

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

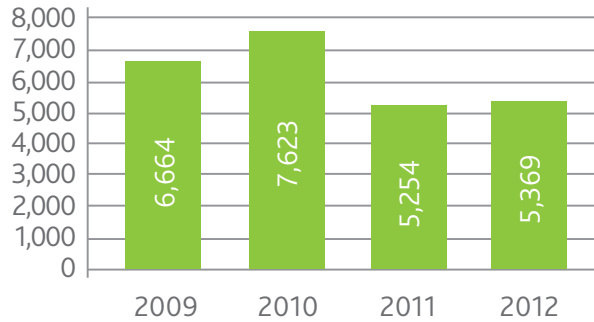
Three ways we make a difference

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!

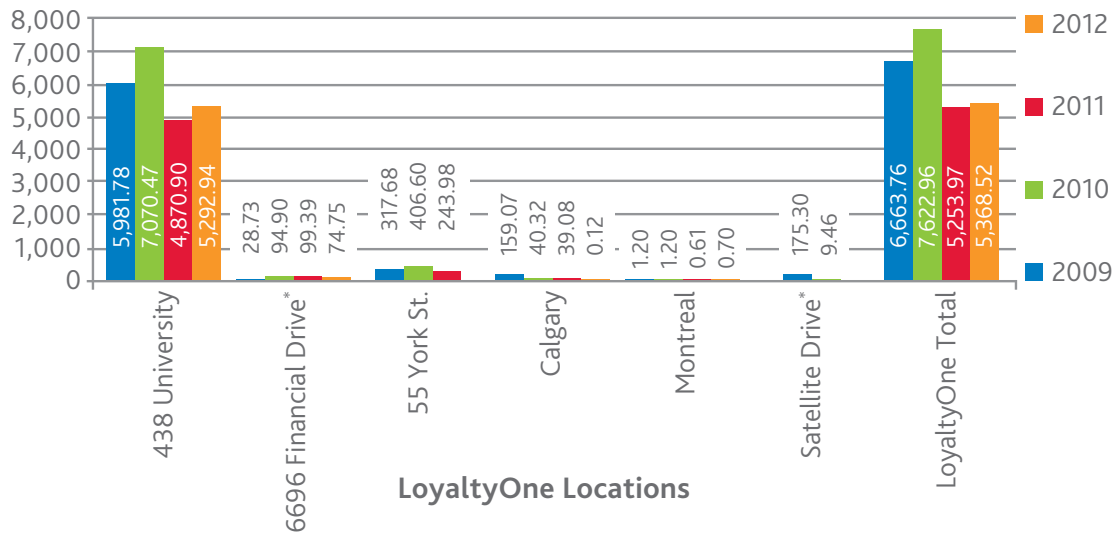
Our organizational carbon footprint

- 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.

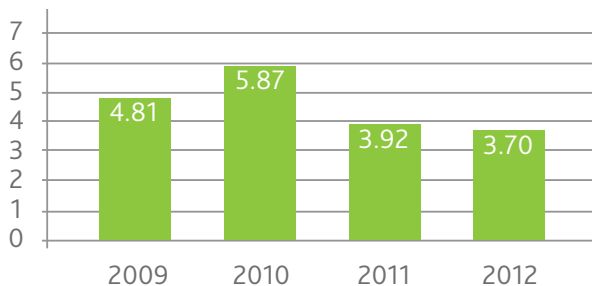
Total Corporate GHG Emissions
(Metric Tonnes)



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.

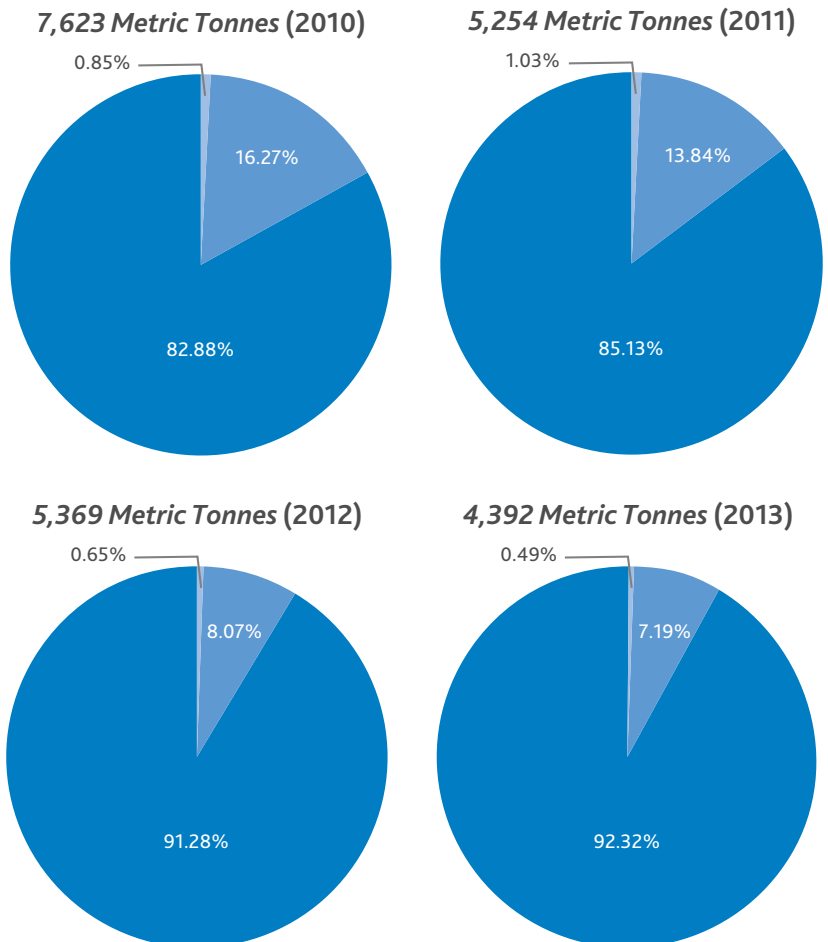
Over the past 5 years, LoyaltyOne has reduced total emissions by 34% from the 2009 baseline.

