

Positive
actions.
Powerful **change.**

2013 ACCOUNTABILITY REPORT

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INTRODUCTION

Welcome to our 2013 Accountability Report

This annual report covers our 2013 activities and is a follow-up to our 2012 report. It covers all four of LoyaltyOne's office locations and five lines of business. The report does not include our international partnership with the Brazilian loyalty program, Dotz. We have considered all of LoyaltyOne's sustainability impacts and selected those most relevant to our service-oriented firm and our stakeholders.

As part of the reporting process, we welcome feedback. Please direct any inquiries to:

Natasha Giannopoulos
Chief Sustainability Officer
LoyaltyOne Co.
sustainability@loyalty.com



Hear from our CEO and CSO at

loyalty.com/accountabilityreport

ABOUT US

We enrich relationships

As leaders in loyalty, we know that the key to growing business is understanding how to influence the choices people make – as consumers and individuals. For 20 years, LoyaltyOne has designed, developed, and managed loyalty initiatives for retail, banking, grocery, utilities, manufacturing, government clients, and more. We help our clients get closer to their customers so they can understand them more thoroughly, engage them more effectively, and positively influence the choices they make.



2013 Volunteer Fair



2013 AIR MILES for Social Change Soup Sisters

OUR UNIQUE ADVANTAGE

LoyaltyOne specializes in customer engagement; we drive retail business performance to create long-term loyalty. We know that a more engaged customer can become a more loyal customer. Using our customer-centric solutions, we not only optimize relationships one at a time, we create sustainable improvements in business performance, year after year. We help people to become more engaged with a brand, and that's what keeps them loyal over the long term.

We're passionate about understanding customer shopping patterns and rewarding their behaviour. We guide them toward opportunities that we know they'll value. We design extraordinary experiences to match their interests, tastes and dreams. And in doing so, we've forged more than 50 million customer relationships worldwide.

LoyaltyOne's innovative solutions set the pace and agenda of the loyalty industry. We deliver both the thought leadership and practitioner solutions that stand apart from the competition.

We offer:

Merchandising Solutions – helping retailers and their vendors determine the optimum product assortment, pricing and shopper-centric promotional strategies.

Loyalty Solutions – helping marketers shape customer behaviour through rewards and other motivators that boost current spend and expand the overall base.

Experience Solutions – helping companies create more rewarding experiences throughout their stores and across all the channels in which they interact with customers.

Headquartered in Toronto, Ontario, we employ approximately 2,000 associates in offices in Canada, the United States, and throughout Europe. LoyaltyOne Co. is a division of Alliance Data, a leading provider of loyalty and marketing solutions.

OUR ACHIEVEMENTS

Every year, we strive to better our work environment every way that we can. Here are some of the goals that we committed to for 2013:

Our commitments

- Being a great place to work and celebrating our associates with rewarding and meaningful experiences
- Integrating Corporate Responsibility priorities into day-to-day business
- Reducing our impact on the environment and inspiring others to do the same
- Building and enriching our communities by investing in them

And here's what we're proud to say that we achieved last year:

- Added two new electric vehicle charging stations to our fleet, and supported bike sharing and carpooling programs
- Cut down company GHG emissions by 18% from 2012
- Achieved Emissary level, the second highest level on Bullfrog Power's Green Index – one of only two organizations
- Raised over \$1.8 million for several charities
- Celebrated our 10th year of participating in the Holiday Charity Drive by raising \$235,000, for a combined total of over \$1 million.
- Named one of the 50 Best Employers in Canada for the 5th year in a row
- And more!



2013 Environmental Fair Toronto



2013 CommunityOne Day

ONE RESPONSIBILITY

LOYALTYONE'S CORPORATE RESPONSIBILITY COMMITMENT

We are committed to making a difference. We are always finding new ways to help others improve their potential, enhance our natural environment, and create a meaningful impact by bringing partnerships together that deepen connections and change lives.

Community	Environment	Wellness
We will help improve the social quality of life by supporting programs that spearhead community building and enrich relationships.	We work hard to reduce our own footprint, as well as promote and demonstrate changes in behaviour that inspire others to do the same.	We strive to create an engaged workforce by celebrating our associates and offering them a healthy, rewarding and meaningful experience.

Our accountabilities

It begins at the most senior level within the company – our President and CEO, Bryan Pearson, directs all of the company's strategic activities and serves as the Chair for LoyaltyOne's Executive Team.

Next, our Chief Sustainability Officer, Natasha Giannopoulos, reports directly to the Executive Leadership Team and is accountable for ensuring that our commitments to corporate social responsibility are realized.

Ultimately, it is our associates who drive many of the environmental and social responsibility initiatives within LoyaltyOne. However, to support the Chief Sustainability Officer, we have assigned responsibility for overseeing each pillar of our activity to our Corporate Responsibility team.

As part of the Executive Leadership Team, our Senior Vice President of Human Resources, Sofia Theodorou, is accountable for ensuring that we meet our commitments: to create an engaged workforce and make LoyaltyOne a place where all associates can do their best work.

We have also added community-dedicated members to our Corporate Responsibility team to further expand our associate engagement and social impact, and to help grow our commitment to volunteerism.



Engaging our stakeholders

We believe that building a foundation of mutual understanding and collaboration with stakeholders is integral to our sustainability journey. We are committed to proactive management, open communication, and transparent reporting, which holds us accountable for continuous improvement and helps us meet our goal of being a leader in the global loyalty industry.

