



2017

**DISCOVER**

**CORPORATE**

**RESPONSIBILITY**

**REPORT**



## VISION

To be the leading direct bank and payments partner.

## MISSION

To help people spend smarter, manage debt better and save more so they achieve a brighter financial future.

## VALUES

Doing the Right Thing

Innovation

Simplicity

Collaboration

Openness

Volunteerism

Enthusiasm

Respect



In 2017, Discover celebrated our 10th anniversary as an independent company. We are proud of everything we have accomplished during that time, from the returns we generated for our shareholders to the way we've served our customers and to the impact we've made in the world around us. Companies have a duty not only to build their business but also an obligation to use their influence and resources to help the community. We recognize that — and it is our honor to serve.

Last year, Discover employees volunteered more than 55,000 hours, and together we donated millions of dollars to non-profit organizations across the United States. Through playground builds, school renovations, youth mentorship and home builds, Discover employees are helping build stronger and brighter communities. These efforts are driven by a shared sense of social purpose and they reflect the values shared by Discover's 16,000 employees.

Our mission is to help people achieve brighter financial futures. We do that through the products, tools, and resources we offer customers to meet their financial goals, the benefits and resources we provide employees and the financial education we make available to students across the nation. During the last two years, we launched Credit Scorecard, which empowers consumers to understand their financial health and the factors that impact their credit score. We also introduced an online financial education program for our employees that teaches key money management concepts. And in 2017 we reached a milestone in our Pathway to Financial Success program, when we delivered free financial education to more than 1 million students.

Our company is made stronger by our commitment to providing a diverse workforce and culture. We pride ourselves on drawing employees from different backgrounds and seek to ensure that every Discover employee feels a sense of belonging and inclusion. That commitment is backed by the measurable goals established by each member of our leadership team and is demonstrated by their involvement in our employee resource groups and in the programs we have in place to strengthen the community within Discover's walls. As you'll see in this report, 59 percent of our workforce is comprised of women. We are focused on increasing their representation, as well as other minorities, at senior levels throughout the organization.

Discover has been recognized as a best place to work in every one of our locations. In addition, we are proud to have been recognized by the Human Rights Campaign for the fourth consecutive year in 2017 as a Best Place to Work for LGBTQ Equality and strive to make this a great workplace for a diverse employee population.

Discover also recognizes our responsibility to protect and preserve the environment. We ensure that sustainability is built into our business while we seek to reduce our wider impact on the planet. In 2017, we launched an Environmental Advisory Group that collaborates with our facilities team to spread awareness among our employee population about resource conservation and consults on initiatives we can do to lessen our impact on the environment.

We believe helping our customers, employees and communities makes our world a better place and our company stronger. This report highlights our company values in action. As we look to the future, we are making strategic investments to build on these efforts. It would not be possible without the hard work and commitment of our employees.

I am honored to be a part of Discover's efforts to make a real difference in the lives of our customers, our workforce and the community.

David Nelms, Chairman and Chief Executive Officer





# BUILDING OUR TEAM



# Building Our Team

We embrace innovation, collaboration and openness in everything we do. They are part of the core values central to our business strategy that drive our success, improve our bottom line and make Discover a place where people love to work. By doing the right thing and treating people with respect, we've built a thriving culture that celebrates service and diversity.

## Diversity and Inclusion

Discover is committed to diversity & inclusion (D&I). It provides us with the skills and perspectives we need to strengthen our company, serve our customers and bring value to our shareholders.

Our commitment starts at the top. Our executives and members of our board of directors are committed to diversity. They receive regular D&I updates, are sponsors and active supporters of our Employee Resource Groups (ERGs), and regularly participate in leadership and career development programs through D&I events. Each management committee member incorporates a D&I goal into their annual business goals and participates in formal discussions regarding diversity two times per year.

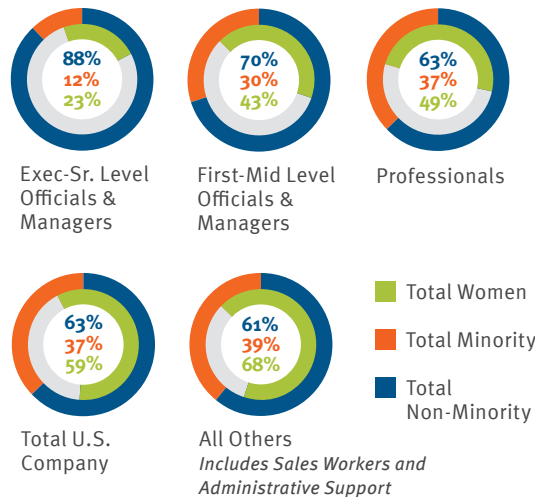
Discover's commitment to D&I extends to all phases of an employee's time at the company, spanning from attracting and retaining diverse candidates, to developing talent through a variety of training programs, to creating inclusive groups and communities within Discover, to the D&I dedication exhibited by our leaders.



Discover Employee Resource Group leaders

### 2017 Discover U.S. Employees

We are committed to attracting, retaining and developing an inclusive and diverse workforce, and fostering a workplace culture in which employees from all walks of life feel valued and supported.



**Our employees recognize our leadership's commitment to diversity.**

**77% of Discover employees** either agree or strongly agree that senior leaders at Discover are passionate advocates for D&I.

Source: Chicago Financial Services Pipeline Initiative Survey

**Women comprise 27%** of our Executive Committee.

**Diverse members comprise 27%** of our board of directors.



## Providing Career Opportunities

Discover views a diverse workplace as being essential to continuing our success. We foster diversity by providing prospective employees with career opportunities and helping ensure a robust and diverse pipeline. Examples include:

### Step IT Up America

This national program sponsored by UST Global provides a highly effective formula to train and employ women and veterans in the field of technology.

Through this program, a cohort of 11 women were hired by Discover as contractors in Business Technology to conduct testing for Discover's student loans initiatives. The majority of participants have been hired into full-time roles at Discover.

### United Negro College Fund (UNCF)

In 2017, Discover launched the Discover Corporate Scholars Program with the United Negro College Fund to provide three UNCF students a renewable scholarship and paid summer internship.

