** in associate donations.
- LoyaltyOne associates can also apply for monetary grants via the Alliance Data **Volunteer Reward Program (dollars for doers)** based on the number of volunteer hours served. The program issued **USD\$4,000** in grants based on **1,093** volunteer hours for 2017.



**In 2017**

**9,061** hours volunteered by associates • **74** non-profit organizations served • **\$107,975** raised by associates globally





### Alliance Data Internal Grant Reward Program

Groups of three or more full-time or part-time LoyaltyOne associates can apply for grants to registered charities or non-profits that support Alliance Data's four focus areas. Each winning group is eligible to receive a \$10,000 grant. Winning groups are selected based on associate volunteer participation, involvement of the grant in action and overall community impact.

### Associate Non-Profit Board Match Program

In partnership with an external partner, associates are provided with a half-day of training on how to be effective non-profit board members. They are also matched with board opportunities that suit their skills and passions. Once an associate serves one year on the board of a non-profit, LoyaltyOne then donates \$1,000 to that organization on the associate's behalf.

## 2020 GOALS

Among our Empowering People goals for 2020, we aim to:

- Increase associates' participation in our matching programs
- Increase associate volunteer hours, primarily in skills-based volunteering





## CASE STUDY

### Empowering Associates Across the Board

When LoyaltyOne chose to launch the Associate Non-Profit Board Match program, we knew the value would be twofold: charities would benefit from the energy and expertise of our associates, and our associates would return to work as stronger, wiser leaders.

“Helping communities is about more than giving money,” says Sheila Murray, Associate Non-Profit Board Match Program participant and LoyaltyOne’s Associate Vice President of Corporate Marketing and Communications. “As an ambassador for the program, I want to encourage my colleagues to showcase their caring through action, not just funding.”

Sheila joined the program in March 2017 with the hopes of creating a greater impact for her charity of choice: motionball for Special Olympics. She saw the Non-Profit Board Match program as an opportunity to learn more about the charitable world (its strategy, structure, culture, etc.) and to apply that knowledge back at LoyaltyOne. “I had wanted to serve on a charitable board for a long time – I just didn’t have the means,” Sheila says. “This program enabled me to follow through.”

Sheila was already a motionball volunteer, and her unique experience delivered immediate impacts. “At the time, motionball was looking to increase female representation on its board and expand its marketing know-how,” she says. “It was a perfect fit for both parties. “The charity’s model also relies on volunteerism, and Sheila has already begun enlisting new associates to the cause. “People here are really passionate about this charity, and that will translate to greater efforts to educate Canadians and grow support for the Special Olympics movement,” says Sheila.

Committing to community engagement is a big part of our talent development strategy. It’s our responsibility to tap into associates’ passions and promote awareness if the Associate Non-Profit Board Match program is to be a success. Sheila agrees. “As a motionball board member, I appreciate all the support that LoyaltyOne provides associates to contribute to their charities of choice,” she says. “From financial support to a volunteer day off program that encourages associates to attend board meetings during work hours – that’s the kind of culture that must be fostered if we hope to increase participation in the program.”



“LoyaltyOne is motionball’s longest-standing corporate partner. And we are indebted to the company for its financial support; its continued counsel and mentorship; its employee engagement and volunteering commitment; and its friendship and passion for enhancing the lives of Canadian children living with intellectual disabilities.”

– *Paul Etherington, Chairman and Co-founder, motionball for Special Olympics*



# ENRICHING COMMUNITIES



We believe success means fostering relationships inside and outside our company. And we enrich communities by activating the transformative power of our associates and donating to worthy causes.

#### Youth Empowerment Program

Young people drive social movements and challenge us to build a better future. In light of that, we created the Youth Empowerment Program, an initiative that aims to invest \$3 million in youth charities and causes to improve the lives of over 100,000 young people by 2020.

To us, *youth empowerment* means removing obstacles to transform lives. Our program focuses on four areas that will help marginalized young people (aged 24 and under) at every stage of their development:

**Basic Needs** – Securing access to food, shelter and healthcare (including mental health)

**Education** – Removing barriers to learning in academics and trades

**Employment** – Helping youth to find meaningful employment

**Leadership** – Guiding youth to become mentors and role models to other youth

#### In 2017, we donated:

Over **\$1.8 million** in cash investments to charitable organizations

**450** units of furniture valued at over **\$30,000**

Over **\$1 million** AIR MILES® Reward Miles donated through the Youth Empowerment Program





Like all of our charitable endeavours, the Youth Empowerment Program is led by associates and driven by their passions. Organizations looking to benefit from the program can apply for funding on our website. We partner with registered charities and non-profits that can demonstrate transparency and accountability when reporting on their impacts.