We define our stakeholders as individuals or organizations that can affect (or are affected by) our company. Based on this definition, **our key stakeholders are our associates, Collectors, business partners, local communities, and leading sustainability organizations.**

Examples of our engagement with key stakeholder groups:

Associates

Associate Engagement Survey

Annual tool that fosters a culture of open communication and continuous improvement.

Associate Panel

Mechanism used to share information and get feedback from associates about corporate programming, including sustainability.

Town Hall Meetings

Bi-annual meetings hosted by Executive Committee members provide associates with updates on important LoyaltyOne news, including sustainability topics.

Annual Environmental Fair

Annual event that raises associate awareness about new sustainable products and services available through our Sponsors, Reward suppliers, and Facility suppliers.

Annual Wellness Fair

Annual event that raises associate awareness about healthy living programs, services, and products.

Annual Volunteer Fair

Annual event that connects our associates with various charitable organizations and volunteer opportunities, allowing them to give back to the community they live and work in.

Contests and Prizes

Corporate sustainability challenges are issued throughout the year to engage associates (e.g., internal contests to reduce office energy consumption and waste, Pollution Probe's Clean Air Commute, etc.).

Associate Volunteer Committee

Associates from across the company help shape and grow LoyaltyOne's commitment to volunteerism.

Business Partners & Leading Sustainability Organizations

Partners in Project Green

LoyaltyOne is represented on one of the Partners in Project Green subcommittees, which provides corporate mentorship to businesses in the GTA that are working to green their bottom line (e.g., tours of LEED® Gold Certified Customer Care Centre in Mississauga).

London Benchmarking Group

This global group of over 130 companies uses the LBG framework to measure, manage, and report the value and achievements of community investment.

Network Business and Sustainability

LoyaltyOne is part of a select network of organizations that are sustainability leaders; their overall goal is to shape management practice and research.

Mississauga Board of Trade Sustainability Committee

LoyaltyOne is an active member of the MBOT Sustainability Committee, which works to promote sustainable education awareness within the GTA business community.

SustainMobility

LoyaltyOne is a member of SustainMobility (formerly known as Smart Commute Mississauga), an organization that creates marketing services, event planning, and incentive campaigns that encourage and support sustainable transportation choices.

AIR MILES Sponsor Fundraising Campaigns

Program that enables Sponsors to launch fundraising campaigns using AIR MILES reward miles.

My Planet Rewards Partners

Collaborate with Sponsors and Vendors to offer more environmentally sustainable products, and provide incentives for Collectors to purchase them (e.g., Bonus AIR MILES® reward miles).

Real Estate Suppliers (LEED® Compliant)

Our real estate providers help to collaborate with all of our building landlords to meet stringent environmental performance criteria and work towards LEED® certification wherever possible.

Collectors**AIR MILES My Planet® program**

Enables Collectors to earn or redeem reward miles on eco-friendly products and services, and to share green information and tips online.

AIR MILES® for Social Change

By partnering with government agencies and social change organizations nationwide – everything from energy utilities and transit authorities to waste diversion and health awareness agencies – we inspire people to make better choices for themselves and their communities.

By giving governments, non-profit and public sector organizations access to the power of the AIR MILES reward program, including our marketing channels and use of AIR MILES reward miles as an incentive, we can help improve program participation rates and ROI. In the process, we provide knowledge and program insight to our partners allowing them to learn from their success and accelerate positive behavioural change across Canada.

Collector Panel

Using regular surveys, we solicit feedback and input on corporate programming (including sustainability topics) from approximately 50,000 Collectors.

Local Communities

CommunityOne Day

Our offices across Canada close down and associates spend half a day volunteering their time and skills to various local charities. Our activities include everything from planting trees and cleaning parks, to helping a charity solve a business problem and performing in a fitness marathon for charity.

Volunteer Paid Day Off program

Associates are encouraged to access the program and volunteer at their favourite registered charity for one paid day per calendar year.

Accessibility for all

LoyaltyOne is fully committed to the principles of independence, dignity, integration, and equality of opportunity for people with disabilities. We are committed to promoting a healthy work environment accessible to all associates, stakeholders, and clients with disabilities, where they can participate fully in all aspects of their job. We ensure that their work environment is free of barriers and consistent with the principles of independence and equality, as set out in the regulations of the *Accessibility for Ontarians with Disabilities Act, 2005*.

To date we've:

- Developed and launched comprehensive accessibility training for our associates
- Developed comprehensive accessibility plans and goals for the company
- Integrated accessibility standards into our Corporate Citizenship Commitment
- Reviewed website and web content with experts to include accessibility in design

ONE ENVIRONMENT

Renewing our commitment to the planet

In 2013, we continued to work on reducing our environmental impact and integrating sustainability into our core business practices. We adopted new technology for our green fleet, introduced electric vehicle charging stations, and added two new electric vehicles. We also hosted a number of environmental forums at our corporate head office and worked with numerous environmental committees to drive sustainability programs.

REDUCING OUR HARMFUL IMPACT

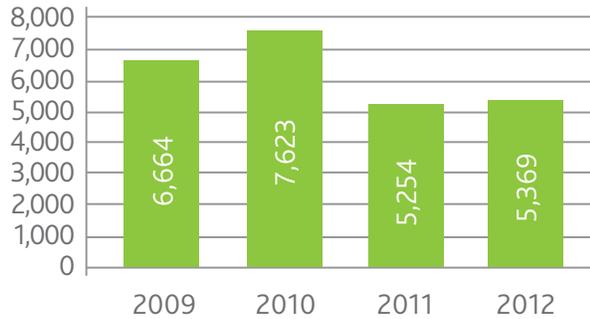
Three ways we make a difference

We understand LoyaltyOne's environmental impacts and we are doing everything we can to help reduce them in three main areas: our organizational carbon footprint, waste production, and procurement practices. Read on to see all the ways we helped reduce our impacts in 2013!

