

A Brighter Future

2019 Corporate Responsibility Report



DISCOVER[®]



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ABOUT **DISCOVER**





A Brighter Future

Discover's 18,000+ employees are united by shared values and a common sense of purpose to *help people spend smarter, manage debt better, and save more so they achieve a brighter financial future*. To do that, we offer a wide range of industry-leading financial products, services, and tools all backed by our 100 percent U.S.-based customer service. Our success has provided strong returns for our shareholders.

Vision:

To be the leading digital bank and payments partner.

★
Headquarters:
**Riverwoods,
Illinois**


\$12 B
Interest Income


\$11 B
Revenue Net
of Interest
Expense


\$96 B
Total Loans

190
Countries
18,000+
Employees



As of December 31, 2019

Discover Digital Bank

The **Discover** card, America's cash rewards pioneer, as well as our **Miles, Secured, Student,** and **Small Business** cards

\$77 B
in Card Loans

Checking & Savings Accounts, **Money Market** Accounts, and **Certificates of Deposit**

\$69 B
in Bank Deposits

Private Student, Personal & Home Equity Loans

\$19 B
in Loans



Discover Global Network

Discover Network
Millions of Merchant
& Cash Access
Locations

\$177 B
in volume

**Diners Club
International**

\$34 B
in volume

**PULSE
Debit Network**

\$192 B
in Volume

As of December 31, 2019





A Message From Our CEO

Roger C. Hochschild
Director, Chief Executive Officer, and President

Corporate social responsibility takes on new meaning in the midst of the worst global pandemic since 1918 and widespread social unrest resulting from centuries of racism in this country.

We bear witness to the pain felt by communities of color who have been denied equality, justice and opportunity and who live in fear of the very people who are here to protect them. We see the hardship that millions of Americans are experiencing through the loss of lives and livelihoods due to COVID-19. But amid the pain, we see signs of hope – from the heroic acts of healthcare and essential workers to the marches in cities and suburbs populated by people from all walks of life saying that we can, and must, do better.

Our corporate purpose is to help people achieve a brighter financial future – and now is a time when a brighter future is sorely needed. As the only major bank with no annual fees on all credit cards and no fees on all deposit products, Discover has always looked to deliver unmatched value to our customers. And through the pandemic, we have worked with our customers to meet their unique financial situations, waiving fees, enabling them to skip payments, defer interest and providing other support.

Key to all our Banking products is our award-winning, 100% U.S.-based customer service. Great customer service requires a great team and that’s why a significant portion of our Corporate Responsibility Report is dedicated to the high-quality jobs, programs and benefits we provide to our more than 18,000 employees. We work hard to provide a culture that makes Discover a great place to work;

a place where all employees feel a sense of belonging, and feel supported and engaged. And we hold ourselves accountable for creating a truly diverse, inclusive and equitable environment. We recognize our role in being part of the change being sought in this country and we are resolved to doing more to better understand and overcome our biases; respect and celebrate differences; and remove systemic barriers.

Being part of the change also requires us to embrace the responsibility we have as a company to help society tackle challenges beyond our walls. Through our philanthropic initiatives, which are outlined in this Report, we improve financial education, promote economic development and support programs that make communities safer, healthier places to live.

Volunteerism is a core value at Discover. In 2019, thousands of Discover employees volunteered more than 70,000 hours to support over 100 non-profit organizations. This year, Discover and its employees are actively supporting COVID-19 relief efforts and Discover will seek to affect change in the community by working with nonprofits committed to racial justice and through focused actions to help communities of color. And, in addition to our own donations, Discover is also matching employee donations in support of organizations seeking to end racial discrimination.

“This Report’s theme, A Brighter Future, captures both our company purpose and our hope for the days ahead. It seems particularly poignant at this time.”

Times like this are a true test of an organization and its people, and I am deeply proud of how Discover’s employees have risen to the challenge through their efforts to help our customers and communities in this period of need. Their response is a reflection of the values we share and the culture that has been built throughout our 34-year history. They have guided us throughout these turbulent times and are the basis for the philosophy and approach to everything we have outlined in the following pages of this Report. This Report’s theme, A Brighter Future, captures both our company purpose and our hope for the days ahead. It seems particularly poignant at this time.

Roger C. Hochschild
Director, Chief Executive Officer, and President

Corporate Governance and Ethics

A key element of corporate responsibility is adhering to the highest standards of corporate governance and ethical conduct. We believe accountability, transparency, and good decision-making are critical to our business, serving customers, and creating value for our shareholders.



Our governance structure is based on the principle that each line of business is responsible for managing risks inherent in the business with appropriate oversight from our senior management and the Board of Directors. Other highlights of our corporate governance program include:

- A risk-aware culture overseen by a separate Risk Oversight Committee.
- Significant shareholder ownership requirements for Executives and the Board.
- Longstanding commitment to sustainability.

- Annual Board, committee, and director performance evaluations.
- Director education and access to experts.
- Annual election of directors with majority voting standard.
- Shareholders have proxy access with market standard conditions for director nominations.
- No supermajority voting requirements.
- Shareholder right to call special meetings.

With the exception of our CEO, 10 directors are independent, and an independent nonexecutive

director chairs the Board; executive sessions of directors are held at all in-person Board meetings. To carry out its responsibilities, the Board has several committees and related charters that develop policies and provide oversight on important corporate governance issues. These committees include:

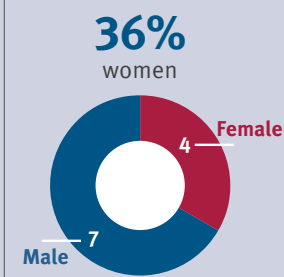
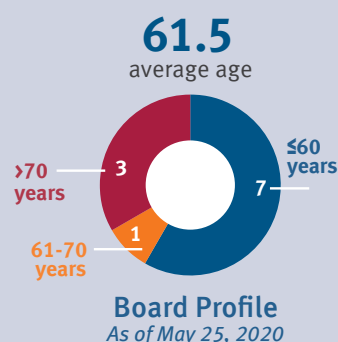
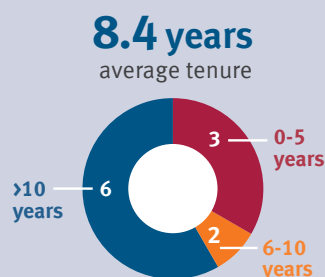
- Audit Committee
- Compensation and Leadership Development Committee
- Nominating and Governance Committee
- Risk Oversight Committee

DIVERSITY AND OUR BOARD OF DIRECTORS

Our strong commitment to diversity and inclusion (D&I) is a competitive advantage and extends beyond our workforce. Diversity is a consideration in the composition of the Board. When reviewing director candidates, the diversity of the candidate's perspectives, background, and other demographics are taken into account.

Our directors have been chosen based upon the following criteria:

- Broad and relevant spectrum of experience and expertise.
- A reputation for integrity.
- Experience in positions with a high degree of responsibility.
- Commitment to represent the interests of shareholders.



All directors attended at least **95%** of the Board and their committee meetings

ETHICS AND CODE OF CONDUCT

Discover has a robust [Code of Ethics and Business Conduct](#) that guides employees' behavior. The Code guides behavior and sets an expectation that employees will:

- Act in the best interests of customers, the company, and the public.
- Advance and protect the company's interests.

- Prevent the misuse of inside information.
- Be honest and fair in communications with the public.
- Maintain accurate books and records.
- Treat others with dignity and respect.
- Maintain a safe work environment.
- Report misconduct.

Under these guidelines, the Code of Ethics and Business Conduct addresses anti-money laundering, counter-terrorist financing, and sanctions programs; anti-bribery and corruption; and consumer protection. Discover employees are required to complete compliance training on an annual basis.

Our Values

 <p>Doing the Right Thing</p>	 <p>Innovation</p>	 <p>Simplicity</p>	 <p>Collaboration</p>
 <p>Openness</p>	 <p>Volunteerism</p>	 <p>Enthusiasm</p>	 <p>Respect</p>

Integrity Hotline

Our Code of Ethics and Business Conduct asks employees to report any misconduct, including concerns related to ethical or business conduct matters. They can do this through the Discover Integrity Hotline, which is operated by an independent party to maintain anonymity and confidentiality.



