



Environmental | Social | Governance

Discover[®] ESG at a glance



April 2022

ESG mission statement

Discover® is committed to helping build a sustainable and equitable world while demonstrating the highest standards of ethical behavior and corporate governance.

The Discover Commitment

At Discover, our Board of Directors, Senior Management, and employees are committed to addressing the challenges related to climate change, actively promoting diversity, equity, and inclusion, and adhering to a sound structure for governance and ethics. We are determined to do more to reduce our impact on the environment, advance equity, and help people achieve a brighter financial future.

Management & Oversight

The Discover management and oversight structure underscores our commitment to design, implement, and transparently report on our global ESG strategy. The Nominating, Governance, and Public Responsibility Committee, in coordination with other committees of the Board, oversees our policies, programs, strategies, and reporting related to ESG matters. In 2021, we launched an ESG Committee comprised of executives from across the Company. The ESG Committee developed an ESG strategy and roadmap. In the first quarter of 2022, we named a Chief ESG Officer who will lead our ESG program and the execution of our ESG goals and objectives. Establishing an ESG office advances our work toward building a more environmentally and socially responsible workplace and world.



Environmental Commitment

We are committed to addressing the global challenges presented by climate change by reducing the environmental impact of our physical operations as we design solutions to build a more sustainable and low carbon future.



Making orange more green

Committing to green building principles

We're committed to facilities that build a more sustainable, low-carbon future for our customers, our communities, and our planet.

- We're replacing end-of-life equipment with energy-efficient and cost-effective technology.
- As of December 31, 2021, we control the operations of ten buildings totaling approximately 2.7MM square feet. One of those building is LEED certified, and renovations on seven other have been built to LEED standards. We are considering LEED certification for all our major sites.
- Almost all our facilities received WELL Health-Safety ratings, which address a post-COVID-19 environment as well as broader health and safety-related issues.
- All office paper needs are fulfilled by suppliers using Sustainable Forestry Initiative-certified sources. And we're finalizing opportunities to source sustainable paper for customer correspondence.

Fighting waste with our "Green Team"

Over the first half of 2021, an average of 450 dedicated employee volunteers helped reduce our environmental footprint by making it easy for colleagues to reduce, reuse, and recycle.

- Our major office locations operate single-stream recycling programs with easily identifiable receptacles.
- We kept 162 tons of recyclable material and 60 tons of organic landscape waste out of landfills in 2021.

While it is difficult to predict the number of individuals that would return to work on-site post-pandemic, we believe there will be fewer employees in the office compared to pre-pandemic levels. We expect this will lead to a continued proportionate reduction in non-recyclable waste.



At-home workforce impact 2021 vs 2019 baseline

↓80% decrease in overall waste output

↓29% decrease in water use—over 27 million gallons

Growing opportunities

Keeping water use under control

Plumbing and landscaping at facilities nationwide requires millions of gallons of water each year, but there's always opportunity to conserve.

- Arizona and Utah locations now feature low-flow fixtures like faucets and flushometers.
- Our sustainable landscaping includes native plants that thrive even in our arid climate locations, reducing our watering. We also reduced irrigation needs with xeriscaping in our Arizona and Utah locations.

Helping customers make an impact

We design benefits and services that appeal to customers and are environmentally friendly.

- Paperless statements give customers less clutter and reduce cost, waste, and emissions.
- Credit card customers can even redeem rewards to support Carbonfund.org, a not-for-profit organization that plants a tree for every dollar donated.

*Our workforce was mostly remote for 9 out of 12 months in 2020, and all 12 months in 2021.

Two-year utility use		2020*	2021*
Utility	Water	92.3M Gallons	67.2M Gallons
	Electricity	80.8M kWh	81.8M kWh

\$342,000 = 342,000 new trees

In 2021, customers donated \$342,000 in rewards to Carbonfund.org, who plant a tree for every dollar they receive.



Focus on emissions

Doing more where we can

We are reviewing our greenhouse emissions data to help us build a roadmap towards a carbon reduction goal where we have operational control.