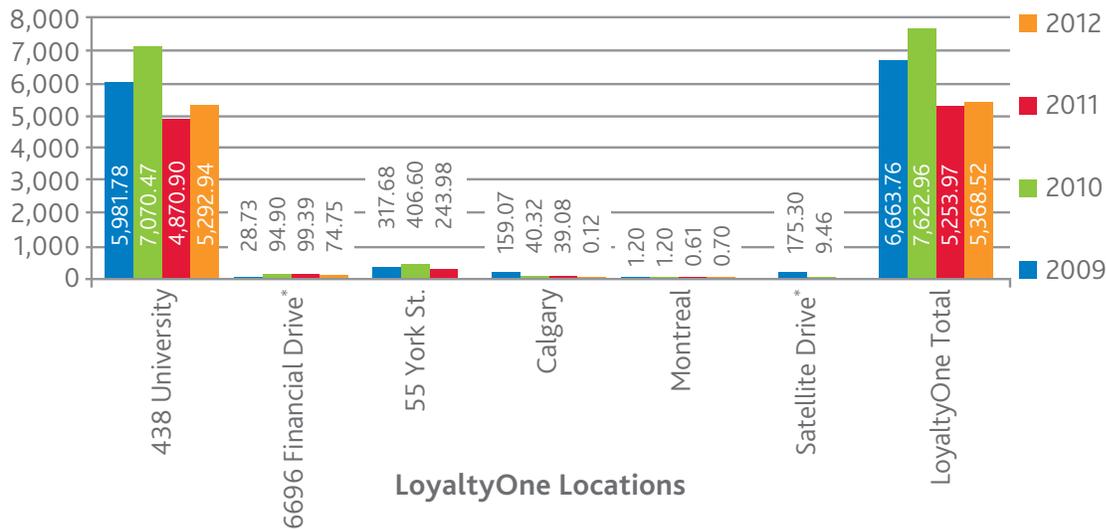
Our organizational carbon footprint

- 2013's total GHG emissions were **4,412 tonnes CO₂e**.
- That figure represents an **18% decrease compared to 2012**, which is attributed primarily to a 17% decrease in external paper consumption and associated emissions.
- Other factors that contributed to the decrease include:
 - Increased use of Bullfrog natural gas at our Mississauga location, which has contributed to a decrease in overall heating emissions of nearly 30% from 2012.

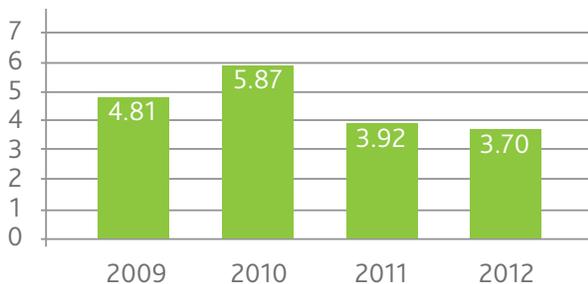
Total Corporate GHG Emissions
(Metric Tonnes)



Total GHG Emissions by Locations
(Metric Tonnes)



CO₂ per Associate
(Metric Tonnes)



* 55 York Street and Satellite Drive are no longer occupied by LoyaltyOne

We measure three significant kinds of emissions: fuel (Scope 1), electricity (Scope 2), and indirect emissions (Scope 3) that are the result of the manufacturing of paper, associate air travel, and freight.

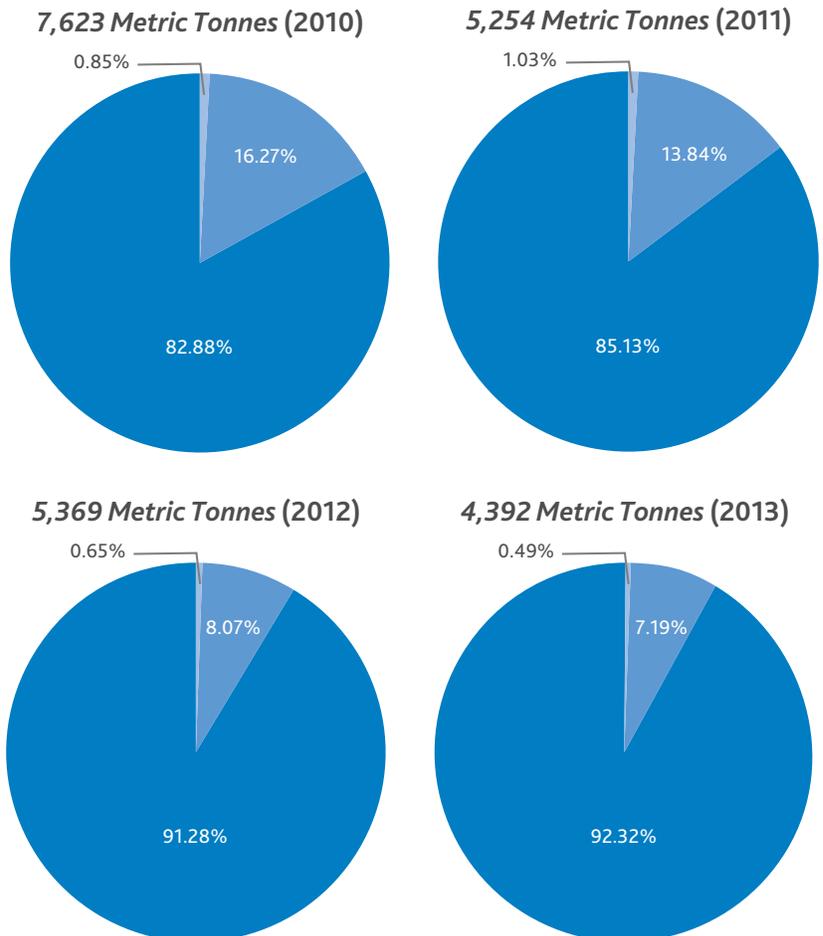
Over the past 5 years, LoyaltyOne has reduced total emissions by 34% from the 2009 baseline.