**Integrity Hotline:
1-866-714-1305**



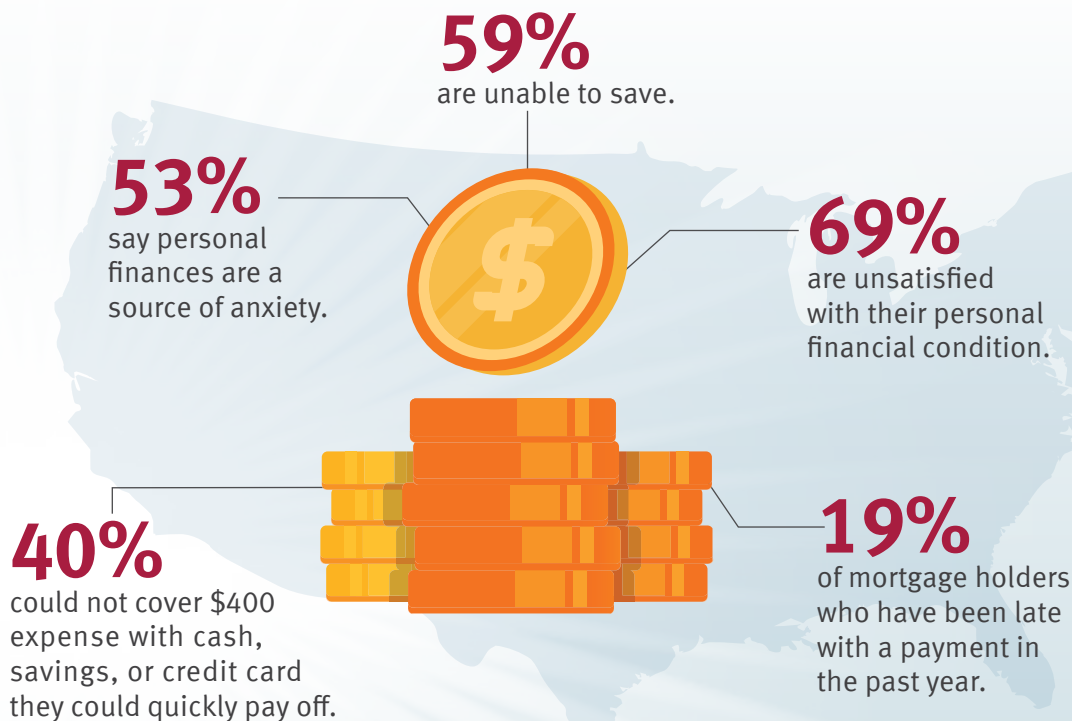


FINANCIAL
PROGRESS



Our mission is to help people spend smarter, manage debt better, and save more so they can achieve a brighter financial future. Discover established this mission more than a dozen years ago, and we remain committed to delivering on it to help people manage their finances and achieve their personal goals.

America's Financial Reality



As an institution with deep financial expertise, Discover is perfectly positioned to help by sharing our knowledge and developing products and services to promote a brighter financial future. For example, in 2019, Discover eliminated deposit account fees for customers with a checking, savings, money market, or certificate of deposit (CD) account from Discover Bank.



None of the Sneaky Stuff

We've said no to gimmicks, gotchas, and fees, so customers' money can work harder for them.

No. Fees. Period.



No monthly fees on any account.



No insufficient funds or overdraft fees.



No minimum balance.



No ATM fees.



No Student Loan origination or late fees.



No origination fees on Discover Personal Loans.

The products and services that we offer to help people achieve a brighter future are available on our website at [Discover.com](https://www.discover.com).

Responsible Lending

A customer’s relationship with their financial services provider is a deeply personal one that is built on trust. We know that our products and services are fundamental to customers’ sense of security and happiness. We are determined to keep earning our customers’ trust every day.

We also know that becoming a trusted partner in our customers’ financial progress means more than simply giving them access to a credit line; it means making it easier for people to save for tomorrow and spend responsibly today. By offering financial products that help our customers make financial progress, we become a trusted partner.

In 2019, Discover won several J.D. Power Awards for the Financial Services sector¹, highlighting customer satisfaction with our products. We received awards in the following categories:

- #1 in Customer Satisfaction Among Mobile Credit Card Apps and Credit Card Websites
- #1 in Highest Customer Service with National Credit Card Companies



CREDIT MANAGEMENT

We consider it important that customers know and understand their creditworthiness so they can manage their personal finances and we provide them with the tools to help.

To aid in that knowledge, we offer Discover Credit Scorecard for free to all new, existing and non-customers, which gives them easy access to their FICO® Credit Score

¹ Discover received the highest score of the J.D. Power 2019 Credit Card Satisfaction Study and 2019 U.S. Credit Card Mobile App and Online Credit Card Satisfaction Studies of customers’ satisfaction with their primary credit card from a national issuer and their financial institution’s mobile application and online experience for credit card account management. Visit jdpower.com/awards for more information.

Free Credit Scorecard. See yours in seconds.

DISCOVER Credit Scorecard		
FICO SCORE	Total Accounts	Length of Credit
720	12	10 yrs
Revolving Utilization	Inquiries	Missed Payments
20%	3	1



STUDENT LOAN CALCULATORS

Our student loan calculators, available to customers and non-customers, help prospective students and parents understand the full cost of their college education before they take out a loan, which in turn helps them plan how to pay back their student loans. Students and their families can use the calculators to:

- Compare financial aid award letters to understand how much they will pay for college.
- Estimate how much they need to borrow in student loans.
- Estimate monthly student loan payments.
- Estimate how much they might save by making larger loan payments or paying off a loan earlier.

In 2018-19, 163,000 students and their families visited our student loan calculator page on [DiscoverStudentLoans.com](https://www.discover.com/education/student-loans), helping pave their way to a brighter future.

REWARDS FOR GOOD GRADES

We reward student cardmembers with \$20 cash back if their grade point average (GPA) is 3.0 (equivalent) or higher each year they're enrolled in school, for the first five years from the account opening.

We also reward student loan borrowers for their hard work. A Discover student loan borrower who gets at least a 3.0 GPA (or equivalent) for the academic term covering the loan qualifies for a 1 percent cash reward of the loaned amount on each Discover undergraduate and graduate student loan.

DEBT CONSOLIDATION

We encourage customers to consider consolidating their debt from other financial service providers with us to give them more clarity around their debt situation and simplify their payments. Our debt consolidation products include:

- Balance Transfers
- Personal Loans
- Home Equity Loans
- Student Consolidation Loans



Privacy and Data Security

The threat of customers' data being stolen is constant and growing. We consider it our responsibility to help customers manage these risks, and we offer a range of products and services to ensure customers' data security.



Protection Products

IDENTITY THEFT PROTECTION

In 2018-19, we introduced affordable, comprehensive identity theft protection that includes the monitoring of thousands of data sources every day, dedicated resolution specialists, and up to \$1 million in identity theft insurance. The protection is affordable, making it accessible to customers at any income level. Our identity protection product works hard, offering benefits such as:

- Credit balance, limit, and utilization alerts.
- Identity verification alerts.
- Monitoring for kids' spending.
- Monthly three-bureau credit activity summaries.



We also offer a free service that monitors risky websites and alerts Discover cardmembers if their social security number is found. In addition, Discover will alert cardmembers if any new credit cards, mortgages, car loans, or other accounts are opened on their Experian® credit report. These new alerts are aimed at helping Discover cardmembers protect themselves from identity theft or fraud.

DISCOVER FREEZE IT®

If customers are concerned that they misplaced their card, Discover Freeze it® allows them to freeze their accounts in seconds from the Discover mobile app or online. The service acts like an on/off switch. While cards are frozen, purchases, cash advances, and balance transfers will be stopped.

Cybersecurity

The nature of our business requires that we handle confidential information not available to the general public. This includes customer and employee information, as well as proprietary business information. It is imperative that this information is secure and stored safely to mitigate security threats, including those due to human factors. Discover promotes and requires companywide awareness of and adherence to information security policies, standards, and safe business practices in an effort to avoid damage to customers, business partners, and our organization, any of which could lead to devastating consequences.

Privacy

Privacy primarily focuses on the appropriate collection, use, storage, retention, and disposal of personal information, including personal information of employees and nonpublic personal information (NPI) of customers. Discover employees who compromise confidential information are at risk of legal penalties and disciplinary action, up to and including termination of employment. Discover employees are required to complete annual training on data security. Discover's chief information security officer also regularly reports on data security measures to both the audit and risk oversight committees within the board of directors.

In addition to the California Consumer Privacy Act and General Data Protection Regulation as applicable, key regulations that Discover policies abide by include the Gramm-Leach-Bliley Act (GLBA) and Regulation, and the Sarbanes-Oxley Act (SOX). We have developed programs to comply with privacy laws and provide our consumers with transparency and control of their information.

In early 2020, Discover held a cross-functional panel discussion titled Guardians of the Data to address how we responsibly collect, use, and protect sensitive personal data. The panel addressed key topics, including what constitutes sensitive data, when Discover can collect and use sensitive data, and how Discover retains and protects sensitive data.

Financial Literacy

Financial education is crucial to helping people improve their quality of life and achieve a brighter future. Discover seeks to improve the financial literacy of the next generation through funding for students ranging from middle school through community college.

One of the most important parts of a young person's path to a brighter future is their progression from high school into employment. Whichever path a young person takes, a firm understanding of the basics of budgeting and saving is crucial.

Young people might start working a part-time job in their teenage years, or they might buy their first car when they obtain their driver's license. Perhaps most importantly, they'll likely start looking into student loans before they graduate from high school. [Click here](#) for more information about how Discover supports this process.

Despite so many significant financial decisions coming at an early age, good financial education for young people is hard to find. Consider:

- Only 17 states require high schoolers to take a course in financial literacy.¹

- Only five states earned an "A" in an analysis of all 50 states' efforts to teach financial literacy in high school.²
- Nearly 70 percent of U.S. parents have some reluctance about discussing financial matters with their kids.³

Pathway to Financial Success

These are among the reasons we launched our Pathway to Financial Success financial education program and why we are building on its success. In 2018-19 we expanded the program by offering financial education and resources to middle- and high-school students, educators, and families through a partnership with Discovery Education. The partnership enables us to expand the program's reach to more students. The curriculum, *Pathway to Financial Success in Schools*, draws on Discovery Education's expertise as the country's leading provider of digital content and professional development in K-12 education.