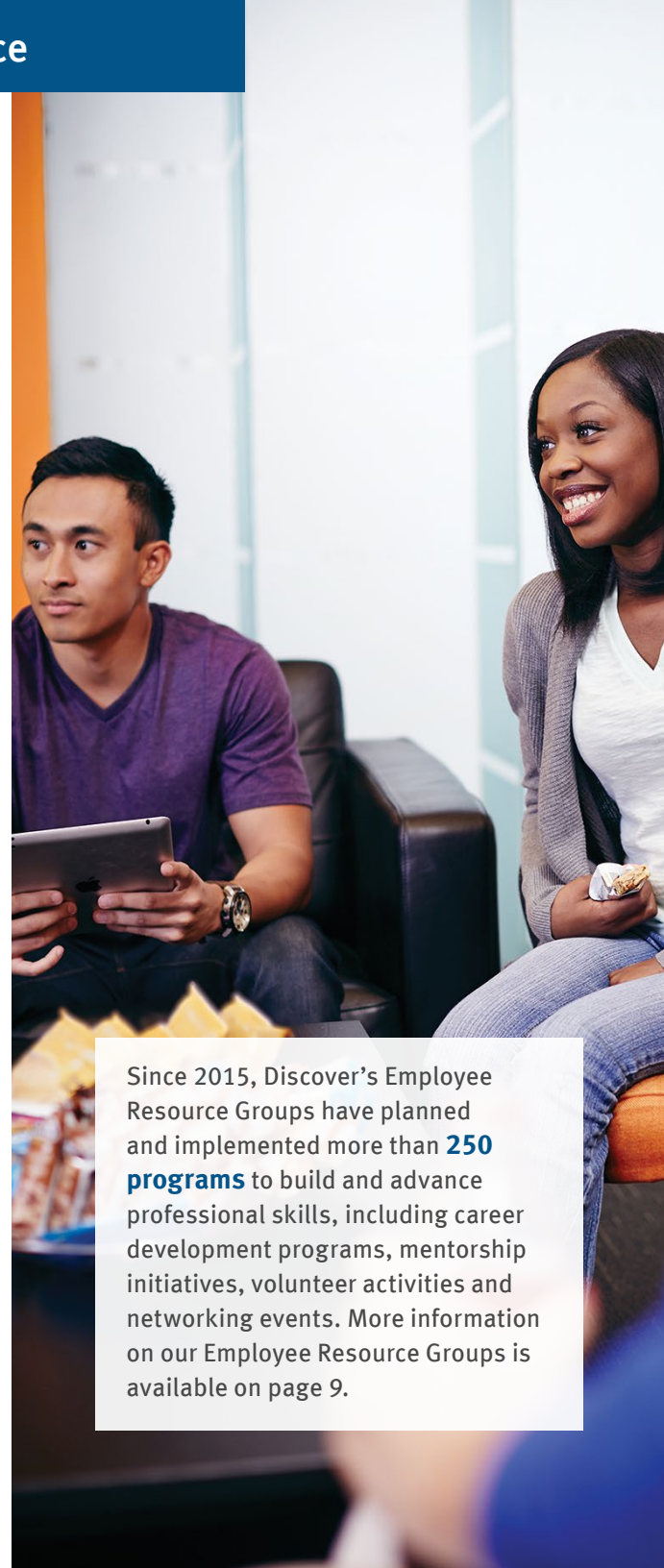
### Chicago Financial Services Pipeline Initiative

Discover is a member of the Chicago Financial Services Pipeline (FSP) Initiative, a “funder collaborative” of financial services firms developing a long-term human capital business strategy. The FSP understands that nationwide, representation of African Americans and Latinos in the financial services industry remains virtually unchanged from 1993 to 2013. The situation is no different in Chicago, in spite of the individual efforts of various financial industry firms to increase their diversity. The two key goals of the Chicago FSP Initiative are to:

- Increase the representation of Latinos and African Americans, at all levels, within the Chicago area's financial services industry
- Improve the overall cultural competency within the Chicago area financial services industry

To achieve these goals, members of the FSP Initiative are collaborating to conduct joint research and develop metrics to better understand the systemic challenges within the pipeline, and determine the most effective solutions to address these challenges. The FSP Initiative also plans to provide a forum for financial institutions to discuss best practices, lessons learned and challenges.

Since 2015, Discover's Employee Resource Groups have planned and implemented more than **250 programs** to build and advance professional skills, including career development programs, mentorship initiatives, volunteer activities and networking events. More information on our Employee Resource Groups is available on page 9.





## Recruitment and Selection

Our commitment to D&I is embedded in our recruiting, training and career development programs. Discover designed a recruiting process to create opportunities for diverse candidates. We believe a diverse and inclusive approach is essential to attracting and retaining top talent and makes us a stronger company.

- A team of 21 Discover employees attended the National Black MBA Association (NBMBA) & Prospanica Conference in September 2017 to engage with and actively recruit African-American and Hispanic-American business students and professionals.
- In October 2017, a team of five employees attended the Reaching Out MBA (ROMBA) Conference to represent Discover at the career fair and actively recruit business students and professionals in the LGBTQ community.
- Unconscious Bias Training has been delivered to numerous business unit leadership teams.
- All hiring managers are required to participate in a training called Hire Smart about Discover's structured interview process. The training covers recognizing interview bias and adhering to legal guidelines.
- The Law Department requires diverse slates of candidates and interview panels. They have also incorporated diversity questions into the interview process to assess whether candidates share our diversity and inclusion values.

## Leadership Development

In addition to recruiting a diverse talent pool, we believe in providing resources to our employees to help foster career growth. In 2016, we launched two new leadership development programs for managers and directors:

- **Empower:** A development program designed to enhance leadership skills of managers and senior managers. Individuals can participate in up to 35 learning opportunities over the two-year curriculum in a variety of formats, including e-learning and learning podcasts. An average of 720 managers participate each year.
- **Inspire:** A program equipping directors with skills to execute Discover's current and future strategic priorities through live facilitated sessions hosted by leading learning companies and university professors, along with self-paced learning activities in a collaborative environment. In 2016-2017, 133 directors participated in this 12-month cohort program.