- During that time, the company has also decreased Scope 1 and Scope 2 emissions by 76% combined. This significant decrease in Scope 1 and Scope 2 emissions is the direct result of LoyaltyOne's commitment to energy-efficiency within their corporate facilities and the company's dedication to using renewable energy through Bullfrog Power's electricity and natural gas.
- Since the 2009 baseline, total electricity consumption has decreased by 36%.

As always, we continue to look for new ideas and initiatives to reduce our carbon footprint!

GHG Emissions Breakdown by Scope
Metric Tonnes CO₂

- Scope 1 (Fuel)
- Scope 2 (Electricity)
- Scope 3 (Other Indirect Emissions – i.e., paper use, air travel, freight)

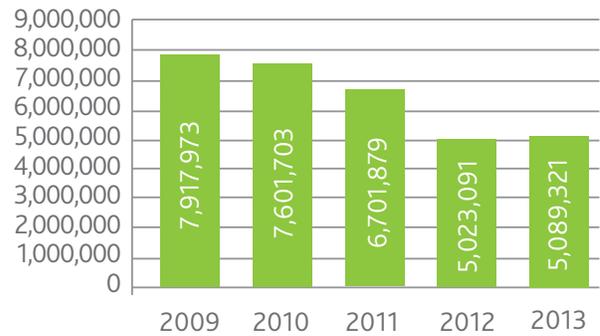


How we have helped reduce our carbon footprint

- Purchased green Natural Gas from Bullfrog power for our Mississauga office
- Supported and implemented building retrofits and system upgrades made by property management at our Toronto office
- Completed an intensive energy audit of our corporate head office so we could find new opportunities to reduce our energy usage

Fluctuations in the volume and frequency of our paper-based communications to AIR MILES Collectors can occur each year.

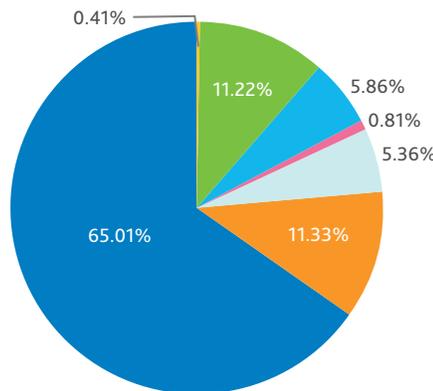
Electricity Consumption (kWh)



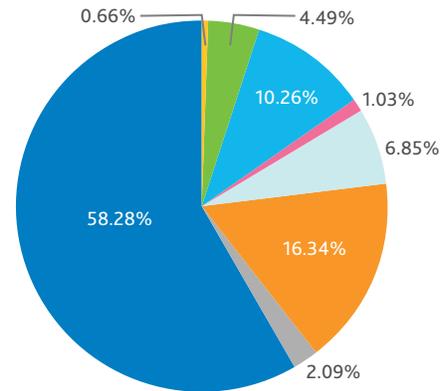
GHG Emissions by Major Activity (%)

- Paper – External
- Paper – Internal
- Electricity
- Heating
- Ground Travel
- Freight
- Air Travel
- Packaging

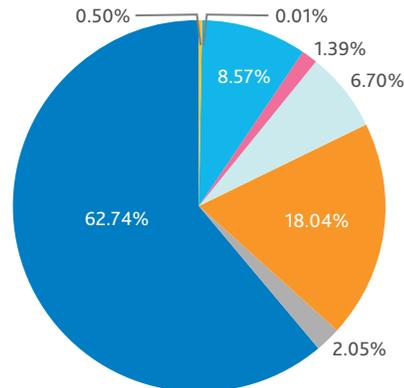
2010 GHG Emissions by Major Activity (%)



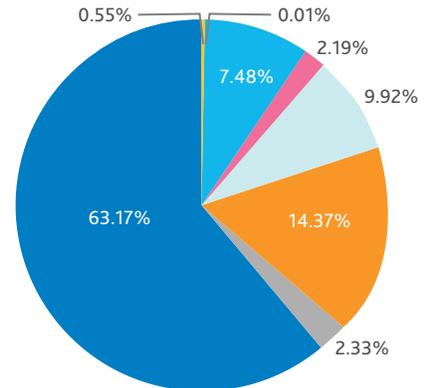
2011 GHG Emissions by Major Activity (%)