Pathway to Financial Success®



THE PROGRAM CONTAINS 12 SELF-PACED MODULES WITHIN FOUR UNITS:

1

Being Financially Responsible

2

Using Financial Services

3

Financing Your Future

4

Getting Paid

THE COMPREHENSIVE FINANCIAL LITERACY RESOURCES INCLUDE:

- Student videos
- Family activities
- Standards-aligned lessons
- Educator guides and videos

In 2019, we achieved a milestone in the *Pathway to Financial Success in Schools* program when we reached 1 million students. By mid-2019, results from the program indicated that students' confidence in each topic area rose after completing a related module.

For more information, visit www.pathwaytofinancialsuccess.org.

¹ "Survey of the States," Council for Economic Education, 2018, (<https://www.councilforeconed.org/policy-and-advocacy/survey-of-the-states>).

² 2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools, Champlain College's Center for Financial Literacy, 2017, (<https://www.champlain.edu/centers-of-experience/center-for-financial-literacy/report-national-high-school-financial-literacy>).

³ Parents, Kids & Money Survey, T. Rowe Price, 2017, (<http://www.moneyconfidentkids.com>).



Teacher Spotlight: Jacqueline Prester

Discovery Education succeeds because of the hard work, passion, and intelligence of teachers. Jacqueline Prester, a popular business and technology teacher at Mansfield High School in Massachusetts, is one of these important educators.

Prester learned financial responsibility in middle school when she worked multiple side jobs. Now, she imparts that acumen to classes that always reach their 28-student capacity. “For years, I’ve been advocating that financial literacy be a requirement in our schools,” says Prester. “Students aren’t necessarily getting financial education at home, so they need to get it at school. They need to get it early, and it needs to be reinforced year after year.”

The videos, interactive modules, and real-world connections available through *Pathway to Financial Success in Schools* ensure that Prester’s class is exciting and informative. For example, Prester highlights Family Connections, an element of the program that asks students to talk to family members about how to check credit reports, save money, and even choose an insurance plan.

“I’m constantly updating my curriculum,” says Prester. “And I like that *Pathway to Financial Success in Schools* is a unit-based curriculum, so it’s very flexible—kind of like plug-and-play... Established teachers can pull what they need from it. Someone establishing a new course could use the whole curriculum.”

Prester’s commitment to educating the next generation about financial literacy extends beyond the classroom—she advocated for a bill promoting financial literacy education in schools in Massachusetts, which passed in 2019. The bill outlines financial literacy standards that cover credit, understanding loans, and paying for college, among other things. She explains: “I contacted every single elected official in Massachusetts multiple times. I met with educators, people from the nonprofit world, from banking, to discuss what’s going on.”

We are proud to support the work of teachers like Jacqueline Prester, without whom brighter futures would be a lot harder to come by for many young people.

Chicago Public Schools Partnership

A core element of Pathway to Financial Success’s initial investment in 2012 was a \$1 million grant to Chicago Public Schools (CPS), a school district right in our Illinois backyard, where thousands of our employees live and work.

Seven years later, Discover continues to enjoy a relationship with CPS that extends beyond a financial commitment. In 2018-19, Discover joined a consortium of financial services companies that advise on the system’s Financial Education Program. Discover’s continued investment in CPS also helped lead the district to introduce a graduation requirement regarding financial literacy.

Chicago Public School’s Financial Education Program empowered me to be prepared to teach the students the concepts of banking, money management, credit, insurance, and investing. Meeting with peers during professional development time gives you a perspective and support system. In the classroom, the students are eager to learn and ask questions and are inquisitive when we are reviewing the curriculum. Students now understand the importance of insurance, credit, investing, and budgeting. The Financial Education Program gives the students real-world experience that they will take with them for the rest of their lives.

Miguel Davis, Educator, Gage Park High School



\$2 M

support of JA to update the program's curriculum.



7,800

students taught through Discover classroom volunteers.



For more than 20 years, Discover has partnered with Junior Achievement (JA) to inspire and prepare young people to succeed in a global economy. The program is both an opportunity to educate young people and an important way to engage employees who volunteer on company time to provide supplemental financial education and the principles of entrepreneurship in the classroom. JA is part of an overall curriculum implemented in schools. In 2018-19, hundreds of Discover employees volunteered in classrooms through JA, impacting nearly 8,000 students.

In 2018-19, Discover stepped up our support of JA with a \$2 million commitment to update their JA Finance Park curriculum with a new interactive, digital finale to the course. During a full-day program, students participate in a virtual economy where they are required to make important career, business, and financial decisions.



Moneythink's goal is to dramatically increase the number of first-generation and low-income students graduating with post-secondary degrees with little to no financial burden—empowering those who have been traditionally underserved. We know the importance of teaching students about loans and debt before they get to college, so we partner with Moneythink to provide high school students with financial education coaches. These coaches help students compare and contrast loans to help them make better decisions about what they can afford.

Moneythink assists high school seniors who are eligible for Pell Grants, the federal financial aid program that provides grants to low-income students, by accurately predicting students' federal and state financial aid eligibility. That way, students are armed with realistic affordability estimates up front.

Through a virtual technology-enabled coaching program, Moneythink provides direct, high-touch, personalized college advice and financial guidance to students over the course of 15 months, beginning when



they enter 12th grade through their first semester of college. Students receive direct advice and support whenever and wherever they need it along the college matriculation process, whether it's during Free Application for Federal Student Aid (FAFSA) completion; college fit and matching; financial aid award letter comparison; or personal financial planning after enrollment. In 2018-19, Moneythink supported more than 1,000 Chicago-area high schoolers in their college decision-making process.

EverFi

EverFi is a digital education service that provides a range of online financial education programs to everyone from kindergartners to retirees. In 2018-19, Discover supported EverFi's K-12 program in Arizona, Ohio, and Utah. Additionally, in 2019 we partnered with EverFi to bring free financial education to community college students.

College Covered®

Our website, CollegeCovered.com, provides clear, comprehensible financial information to students, such as advice and tips about college and student loans,

helping students and their families plan for a brighter future. In 2018-19, CollegeCovered.com received 1.5 million unique visitors.

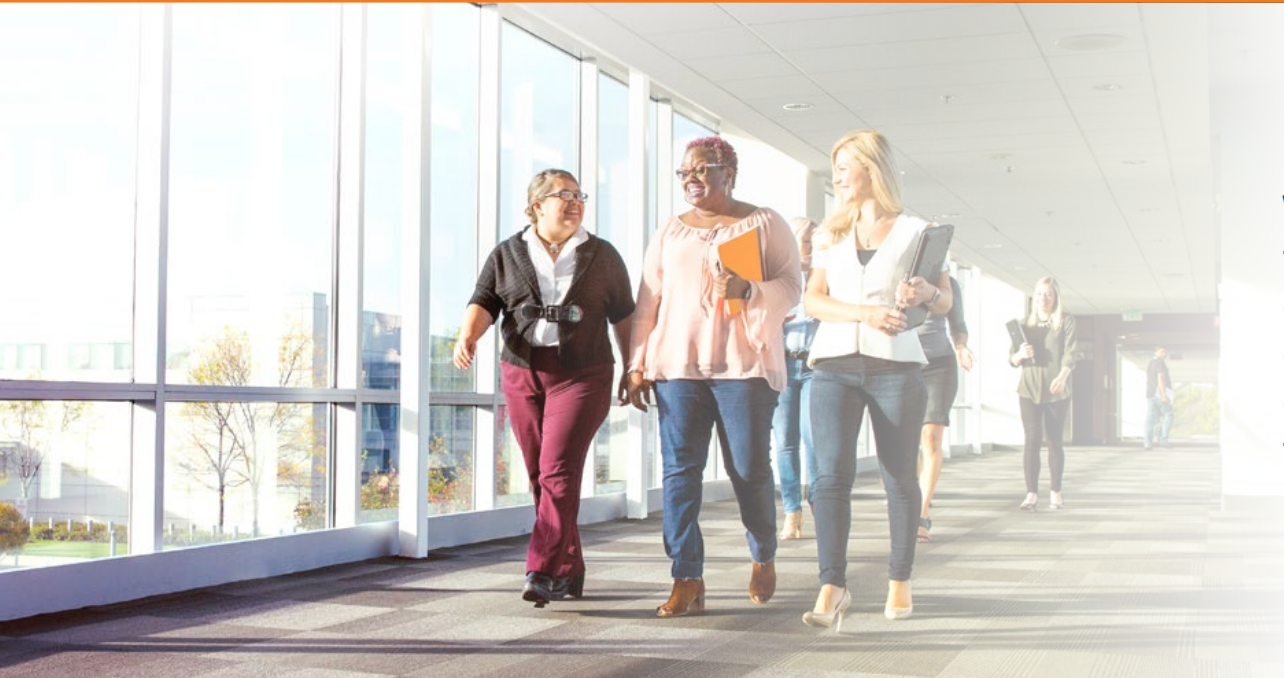
Thriving Wallet

Thriving Wallet is a new partnership between Discover and Thrive Global, the behavioral-change technology company, which explores the relationship between finances and whole human well-being. Launched in early 2020, Thriving Wallet offers compelling storytelling to highlight research and new insights to help people achieve brighter futures. The initiative also features "Microsteps"—Thrive's small, science-backed steps—that individuals can incorporate into their daily lives to help improve their relationships with money.