## Top Workplace Awards

We are proud of the company-wide accolades we have received as a top workplace, including:

- Best Place to Work for LGBTQ Equality on the Human Rights Campaign Foundation's annual Corporate Equality Index four years in a row *Discover earned a perfect score of 100 for advancing corporate practices, policies and benefits related to LGBTQ employees*
- 2017 Women's Choice Award Best Company to Work For
- 2017 Achievers 50 Most Engaged Workplaces™ in North America
- 2016 & 2017 Computer World's 100 Best Places to Work for IT Professionals
- 2016 Fortune's Best Workplaces for Millennials

## Local Workplace Awards

We have been recognized as a top place to work in every location in which we operate:

- 2016 & 2017 Chicago Tribune Top Place to Work
- 2016 & 2017 Salt Lake Tribune Top Place to Work
- 2016 & 2017 Columbus CEO Magazine Top Place to Work
- 2016 & 2017 Delaware News Journal Top Place to Work
- 2016 & 2017 Best of State in the Financial Services Category in Utah
- 2016 Republic Media Top Companies to Work for in Arizona
- 2017 Trailblazer, 100 Best Arizona Companies by BestCompaniesAZ



We support women's career growth through our female Employee Resource Group, Professional Women Impacting Results (PWIR), as well as by celebrating the recognition our female leadership has received within the industry.

## Women in Leadership program

Launched in 2016, this program aims to provide top female talent with professional development to help grow and accelerate their careers by sponsoring programs like Leading Women Executives and sending female leaders to career events.



**Diane Offereins**, Executive Vice President & President of Payment Services

In 2017, Diane was ranked #6 on American Banker's 25 Most Powerful Women in Finance, marking her tenth consecutive appearance on the list and her eighth consecutive year ranking in the top 10.

"I believe it's important for women to help other women. Women in payments will benefit from female colleagues who have experience in the industry, and women are a vital component in advancing business objectives. It's important to find professional forums and industry-related events where top women leaders are present and can voice their executive thought leadership and exchange ideas with one another."



**Julie Loeger**, Executive Vice President & Chief Marketing Officer

Julie has held various leadership positions since joining Discover in 1991. In 2016, Julie was named to the Most Powerful and Influential Women list by the Illinois Diversity Council.

"It's very important for young women from all backgrounds to have the opportunity to be mentored and to shadow women in leadership positions. They first need to see that women actually hold senior leadership positions in companies. As a female mentor and leader, I feel it's my responsibility to help them believe in themselves and give them the confidence that one day they could hold the same position as I do."



**Kelly McNamara Corley**, Executive Vice President & General Counsel

Kelly first started at Discover as a summer intern, and has worked her way up through the organization to her current position as General Counsel. Kelly was honored with the Equal Justice Works, Scales of Justice Award in 2016.

"Throughout my career at Discover, my development was supported by employees at all levels. From colleagues who supported me as I attended law school at night to leaders who helped me transition from Government Relations to the Law Department. There are many stories like mine because Discover's culture cultivates and fosters talent development for all employees, creating opportunities for them to grow."



# Pay Equity Disclosure

Pay equity is integral to our core values of Respect and Doing the Right Thing, and enables us to attract, retain and motivate a highly qualified and diverse set of team members. Our compensation principles support our commitment to fair and equitable pay throughout the employment lifecycle and include:



## Pay for Role

We assign pay range opportunities based on the characteristics of a role.

Our centralized talent acquisition team is staffed with professional recruiters committed to our pay equity policies and practices, which include no longer asking questions concerning salary history during the hiring process and the utilization of a salary recommendation calculator to help ensure internal pay equity.



## Pay for Performance

We pay employees based on company, business segment and individual performance.

We have a robust annual performance review process, which includes conducting annual business-unit performance calibrations, undertaking systematic compensation reviews and adjustments, and running a final enterprise-wide adjustment review.



## Pay Practices

We are committed to providing compensation that is equitable and free of bias.

We have mandatory compensation adjustment guidelines across the entire organization as well as compensation training for both managers and employees to promote broad understanding of our compensation philosophy, including the importance of pay equity.



## Pay Equity

We leverage governance and controls throughout the employee lifecycle to ensure equitable pay for our team members.

In addition to the steps described, which help us ensure the consistent application of compensation-related criteria across all employees, we also employ an independent, third-party consultant each year to help conduct a top-to-bottom, company-wide pay equity analysis that includes race and gender to identify any pay discrepancies. If any pay equity issues are identified through the review, we make adjustments to resolve the imbalance.

We believe that our practices effectively support pay equity, and we are proud of our focus on achieving and maintaining pay equity as part of our broader commitment to diversity and inclusion at Discover.



## ERGs at Discover

### ADA

Accentuating Discover Abilities

### APAD

Asian Professionals at Discover

### BOLD

Black Organizational Leadership at Discover

### GOLD

Generations of Leaders at Discover

### HMV

Honoring Military & Veterans

### ¡HOLA!

Helping Organize Latino Achievement

### PRIDE

LGBTQ Professionals at Discover

### PWIR

Professional Women Impacting Results

### YPOD

Young Professionals of Discover

## Every employee deserves to benefit from a sense of belonging

Discover created Employee Resource Groups (ERGs) in 2013 to provide tools and resources to help employees connect, build communities at work and foster an inclusive environment. To assist with career development and employee retention, the ERGs have established mentorship programs for high-potential employees, and ERG leadership participated in an “ERG Effectiveness” training, presented by an organization called Elevate. Since inception, ERGs have grown to include **nine groups** with **38 chapters** at our locations.

### Board Involvement

Our board is actively involved in ERG activities. Board members Mary Bush, Candace Duncan and Cynthia Glassman have participated in ERG events and have spoken to our PWIR and BOLD groups. Similarly, board members Jeff Aronin, Michael Moskow and former board member Rick Lenny were panelists at a PWIR event focusing on female talent, career advice and the benefits of being a board member.

### Accomplishments

- APAD sponsored **Chicago's Taste of Korea** festival in 2017, with over 35,000 attendees
- ADA and HMV co-hosted an event with Gregory D. Gadson, retired Colonel in the United States Army and former Garrison Commander of Fort Belvoir, to **raise disability awareness**
- Marketing efforts by the Pride ERG led to a **274% increase in Discover it® Pride Cards** issued and a 156% increase in spend on Pride Cards in the first half of 2017 compared to the first half of 2016
- YPOD mentoring program **matched 45 young professionals with mentors**



## Milestones

**35%** of employees are members of an ERG

**73%** of members made new connections through involvement in ERGs



**53%** of members feel their involvement in ERGs has a high impact on creating an inclusive company environment



**44%** of members indicated that their involvement in ERGs has a high impact on making Discover a great place to work





## Support for our Military Service Members, Military Families & Veterans

Service to our country comes in many forms and touches every aspect of our service members' lives. We proudly support our military service members and their families and offer programs that help them transition to the workplace.

