



BUILDING OUR TEAM

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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.

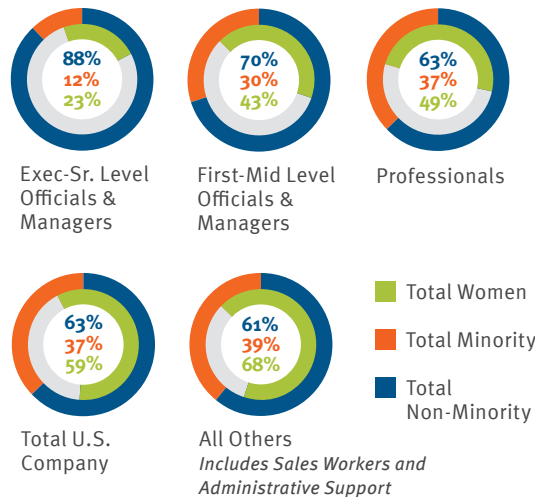
Discover's commitment to D&I extends to all phases of an employee's time at the company, spanning from attracting and retaining diverse candidates, to developing talent through a variety of training programs, to creating inclusive groups and communities within Discover, to the D&I dedication exhibited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

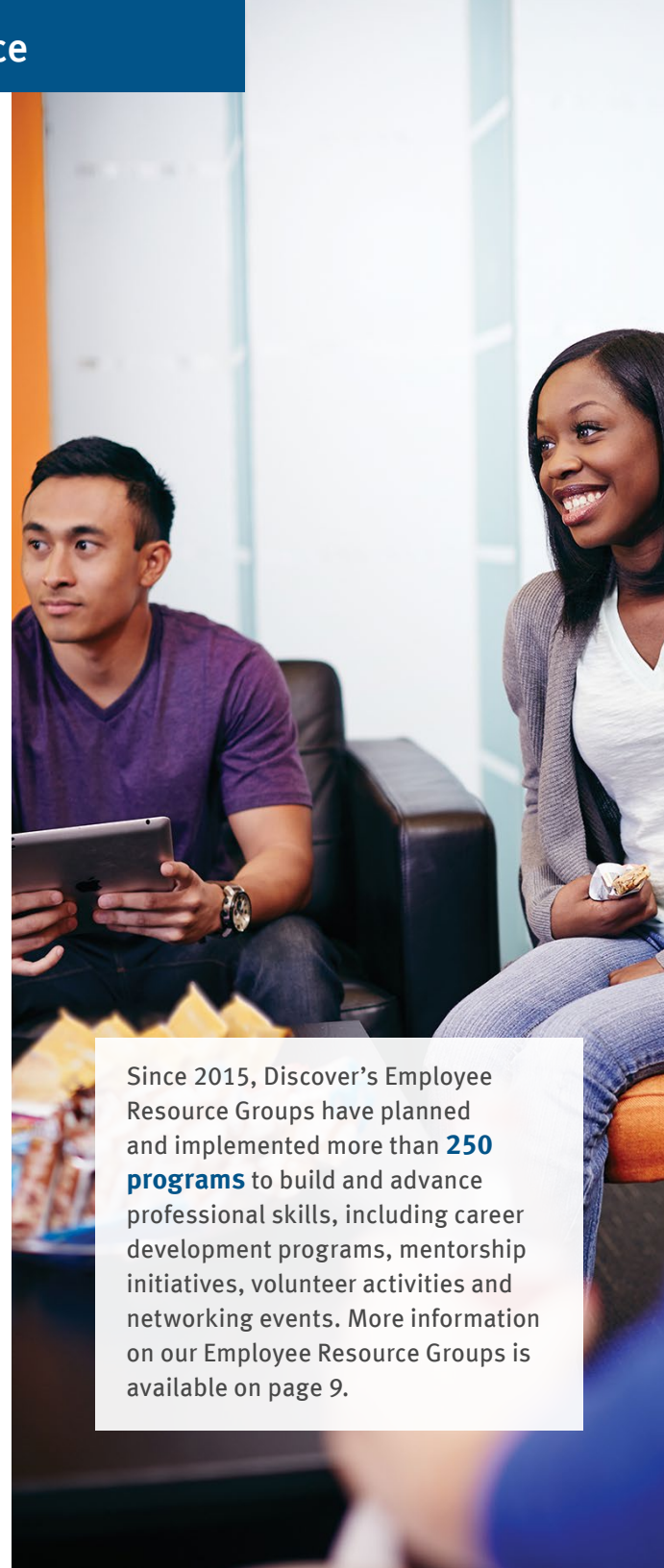
Chicago Financial Services Pipeline Initiative

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.



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.



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.

"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."

"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."

"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

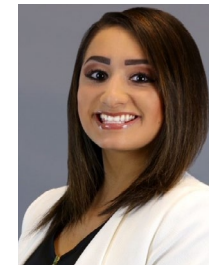
Approximately **580 participants** took advantage of educational assistance including tuition reimbursement and special educational offerings in 2017

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