Through video, editorial, and social content, consumers can find expert advice, inspirational personal stories, and data-driven insights demonstrating how building healthy habits through Thrive's Microsteps and Discover's tools, resources, and products can help improve their financial well-being.



EMPLOYEE
ENGAGEMENT



We strive to be the best place to work for the 18,000+ employees who come each and every day to provide the best experience for our customers and help contribute to brighter financial futures for everyone.



We offer high-quality jobs that are well paid and provide meaningful, engaging work from day one. Like all large modern companies, Discover is a major employer of technology talent, which enables us to drive profitability through the deployment of innovative and efficient technology solutions.

Discover operates 100 percent of our call centers in the U.S., which we believe is a distinct advantage in providing superior customer service and attractive salaries and career opportunities to our employees. As one of the most recognized brands in digital banking and payment services, Discover also employs a variety of general business professionals.

It's essential for us to stand out as an employer of choice as demand for talent remains high across sectors. We have an exciting story, one that's guided by innovation and improvement, with a relentless focus on meeting customer needs. We provide an inclusive work environment with opportunities for all employees to thrive. Most importantly, this includes offering employees the chance to develop professionally and further their careers at Discover.





We set ambitious goals
Focusing on value and transparently tracking our progress

We take responsibility
Keeping our promises and getting it done the right way

We stay ahead
Looking out for opportunities and risks



We are curious
Always searching for a better way

We innovate & simplify
Through problem solving and experimentation

We develop ourselves
Expanding expertise and acting on feedback



We are good partners
Working as one to deliver the most value

We create positive energy
Building a supportive and inclusive environment where all can thrive

We develop others
Helping everyone to reach their full potential

DISCOVER BEHAVIORS

Discover is focused on helping even more people achieve brighter futures. That's an invitation to dream bigger for our company, for our business units, for our team, and for ourselves. One of the ways we can help millions more consumers enjoy a brighter financial future is by improving every facet of our business, including how we engage with our work and each other every day. Our new Discover Behaviors define the expectations we should all have of each other as we seize the opportunity that lies ahead.

The Discover Behaviors describe a common way for all 18,000+ of us to work, regardless of role, business unit, or level. They go beyond framing expectations,

setting goals, and rating performance to define how we build value, collaborate, and communicate. The Behaviors reflect our values and incorporate the principles that drive our focus on continuous improvement and innovation. The Discover Behaviors ensure we work as one team to achieve even higher levels of success.

Employees are responding favorably, saying the Discover Behaviors are exciting, engaging, relevant, unique to Discover, and modern, among other things.



2018-19 Workplace Awards

Discover has been recognized as a best place to work in each of our locations. We're honored to have received several awards for our efforts to create a thriving, inclusive workplace.



NATIONAL

- **Achievers**—2019 50 Most Engaged Workplaces
- **Asia Society**—2018 Best Employer in the category “Promoting Asian-Pacific Americans into Senior Leadership Positions”
- **Asia Society**—2019 Best Overall Employer for Asian-Pacific Americans
- **Asia Society**—2019 Most Innovative Practices in the category “Asian-Pacific American Employee Resource Groups”
- **Asia Society**—2019 Most Innovative Practices in the category “LGBT Asian Employees”
- **Computerworld**—2018-19 100 Best Places to Work in IT
- **Employer Support of the Guard and Reserve**—2018 Above and Beyond Award
- **Equal Opportunity Magazine**—2018 Top 50 Employers
- **Human Rights Campaign**—2018-19 Best Place to Work for LGBTQ Equality (seventh consecutive year)
- **Indeed**—2018-19 Top 50 Workplaces
- **Forbes**—2018 Best Employers for Diversity
- **Forbes**—2018 Best Employers for Women
- **Vault**—2018 Best Financial Internships (Discover scored among the highest companies)
- **Vault**—2018 Best Quality of Life Internships (Discover scored among the highest companies)
- **Women’s Choice Award**—2018 Best Companies for Millennial Women

ARIZONA

- **Indeed, Phoenix**—2018 Top-Rated Workplace
- **azcentral.com**—2018-19 Top Companies to Work for in Arizona

DELAWARE

- **Delaware News Journal**—2019 Top Workplace (Benefits)

ILLINOIS

- **The Chicago Tribune**—2018-19 Top Workplace
- **Indeed, Chicago**—2018 Top-Rated Workplace

OHIO

- **Columbus CEO Magazine**—2018-19 Top Workplace

UTAH

- **The Salt Lake Tribune**—2018-19 Top Workplace

Engagement Initiatives

We drive innovation, growth, and improvement by encouraging each and every member of the Discover team to bring their ideas, passion, and commitment to everything that we do. This is how we play to win, how we get better every day, and how we succeed together.

In addition to engaging employees through high-quality work, we believe employee engagement is based on trust, integrity, two-way commitment, and communication between an organization and its employees. This in turn creates conditions in which employees can achieve their potential and deliver higher levels of customer satisfaction.

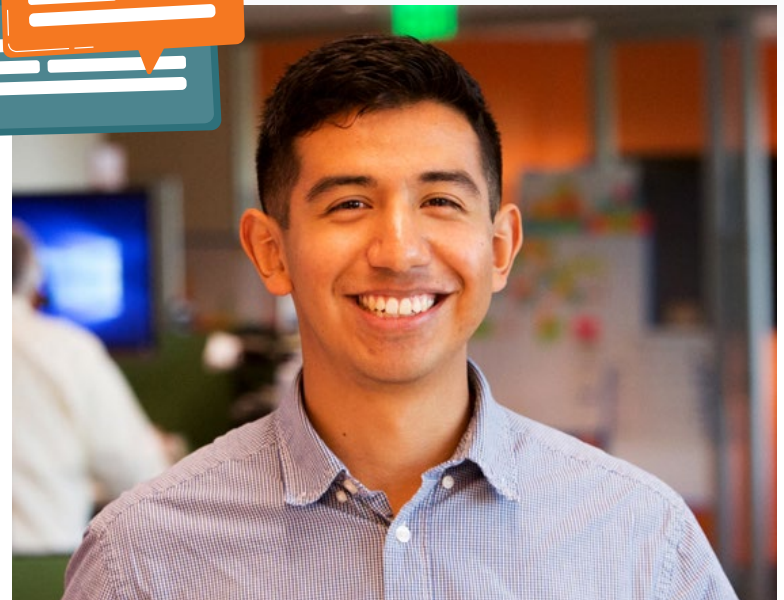
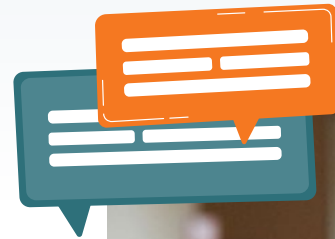
EMPLOYEE ENGAGEMENT SURVEY

We take a year-round approach to creating, driving, and improving engagement. This approach encourages shared ownership for engagement by everyone, everywhere, every day. We call it our Employee Value Proposition (EVP). With a consistent focus, employees feel empowered to contribute to their individual engagement and overall work experience. A variety of experiences drive engagement, so it's important for us to

capture feedback about engagement levels to help us build on our strengths and identify areas where we could do better. This practice is another reflection of our culture of continuous improvement.

In 2019, our employee engagement scores outperformed industry benchmarks for the fifth consecutive year, highlighting the success of our EVP.

Overall, employees told us that they're motivated to help the company succeed and are optimistic about the future. We also have learned that employees want us to stay committed to our values, build upon our inclusive culture, and continually show how their work contributes to company goals so they feel connected to our success.



Employees See a Bright Future at Discover

Highlights and key takeaways from our Employee Engagement Survey



Employees feel:

- ✓ Connected to our values
- ✓ Motivated to help the company
- ✓ Positive about leadership
- ✓ Optimistic about their futures at the company
- ✓ They know how their work contributes to company goals
- ✓ Encouraged to identify problems
- ✓ Good about opportunities for career growth and development
- ✓ They work in an inclusive environment



50%

of employees hope to stay with Discover indefinitely.

ENGAGEMENT CATEGORY	SCORE ¹
Sustainable Engagement	84
Career Development	82
Collaboration	78
Communication & Change	71
Decisions & Operating Effectiveness	75
Inclusion	90
Innovation	83
Leadership	84
Manager Effectiveness	85
Quality & Customer	79
Risk Management Culture	88

¹ Percent of employees giving a favorable score.

Compensation

Our mission to help people achieve a brighter financial future begins with our employees. We offer a competitive compensation package to attract, retain, and motivate highly qualified and diverse people. We review compensation with all employees annually.



We have the tools and resources to easily help our employees understand and manage their finances. For employees on the front lines serving our customers, helping them become financially secure puts us in a far more powerful position to fulfill our mission.

Increasingly, employees want to work for a company that has a purpose beyond profit.¹ Making employees a key beneficiary of our mission ties them closely to our purpose and creates a more engaged, happier, and more productive workforce.



Our employee compensation programs are designed and administered with considerations that include:

- Pay for Performance.
- Pay for the Role.
- Competitive Market for Employee Talent.
- Pay Equity.
- Balanced Compensation Structure.

In addition to exclusive employee benefits, we make many of the products and services offered to customers also available to employees. For example, our efforts to support students and their families to prepare for college through College Covered[®] are particularly useful to employees.