### Partnerships and Awards

Discover works with the Military Spouse Employment Partnership to support the Military Spouse Work@Home Program, ensuring that employees can seamlessly continue their work if they are relocated to a new military base. As of May 2017, Discover has hired more than 250 people through the Work@Home Program.

Five Discover leaders were nominated and received Patriot Awards in 2017, which honors supervisors for extraordinary efforts supporting National Guard and Reserve members in their careers:

- Steve DiRito, Senior Manager, Corporate Risk Management
- Dana Clausius, Senior Manager, Diners Club International Operations
- Arlane Panveno, Executive Assistant, Legal
- Lisa George, Director & Senior Counsel, Legal
- Joan Micheli, Senior Legal Assistant, Legal



“I needed a job that offered flexibility, good benefits and the opportunity to advance when the time was right. I found all of those things with the Discover Military Work@Home Program. I do not feel that I have to choose between my job and my family. I am able to balance them both. For that, my family and I are grateful!”

**Rosezette Dennis**, Acquisitions Account Manager

### Awards

2016 Employer Support of the Guard and Reserve (ESGR) Award in Delaware

2016 National Semifinalist for the Secretary of Defense Employer Support Freedom Award, the **highest-level recognition** that can be granted locally and nationally by the Department of Defense to employers

“As an Air Force Reservist, the Military Work@Home Program has been a great job. It is great to know that I am going to be supported by my employer when I tell them that I have military duty and will be gone.”

**Vikki Staley**, Account Manager

“This program is a win-win because it helps provide military families with the opportunity to be trained and employed close to or in their own homes, allowing them to stay near their community and close to their children.”

**U.S. Sen. Tom Carper (D-DE)**



## Quality of Life

As part of our commitment to excellence, we offer competitive, quality benefits so that our employees have the opportunity to use their benefits around their personal and family needs. Our guiding principles are centered around maintaining and improving employees' health, wealth and work/life balance. We provide access to resources and educational tools to help employees maintain a healthy lifestyle and manage their finances while having the career and home life they need throughout their employment with Discover.



**Health Evaluations**  
**8,286 employees**  
and **1,286 spouses**  
participated in the 2017  
Health Evaluation



**401(k)  
Retirement Program**  
**88%** employee  
participation rate,  
contributing an  
**average rate of 6%**



**New & Expecting  
Mothers**  
**24 mother's rooms**  
across our major domestic  
sites and **6 preferred  
parking stalls**  
for expectant mothers  
at our headquarters



**Discover Weight  
Loss Challenge**  
**2,345 employees**  
participated



**Flu Shot Program**  
Nearly **4,000**  
**employees** vaccinated



**Health Centers**  
Every major location has  
**on-site health centers**  
for our employees

## New Programs in 2017

- **Wellness Fairs** held in all major locations, highlighting the physical, emotional and financial wellness offerings available to our employees
- **Wellness Wednesdays** brought events such as blood pressure draws, flu shots and health evaluations, while promoting healthy employee initiatives
- Added onsite **Employee Assistance Program** (EAP) to identify and assist employees in resolving personal problems; all five major locations have an onsite EAP counselor now
- **Paid Parental Leave program** offers 100% pay for eight weeks for primary caregivers (to be doubled to sixteen weeks in 2018), two weeks for secondary caregivers

## Education Assistance

Approximately **580 participants** took advantage of educational assistance including tuition reimbursement and special educational offerings in 2017

### August 2017

Launched **on-site MBA program**, a cohort-based program allowing employees to take MBA classes at the Riverwoods campus. Participants set to complete the program in 3.5 years

**Discover's tuition reimbursement policy covers up to 90% of tuition, including as much as:**

- **\$10,000** per year for a master's program
- **\$5,250** per year for a bachelor's program or in-network associate's program
- **\$2,500** per year for an out of network associate's program



"Discover's tuition reimbursement program has helped me advance my career within Discover as I have been promoted

several times within a short period of time. I was able to attain my bachelor's and master's degrees through the program, and now I have more career opportunities. Discover's tuition reimbursement program really invests in employees."

**Adriana Cavazos**

A photograph of a classroom with several students raising their hands. The image is slightly blurred, focusing on the hands in the foreground. The text 'BUILDING A PATH TO FINANCIAL SUCCESS' is overlaid in the center in a white, sans-serif font, with each word on a separate line.

# **BUILDING A PATH TO FINANCIAL SUCCESS**



# Building a Path to Financial Success

Discover's mission is to help people achieve a brighter financial future. We are committed to providing financial education resources and tools that help our customers, our employees and students understand their personal finances.

## Financial Empowerment and Resources for Customers and Consumers

Discover is committed to providing our customers with the information and tools to help manage their finances and achieve a brighter financial future. Highlights include:

### Social Security Number Alerts

In the event a cardmember's Social Security number is found on one of the thousands of risky websites we monitor or if a new account shows up on their Experian® credit report—even if it's not a Discover account—the cardmember will receive an email alert or optional text alert after activating. The alerts are intended to help cardmembers determine whether their identities may have been compromised. See [Discover.com/FreeAlerts](https://discover.com/FreeAlerts) to learn more.

### Freeze it®

Discover Freeze it® allows cardholders to temporarily freeze their accounts at any time. The feature acts like an on/off switch and lets cardholders freeze their account in seconds with the Discover mobile app or online, preventing new purchases, cash advances and balance transfers in the event of a misplaced card. See [Discover.com/Security](https://discover.com/Security) to learn more.

1. See [discover.com/creditscorecard](https://discover.com/creditscorecard) to learn more. FICO® is a registered trademark of the Fair Isaac Corporation in the United States and other countries.