Two internal LoyaltyOne groups are responsible for selecting Youth Empowerment Program beneficiaries:

- **Associate Donations Committee (proposals under \$25,000)** – Comprising associates who commit to a one-year term, the committee meets every two months to select youth charities that are qualified to receive financial, in-kind and volunteer support. The committee also selects worthy charities that associates are passionate about that may fall outside of the Youth Empowerment Program's scope.
- **Youth Empowerment Council (proposals over \$25,000)** – Made up of our executives, senior leaders and associates, the Youth Empowerment Council reviews submissions quarterly and selects charities to receive financial and volunteer support.

## 2020 GOALS

Among LoyaltyOne's Enriching Communities goals for 2020, we aim to:

- Donate \$3 million to help marginalized youth in Canada
- Make a meaningful difference in the lives of over 100,000 youth





# GOOD FOOD MACHINE

Created and funded by LoyaltyOne, the Good Food Machine is a social change initiative that teaches kids how to grow, harvest and cook healthy food through school and community programs. Using seeds, tower gardens, mobile kitchens, bike blenders and lesson plans, this innovative program empowers youth with the knowledge of healthy living, ultimately setting them up for a healthy adulthood. So far, the Good Food Machine has reached over 20,000 young people from disadvantaged communities across Manitoba, Ontario, Quebec and Nunavut. With ongoing support from FoodShare Toronto, Roots to Harvest and Green Bronx Machine, we plan to expand the program across Canada.

[loyalty.com/content/good-food-machine](http://loyalty.com/content/good-food-machine)



# CASE STUDY



## LBG Framework: A Measured Approach

We want to support causes and organizations that deliver meaningful impacts. So when our associates chose the Youth Empowerment Program as the centerpiece of LoyaltyOne's 2020 community investment strategy, we needed a framework to help us achieve our goals.

We chose the London Benchmarking Group (LBG) measurement framework. Globally recognized, it can be applied to any company and ensures a credible approach to assessing the success of community investment. The Dow Jones Sustainability Index and Imagine Canada, among others, have referenced the framework as a model for measuring everything from cash and in-kind donations to management costs, as well as the outcome of those investments.

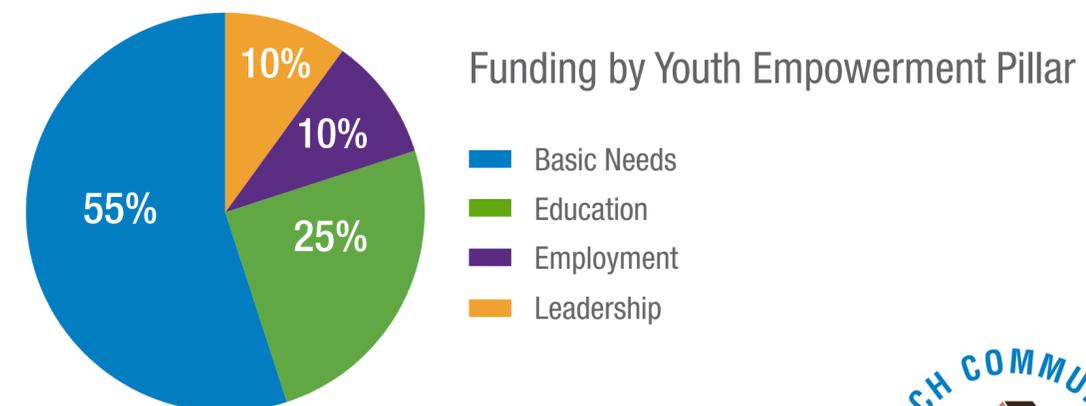
This approach is unique because it encourages companies to establish their metrics early on and measure their impact over time. Beyond measuring dollars donated and hours volunteered, this approach allows companies and charities to assess their progress and make decisions based on achieving their specific goals.

"The framework has allowed us to evaluate prospective charities based on their individual characteristics," says Gabriela Polanco-Sorto, LoyaltyOne's Associate Director of Corporate Responsibility. "Many charities steer away from their missions to conform to companies' funding criteria. We want the opposite: we want charities to tell us how we can help them."

Specifically, for the Youth Empowerment Program, we chose not to evaluate charities against one another. Instead, we enabled charities to chart their own impacts – to do what they do best – and report back to us on their progress. This encouraged our associates to keep an open mind when choosing charities and to focus on what matters most: positively impacting the lives of youth.

