

ONE CULTURE

The people behind our passion

2012 was another busy and amazing year! We continued to be recognized as one of the Best Employers in Canada (that's 3 years in a row) and we're extremely proud to have been named one of Canada's 10 Most Admired Corporate Cultures. And those are just a few of the highlights.



Our first ever hockey tournament.



Being entertained by one of our house bands.

Who we are

We are a team of accountable, curious, bold, passionate risk-takers. We are an energetic, agile team that works to foster collaboration and celebrate success. We are a team committed to sparking positive change in our communities through practical solutions.

Why we're here

To put it simply – we're in the business of enriching relationships. Between companies and customers... Canadians and the environment...business and communities...people and their health.

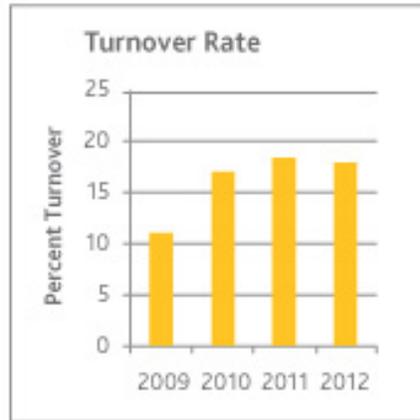
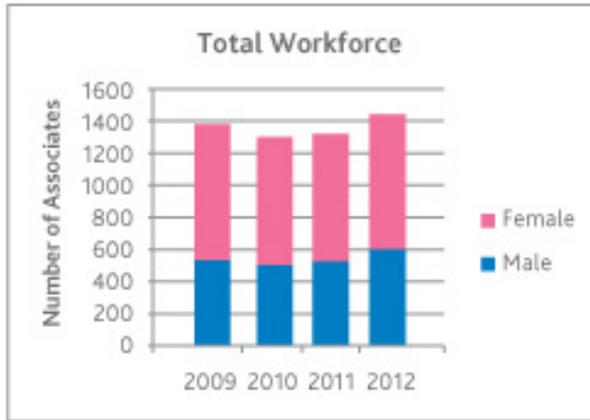
LoyaltyOne by the numbers

Metric	2009	2010	2011	2012
Total workforce ¹	1,386	1,298	1,340	1,451
Male	529	498	538	600
Female	857	800	802	851
Associate engagement score (percent) ²	85	83	n/a	86
Turnover rate (percent) ³	11	17	18.5	18
Associates receiving annual performance reviews (percent)	100	100	100	100
Associates per office location				
Toronto	941	845	867	828
Mississauga	244	162	131	266
Calgary	24	19	28	26
Montreal	40	35	40	39
United States	7	22	28	30
Work from Home	130	215	236	240
Other	n/a	n/a	10	22

Notes:

1. Headcount data as at year end (i.e.: December 31 for each year). Total workforce headcount increased moderately over 2010 as the organization rebalanced its business needs with its human capital needs and continued to focus on growth.
2. No engagement score available for 2011. The 2010 engagement score of 83 represents best-in-class for our industry and should be celebrated as a success. Associate engagement continues to be a focus for LoyaltyOne and will be reevaluated in May 2012.
3. Overall turnover demonstrated a marginal increase over 2010, continuing a reversion to more normal industry levels after a sharp decrease associated with decreased voluntary turnover during the recession of 2009.

LoyaltyOne by the numbers



“We’re in the business of enriching relationships, and that starts right within our own organization – as we continue to build a culture in which we visibly celebrate each other’s efforts, experiments, learning and successes.”

Never stop learning

Learning and development have always been an important part of our culture and our success. We recognize that development is about more than sitting in a classroom; it's something we strive for every day.

Here are the ways LoyaltyOne associates never stop learning:

Loyalty 101/102 – all associates begin their LoyaltyOne experience with Loyalty 101, our onboarding program. It provides them with information on all aspects of our company to help integrate them quickly and effectively into our team. Loyalty 102 is designed to help our people become leaders, with additional focus on modules such as performance management, employee relations, compensation and recruitment. In 2012, we added business videos and web-based learning opportunities to provide additional variety. This year, there were 92 graduates of the onboarding program.

"3i" Leadership Model – we expect our leaders to embody the three "i"s to provide inspiration to their teams, encourage intellectual growth and guide the implementation of ideas that move the business forward. We encourage leadership at all levels, regardless of position.

Senior Leadership Team (SLT) and Management High Potential Development Programs – offsite learning for SLT members and high potential middle management to help enhance LoyaltyOne's leadership capabilities and strategic vision.

Manager Once Removed Meetings (MORs) – associates meet with their MOR at least twice a year (and sometimes much more often) to discuss career goals and continued development.

Women in Leadership Series – female leaders from a variety of industries join us to share their experiences and advice with all associates. In 2012, our Women's Leadership Initiative committee kicked off a mentoring program, resulting in 38 matched mentors and mentees through an innovative "speed matching" event.

Lunch and Learn Sessions – we frequently have lunch hour discussions (with healthy food choices) on topics that are of interest to our associates. In support of our new strategic vision, we developed a series called "Behind the Strategies" hosted by the heads of our departments. In it, they provide insight and a behind the scenes look at the different initiatives in the company.