401(K) PROGRAMS

In general, Americans aren't saving enough for retirement. Fifteen percent of the population have no retirement savings and 22 percent have less than \$5,000.²

We offer our employees a range of benefits to help them save money for retirement.

Our comprehensive 401(k) benefits include several features that make it easy for employees to save for retirement:

- A fixed contribution of 3 percent from Discover, even if employees don't contribute on their own.
- A dollar-for-dollar matching contribution of up to 5 percent.

INVESTMENT SUPPORT

We also provide resources to help employees as they build their financial future. We offer retirement investment support that includes free online planning tools that give employees an annual retirement evaluation to show progress toward savings goals, with guidance on topics such as saving for college and optimizing social security benefits. We also offer personalized investment advice (for a fee) through our own account management services.

¹ Alan Kohll, "What Employees Really Want At Work," Forbes, 2018, (<https://www.forbes.com/sites/alankohll/2018/07/10/what-employees-really-want-at-work/#7c8fe8a45ad3>).

² "Planning and Progress Study 2019," Northwestern Mutual, (<https://news.northwesternmutual.com/planning-and-progress-2019>).

STOCK INCENTIVE PLANS

Allowing employees to benefit from the company’s long-term growth helps to both motivate and retain employees. We offer two options:

- The Long-Term Stock Incentive, which promotes long-term value creation; and
- The Discover Employee Stock Purchase Plan, which provides eligible employees the opportunity to purchase shares of Discover common stock at a discounted price. Eligible employees may elect a payroll deduction that is credited to a purchase account. At the end of each quarterly offering period the funds in employees’ purchase account are used to buy shares of Discover stock.

AWARDS AND RECOGNITION

It’s important that our employees know how much we appreciate their hard work. Our awards and other recognition highlight exceptional efforts made by employees and offer everything from simple acknowledgement to valuable rewards.

PRESIDENT’S AWARD

Our top honor is the President’s Award. For 30 years, we’ve given this annual award to employees who have achieved exemplary business results while exhibiting our values. Winners are nominated by their peers and are deemed the “best of the best.” They receive a cash reward and a gift. In 2019, our CEO & President presented 167 employees with the President’s Award.

PINNACLE OF EXCELLENCE

Selected by senior leadership, the Pinnacle of Excellence is the most distinguished award a team leader or non-exempt employee in the field can receive. In 2019, we recognized 73 employees for their leadership and outstanding contributions to the company at a ceremony at our Riverwoods, Illinois, headquarters, where they were greeted with cheers and applause as they arrived. Winners received an all-expense paid trip to Chicago that included a variety of classic city events.

How We Say “Well Done”



Professional Development

When we recruit the best employees, we then need to provide world-class development opportunities to retain them. It's important to let employees direct their own development, in partnership with their managers and reflecting their career goals and business objectives. Employees participate in development programs of their own choosing, except for necessary compliance training.



We provide the tools and programs employees need to help them build key business skills, improve everyday performance, and prepare for advancement. Those tools and programs—tailored to the employee's level within the company—are available through our Learning Management platform. Every month, we alert employees to available open enrollment courses that help them build business acumen, influence others, and manage work processes flawlessly.

Our programs aimed at employees transitioning into manager roles focus on compliance with HR policies and processes, leading with strategic thinking, and coaching and developing others.

Programs dedicated to emerging leaders include customized coaching partnerships that accelerate their ability to communicate vision, lead change, and drive employee engagement.

We've heard from both participants and managers that our development programs result in higher effectiveness in work prioritization, coaching, and networking growth.

We also have a robust performance review process, the foundation of which is employee performance goals and Leadership Behaviors (how employees achieve their goals). We conduct formal reviews at least twice per year to ensure employees and managers are having conversations about the progress made against their goals and their ability to exhibit the desired behaviors. In addition to informing compensation decisions, these reviews provide an opportunity for both the manager and employee to have open conversations regarding the employee's accomplishments and where they can develop skills and capabilities for both current and future roles.





Education Assistance Programs

>1,000

employees have taken advantage of education assistance programs since 2018.

>500

employees are participating in The Discover College Commitment.

100%

tuition paid for eligible U.S. employees to earn a bachelor's degree from one of seven online programs at three select universities through The Discover College Commitment.

90%

reimbursement for business- or role-related programs at any accredited academic partner.

ON-SITE MBA

The growing complexity of our industry requires us to remain focused on building our talent. The Discover Onsite MBA Program is designed to build leadership capability, equipping participants with the skills needed to take on the unique challenges they will face as future leaders of our company. This cohort-based program allows our high-potential employees to earn their MBA degree at our Riverwoods campus with tuition fully paid by Discover.

“ The Discover on-site MBA program is equipping me with leadership and critical thinking skills that not only help with career development but allow me to take some of the things I’m learning and make an instant impact for the organization. The program couldn’t be more convenient with it being located at work [on campus], provides me a unique opportunity to network with colleagues, and truly highlights how Discover cares about the future of its employees.”

Rob Weiss, Senior Manager, Public Relations

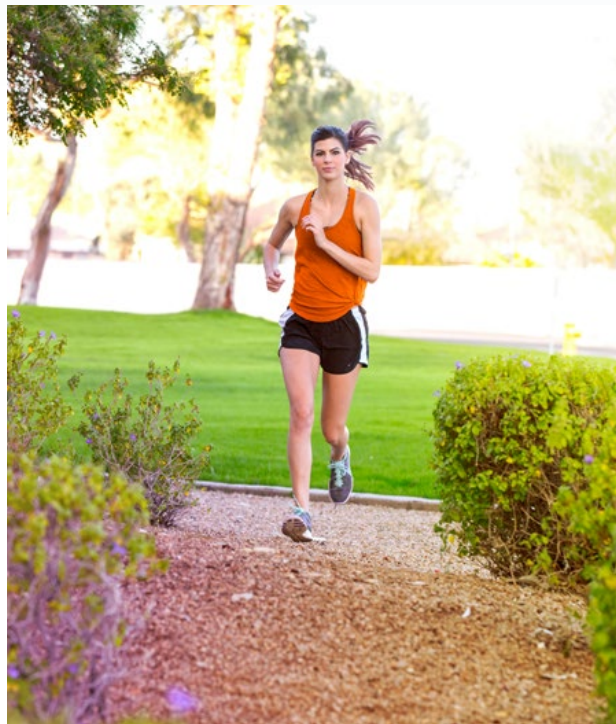
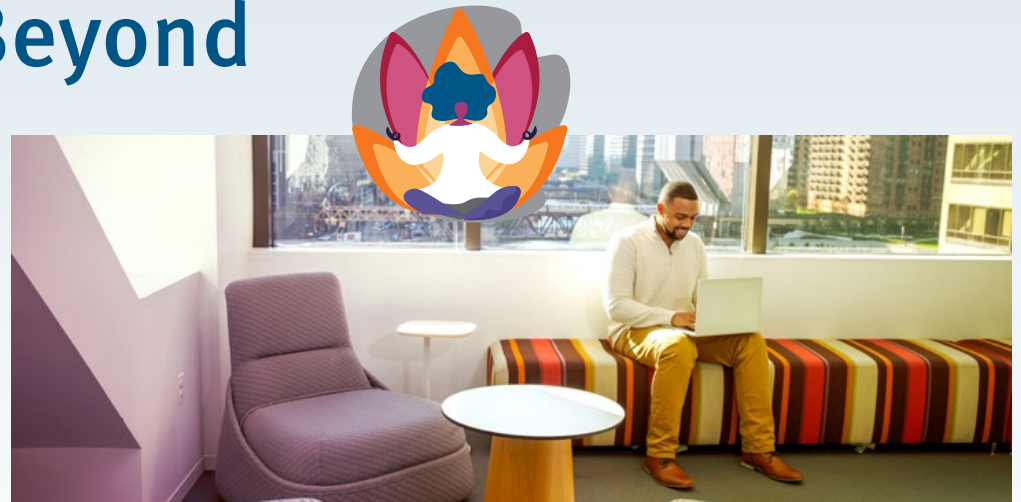
Financial wellness for you

Our online learning program for employees, *Financial Wellness for You*, has helped employees manage their financial progress since 2016. We believe that helping employees is a key step in achieving our mission of helping all stakeholders achieve a brighter financial future. In 2019, we expanded the program to include more engaging and informative content, such as interactive online games, polls, and simulations. The program has 51 courses in which employees can focus on the financial guidance and topics that are important to them. Our goal is that all our employees will use the platform, in turn giving them the financial confidence to help others achieve their brighter financial future.



Wellness at Work and Beyond

We aim to provide employees with the tools and programs they need to manage their health and well-being. Since physical, emotional, and financial health are related, we offer a variety of resources in these areas, which help our employees be their best. Read the [Thriving Wallet](#) section for more information about achieving a brighter future through financial well-being and whole health.



Health, wealth, and balance. Those three words are the pillars of LiveWell, our employee well-being strategy. Within these areas are a range of different resources—both on and offsite, which offer choice, convenience, and flexibility.

In 2018-19, we introduced a range of new philosophies to guide our decision-making as we enhance existing benefits and introduce new ones:

- Intentionally build a culture of wellness.
- Offer something for everyone for the different stages of their lives.
- Be competitive and better where it matters most.
- Destigmatize mental health needs.