LBG Canada's Stephanie Robertson believes LoyaltyOne has adopted the framework in positive ways. "It takes courage to empower charities like this," she says. "LoyaltyOne is really focused on the depth of the Youth Empowerment Program's impact."

Still, Stephanie reminds us that measurement is a journey – it takes time, requires strong reporting and can benefit from the ongoing guidance of our community partners. "Achieving real impact is like building long-term relationships," she says. "What's important is that LoyaltyOne enables charities – through time, support and resources – to deliver great impact reporting. There will be challenges, but I do think LoyaltyOne is in it for the long haul."



“At Get REAL, we help LGBTQ+ students and allies share their stories and foster compassion. We believe that everyone deserves to be heard. And thanks to LoyaltyOne’s Youth Empowerment Program, we’ve given voice to more than 10,000 youth across Canada and opened the minds of many more.”

– *Marley Brown, Executive Vice President, Get REAL*



# RESPECTING THE ENVIRONMENT

# RESPECTING THE ENVIRONMENT

Reducing our environmental impacts involves so much more than “being green” – it’s about inspiring associates to live sustainable lives, at work and at home. Through partnerships, innovation and best practices, we incorporate sustainability into all of our core business functions.

## Reduce our Greenhouse Gas Emissions

To offset our greenhouse gas (GHG) emissions, we purchase a combination of electricity and natural gas from Bullfrog Power – Canada’s 100% green energy provider to homes and businesses – across all of our Canadian offices in Toronto, Mississauga, Montreal and Calgary.

## Reducing Our Harmful Impacts

In 2017, we moved into our new head office in Old Town Toronto. The building’s core and shell are designed and built to LEED® Gold standards. And, using the Commercial Interiors guide, we built out our office space to LEED® Platinum standards. Read our “LEED® from the Front” case study for the story behind our big move.

## Smarter Commuting

Our associates have access to a fleet of Enterprise CarShare vehicles, discounted transit passes, bicycle parking (along with on-site shower facilities) and carpooling memberships to encourage the reduction of their own carbon footprints.

## Customer Care Centre Solar Rooftop

Sporting one of the largest solar rooftops in Canada, our 50,000 square foot Mississauga facility has generated over 1 million kWh of solar electricity, resulting in more than 740,000 kilograms of CO<sub>2</sub> reductions. That’s equivalent to the CO<sub>2</sub> emissions of over 809,000 pounds of coal burned or over 83,000 gallons of gasoline consumed.



**In 2017:**

- Purchasing green power reduced GHGs by **930 tonnes!**
- Over **170,000** solar kWh generated
- Awarded Canada’s Greenest Employer for **8th straight year**

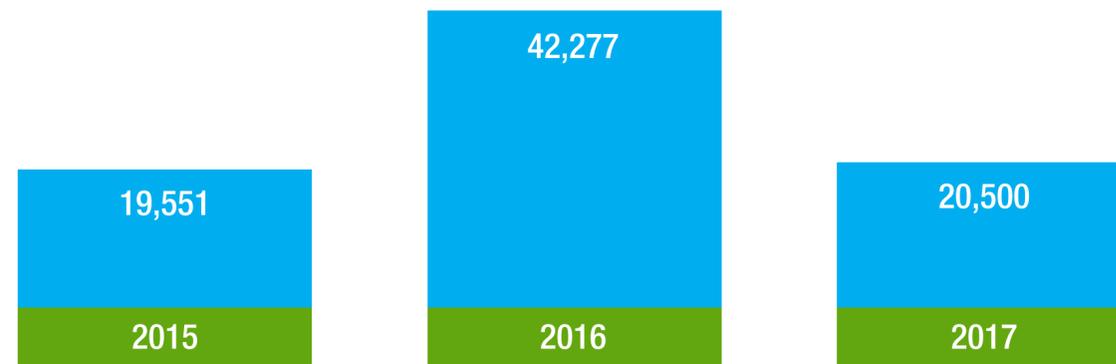


“For close to a decade, LoyaltyOne has been choosing green energy with Bullfrog Power. Because of the support of organizations like LoyaltyOne, Bullfrog has been able to help community-based renewable energy projects across Canada get built, inspiring and empowering more people to take action on climate change.”