Tuition Reimbursement Program – we generously support external formal education for both full-time and part-time permanent associates.



See what makes us a great place to work at:

loyalty.com/accountabilityreport

Women in Leadership

Fostering the leadership skills of female associates remains critical to our success. This year, our Women in Leadership Initiative (WLI) Committee invited top female leaders to inspire both our female and male associates. They included:

Allison Graham, author of “Business Cards to Business Relationships: How to build the ultimate network”.

Sharon Ramalho, Vice President, Ontario region of McDonald’s Restaurants.

Marie-Josée Lamonthe, Chief Marketing and Corporate Communications Officer, L’Oréal Canada.

Elaine Roper, SVP Human Resources, Toronto 2015 Pan/Para-pan American Games Organizing Committee.

Diane Craig, President and Founder of Corporate Class Inc..

The WLI also held their annual 9 & Dine golf tournament (and networking event) with guest speaker Deborah Longhurst, Principal of Operations and Project Management, Straticom.

Road maps to success

To make it easier for associates to plan where they want to take their careers, our HR Business Partners, Talent Management team and leaders in the business, partnered together to create “Career Pathways,” a comprehensive guide to career building at LoyaltyOne.

“Career Pathways” outlines the functional and behavioural skills required for each job, and outlines career options – both lateral and vertical – for associates in a given role. This project has been incredibly well received by both managers and associates alike, helping both groups to plan next steps in associates’ development plans.

An engagement to remember

Over the past decade, our annual Associate Engagement Survey has been essential in helping us create and foster a culture of open communications and continuous improvement. We are committed to taking action when associates tell us that things can be improved. It’s completely confidential and is administered by a third-party vendor.

In 2012, we conducted a full engagement survey with a fantastic response rate of 88%! Our engagement level continues to be best-in-class for our industry.

Here’s an overview of the results:

- Associates gave us a best-class engagement score of 86%.
- 95% of associates believe LoyaltyOne helps to make the communities in which we operate a better place to live/work.
- 95% of associates believe LoyaltyOne does a good job of communicating a clear vision and strategy.
- Our manager effectiveness index sits at 84/100.
- 85% of associates believe LoyaltyOne provides meaningful development opportunities.

Rewarding recognition

Our associates give their best to LoyaltyOne, and we reward them for their commitment, performance and contributions.

We offer a robust **Total Rewards Program** that includes competitive compensation, comprehensive health and dental benefits, financial advantages, and programs that promote work-life blending.

Our **Associate Anniversary Program** also celebrates service milestones for all our associates. Starting at year one, our associates receive a gift of AIR MILES reward miles for every year they are here. Every 5 years, our associates also receive an additional paid 2-weeks sabbatical.

We also participate in an international program called **Customer Service Week**. During the week, we celebrate our Customer Care team with breakfasts, gifts, contests, giveaways and events where associates can participate and feel appreciated knowing their contributions make a difference.

Our annual **President's Circle Award** recognizes associates who demonstrate success in the workplace. This is a peer-nominated award where recipients are chosen by a panel of previous President's Circle winners. Nominees are recognized in 5 areas: Achievement, Leadership, Innovation, Customer and Community. All winners receive AIR MILES reward miles redeemable for a wide range of items and are also invited to join fellow honourees for an all-expenses paid weekend to Niagara-on-the-Lake.

Keeping associates in the know

Here's how we help our associates see how their work and feedback help us succeed:

Associate Engagement Survey – regular surveys let us measure associate commitment, motivation and active involvement in LoyaltyOne's success, with "pulse" checks along the way to ensure we stay on track.

Making performance management fun – planning performance through defining expectations and goals, reviewing progress regularly, recognizing accomplishment, and keeping it all fun.

Town Halls – hosted twice a year by Executive Committee members, these all-associate meetings provide associates in all locations with consistent, reliable updates on important LoyaltyOne news.

Strategic 3 Magazine – An internal publication for associates featuring the latest LoyaltyOne news from around the globe.



The 2012 President's Circle Award recipients.

Promoting wellness

We're committed to helping our associates lead healthier lives at work and home. Here are some of the ways we do that:

- Free BIXI bike memberships for associates to bike to meetings.
- On-site bike racks and showers for associates who commute by cycling.
- \$300 wellness subsidy applicable to help offset gym, fitness and weight management programs.
- On-site gym called The Sweatshop, offers associates subsidized memberships.
- Promote participation in activity-based charitable activities, including Princess Margaret Weekend to End Women's Cancers, Walk So Kids Can Talk and *motionball* Marathon of Sport.
- Gym features a wide range of classes, including : yoga, Pilates, tone and sculpt, zumba, spin, walking club and more!
- Guest speakers join us to talk about nutrition and wellness.
- A cross functional wellness committee dedicated to associate health and well-being.



The Sweatshop – our Toronto office on-site gym.



Walking for Kids Help Phone in the Walk So Kids Can Talk.



Team Loyalty for Life walking to help end women's cancers.