- 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)

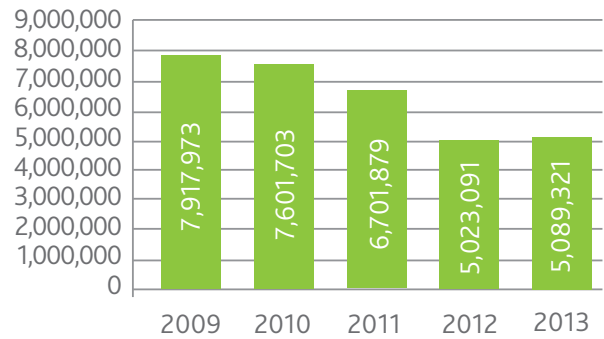


How we have helped reduce our carbon footprint

- 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.

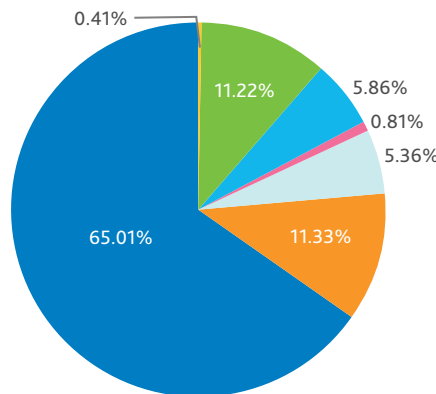
Electricity Consumption (kWh)



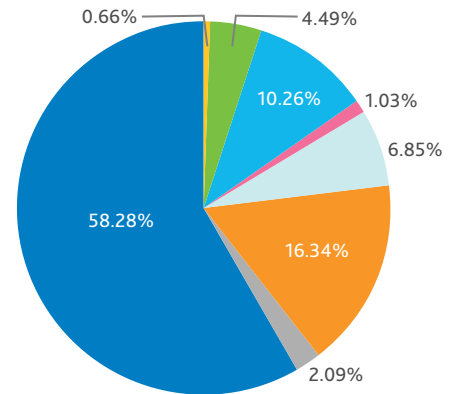
GHG Emissions by Major Activity (%)

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

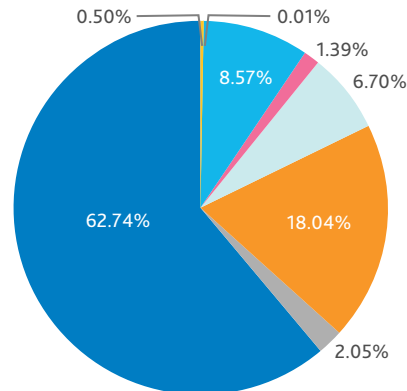
2010 GHG Emissions by Major Activity (%)



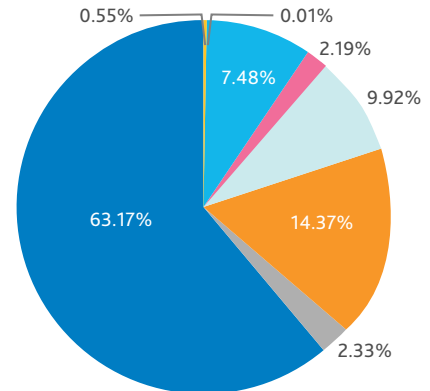
2011 GHG Emissions by Major Activity (%)



2012 GHG Emissions by Major Activity (%)



2013 GHG Emissions by Major Activity (%)



Our paper policy

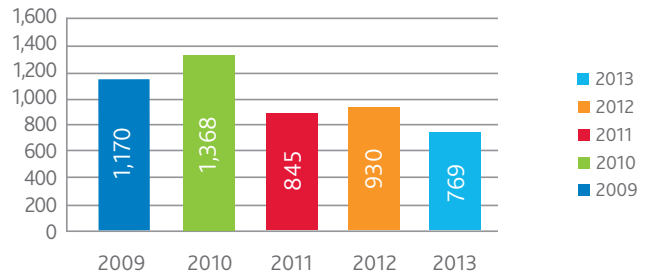
As a major component of our ongoing communications to our AIR MILES Collectors, the use of paper is a significant vehicle for promoting offers and information that is fundamental to the success of our programs and customer satisfaction. Since 2009, LoyaltyOne has had an environmental paper procurement 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:

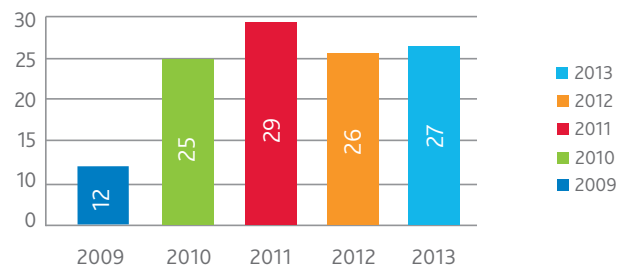
- Target reductions in overall paper usage, both from an internal and external communications perspective
- Challenge our vendors to continue to source environmental improvements in their practices and procurement on our behalf
- Ensure that paper purchases on behalf of LoyaltyOne are from certified, 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.