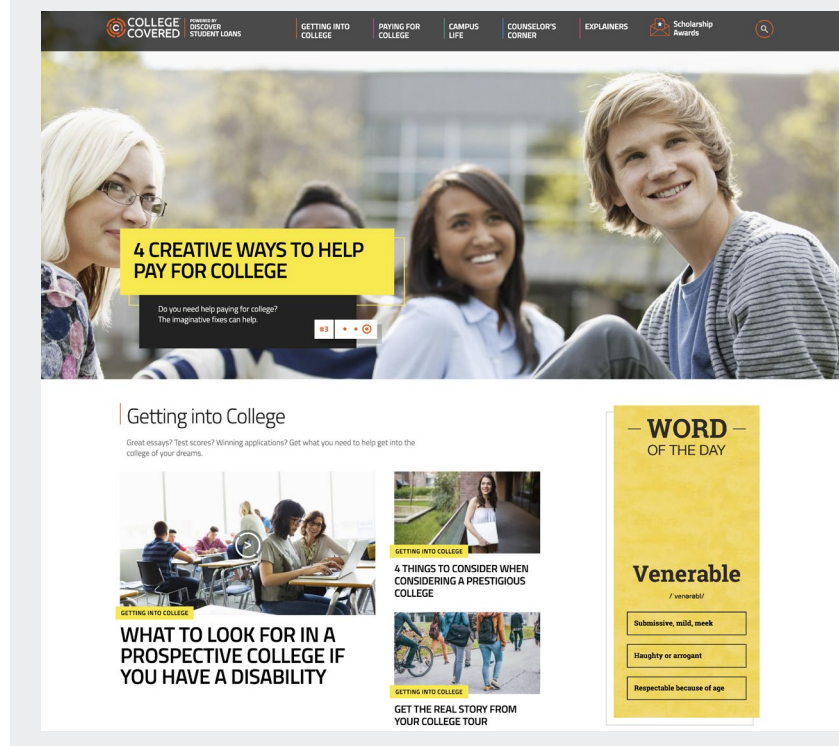
2. The reward redemption period is limited.

### Paydown Planner

Discover cardholders have access to the Paydown Planner, which uses cardholder account information to help create a payment plan that's customized to reach their goals. The Paydown Planner automatically pulls current account balance, APR, spending and payment history. From there, customers can create a payment plan by setting a target date for paying down their balance or by setting a specific recurring monthly payment.

### Credit Scorecard

Even those who are not Discover cardmembers can check their FICO® Credit Score for free with Discover. Both cardmembers and non-cardmembers can sign up to get their free personalized credit profile and FICO® Score based on data from Experian® at [www.CreditScorecard.com](https://www.CreditScorecard.com). Credit Scorecard includes a summary of data that determines a person's FICO® Score, such as the number of missed payments and accounts, revolving credit usage and length of history, along with factors that are helping and/or hurting one's FICO® Score.<sup>1</sup>



### Student Loan Calculators

Our easy-to-use calculators help students and families estimate how much to borrow in private loans. One calculator compares financial aid award letters, another estimates monthly loan payments and a third helps find ways to save on overall private loan costs.

### Rewards for Good Grades

Students enrolled in a Discover Undergraduate, Health Professions, Law, MBA or Graduate Loan, are eligible for a one-time, 1% cash reward on their Discover Student Loan for receiving at least a 3.0 GPA (or equivalent).<sup>2</sup>

### College Covered®

Discover Student Loans created CollegeCovered.com to provide students and parents with the know-how to plan and pay for college. The website offers a variety of resources and tips to help students and parents through each step of the process and provide them with the power to plan for the future.

## In the Workplace

Our commitment goes beyond customers and comes full circle to employees. We believe it is our responsibility to take care of our own. Discover offers several programs to help improve the financial capability of our employees. We offer:

### Comprehensive 401(k) Programs

- **Automatic enrollment** at 3% contribution rate with gradual auto escalation.
- **A fixed contribution of 3% from Discover,** even if employees don't contribute on their own.
- **A matching contribution of up to 4% of pay;** dollar for dollar on the first 2%, then 50 cents on the dollar for the next 4%.

### Investment Support

Investment tools are provided through Financial Engines to help employees invest their retirement savings.

- **Free online planning tools** and annual retirement evaluation to show progress towards savings goals.
- **Personalized investment advice** is an option through account management services for a fee.

## Learning Tools & Resources

In 2016 we launched “Financial Wellness for You,” an online learning program to help employees achieve their financial goals. The format is designed to make financial education enjoyable and engaging through the use of interactive games, online polls and simulations to teach key money-management concepts such as saving, investing, managing your credit score and tips for mobile banking. The program also provides direct links to help employees apply their learnings.





## Improving Financial Capability of Students

### Pathway to Financial Success

In 2012, we realized we needed to change the status quo because we owe it to our children to provide them with the best opportunity for a brighter financial future. Financial education is one key to this opportunity, yet according to the Council for Economic Education Survey of the States, only 17 states require students to take a class in personal finance before graduation. To help deliver on our mission we launched Pathway to Financial Success, [www.pathwaytofinancialsuccess.org](http://www.pathwaytofinancialsuccess.org), a five-year program that brought financial education into the curriculum at public high schools across the country.

Over a five-year period, more than 1,900 high schools and more than 1 million students benefited from \$13 million in financial education grants that Discover provided to the schools. Their students experienced up to a 24 percent improvement — the equivalent of two letter grades — on financial literacy test scores upon completion of the course.

While we have reached the end of our grant program, our commitment continues. The success of Pathway provided Discover an opportunity to evolve the program by offering financial education to schools through Discovery Education, the leading provider of digital content and professional development in K-12 education. Discovery Education's established network of schools, teachers and guidance counselors enables us to continue to deliver free financial education that will reach additional schools and more students through online personal finance curriculum and classroom activities. Since it incorporates parental involvement, it also helps teachers across the country give both students and families the tools they need to make informed financial decisions. The curriculum, called Pathway to Financial Success in Schools, launched in December 2017.

“We need all facets of business, society and government to join us in the movement to bring financial education into every classroom in America. We see Discover's Pathway program as an outlet to accomplish that.”

**David Nelms**, Discover Chairman and CEO

Pathway to Financial Success was launched as a five-year commitment to bring financial education to public high schools across the country and reach more than one million students.

Discover provided more than **\$13 million** in grants to schools

Reached more than **1,900** high schools

More than **1 million** students impacted

Participants' test scores improved by an average of **two letter grades**

## Junior Achievement Partnership

For nearly 20 years, we have partnered with Junior Achievement (JA) to inspire and prepare young people to succeed in a global economy. The program provides employees with the opportunity to volunteer on company time to teach students supplemental financial education and the principles of entrepreneurship in the classroom.