RAISING AWARENESS

Delivering on our strategy means making employees aware of the benefits and making it easy to take advantage of them.

Employees receive periodic wellness communications through DLife, our intranet. These communications are generally centered on a monthly theme that promotes holistic well-being. In 2018-19, themes have included National Nutrition Month, Financial Literacy Month, Mental Health Awareness Month, National Work & Family Month, and well-being during the holiday season. Several monthly campaigns are carried out in partnership with our Employee Resource Groups.

LIVEWELL EMPLOYEE WELL-BEING AMBASSADORS

People are often inspired by their peers. We encourage employees who are particularly passionate about well-being to become LiveWell Employee Well-being Ambassadors. Specific tasks for our LiveWell Ambassadors include:

- Spreading the word on well-being-related news at Discover.
- Volunteering to support well-being events.
- Sharing well-being stories to inspire others.

Offerings

The table below outlines the range of resources and services that we offer to employees under our three pillars of employee well-being.

HEALTH	WEALTH ¹	BALANCE
Annual Health Evaluation —A 15-minute annual evaluation to help employees earn up to \$500 off their insurance premiums.	Financial Wellness Education —Workplace financial education programs.	Live and Work Well Program —Free and confidential emotional health counseling, online tools, and more to maintain mental health.
Onsite Health Clinics —Quality, convenient, and affordable services on campuses, including free flu shots.	Free Financial Counseling —A free 60-minute counseling session with a financial expert.	Free Coaching Courses —Free support on a variety of topics, available to any employee who completes the health evaluation.
Onsite Fitness —Workout facilities available before, during, or after work.	Perks at Work —Discount Program: Special discounts for employees and their families.	Discover Care @ Work Family Assistance Program —Cost-effective caregiver solutions for the whole family, including child care, elder care, pet care, and more.
Healthy Eating —Healthy and affordable menu options available every day at Discover cafeterias.	Financial Engines Planning Tools —Free and fee-based online tools to help with savings, retirement, and more.	Torchlight Child —Free online platform for support on hundreds of childcare topics.
Smoking Cessation —Quit for Life program to help people quit the habit.	Employee Stock Purchase Plan —Discover stock available to employees at a 5 percent discount.	
WW, Weight Watchers® Reimagined —A network of employees working together to reach their weight loss goals.	Discover Employee Card —Discover credit card available with a special interest rate.	

¹ For more information about how we support employees' financial health, see [Bolstering Employees' Financial Progress](#)

EMOTIONAL WELL-BEING

Today, the connection between physical and mental health is better understood. We recognize that both are essential to overall well-being. Discover's Live and Work Well program is our signature emotional health resource. It offers support services for employees and their families, including free onsite and offsite licensed counselors who provide one-on-one sessions.

Nearly 15 percent of employees engaged in our Live and Work Well Program (including both onsite and offsite options), with onsite counseling sessions reaching almost 4,000 in both 2018 and 2019. Employees can see counselors for a variety of reasons, including anxiety, depression, grief, relationships, and finances.

FAMILY-FRIENDLY BENEFITS

We substantially increased our paid parental leave benefit in 2018, highlighting the importance of time off for new

parents. We offer primary caregivers 16 weeks and secondary caregivers two weeks fully paid time off to care for the newest addition to their family.

Almost 70 percent of employees return to work following paid parental leave. That high rate of return could be attributed to the benefits we provide employees before they leave, while they are out, and when they return to work, including flexible work arrangements and onsite mothers' rooms.

In 2019, we introduced our latest family-friendly benefit programs, Care@Work Family Assistance Program and Torchlight Child. The Care@Work program provides free membership to Care.com, subsidized backup child and adult care, and senior care planning assistance. Torchlight Child is an online support platform connecting our parents with experts to help manage the everyday modern challenges of raising children with or without specialized needs.



DIVERSITY AND **INCLUSION**





Diversity and Inclusion (D&I) is a competitive differentiator for companies, and we know that to be an advantage at Discover. The country’s demographics are changing—in 2011, for the first time there were more minority children born in the U.S. than Caucasian children—which means our customers are increasingly ethnically and racially diverse.¹

We want to ensure that our employee population reflects our customers. We also want to make sure that all employees, regardless of their demographic profile, feel a sense of belonging, can be themselves at work, are treated fairly and respectfully, feel supported and engaged, and can thrive and contribute fully to Discover’s success.

GOVERNANCE

We believe that the most powerful thing a company can do to promote D&I is to lead from the top.

Diversity among our Executive Committee itself is an important indicator of success. This group has 25 percent minority representation, while women compose about a third of the group. Further, our Executive Committee has a D&I Steering Committee to develop our next-generation D&I strategy, including goals and a roadmap for success.

Discover CEO and President Roger Hochschild serves as the Steering Committee’s Executive Sponsor. He is joined by 12 senior vice presidents and vice presidents representing nearly all of our business

units. Together, these leaders support a variety of D&I initiatives, including:

- Serving as Executive Sponsors of our [Employee Resource Groups \(ERGs\)](#).
- Hosting training and speaker sessions on D&I topics, such as unconscious bias.
- Creating Business Unit D&I Committees.

Additionally, D&I information is shared with our Board of Directors at least twice yearly to inform succession planning for executive-level employees.

On an enterprise level, Discover has committed to the Equity Pledge announced by The Chicago Network’s Campaign for Advancing Women Leaders in the Workplace. The pledge is a public commitment to work toward achieving 50 percent representation of women in leadership positions by 2030. The commitment includes abiding by the Equity Principles, a cornerstone of the campaign, to remove barriers, define success, evolve culture, enhance community, and maintain accountability. Discover’s Executive Vice President, President of Payment Services, Diane Offereins, is the



Chair of The Chicago Network. Currently, 34 percent of our executive-level employees are women. We’ve identified improvements in this area as our best opportunity to successfully meet the terms of the pledge by 2030.

In 2019, Roger Hochschild signed the CEO Action on Diversity and Inclusion Pledge, joining over 70 other CEOs of U.S. companies who are committed to supporting a more inclusive workplace for employees, communities, and society at large. The CEO Pledge outlines actions that undersigned companies will take to cultivate a trusting environment where all ideas are welcomed and employees feel comfortable and empowered to discuss D&I.

¹ William Frey, Diversity Explosion.



Along with the other signatories, Discover has committed to four initial goals that will catalyze further conversation and action around D&I in the workplace and foster collaboration among participating companies:

- 1 Continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion.
- 2 Implement and expand unconscious bias education.
- 3 Share best—and unsuccessful—practices.
- 4 Create and share strategic inclusion and diversity plans with our Board of Directors.

D&I GOALS AND EVALUATION

We introduced annual D&I goals for all Discover officers. These goals are focused on attracting, developing, and retaining a diverse workforce and supporting the broader D&I strategy of the company. D&I goals are included in our officers’ overall annual performance goals.

PAY EQUITY

We work hard to pay our employees equally for their work, and we constantly monitor our performance and address any discrepancies or issues. We use a salary recommendation calculator to help ensure internal pay equity.

Discover partners with an independent, third-party consultant to conduct a companywide pay equity analysis that includes race and gender to identify pay discrepancies. Our review considers compensation drivers, including level, function, and geography.

Based on our latest review, women and minorities at Discover earn on average between \$0.99 and \$1.02 for every \$1 earned by men and non-minorities. We shared this data publicly for the first time in 2018, given our commitment to transparency and to improving our performance.

Read more about our overall approach to [employee compensation](#).

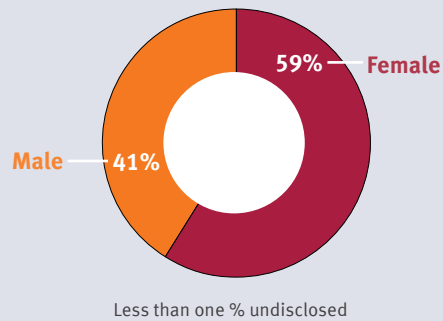
SUPPLIER DIVERSITY

As a large financial institution, Discover has the opportunity to influence D&I efforts among our suppliers, as well as within our own ranks. We seek to procure goods and services while providing equal opportunity for diverse suppliers to compete for our business. We encourage diverse suppliers to register with us through our supplier registration portal.