It starts with power

Purchased electricity for corporate buildings and data centers is the largest contributor to our operational greenhouse footprint. The modest increase in our emissions is due to a significant increase in the technology footprint we now control at our New Albany data center as well as all the power needs of our new Customer Care facility in Chatham on the south side of Chicago. To help offset our energy use, we've introduced several renewable initiatives across all our controlled properties, including:

- Completing a 2-year retrofit of lighting fixtures in our Utah and Arizona locations
- Achieving 90% LED lighting at our Ohio location by replacing over 11,000 bulbs with LEDs
- Exploring feasibility for solar panel installation, renewable energy procurement agreements, or renewable energy credits

GHG & Utility Data (metric tons of CO2 emissions)		2020	2021
Scope 1	Stationary Combustion	1,121	1,109
	Mobile Combustion	33	44
	Fugitive emissions from air-conditioning	526	793
Total Scope 1		1,680	1,946
Scope 2	Purchased electricity (location)	38,487	38,807
	Purchased heat and steam	-	-
Total Scope 2		38,487	38,807
Scope 1 + Scope 2		40,167	40,753

Scope 1 emissions are direct emissions from owned or controlled sources and include combustibles from furnaces, boilers and company vehicles as well as refrigerants used in coolers and HVAC applications. **Scope 2** emissions are indirect emissions from the purchase of electricity we consume. **Scope 3** emissions are the result of activities from assets not owned or controlled by the organization, but that the organization indirectly impacts in its value chain (such as business travel). We currently do not capture or report Scope 3 emissions, but will reassess that position in the future.

Social Commitment

We are committed to advancing equity and driving positive social change by leveraging job opportunities, supplier spend, charitable contributions, products, and more. We are promoting a diverse, equitable, and inclusive workforce that reflects our communities. Through our support of local communities and diverse suppliers, we work to improve economic mobility and promote financial inclusion.



Our Chatham Customer Care Center

DE&I is a part of every decision we make, including the decision to expand our business to Chicago’s South Side.

Taking action in our hometown

In 2019, we were determined to rethink corporate site selection with our new Discover® customer care center. That same year, Chicago’s mayor unveiled the INVEST South/West initiative, which called on businesses to bring jobs to economically challenged areas.

After a pause due to COVID, Discover sprang into action. Discover expanded to Chicago’s South Side, transforming a 100,000+ square foot vacant store in Chatham into a customer care center that could attract local talent and strengthen our hometown through the creation of needed jobs.

The response was incredible.

In Spring 2021, Discover received more than 1,300 applications for the first 20 positions at Chatham. All 20 offers we extended were accepted. We hired more than 225 people by the end of 2021, and are on track to create at least 1,000 new jobs.

Going beyond for customers and community

The vast majority of employees live within five miles of the center; shorter commutes and greater financial stability allow those families to spend more quality time together.

As our team grows, we look forward to our 1,000 employees supporting businesses around the Chatham Center as they stop by for lunch, shop for essentials, and get other goods and services. We’ve also offered 25,000 square feet of the center’s space for public use.

Building with purpose

Supplier diversity was important to us throughout the process. To build and maintain our new Chatham site, we awarded 47% of our business to minority-owned suppliers and 28% to women-owned suppliers in 2021—far surpassing City of Chicago requirements of 26% and 6% respectively. Total spend for the entire project more than doubled city spending requirements for the Minority- and/or Women-Owned Business Enterprise (MWBE) commitment.

“Expanding equity and opportunity across Chicago is possible thanks to the investment and support of corporate partners like Discover.”