We've expanded our JA relationship to include "You're Hired," a program that provides opportunities for employees to share job skills and teach workplace readiness to high school students. Today we're proud to say we have 320 headquarters employees engaged in all of our JA volunteering opportunities, including CEO David Nelms, who is a JA alum and JA of Chicago Board member.

**Through grants and financial endowments, we have helped students in our Delaware community grow their financial skills and achievements.**

- **\$100,000** — Adult Financial Education through the Delaware Council on Economic Education
- **\$1.4 Million** — Classroom Grants for Teach Children to Save Day and Bank at School

2016-2017:

**326** classes

**7,386** students reached

**590** volunteers

Logged **1,788** volunteer hours to local JA communities







**BUILDING**

**A STRONGER**

**COMMUNITY**



# Commitment to the Community

Discover's business is built on helping people, and we invest in the community to demonstrate our commitment to a brighter financial future. Employees at our headquarters and in our customer care centers are actively supporting local charities and communities through volunteer efforts and financial donations.

These efforts support two of our core values, Doing the Right Thing and Volunteerism, and demonstrate our commitment to being a good corporate citizen. We believe this makes us a stronger company and makes our world a better place.

## Investing in Education

One of our key commitments is supporting education. We know that providing safe learning environments and beautifying schools can help children have a better learning experience at school.

### Blessings in a Backpack

Far too many students go to school hungry, hampering their ability to learn. In 2017, volunteers packed nearly **14,000 food bags** for school students in Illinois, providing food for the weekend to more than 700 local students.



### Success in Schools

Our Success in Schools program provides funding for school materials and programs in each of our locations. Employees supplement this support through volunteer activities, deepening our impact and involvement we have with the schools and students.



### Big Brothers Big Sisters

One way children reach their true potential is through professionally supported, one-to-one relationships with volunteer mentors. That is why we support Big Brothers Big Sisters. Our employees mentor local students to help them achieve a brighter future. Each child in the program was matched with a mentor from Discover's Riverwoods office during the 2016–2017 school year and 2017–2018 school years.



### School Supplies

**2017:** Students need school supplies to be successful. Employees respond to this need by packing backpacks full of school supplies for more than **5,000 students** across the United States, helping ensure the students were ready for a successful school year.



### Chicago Cares

Students do well in school when they have a conducive learning environment. Discover volunteers partnered with Chicago Cares to donate time to help 13 non-profits across Cook and Lake Counties in efforts such as school beautification projects.

More than **1,000** volunteers & **5,700** hours in 2016

More than **1,700** volunteers & **9,000** hours in 2017



### Boys & Girls Clubs

**Julie Loeger**, Executive Vice President & Chief Marketing Officer, serves on the Board of the Boys & Girls Club of Lake County, Illinois, which provides students with homework help and a safe place to go after school for a better school experience. She also started a summer high school internship program at Discover for Boys & Girls Club members in 2017.



Through this partnership, Discover volunteers:

- Worked with Chicago Cares on a beautification project at the Lake County Boys & Girls Club location.
- Painted the Logan Square Boys & Girls Club to give it a fresh, updated look.
- Sponsored Camp Discover for the Lake County Boys & Girls Clubs, an educational program that was designed and facilitated by the Chicago Botanic Garden. Volunteers from the Marketing team enjoyed the opportunity to “Eat, Play & Learn” alongside the children. Activities included a mini lesson about macroinvertebrates, a tram tour around the garden and a smoothie making demonstration at Fruit and Vegetable Island.



## Supporting the Community

We understand the importance of investing in the individual needs of the community to support families and help position them for success.



Zach (bottom left) with his family

### Make-A-Wish

In January 2017, Discover and Make-A-Wish surprised Zachary Cezar with the news that he was selected to be the official "Stick Kid" of the 2017 Coors Light NHL All-Star Skills Competition™. He received an exclusive "Stick Kid" jersey and helmet when he arrived in Los Angeles. As part of the package, Zach got a sneak peek at the locker rooms, hung out on the players' bench at the 2017 Coors Light NHL All-Star Skills Competition™ and attended the 2017 Honda NHL® All-Star Game with his family.

**More than \$18 million** in donations have been raised through cardmember donations over 28 years.

**3,400 wishes** have been granted across the country by Discover and its cardmembers.

### Supporting Military Families

**2017:** We understand the commitments and sacrifices members of the military make for our country. To show our support to the military community, Discover partnered with Operation Shower and volunteers company-wide packed **11 large boxes** with sets of baby outfits, bath toys, towels, washcloths and pajamas for baby showers for military families.

The Honoring Military & Veterans Employee Resource Group packed **50 care boxes** for service members through Packages from Home.

The ERG also hosted a No Dough Dinner, serving meals to 250 military families in March.



### Food Drives

**2017:** To support local families in need of basic necessities like food, Discover employees donated over **20,000 lbs of food** through food drives across the country.

### Feed 6

In addition, over the course of 2016 and 2017, Discover packed **160,000 meals** for the Northern Illinois Food Bank to be distributed across Lake County to people in need.

### Financial Services Roundtable (FSR) Recognition

In 2016 & 2017, Discover received the FSR's Corporate Social Responsibility Leadership Award for our commitment to expanding financial literacy and volunteering in communities across America.





# Giving Back to the Community



## KaBOOM!

Discover partners with KaBOOM! to provide children with safe places to play. As of 2017, more than **7,700 volunteers** from Discover have participated in building **25 playgrounds**, serving **26,414 children** annually.



## American Red Cross

In the aftermath of several natural disasters in 2017, more than **\$3 million** was donated to the American Red Cross for disaster relief efforts to help those in need through an employee and cardmember matching campaign of both Cashback Bonus® and direct donations.



## Habitat for Humanity

We know that safe living environments help children and families succeed. Since 2000, Discover employees have built **35 homes** in Ohio and Arizona for families in need.





## Individuals and families are in need of help to navigate the legal system.

Discover employees realize their skills are needed beyond campus walls and share their knowledge and expertise throughout the community.

## Financial Empowerment Training

Discover attorneys delivered financial empowerment training to Veterans at the **Jesse Brown VA Health Care System** in downtown Chicago. Discover attorneys gathered relevant factual information and helped prepare outside attorneys for consultations with Veterans.