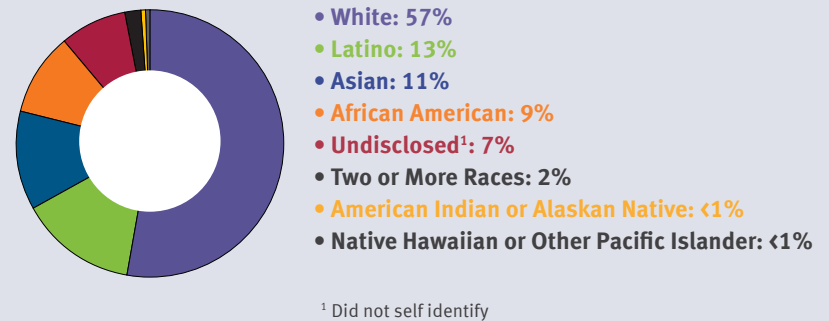
Our U.S. Workforce By-The-Numbers



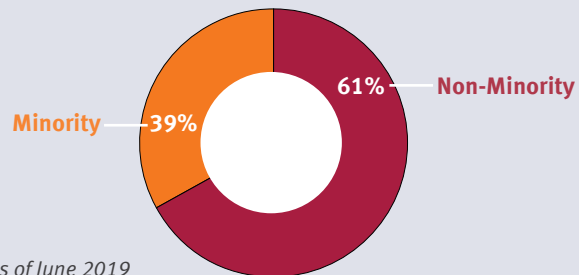
2019 Employees by Gender



2019 U.S. Employees by Ethnicity

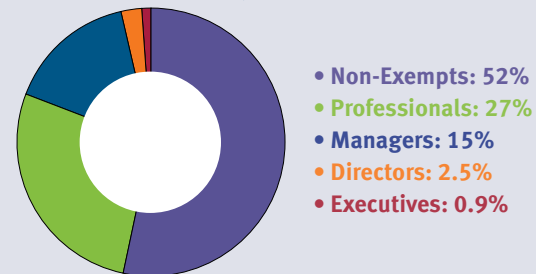


2019 Percentage Minority Employees



As of June 2019

2019 Employees by Job Tier



Employee Resource Groups

Since 2012, our Employee Resource Groups (ERGs) have helped nurture a culture of D&I at Discover, giving all employees an opportunity for leadership and peer support. Each of our ERGs has an executive sponsor, which gives the ERGs leadership support and insight into relevant business objectives for each group to focus on.



In 2018-19, we introduced two new ERGs—"Native American Professionals at Discover" (N8V) and "Green at Discover" (GREEN)—bringing our total to 11 unique ERGs composed of 41 chapters within our field locations. At each location, a D&I Council supports and drives our overall D&I strategy, including supporting ERG efforts and initiatives. In 2018-19, 35 percent of U.S. employees were members of an ERG.

DISCOVER ERGs	2018-19 ACCOMPLISHMENTS
Accentuating Discover Abilities ("ADA")	<ul style="list-style-type: none"> Created partnership with Disability:IN's Inclusion Works program, giving Discover access to three years of unlimited consulting about disability inclusive practices.
Asian Professionals at Discover ("APAD")	<ul style="list-style-type: none"> Mentorship program entered its fifth year, attracting 100+ mentors and mentees with a historically high number of enrollments of director-level and above mentors.
Black Organizational Leadership at Discover ("BOLD")	<ul style="list-style-type: none"> First recipients of United Negro College Fund (UNCF) Discover Scholarship completed internships.
Generations of Leaders at Discover ("GOLD")	<ul style="list-style-type: none"> Participated in Pathways to Leadership and Networking summer event. Provided employee financial wellness education about retirement and 401(k) planning.
Green at Discover ("GREEN")	<ul style="list-style-type: none"> ERG launched in 2019 with a focus on contributing to the company's efforts on sustainability.
Helping Organize Latino Achievement ("HOLA")	<ul style="list-style-type: none"> Provided Spanish translations for Discover Personal Loans and card documents (11 HOLA members reviewed 38 documents).
Honoring Military & Veterans ("HMOV")	<ul style="list-style-type: none"> Hosted veterans' panel (from employee and external veteran groups) discussions to drive awareness. Led Discover to be one of the first 25 corporations to join Illinois Department of Veterans Affairs "Illinois Hired Heroes Consortium."
LGBT and Allies Network ("PRIDE")	<ul style="list-style-type: none"> Over 167,000 unique accounts and \$424 million spend on Pride credit card since launch in 2016. Card marketing expanded to the <i>LA Blade</i> and <i>Bay Area Reporter</i> print publications on a bi-weekly basis. Hung the Pride flag at all U.S. locations during Pride Month (June). Participated in 2018 and 2019 Chicago Pride Parades, an event attended by 1 million.
Native American Professionals at Discover ("N8V")	<ul style="list-style-type: none"> ERG launched in 2018-19 with a focus on promoting Native American heritage through education, networking, and cultural opportunities.
Professional Women Impacting Results ("PWIR")	<ul style="list-style-type: none"> Launched two successful cohorts of PWIRhouse mentorship program.
Young Professionals of Discover ("YPOD")	<ul style="list-style-type: none"> Over 100 participants in Mentoring Program and Grad School Series had over 100 participants.



Spotlight: PWIR Helps Foster Female Talent

At Discover, 60 percent of our employees are women, including nearly half (49 percent) of our managers. Our Professional Women Impacting Results (PWIR) ERG has a mission to empower women at all stages of their career.

To do so, in 2018-19 PWIR organized its leadership team into pillars:

- **Community Service**—Fosters PWIR's relationships with various domestic violence shelters and plans PWIR's participation in Domestic Violence Awareness Month in October, including hosting a month-long clothing drive for a domestic violence shelter, and facilitating personal safety demonstrations and personal safety discussions throughout the month in partnership with Discover's workplace violence prevention office.
- **Membership and Communications**—Facilitates PWIR's quarterly membership meetings and focus groups to collect data to optimize events and content.
- **Networking**—Hosts events with senior leaders.
- **Talent and Development**—Launched and manages PWIRhouse Program, a mentorship and cohort program for PWIR members.
- **Volunteer Coordination**—Implements formal orientation process for event directors at PWIR events; increases volunteer engagement and provides general volunteer coordination for all PWIR events.

Diverse Talent Acquisition

Discover considers all applicants for employment without regard to race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, marital status, status as a disabled individual, protected veteran, or based on any individual's status in any group or class protected by applicable federal, state, or local law.

Our strategy to promote diverse talent acquisition includes "HireSmart" training that helps managers effectively engage in the recruitment process and to use structured tools to achieve better outcomes. The training covers adherence to legal guidelines and guidance on how to recognize and minimize interview bias.

We face two main recruitment challenges by our need to constantly diversify our workforce. These challenges include streamlining the recruitment process, including the number of steps in the application, and creating additional points of contact with candidates to drive their awareness and consideration of our roles.



One of the key strategies we use to promote our open positions is to attend conferences and events for diverse candidates. In 2018-19, we participated in:

- Disability:IN
- National Black MBA Association® (NBMBA)
- Out & Equal
- Reaching Out MBA (ROMBA) Conference
- Society of Hispanic Professional Engineers (SHPE)
- Society of Women Engineers (SWE)

EXTERNAL PARTNERSHIPS

We fully recognize our responsibility to advance diversity and inclusion (D&I) both inside and outside Discover and recognize that we can't do it alone. We partner with organizations that promote, help, and improve D&I at Discover by offering professional development opportunities and by sharing our open roles with their members.



AnitaB.org

National partner and Diamond-level sponsor of 2019 Grace Hopper Celebration.



Chicago Financial Services Pipeline Initiative

Identified high-potential diverse employees to participate in the Corporate Inclusion Institute (CII).



Leading Women Executives Program

Female employees participated in the 2019 program.



Military Spouse Employment Partnership

Employees in 12 states utilized the Work@Home program.



United Negro College Fund

UNCF scholars interned with Discover.



Spotlight: Discover Legal Organization's D&I Leadership

The legal profession in the U.S. is among the least diverse in the country.¹ In 2017, the American Bar Association's National Lawyer Population Survey reported only 5 percent of active attorneys identified as Black, African American, Hispanic, or Latino, while only 20 percent of partners in a law firm were women.

At Discover, we're proud to have a legal organization that is making a concerted effort to increase minority representation within our ranks, as well as in the profession generally.

UNCONSCIOUS BIAS TRAINING

In 2018-19, our legal organization's D&I Committee hosted two training sessions to help the team understand their unconscious biases. The training targeted gender, race, ethnicity, sexual orientation, and physical and mental disabilities. Participants were amazed to learn about biases they did not realize they harbored, and some even described it as "life-changing." Many immediately started to dismantle buried stereotypes. Other Discover departments have conducted similar unconscious bias training for employees.

ENSURING A DIVERSE CANDIDATE AND INTERVIEWER PANEL

Like the rest of the company, recruiting diverse candidates is one of our legal organization's top priorities, and the team's D&I Committee has developed a three-point recruiting strategy to achieve success:

1. Compiling a list of diverse bar associations and legal organizations to broaden the pool of diverse candidates.
2. Requiring interview panels and candidate slates to be diverse.
3. Developing diversity interview questions to evaluate job applicants' experience and commitment to D&I.

LEGAL ORGANIZATION SUPPLIER DIVERSITY SCORECARD

Our legal organization is in a unique position to hold law firms accountable for improving D&I, so the team created a scorecard to assess firms' D&I programs, including the hiring, promotion, and retention of diverse attorneys. The scorecard data is designed to be used as part of the legal organization's process for selecting outside counsel and to guide staffing on Discover matters. The D&I Committee tracks law firms' progress and works with them to improve their programs.

MENTORING DIVERSE ATTORNEYS

The legal organization has a goal to support the retention and advancement of diverse talent in law firms with which it works. To support this goal, we launched a department-wide Diversity Mentoring Program in 2020, following a pilot program in 2019. The D&I Committee works with several of its third-party firms to identify 16 diverse attorneys who are mentored by a Discover attorney over six months. The program focuses on helping the mentees develop key skills, such as relationship building and leadership.

¹ Allison E. Laffey and Allison Ng, "Diversity and Inclusion in the Law: Challenges and Initiatives," American Bar Association, 2018, (<https://www.americanbar.org/groups/litigation/committees/jiop/articles/2018/diversity-and-inclusion-in-the-law-challenges-and-initiatives>).



