



2019 MODERN SLAVERY ACT TRANSPARENCY STATEMENT

This statement is for the financial year ending December 2019 and is made by Discover Financial Services (UK) Limited (“DFS UK”) demonstrating our support of Section 54(1) of the Modern Slavery Act 2015 (the “Act”). DFS UK is a wholly-owned subsidiary of Discover Financial Services (“Discover”), and DFS UK is located and operates in the United Kingdom.

Who We Are

Discover is a banking and payment services company headquartered in the United States. Discover issues the Discover card and offers student, personal and home loans, chequing and savings accounts, and certificates of deposit through its direct banking business. Discover operates the Discover Global Network, the payments brand of Discover Financial Services, by connecting three payment networks - Discover Network, PULSE Network, and the Diners Club Network - and more than a dozen Alliance Partners from around the world, enabling millions of cardholder transactions each day. DFS UK provides services that support the Discover Global Network. Discover’s mission is to help people spend smarter, manage debt better and save more so they achieve a brighter financial future. For more information, visit the About Discover section of our [company website](#).

Our Commitment

In alignment with Discover’s core value of “Doing the Right Thing”, DFS UK is fully committed to our responsibility in prohibiting forced labor and human trafficking within our business and supply chains. DFS UK expects that all business relationships are conducted ethically with honesty and integrity consistent with Discover’s Code of Conduct, Code of Ethics and related internal policies. To further demonstrate our commitment, DFS UK will continue to be transparent and communicate enhancements to our policies and our due diligence process as it relates to modern slavery.

Our Supply Chain

Discover’s supply chain consists of both third parties and partners that support Discover’s global operations, including those performed within the UK by DFS UK. Third parties range from small to large corporations and provide a wide assortment of services and products supporting our consumers and employees. Third parties include (but are not limited to): consulting firms, technology providers (software, hardware and consulting), marketing agencies, and law firms. Partners are business entities involved in facilitating payment transactions between merchants, Discover Global Network, and cardholders for the purchase of goods/services; or involved in the facilitation of commercial payments between buyers and suppliers.

Our Policies and Due Diligence

DFS UK expects employees, contractors and suppliers to work in accordance with the highest ethical standards and to comply with all relevant laws and regulations, including those around Modern Slavery. We communicate our expectations to employees through company policies, and to our third parties and partners through service contracts and agreements. Listed below are policies and processes applicable to DFS UK that further communicate expectations and mitigate the risk of DFS UK unknowingly dealing with a third party or partner that is committing illegal and/or unethical behavior.

❖ Code of Conduct

Discover’s Code of Conduct applies to all directors, officers, employees, subsidiaries and affiliates of Discover-including all employees of DFS UK. The principles defined within provide direction around the ethical and legal responsibilities we share as members of the Discover group. Discover preserves the code’s relevancy by requiring all employees to complete training on the underlying principles and policies annually. The Code of Conduct sets forth an obligation for employees to report any suspicion of non-compliant and/or unethical behavior either by Discover or any of our suppliers, third parties or partners.



Additionally, Compliance checks are carried out on all new employees and contractors to ensure applicable regulatory and company requirements are met prior to performing work (i.e., confirmed work authorization and/or background checks). In addition, Discover requires that suppliers of contractors or temporary resourcing carry out their own checks of individual's legal rights to work.

❖ **Third Party Program**

Discover's Third Party Program was created in accordance with regulatory guidance for managing third party risk. The program is comprehensive and rigorous in its approach to managing third party engagements throughout their entire lifecycle. Third parties that provide goods or services to or on behalf of Discover and its subsidiaries and affiliates, including DFS UK, are risk assessed and managed commensurate with the level of risk and complexity of the engagement. In addition, third parties are evaluated on their ability to provide the contracted goods or services, how they comply with applicable laws and regulations, as well as their adherence to Discover's standards. The program emphasizes oversight and review of third party engagements that have a substantial impact on Discover's financial condition, are critical to Discover's ongoing operations, involve sensitive customer information, consist of new bank products or services, or pose material compliance risk. Discover requires issues or vulnerabilities identified during due diligence to be evaluated and remediated pursuant to internal policies and standards. Third party risk is aggregated, monitored and reported through the Company's risk governance framework.

❖ **Customer and Partner Due Diligence**

Discover collects sufficient information when establishing a relationship with a customer or partner to understand the nature and the purpose of the business arrangement. Risk-based due diligence is performed on customers and partners to develop an understanding of the expected activity of those relationships and establish an overall risk profile in order to support the ongoing maintenance of the relationship. This risk profile serves to identify customers or partners that may require additional due diligence or heightened scrutiny required through the life cycle of the respective relationship. If a customer or partner is determined to be higher risk, Discover may obtain additional information, conduct more frequent and in-depth reviews including on-site visits, and monitor transactions to ensure the risk mitigation activities are commensurate with the risk profile as determined by due diligence review.

❖ **Anti-Money Laundering:**

It is Discover's policy to maintain a risk-based anti-money laundering ("AML") program that prevents its products and services from being used to support human trafficking, launder money, finance terrorism, or violate Sanctions. The AML program also aids law enforcement in combatting these crimes; and complies with AML Laws, including foreign laws and regulations.

In the spirit of continuous improvement and in alignment with our core value of "Doing the Right Thing", we are committed to reviewing our internal practices and maturing our efforts to combat human trafficking and modern slavery.

This statement is made pursuant to Section 54 of UK Modern Slavery Act and approved by the Discover Financial Services (UK) Limited Board of Directors on June 5, 2020.

Signed,

A handwritten signature in black ink that reads "Roger Hochschild".

Roger Hochschild

Director, Discover Financial Services (UK) Limited

Chief Executive Officer and President, Discover Financial Services