2012 GHG Emissions by Major Activity (%)



2013 GHG Emissions by Major Activity (%)



Our paper policy

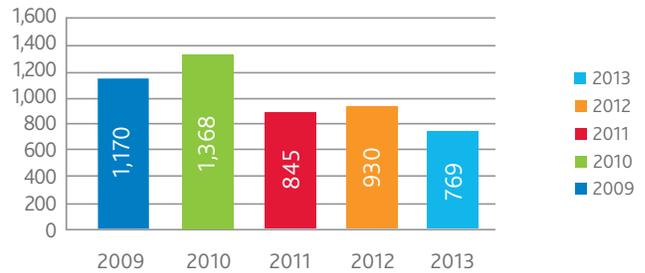
As a major component of our ongoing communications to our AIR MILES Collectors, the use of paper is a significant vehicle for promoting offers and information that is fundamental to the success of our programs and customer satisfaction. Since 2009, LoyaltyOne has had an environmental paper procurement policy to help minimize our impact on resources and eco-systems. Under this policy, all paper we purchase must be FSC-certified and have a minimum 30% post-consumer content.

The purpose of this policy is to:

- Target reductions in overall paper usage, both from an internal and external communications perspective
- Challenge our vendors to continue to source environmental improvements in their practices and procurement on our behalf
- Ensure that paper purchases on behalf of LoyaltyOne are from certified, sustainable sources
- Establish an ongoing investigation of new technologies and practices that will improve our overall environmental impact

To ensure that we meet these objectives, we continually take the following into consideration when deciding which paper or supplier to use: sustainability certification, recycled content, manufacturing processes, and proximity.

Paper – External Consumption (Tonnes)



Paper – Internal Consumption (Tonnes)



Watch our conservation video at

loyalty.com/accountabilityreport

FSC

One of the most important practices that affects the environment during the manufacturing of paper is how the forests are managed. To achieve greater environmental sustainability, forests need to be managed in a manner that will ensure that there is minimal impact on wildlife, groundwater, the environment, oxygen production, and local communities who need the forest for their livelihoods.

The Forest Stewardship Council works with environmental, economic, social and Aboriginal organizations and individuals to set strict environmental and social standards for forests. By setting such standards, FSC creates an incentive for forest owners and managers to voluntarily meet the best social and environmental practices.

Therefore, when specifying paper for the production of printed communications, **LoyaltyOne will require our vendors be FSC-certified, and our priority is to use paper that is FSC-certified.**

Our Work at Home program

Our **Work at Home program** supports several LoyaltyOne strategic goals and is beneficial to both our associates and the environment.

Overall, the Work at Home program helps us reduce energy use and CO₂ emissions associated with daily commuting, enhance work-life balance for associates, and reduce overall facility costs and transit disruptions.

Purchasing green energy

LoyaltyOne is a strong supporter of clean, renewable energy. In 2013, we continued to utilize 100% green electricity from Bullfrog Power for our Toronto, Mississauga, and Calgary offices. Bullfrog's green electricity comes exclusively from wind and hydro facilities that have been certified as low-impact by Environment Canada under its Ecologo™ program.

This year, we:

- Achieved Emissary level, the second highest level on Bullfrog Power's Green Index

By purchasing green electricity and natural gas from Bullfrog Power for our Toronto, Calgary and Mississauga offices, we were able to achieve a carbon dioxide (CO₂) reduction of 882 tonnes!

In 2013, we also supplied Bullfrog Power for a number of events hosted by our charitable partners, resulting in a carbon reduction of 10.5 tonnes – which otherwise would have been released into the atmosphere!



What is LEED®?

LEED® stands for Leadership in Energy and Environmental Design. It is a stringent certification achieved through independent review of building design and construction practices and is internationally recognized by the Canadian Green Building Council (CaGBC).

LEED® Existing Building: Operations & Maintenance is a unique rating system that promotes ongoing efficiencies to building operations.

Our LEED® EB:O&M journey

For the last 2 years, LoyaltyOne has worked with our Corporate Head Office property management team to prepare our building for a LEED® EB:O&M application.

What does this entail?

- Upgrades to the building's HVAC and lighting systems
- Replacement of key infrastructure items such as boilers and chillers
- Coordination with vendors and suppliers to track purchasing and waste
- Installation of electrical sub-metering equipment
- Considering LEED® guidelines and standards for all new construction projects
- Surveying of associates and building tenants to assess their comfort levels and how they get work done every day
- Promotion and education of LEED® EB:O&M core principles

Our goal is to ensure that our spaces are LEED® certified to promote an environmentally friendly and healthy workplace. In 2013, the property management submitted the building's application for LEED® EB:O&M. We are currently engaged in the application review process.

Calgary Office:

LEED® Gold Commercial Interiors (CI)



Mississauga Office:

LEED® Gold Core and Shell

LEED® Gold Commercial Interiors



Toronto Office:

In application review process for LEED® EB:O&M



ENABLING ASSOCIATES TO LIVE MORE SUSTAINABLE LIVES

A greener fleet

In 2013, we continued to provide a greener way for our associates to get around town by purchasing several corporate memberships to the BIXI bike sharing service in Toronto and Montreal. So, whether our associates want to bike to a meeting or just get some exercise, they can simply reserve one of the corporate keys to access the bikes at various locations across the city.

We also worked with SustainMobility to add a fleet of bikes for our Mississauga office in July. This "CycleLoan program" encourages employee wellness and further reduces our environmental footprint.