Lori E. Lightfoot Chicago Mayor



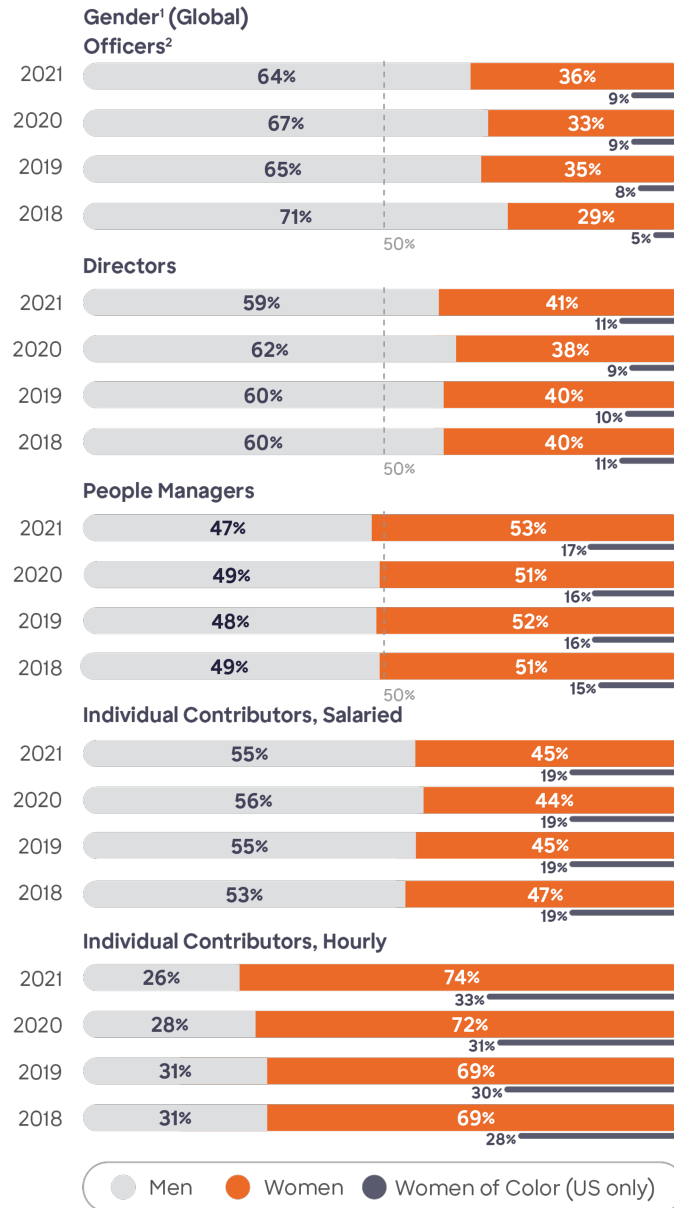
Bobby L. Rush US Representative (D-Ill.)
Roger Hochschild CEO and President,
Discover Financial Services
Lori E. Lightfoot Chicago Mayor
Leon I. Walker, Esq. Managing Partner,
DL3 Realty, L.P.

Gender and race/ethnicity at Discover®

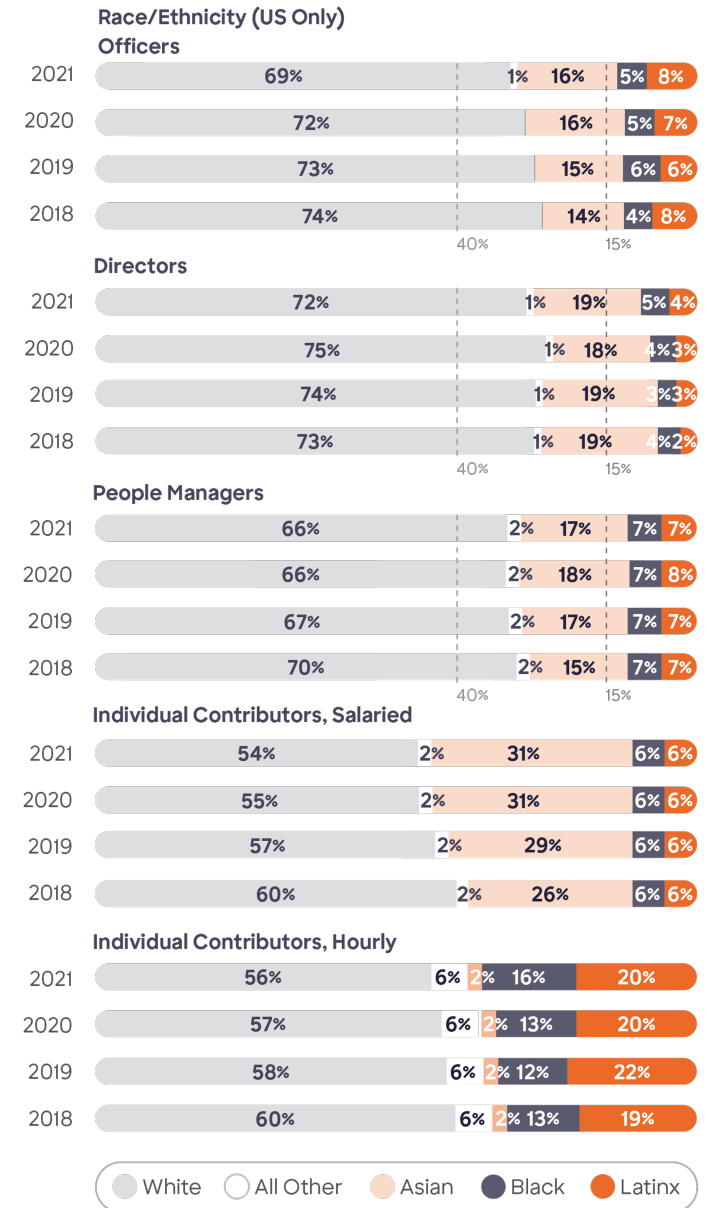
We're encouraged by the progress we've made in gender and race/ethnicity representation over time at Discover. We are tracking toward our Diversity North Star Goal of 50% women and 40% People of Color (POC)¹ at all management levels by 2025.