## Equal Justice Works Fellow

One of our co-sponsored Equal Justice Works Fellows completed her two-year fellowship in fall 2017. During her fellowship, she built a Medical-Legal Partnership at Chicago's Road Home Program at Rush Hospital. Between fall 2015 and fall 2017, this Medical-Legal Partnership consulted with more than 130 clients (most of whom were veterans), representing nearly one-fifth of the hospital's outpatient patient-base. Through the partnership, our fellow acted as an on-site attorney and was able to catch legal issues before they turned into legal crises.

## Pro Bono Program

In 2016 and 2017, participants in Discover's award-winning Pro Bono Program volunteered over 2,100 hours at various pro bono events and activities, including:

- **Wills for Heroes:** Discover employees provided legal services to help emergency personnel and first responders with wills, living wills and powers of attorney.
- **Woodlawn Legal Clinic:** Discover employees provided legal services to help residents of Chicago's Woodlawn neighborhood avoid eviction, file for divorce, address public benefit issues and prepare paperwork for court.
- **Edward J. Lewis II Lawyers In the Classroom Program:** Discover employees partnered with elementary and middle school students to discuss engaging, authentic lessons about our legal system and rights and responsibilities under the law.
- **Rolling Meadows Domestic Violence Help Desk:** Discover employees helped establish this program at a northern Cook County courthouse, which helps domestic violence survivors prepare orders of protection and attend courtroom hearings.

## Investing in Communities

As part of our efforts under the Community Reinvestment Act, which encourages financial institutions to help meet the credit needs of the communities in which they operate, Discover has made significant investments to help improve, support and give back to the neighborhoods, communities and businesses around us.

## William Penn High School Innovation Center

In September 2017, William Penn High School in New Castle, Delaware, revealed a new state-of-the-art innovation center, **funded by a \$250,000 grant from Discover**, the largest grant Discover has made to a single school. Typically, 40 percent of William Penn students go to college, so the school and Discover came together to redesign the old library with the look and feel of a college lounge.

The lounge is designed to encourage students not only to apply to college, but to attend and thrive. The Innovation Center also will be used to offer dual-enrollment in college courses and features The Penn Bistro Café, a business run by culinary arts students.

“By investing in William Penn and getting more kids to go to college, Discover Bank can have an impact on the entire community. Helping local students succeed will inspire them to come back one day and start investing in local education and businesses themselves.”

**Matt Parks**, Discover Bank's  
Community Reinvestment Act Director







## The Village at McKee Branch

In September 2017, the Milford Housing Development Corporation (MHDC), Discover Bank, the Delaware State Housing Authority (DSHA) and other local agencies announced the completion of the newly renovated affordable apartment community, The Village at McKee Branch. The redevelopment project addressed a growing need to provide a sustainable and safe living environment for low-income families in the Dover area.

The renovation project involved converting **12 townhomes into 66 apartments with a new community center, security cameras, a central laundry facility, two recreational areas and a walking path.** These amenities are all new to the development and offer a higher quality of living to the local senior community and low-income families.

Discover Bank has a long-standing relationship with MHDC and stepped in to ensure the project would come to fruition by providing a low-interest loan and favorable Low Income Housing Tax Credit (LIHTC) equity investment.

“For over 20 years, we’ve partnered with MHDC in the development of affordable housing solutions for Delawareans. The development is an excellent example of how nonprofits, government and businesses can work together to build neighborhoods and provide opportunities for individuals and families.”

**James J. Roszkowski**, Discover Bank President



A close-up photograph of several hands of different skin tones cupping small green seedlings with dark brown soil. The hands are arranged in a circle, creating a sense of unity and care for the environment.

# **BUILDING A MORE SUSTAINABLE WORLD**



# Greener, Cleaner Campuses

Discover is constantly upgrading facilities, improving processes and investing in new technologies to lessen our impact on the environment in order to help create a cleaner, greener world.

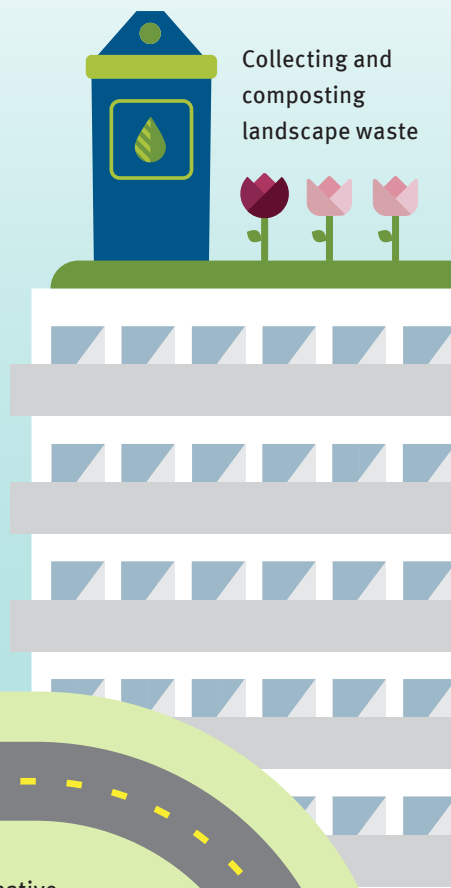
Examples include...



Encouraging eco-friendly transportation by instituting a carpooling program for employees



Continuing to use paper sourced from sustainable forestry



Collecting and composting landscape waste



Utilizing native landscaping at our Utah, Phoenix and Riverwoods campuses, requiring little-to-no maintenance

Reducing HVAC energy use after installing variable-speed fans



Reducing water use by installing low-flow/variable-use toilets

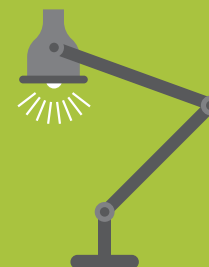


Reducing paper copies by 20% between 2015 and 2017



Repurposing more than 2,000 light fixtures in renovations

Reducing energy use after upgrading nearly 3,800 light fixtures to LEDs



Reducing waste by converting all office cups and plates to biodegradable options



Maximizing employee participation in recycling by enacting a single-stream recycling program at major sites

As we build new spaces and renovate old ones, we continue to make upgrades that serve both our employees and our environment.