The program was initiated in response to an Employee Commuting Survey that revealed the majority of our Mississauga employees were interested in having a bike fleet program available at their workplace.¹

As an active Smart Commute Mississauga workplace since 2009, LoyaltyOne's commitment to the Smart Commute program has helped us implement sustainable transportation solutions such as the Activate Your Commute online tool and the Carpool Zone initiative.

The goal of CycleLoan is to inspire our associates, customers, and other businesses to adopt similar practices and create positive change.

If our associates don't feel like biking, they can use one of our five fuel-efficient vehicles instead.



The corporate bikes that help our Mississauga associates get around, emission-free!

We also continue to participate in carpooling through Smart Commute in Mississauga, as well as memberships to AutoShare in Toronto and Communauto in Montreal.

In addition to these green transportation options, associates can purchase discounted monthly TTC passes or simply sign out passes for the day to attend meetings!

We also added 2 Level II Electric Vehicle (EV) charging stations to our corporate head office. The easy-to-use dual charging stations provide two 7.2 kW (208/240 V @ 30 A) Level 2 charging ports. To enhance safety, drivers access and energize the station using a special card. The station's display guides drivers with instructive and targeted messages.

In 2013, we added two additional electric vehicles (EVs) to our sustainable fleet, which brings us to a total of 3. Not only are we providing our associates with more sustainable transportation options, we're also educating them on new, leading-edge technologies.



The newest addition to our fleet of fuel-efficient, eco-friendly vehicles.

ONE CULTURE

The people behind our passion

Thanks to all our associates, 2013 was another incredible year for LoyaltyOne. We were once again recognized as one of the Best Employers in Canada (that's 5 years in a row), and we're proud to have been named one of Canada's Top Employers for Young People. And those are just a few of our accomplishments!



AMPED Charity Event 2013



2013 Environmental Fair

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
Notes: Other	n/a	n/a	10	22

1. Headcount data as at year end (i.e., December 31 for each year).

* Total Canadian Work at Home associates, including two non-customer care associates.

“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 2013, we changed the format of the program so associates could complete the program in less time. This year, there were 98 graduates of the onboarding program.

“3i” Leadership Model – we expect our leaders to embody the three “i”s: 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.

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. These sessions 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 else makes LoyaltyOne 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.

The WLI also held their annual 9 & Dine Golf Tournament, a learn-how-to-network event, and ran a popular mentorship program.

Road maps to success

To make it easier for associates to plan their career roadmaps, 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 to helping us create and foster a culture of open communication and continuous improvement. We are committed to taking action when associates tell us that things can be improved.

In 2013, we conducted a pulse engagement survey with a fantastic response rate of 86%! Our engagement level continues to be best-in-class for our industry.

Here is an overview of the results:

- **Associates gave us a best-in-class engagement score of 87%**
- **96%** of associates believe LoyaltyOne helps to make the communities in which we operate a better place to live and work
- **96%** of associates rate LoyaltyOne as a good corporate citizen
- **86%** of associates believe LoyaltyOne does a good job of communicating a clear vision and strategy
- Our manager effectiveness index sits at **84%**
- **83%** of associates believe that when they do excellent work, their accomplishments are recognized

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 work 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 the following areas:

- Understanding
- Inspiring Change
- Innovation
- Taking Risks
- Leadership
- Community and Environment

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 at a resort.

Keeping associates in the know

There are many ways that we show associates 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 – we plan performance by defining expectations and goals, reviewing progress regularly, recognizing accomplishments, and keeping it fun.

Town Halls – hosted twice a year by Executive Committee members, these 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.



2013 CommunityOne Day

Promoting wellness

We strive to create an engaged workforce by celebrating our associates and offering a healthy, rewarding, and meaningful work experience. The newly established Wellness strategy is shared between Workplace Services and Human Resources to ensure the portfolio of initiatives satisfies the lifestyle and health needs of our global workforce.

The identified strategies are:

- We believe in empowering all LoyaltyOne associates to enjoy the highest level of well-being
- We exist to support associates in achieving well-being that's designed for real life
- We accomplish this with a support system of wellness benefits, tools, and services that are realistically achievable and rewarding

Some Wellness Program Objectives include:

- Lead a shared culture and understanding of what constitutes realistic, sustainable well-being throughout the organization
- Develop an annual LoyaltyOne Wellness plan that contributes to wellness measurements and LoyaltyOne's Best Employer status
- Create a holistic support system that responds to associates' evolving needs, as well as any changing circumstances that could negatively impact well-being
- Formalize data collection and track the status of associates' well-being against key dimensions to measure and report on progress

Key areas of focus for 2013 were: keep moving, mental health, and healthy living.

A cross-functional team of associates planned and implemented our annual wellness fair. The theme for our 2013 wellness fair was "Take your health to heart," which promotes healthy active living.

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
- Onsite bike racks and showers for associates who commute by cycling
- \$300 wellness subsidy to help offset gym, fitness, and weight management programs
- Onsite gym called The Sweatshop that offers associates subsidized memberships
- Gym features a wide range of classes, including: yoga, Pilates, tone and sculpt, Zumba, spin, walking club, and more!
- 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
- Guest speakers join us to talk about nutrition and wellness
- A cross-functional wellness committee dedicated to associate health and well-being



2013 Sweat for Charity Event



2013 Marathon of Sport

ONE COMMUNITY

Growing our community impact

While we continued to support our corporate charities, raising more than \$1.8 million for charities such as Kids Help Phone, *motionball* in support of Special Olympics Canada, and our Holiday Charity Drive, this year was all about growing our community impact.