Since 2018, we've made strong progress toward more women at the Officer level, and with POC at every level except Director.

We have more progress to make toward our North Star Goal of 15% representation of Black and Latinx at all management levels by 2025.



* Current data on gender is measured Men/Women. We recognize this does not represent the full spectrum, and we will be updating our measurement in the near future.
 ** Officers are comprised of the EVP, SVP, and VP population.
 1 People of Color comprises all races/ethnicities that are not categorized as "White/Caucasian" in the U.S.



● White ● All Other ● Asian ● Black ● Latinx

Ensuring equity in the workplace

We believe that every person should be treated equitably, and we want to ensure we are not perpetuating disparities.

Pay equity

We seek to pay our employees fairly for their work. We regularly monitor our performance, addressing pay-equity discrepancies or issues as appropriate. We benchmark roles and compensation data to help ensure internal pay equity. As we approach our North Star Goal for representation at management levels, median pay for women and POC will rise as well.

Discover partners with an independent, third-party consultant to conduct a company-wide pay equity analysis that considers race, ethnicity, and gender.

After accounting for factors such as role, tenure, and geography we've determined that:

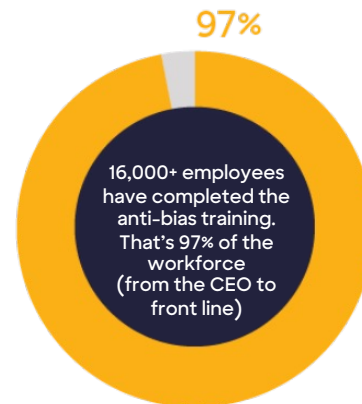
Since 2018, women and minorities at Discover earn, on average, between **\$0.99-\$1.03 for every \$1.00** earned by men and non-minorities.

Equity in our talent processes

We are pursuing a company-wide, data-driven approach to identify and address potential biases within our talent processes—like hiring, promotions, performance reviews, attrition, and corrective actions. This approach includes a deeper analysis of our systems and how they work together to ensure fairness.

More work ahead of us

A company-wide training called Deliberate Advocacy helps employees to not only address their individual biases, but actively become anti-bias advocates. More than 16,000 employees (97% of our workforce) have completed the training.



Talent and workforce development

Education is a vital step in the collective journey toward equity. Because access to education is a major driver of inequality in the United States, we're invested in leveling the playing field.

In 2018, we partnered with Guild Education, whose mission is to unlock opportunity for America's workforce through education and upskilling, to fund tuition for all eligible US employees who enroll in degree programs at select universities.

New in 2021, we proudly added our first Historically Black College or University, Paul Quinn College, to our list of fully funded schools.

Unlike other tuition reimbursement programs, for our Discover College Commitment we prepay tuition directly to the university. That means the employee doesn't have to pay up front or wait in financial limbo for transfers or approvals. The only out-of-pocket costs are for books, supplies, and fees, which are submitted for reimbursement.

All eligible US employees are able to access this benefit from their first day of employment.