In 2017, Discover's recycling saved:

More than **356,700** gallons of oil

More than **3,750,000** kilowatts of power

More than **2,800** cubic yards of landfill

More than **6,500,000** gallons of water

And diverted **13%** of waste from landfills

## LEED Silver Certified



Our headquarters campus has several LEED Silver Certified projects, and all new projects are designed as LEED aware. To date, our headquarters campus has implemented the following:

- Maximized usage of LED light fixtures to increase energy efficiency and longevity
- Completed enhanced commissioning to provide thorough review, testing and calibration of buildings systems to maximize efficiencies
- Utilized Energy Star appliances and equipment for their energy efficiency
- Reduced water use by installing low-flow plumbing fixtures

## Fostering Eco-Friendly Transportation

We encourage employees to carpool, utilize public vanpools and use public transportation. Approximately one-third of the employees at our headquarters campus take advantage of these types of eco-friendly transportation options. Across our campuses, we encourage eco-friendly transportation through:

- Charging stations for electric cars
- Designated green spaces for employees driving eco-friendly cars to park closer to the office
- Carpooling programs to support employees at all campuses
- More than a quarter of employees participate in the Shuttle Bug program, which provides employees free, convenient shuttle transportation between Discover's campus and Metra commuter train stations
- The shuttles serve three routes, providing more than 3,500 trips each month



We offer a Commuter Benefits Plan, allowing employees to use pre-tax dollars to purchase transportation passes, tickets or vouchers, pay a parking facility or to fund an account that can be used for reimbursement of certain work-related transportation and parking expenses. Employees participating in this program also receive a \$60 monthly subsidy from Discover.



\*Statistics based on data provided by document destruction vendor



### Our Environmental Advisory Group consists of over 100 members working to raise awareness of how employees can get involved in making their community more eco-friendly.

In 2017, Discover volunteers participated in two invasive species removal events at Cook County Forest Preserve sites, clearing aggressive, non-native Buckthorn and garlic mustard from areas in the Skokie Lagoons recreation area.

Throughout the year, the Environmental Advisory Group hosts educational events to spread awareness about resource conservation, including:

- Green Awareness booth for Earth Month: Recycling experts from Waste Management tested employees' recycling knowledge using common items available for purchase on campus to help them identify trash versus recycling for single-stream recycling
- Solar Electric Commuting: A lunch session discussing how to use solar power to charge electric commuting vehicles
- An initiative in December 2016 encouraging employees to choose china plates over disposable to-go containers on campus
- Green rebates: Choosing recyclable goods and energy efficiency rebates through the Clean Energy Act



### Paperless Statements

Discover encourages cardmembers to enroll in paperless statements during customer card activations and strives to make the process easy. In fact, enrolling in paper statements is the first step of our online onboarding process for new cardmembers, and roughly 60 percent select paperless.

Existing paper statements are declining and we're proud to say we've sent nearly half a million fewer paper statements between 2017 and 2018.



## Pond Remediation

Over the years, leaves, algae, organic matter and winter salt runoff from surrounding roads formed sediment deposits in the ponds at our campuses. We determined that the sediment buildup contributed to unhealthy water quality levels, and began a remediation project to increase the health of the ponds for the resident wildlife. Using a low-impact hydraulic pumping method, contractors removed the contaminated sediments from ponds. The cleanup process will improve the habitats for the bluegill and frogs that live in the ponds year-round, as well as the migratory birds like ducks and egrets that visit the campus to swim, eat and nest.



## Our New Butterfly Garden

We designed and installed a 6,200 sq. ft. butterfly garden in the natural area at our headquarters. The permanent garden features perennial flowers and shrubs that butterflies love to feed and lay their eggs on, including asters, bee balm, milkweed and coneflower. When the plants mature they will attract butterflies like monarchs and swallowtails, providing a nurturing habitat for threatened species and a vibrant, green garden space along a walkway for employees to enjoy.





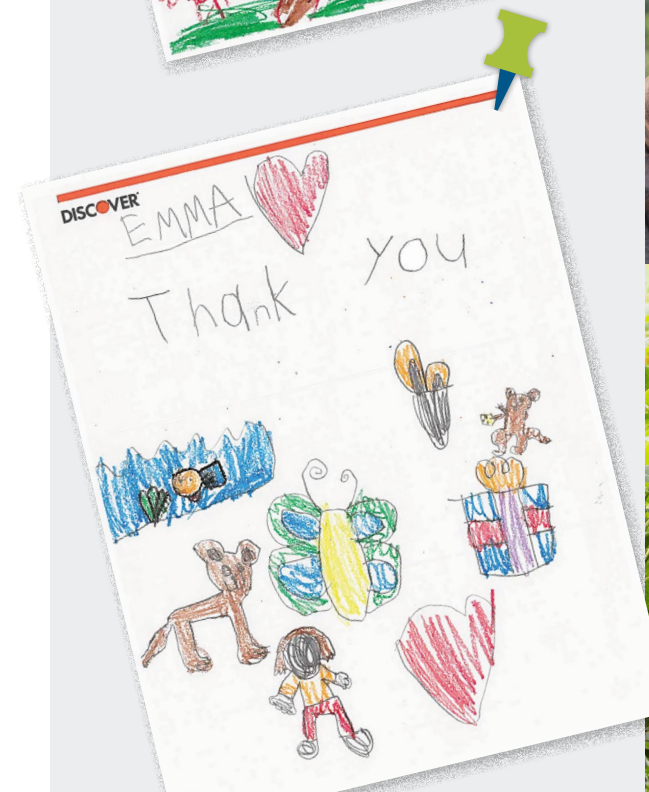
## Intern Volunteer Day at Chicago Botanic Garden

In July 2017, nearly 100 interns participated in a Discover Cares event at the Chicago Botanic Garden. Interns from all across the company assisted with several projects including assisting the garden staff with general garden and plant maintenance, weeding, mulching, deadheading spent blossoms on perennials, plant container recycling and removing invasive plants around the grounds, which span the 385-acre living plant museum.

## Discover's Utah Processing Center (UPC) Donates Excess Paper to Local Schools

Employees took the lead to find a way to donate excess paper bound for recycling to local schools. The Guadalupe School in Salt Lake City was the first school to receive and use what amounted to 114,000 sheets of reclaimed Discover paper, along with office supplies from the UPC and Lake Park Center. Shortly after the first donation, an additional donation of 167,000 sheets of reclaimed Discover paper was donated to Parkview Elementary School in Salt Lake City.

All of the office supplies were donated to teachers, whose students put them to use when learning and drawing.







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