With this goal in mind, we invested in a new resource to expand our community building efforts through a formal volunteer program. By focusing on communication, engaging opportunities, and best practices, we helped both charities and associates to change lives.

\$1.8 million
donated



8,226+
hours volunteered
by associates



2013 Holiday Charity Drive

Volunteer program

2013 saw the development of a 12-member cross-functional Volunteer Committee with the goals to: increase the awareness of volunteerism programs available to associates, build a pool of volunteer opportunities aligned with associate interests, and bring volunteer opportunities onsite for associate participation in skill-based activities.

The spirit of volunteerism is fully integrated into the culture of experimentation at LoyaltyOne as a mechanism for expanding networks, building teams, and growing careers.

Our first lunch and learn on the topic of Volunteerism was held in February 2013, attended by over 100 associates, and highlighted the personal experiences of associates who volunteered. Their stories helped inspire fellow associates and showed how valuable volunteering can be.

We placed several Senior Leaders and upcoming leaders on various committees and Boards.

Our Volunteer Fair saw over 35 charities and 90+ opportunities for associates and their teams to choose from, ranging from skills-based to team-building experiences, which offered the opportunity for growth and engagement to all participants.



2013 Volunteer Fair



2013 Volunteer Fair



2013 Volunteer Fair

Holiday Charity Drive

2013 marked the 10th year of running the Holiday Charity Drive, our biggest fundraising cause of the year. Since 2003, we've been donating food, toys, and cash to local charities in the spirit of the holiday season. But last year, a huge flood in Toronto destroyed a warehouse full of donated toys. Our associates rallied together, determined to make a difference. We raised more than ever before for our Toronto charity of choice, CP24 CHUM Christmas Wish, and introduced some new initiatives to make that happen.

For the first time we held a "Sweat for Charity" event at the YMCA, where associates cycled, danced, and did yoga. Their efforts raised an astounding \$40,000 towards the cause.

Then our creative agency held our first live charity auction, where associates could bid on exciting rewards like sports tickets, appliances, or travel. The event was a huge success and raised \$10,000.

Learn more about the Holiday Charity Drive by watching this heart-warming [video](#).

Altogether we raised 7,626 food items, 2,484 toys, and \$235,000 for local charities, including the CP24 CHUM Christmas Wish, Daily Bread Food Bank, the Calgary Interfaith Food Bank, and Sun Youth Organization in Montreal.

Walk So Kids Can Talk

On Sunday, May 5, 2013, LoyaltyOne Associates, along with their family and friends, participated in the annual **Walk So Kids Can Talk**. Our associates walk every year along with AIR MILES Collectors. We raised more than \$23,000 to ensure that youth in distress have access to essential mental health resources and counselling.



2013 Walk So Kids Can Talk

Alexandra Park Community Centre

In 2013, LoyaltyOne continued to support the **Alexandra Park Community Centre**, a non-profit organization located in downtown Toronto. The Community Centre offers local community members, including youth, recent immigrants, refugees, and low-income families, much-needed educational programs and assistance.

Here's how we helped in 2013:

- Awarded two \$4,000 college or university scholarships through the Co-operative Housing Federation of Toronto (CHFT) Diversity Scholarship Program
- Donated AIR MILES reward miles to help the Community Centre offset operational costs

awarded 2x



\$4,000
College/University
Scholarships

CommunityOne Day

On May 14, 2013, LoyaltyOne associates from across Canada participated in 5 custom events that had a huge impact on the charity and associates. The planning committee members from Corporate Marketing and Workplace Services created a series of activities that appealed to the top areas of interest for associates: Family, Youth, Wellness, Environment, and Poverty.



2013 CommunityOne Day

motionball

This year, we celebrated our ninth year supporting *motionball*, a non-profit organization that builds awareness and raises funds for Special Olympics Canada. *motionball* organizes and operates four major social events throughout the year, including the Annual Toronto Gala, Marathon of Sport, and Fall Classic Golf Tournament. LoyaltyOne's associates take part in these events and get to know Special Olympics athletes as they play alongside them. These events help enrich the lives of Canadians with intellectual disabilities through participation in sports, and the raised funds go to athlete and volunteer recruitment and training.



2013 Marathon of Sport

Princess Margaret Weekend to End Women's Cancers

On September 7, twenty-nine LoyaltyOne associates walked 32 km and raised more than \$64,000 to help fund research, prevention programs, and contribute to finding a cure for these diseases.

In the Works for 2014

In 2014, we'll be taking on new and exciting initiatives to promote wellness, such as sporting activities, exercise, and nutritional education. And to continue our environmental efforts, we'll be developing a comprehensive strategy that maximizes our energy efficiency.

Lastly, to keep our associates up-to-date on everything we're accomplishing as a team, we're transitioning our accountability report to a blog format. Now you can get real-time updates about what's happening at LoyaltyOne from our Corporate Responsibility blog at loyalty.com, see the impact of our actions as they happen, and stay involved on our journey – every step of the way.

AWARDS

50 Best Employers in Canada

For the fourth year in a row, we were named one of the 50 Best Places to Work by AON Hewitt Associates – a list which was featured in *Report on Business* magazine.



Top 15 Most Influential Brands – AIR MILES

An Ipsos Reid survey recognized AIR MILES, one of LoyaltyOne's companies, as one of the top 15 most influential brands in Canada. We were in great company with Apple, Google, and Facebook.