We are proud of our inaugural Diversity, Equity, and Inclusion (DE&I) Report, "Working toward a brighter future," and hope our actions and insights will inspire others and help us connect with like-minded companies and leaders. To see more information about our DE&I efforts and all aspects of our Social Commitment, see our DE&I site.



2000+

Discover employees enrolled in an education program since 2018



1.4x*

increased

retention rate among enrolled employees



2x more*

likely that an employee is promoted after program enrollment



\$20M

in total tuition costs paid by Discover since 2018



*Information is based on 2020 data, which is when the underlying analysis was last conducted

Serving the **community**

Since 2002, Discover has met or surpassed its Community Reinvestment Act goals in several areas.

\$525+ Million

Provided over \$525M in new qualified community development loans and investments in the last four years, exceeding our annual goals.

250+

Provided more than 250 community development grants over the last four years, surpassing our goals.



Good corporate citizens

Our goal is to help communities reach economic stability. We focus on investing in greater access to housing as well as youth development. That includes mentorship programs and local school restoration, because we know that helping young people learn and grow also helps build a diverse talent pipeline for the future workforce. Some of the organizations we partner with include:

- Habitat for Humanity
- Big Brothers Big Sisters
- Greater Auburn-Gresham Development Corporation
- Accion
- YWCA of Metropolitan Chicago
- Blessings in a Backpack
- UCAN Chicago

70%+

corporate giving is directed toward under-invested communities

38,000

volunteer hours logged by Discover employees in 2021, up 115% year over year

Supplier Diversity

Diversity and inclusion are embedded across our entire supplier network. When we partner with another business or supplier, it's important they have diverse representation in their organization too.

The different perspectives help us meet changing consumer needs. But this also supports a mission beyond Discover®: affecting systemic change by promoting economic growth across groups who historically have been disadvantaged economically.

Vision for supplier diversity

We are building more inclusive sourcing and procurement processes, and implementing programs that foster the development of diverse suppliers. Our goal is to significantly increase our spend with diverse suppliers to more closely align to the diversity of our customers, and employees, and to provide opportunities for economic growth.

Spend with diverse suppliers

In 2021, we increased our spend with diverse suppliers by more than 35% from 2020, and by 2025 our goal is to double our spend with diverse suppliers to reach \$125M annually. In addition to our direct spend, we also secured significant diverse spending amongst our sub-contractors. For example, Discover has committed \$14M to Chicago-based minority- and women-owned businesses as sub-contractors for our new customer care center.

¹ Minority-owned defined as businesses owned by one or more People of Color.

↑92%

increase in spending with Veteran-owned businesses

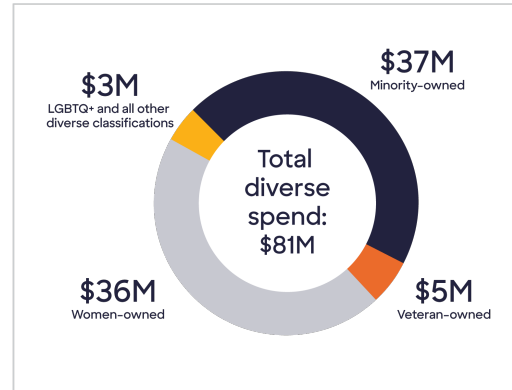
↑80%

increase in spending with Minority-owned businesses¹

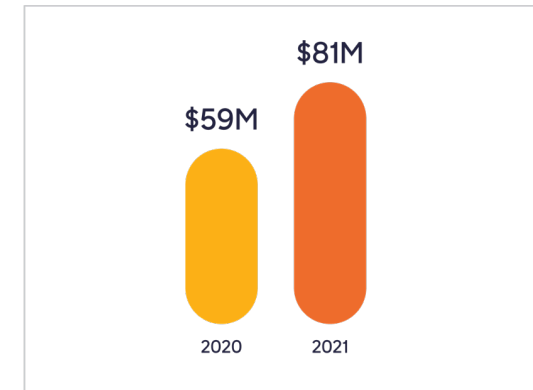
↑24%

increase in spending with women owned businesses

2021 spend with diverse suppliers



Spend with diverse suppliers by year



Discover recognizes certifications issued by these organizations:

- National Minority Supplier Development Council(NMSDC)
- Disability:IN (Disability Owned Business Enterprises)
- National Gay & Lesbian Chamber of Commerce(NGLCC)
- United States Hispanic Chamber of Commerce(USHCC)
- Asian Pacific American Chamber of Commerce(APAAC)
- Native American Chamber of Commerce (NACC)
- Women’s Business Enterprise National Council (WBENC)
- Vets First Certification Program (for veteran-owned small businesses)

Governance Commitment

We proudly commit to “Doing the Right Thing” for our employees, our customers and our shareholders. Our Board and management governance structures and risk management policies and processes support this commitment and are designed to promote transparency, accountability and ethical behavior in everything we do.



Diversity in leadership

Board Diversity

Our work to build brighter financial futures takes all kinds of talent, backgrounds, identities, and experiences working together. That's why it's critical that our workforce reflect diversity at all levels, including on our Board. We seek directors who are committed to representing the interests of our shareholders; who combine a broad, relevant spectrum of experience and expertise; and who have a reputation for leadership and integrity.

Our commitment to diversity and inclusion is a competitive advantage for Discover, so our review process for new Board members includes consideration for each candidate's diverse perspectives and experience in addition to gender and racial diversity.

Board of Directors at-a-glance

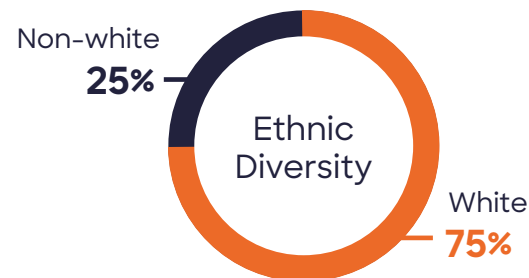
9 Years Average Tenure



62 Years Average Age



Ethnic Diversity of Board



Gender Diversity of Board



Corporate governance **best practices**

Board Independence

Except for our CEO, all directors are independent.

Board committees are 100 percent independent.

Our non-executive Board chairman is independent.

We hold regular executive sessions of independent directors.

Board Performance & Makeup

Directors attended at least 80 percent of Board meetings and meetings of committees on which they served in 2021.

We perform annual Board, committee, and director performance evaluations.

We provide director education and access to experts.

Our Board includes a mix of skills, tenure and ages; 33 percent of directors are women and 50 percent of Board committees are chaired by women.

Best Practices

We cultivate a risk-aware culture overseen by a separate Risk Oversight Committee.

Significant shareholder ownership requirements are in place for executives and Board members.

We have adopted a mandatory retirement age policy for directors.

Shareholder Engagement

Directors are elected annually with a majority voting standard and no supermajority voting requirements.

Shareholders have proxy access with market standard conditions for director nominations.

All directors attend our annual meeting.

Shareholders have the right to call special meetings at a market standard threshold.

Information security

Cybersecurity and data privacy

Protecting business, employee, and customer information is a top priority at Discover®. Identity fraud cost US consumers \$5.9 billion in losses in 2021, with reports of identity theft more than doubling since 2019.* We have helped protect our customers against identity theft and fraud for nearly two decades, and we continue to expand our suite of services to help protect a broader group of consumers combat identity theft and fraud.

Discover has three strategic cybersecurity key principles that guide our activities and support ongoing management of cybersecurity risks in alignment with our regulatory requirements and business objectives.

They include:

- Integration across the enterprise
- Improved capabilities
- Development and retention of experts

Cybersecurity Strategy Key Principles



Integrate Cybersecurity Across Discover

- Embed cybersecurity into business technology, third party vendors, and corporate functions.
- Improve cybersecurity hygiene in day-to-day operations.



Improve Cybersecurity Capabilities

- Improve and implement leading and emerging industry cybersecurity practices.
- Adapt to the changing cybersecurity threat landscape.
- Prioritize cybersecurity investments for business processes and services.
- Maintain/mature operational resiliency.



Continuously Develop and Retain a Highly Skilled Cybersecurity Workforce

- Drive ongoing advancement of cybersecurity resource skillsets and responsibilities.
- Enhance cybersecurity awareness for all Discover employees.

*According to FTC's 2021 Consumer Sentinel Network Data Book

DISCOVER[®]