– *Anthony Santilli, VP of Sales and Marketing, Bullfrog Power*

# OUR CARBON FOOTPRINT

LoyaltyOne's Carbon Footprint (tonnes CO<sub>2</sub>e)



**2015** – LoyaltyOne's baseline year

**2016** – A large increase in AIR MILES redemptions for reward merchandise resulted in a much larger paper, shipping and transportation footprint

**2017** – Purchasing of green power grew to cover all electricity and natural gas in Canada

**2017** – GHG measurement continues to improve; for the first time, international operations were measured



## 2020 GOALS

Among our Respecting the Environment goals for 2020, we aim to:

- Increase reporting of our global GHG emissions
- Increase associates' knowledge of environmental practices and sustainable choices
- Improve the natural environment surrounding our local communities
- Identify opportunities to work with youth on environmental initiatives through new partnerships with environmental organizations



# CASE STUDY

## LEED® from the Front

Relocating LoyaltyOne's headquarters to 351 King Street East in Toronto presented a unique opportunity: while we aim for LEED® standards in all of our leases, 351 marked the first time we would be moving into a brand new building. That meant we could think holistically about how the design would impact the environment and our workplace. And we collaborated with many partners to get the right answers.

[“From the construction workers and the property manager \(First Gulf\), to our LEED® consultant and executive leadership, this has been a team process from the ground up,”](#) says Jeremiah Brenner, LoyaltyOne's Social and Environmental Impact Consultant. [“Involving so many people in planning was both a challenge and a reward.”](#)

We wanted 351 to be a benchmark for our future operations and for our peers. Its most notable features include floor-to-ceiling windows, Energy Star appliances, and energy-efficient lighting and water fixtures. The office is also paperless, and we purchase renewable energy credits from Bullfrog Power to offset the GHG emissions generated from the power grid.

Being sustainable helps attract and retain top-tier talent. It also helps educate our associates about day-to-day best practices (turning off computers at night, recycling, etc.) so that we can apply and showcase 351's innovative technologies. “LEED® standards fit with the culture of pride we're trying to instill,” Jeremiah says. “It shows that we're willing to invest money in doing right by the environment.”

The building's core and shell are designed and built to LEED® Gold standards. And we referenced the Commercial Interiors guide to build out our office space to LEED® Platinum standards. Looking ahead, 351 is on track to achieve LEED® Platinum certification and we hope to partner with our new neighbours – charities, schools and other companies – to improve the natural environment of our local community. “We want to build meaningful relationships for our associates,” says Jeremiah. “351 is just the beginning.”



# SCORECARD

Our Strategic Pillars	2020 Goals	2017 Performance	Progress (Met / On Track)
Empowering People	Increase associates' participation in our matching programs	14.9%; a 369% increase from 2016	On Track
	Increase our associate volunteer hours, primarily in skills-based volunteering	9,061 hours, up 16.4% from 2016	On Track
Enriching Communities	\$3 million donation to help marginalized youth in Canada	Over \$1.8 Million donated in Year 1	On Track
	Positively impact the lives of 100,000 youths	43,000 – at 43% of our goal after Year 1	On Track
Respecting the Environment	Increase reporting on GHGs	Improved our data collection process and expanded reporting for BrandLoyalty's head office	On Track
	Increase associates' knowledge of environmental practices and sustainable choices	Over 70% associate participation in our annual Wellness and Environmental (WE) Fair.	On Track
	Improve the natural environment surrounding our local communities	Through our annual volunteer event, CommunityOne Week, associates planted 46 trees and winterized 3 urban community gardens.	On Track
	Identify opportunities through our new environmental strategy to work with youth on environmental initiatives through new partnerships	Consulted our associates through 4 focus groups and 2 company-wide surveys to assess opportunities to establish new environmental partnerships. The newly launched Youth Empowerment Council (YEC) funded a local environmental organization focused on youth education and conservation initiatives.	On Track

# ADDITIONAL RESOURCES

For additional information on our corporate responsibility strategy or specific programs, see our resources below.

- LoyaltyOne's corporate responsibility website: [loyalty.com/corporateresponsibility](https://loyalty.com/corporateresponsibility)
- Alliance Data's corporate responsibility website: [alliancedata.com/corporate-responsibility](https://alliancedata.com/corporate-responsibility)
- Good Food Machine: [loyalty.com/content/good-food-machine](https://loyalty.com/content/good-food-machine)
- Careers at LoyaltyOne: [loyalty.com/careers](https://loyalty.com/careers)

We value your feedback on our corporate responsibility progress. Feel free to send any comments or questions to [communityinvestment@loyalty.com](mailto:communityinvestment@loyalty.com).

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