Canada's Greenest Employers

For the fourth year in a row, we were recognized as one of Canada's Greenest Employers. This designation honours employers who lead the nation in creating a culture of environmental awareness in their organizations.



The Green 30

Once again, we were acknowledged as one of Canada's Green 30 Companies. This is awarded to those that lead the way in creating a new culture of environmentally responsible business.



Contact Centre Employer of Choice

We received Gold certification for the second year in a row.



Best Green Contact Centre

Our contact centre achieved Gold certification for excellence in our sustainability efforts.



Canada's Top Employers for Young People

For the first time, we were recognized as one of Canada's Top Employers for Young People. This special designation recognizes the employers that offer the best benefits for younger workers nationwide.



BOMA Toronto – TOBY Award (Outstanding Building of the Year Award) & Earth Award

Both of these were awarded to our Mississauga office's property management partners, Bentall Kennedy, for excellence in environmental management.



GRI CONTENT INDEX

Our GRI application level

LoyaltyOne seeks to follow best practice in sustainability reporting. This report follows the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines, at a self-declared application level of "C". Both the required Profile Disclosure elements and the performance indicators reported on, are listed in our GRI Index Table, including links to the sections of the report where you can find more information.

		Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile disclosures	OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach disclosures	OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators	OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector Supplement in final version

Element	Description	Location
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Video from Bryan Pearson and Debbie Baxter
2. Organizational Profile		
2.1	Name of the organization.	About Us
2.2	Primary brands, products and/or services.	About Us
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	About Us
2.4	Location of organization's headquarters.	About Us
2.5	Number of countries where the organization operates, and names of countries either with major operations or that are specifically relevant to the sustainability issues covered in the report.	About Us
2.6	Nature of ownership and legal form.	About Us
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Introduction
2.8	Scale of the reporting organization, including: number of employees; net sales (for private sector organizations) or net revenues (for public sector organizations); total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	One Culture (partially reported)
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance and alteration operations (for private sector organizations).	There were no significant changes during the reporting period.
2.10	Awards received in the reporting period.	Awards
3. Report Parameters		
REPORT PROFILE		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Introduction
3.2	Date of most recent previous report (if any).	Introduction
3.3	Reporting cycle (annual, biennial, etc.).	Introduction
3.4	Contact point for questions regarding the report or its contents.	Introduction
REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content, including: determining materiality; prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.	Introduction
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Introduction

Element	Description	Location
3. Report Parameters		
REPORT SCOPE AND BOUNDARY		
3.7	State any specific limitations on the scope or boundary of the report.	Introduction
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	N/A – Report does not cover any other entities.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g., mergers/acquisitions, change of the base years/periods, nature of business, measurement methods).	One Responsibility and One Environment
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	N/A – No significant changes in scope from previous report.
GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index Table
4. Governance, Commitments and Engagement		
ASSURANCE		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	One Responsibility
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	One Responsibility
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	N/A as we have no unitary board structure.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Introduction and One Culture
STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organization. Examples of stakeholder groups are: communities; civil society; customers; shareholders and providers of capital; suppliers; and employees, other workers and their trade unions.	One Responsibility
4.15	Basis for identification and selection of stakeholders with whom to engage.	One Responsibility
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	One Responsibility

Element	Description	Location
5. Management Approach and Performance Indicators		
ECONOMIC		
Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	One Community (partially reported)
ENVIRONMENTAL		
Energy		
EN3	Direct energy consumption by primary energy source.	One Environment
Emissions, Effluents and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	One Environment
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	One Environment
Energy		
EN22	Total weight of waste by type and disposal method.	One Environment
Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	One Environment
SOCIAL: LABOUR PRACTICES AND DECENT WORK		
Employment		
LA1	Total workforce by employment type, employment contract and region.	One Culture (partially reported)
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	One Culture (partially reported)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	One Culture
Training and Education		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	One Culture, Never stop learning
LA12	Percentage of employees receiving regular performance and career development reviews.	One Culture, Never stop learning

FAST FACTS

LoyaltyOne:

- LoyaltyOne was acquired by Alliance Data in 1998
- Acquired COLLOQUY in 2002
- Launched Squareknot (formerly Direct Antidote) and Precima in 2008, and rebranded LoyaltyOne Consulting (formerly COLLOQUY Consulting)
- Became a stakeholder in the Brazilian Dotz program in 2009
- Opened new AIR MILES Reward Program Customer Care Centre in 2009 with largest rooftop solar panel installation in Canada at time of launch
- Named one of the 50 Best Employers in Canada in 2013
- In January 2014, we acquired a 60% stake in the Netherlands-based company BrandLoyalty – one of the largest and most successful campaign-driven loyalty marketers outside of North America. This acquisition provides a valuable opportunity to expand our footprint beyond the Americas and into European and Asian markets.

AIR MILES Reward Program:

- Launched in Canada in 1992
- Reaches 10 million active Collectors (representing approximately two-thirds of Canadian households)
- Received 35 million visits and 300 million page views on airmiles.ca in 2013
- Developed one of the largest permission-based email databases in Canada
- Profitably changes customer behaviour for more than 100 participating Sponsors
- Fulfills more than 4.4 million AIR MILES reward redemptions every year
- Received CCEOC Silver designation in 2008, and Gold designation every year from 2009–2013 for Call Centre Excellence



For more information on our company, visit

loyalty.com