COMMUNITY **IMPACT**

Volunteerism is a core value at Discover and how we can make a real difference in the communities in which we operate. The business case for community engagement is strong.



Providing capital to underserved communities contributes toward improving the opportunities for economic growth and advancement of disadvantaged families. Volunteer programs help engage and retain employees. Investments in youth development and education help to build a talent pipeline that companies can draw upon for their future workforce. These are just a few examples of how companies can do well by doing good. Being a responsible corporate citizen is simply the right thing to do and aligns with our values.

As a financial services company, we also provide support to communities consistent with the Community Reinvestment Act (CRA), a federal law intended to encourage depository institutions to meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods.¹ The CRA provides an additional incentive for banks to thoughtfully support the financial services needs of the community and can improve the lives of many.



¹ Community Reinvestment Act: Background & Purpose,” Federal Financial Institutions Examination Council’s (FFIEC) Web Site, (<https://www.ffiec.gov/cra/history.htm>).

Economic Development

Affordable housing continues to be one of the most critical needs of families around the country. In Delaware, the home of our retail bank and where we focus our local efforts to address housing needs, people would need to work an average 100 hours per week at minimum wage to afford a two-bedroom rental home at fair market value.¹ Solving the affordable housing crisis is a crucial step to promoting brighter futures.



Discover has taken on the challenge of creating and preserving affordable housing opportunities and continually focuses our efforts on both homeownership and rental opportunities.

We take a two-pronged approach to promoting affordable homeownership, working at a national and local level. Nationally, Discover participates in the National Community Reinvestment Coalition’s (NCRC) Affordable Homeownership Coalition, which convenes multiple stakeholders to solve the problem of homeownership among low-income communities. In 2018-19, we provided a \$275,000 grant to NCRC.

Locally, Discover has partnered with the Delaware State Housing Authority (DSHA) since 2004 to offer products and services that help low-

and moderate-income homebuyers in the state advance up the property ladder. These options include:

- Access to down payment and settlement cost assistance.
- Financial coaching—a program called \$tand by Me—to help people qualify for a mortgage. Coaches help homebuyers who aren’t immediately approved for a mortgage to improve their credit and become mortgage ready. We support this service through a \$75,000 annual grant to DSHA.
- Low fixed-rate mortgages.
- Reduced interest rates for recent college graduates—called Home for Grads, new in 2018-19.

In 2018-19, our partnership with DSHA helped generate over \$150 million in mortgages for low- and moderate-income Delaware homebuyers.

What Is the Low-Income Housing Tax Credit?

The Low-Income Housing Tax Credit (LIHTC) is a federal program that issues tax credits to state governments, which then award the credits to private developers through a competitive process, for construction or rehabilitation of affordable rental housing projects for low-income households. Developers generally sell the credits to private investors to obtain funding. Once the housing project is made available to tenants, investors can claim the LIHTC over a 10-year period.

¹ “Out Of Reach: National Low Income Housing Coalition, 2019, (<https://reports.nlihc.org/oor>).



RENTAL HOUSING

Discover’s approach to affordable rental housing focuses on both preservation and the creation of new units. In 2018-19, Discover approved a \$7.8 million low-interest loan for Milford Housing Development Corporation (MHDC), helping the nonprofit to acquire and preserve 400 units of affordable rental housing in the resort area of Sussex County, Delaware.¹ Sussex County’s Comprehensive Plan, which was approved in 2018, states that the county’s housing market is the fastest-growing and most expensive in Delaware. In addition to the low-interest loan, we provide annual grants to MHDC that totaled \$275,000 in 2018 and \$300,000 in 2019.

In 2018-19, Discover purchased Low-Income Housing Tax Credits (LIHTCs) to support the development of the Pearl Center, a new 52-unit multifamily affordable housing development for homeless veterans in Wilmington. When called upon, we were able to provide additional funding to the project to allow the Pearl Center’s management organization, the Delaware Center for Homeless Veterans, to install a commercial kitchen to serve Pearl Center residents, as well as residents of nearby shelters and transitional units. In addition to the financial support, Discover provided care packages for all new residents of the property.

Discover Bank also developed other unique and creative programs to support its local community. Two examples are our small business loan fund and our support of a low-income community credit union.



\$7.8 M

low-interest loan for Milford Housing Development Corporation.

¹ “2018 Comprehensive Plan,” Sussex County Delaware, 2018, (<https://sussexcountyde.gov/2018-Comp-Plan>).

ExciteSussex (Grow America Fund)

We increased our commitment to fund up to **\$15 million in small business loans** throughout Delaware with the National Development Council.



In addition to these loans, we have provided:

\$250,000
Grow America Fund of the National Development Council

\$75,000
National Development Council

\$120,000
West End Neighborhood House



- \$3 million investment and \$225,000 operating grant to the National Development Council’s Community Impact Loan Fund (certified as a Community Development Financial Institution) in support of the Delaware Innovation Space (DIS). The funds will help the DIS fulfill its mission of transforming science-driven startups into industry-leading companies that are focused on creating products and technologies that will enhance and expand everyday living. The DIS is located on the campus of the DuPont Experimental Station and provides support for scientists and support professionals to become entrepreneurs using their intellectual property.
- \$100,000 to Delaware. Money, which was launched in partnership with the Delaware Council on Economic Education to aggregate financial education resources available to local residents.

BANK ON WHEELS

Discover took a leadership role in developing the Bank on Wheels program, which is an innovative way to provide financial services to low- and moderate-income people in Wilmington. Bank on Wheels provides access to financial education and savings accounts (known as share accounts at credit unions) using a mobile van operated by the designated low-income Stepping Stones Community Federal Credit Union.

The share accounts were developed to provide a means for anyone who wants to open an account with a federally insured financial institution. The product accepts direct deposits and provides customers access to the largest ATM network in Wilmington at no cost. This access eliminates the need for high-cost check cashers and pre-paid debit cards, helping people join the financial mainstream. In 2018-19, Bank on Wheels opened nearly 90 new accounts.

Bank on Wheels is staffed by volunteers and employees of the Delaware Community Reinvestment Action Council

(DCRAC). Discover granted the DCRAC \$30,000 in 2018 and \$70,000 in 2019 to service Bank on Wheels.

In 2018-19, we won the Consumer Bankers Association’s Joe Belew Award for Community Development for our Bank on Wheels partnership with the Stepping Stones Community Federal Credit Union.

OTHER DELAWARE COMMUNITY INVESTMENTS

In 2018-19, Discover also made the following investments into local Delaware projects that provided economic development opportunities:

- \$6.5 million in Delaware State Historic Tax Credits to support the renovation of the historic Dupont Building in Wilmington, which serves as an important community anchor. The building houses a hotel, food hall, eight restaurants, and a global chemical firm employing 850 people. We made this investment after the consolidation of one of the region’s largest employers in an effort to preserve a legacy real estate holding.

Additionally, we are working with the National Development Council (NDC) to facilitate a \$3 million loan to a Delaware Technology Park, which is home to the fintech incubator program on the STAR Campus at the University of Delaware.

FIRST STATE COMMUNITY ACTION AGENCY

Over the past three years, Discover has donated \$330,000 to the First State Community Action Agency to support afterschool and summer educational and enrichment programs to children living in low- and moderate-income communities in Delaware.

LEON N. WEINER EDUCATION FOUNDATION

In 2018-19, we donated \$300,000 to the Leon N. Weiner Education Foundation to offer year-round academic and enrichment programs to children at 15 affordable housing sites throughout Delaware.

Visit [Philanthropy](#) to read about additional community investments in Delaware and around the country.

Discover Cares

Our employees make the greatest difference of all to brighter futures. Their contribution to our communities allows us to engage with our nonprofit partners on a personal level and to magnify our impact beyond our charitable investments.

Discover Cares is a year-round program that provides employees with multiple volunteer opportunities on company time with manager approval. Volunteering builds camaraderie and engagement among employee teams and connects them to the company's sense of purpose, while giving employees new experiences and relationships, bringing them closer to the communities they serve through their

jobs at Discover. Our You Care, We Share program supports our value of Volunteerism and encourages employees to give back to causes that are important to them. Employees may log their volunteer hours as part of the program and earn grants they can award to their charities. We also match employee donations they make to their charities.

70,000+
total volunteer
hours in 2019.

Volunteer Partnerships

(Discover location-specific partnerships, not nationwide)

					
<p>BIG BROTHERS BIG SISTERS</p>	<p>BOYS & GIRLS CLUBS</p>	<p>FEED 6</p>	<p>CHICAGO CARES</p>	<p>HABITAT FOR HUMANITY</p>	<p>KABOOM! PLAYGROUNDS</p>
<p><i>Locations:</i> Riverwoods, IL; Lake Park, UT</p>	<p><i>Location:</i> Riverwoods, IL</p>	<p><i>Location:</i> Riverwoods, IL</p>	<p><i>Location:</i> Chicago, IL</p>	<p><i>Location served:</i> Ohio, Arizona</p>	<p><i>Locations served:</i> Company footprint</p>
<p><i>Impact:</i> Nearly 2,000 volunteer hours to mentor local students; 71 youth served and 56 mentor-protégé matches</p>	<p><i>Impact:</i> Quarterly volunteer events; Power Hour funding, a homework assistance and tutoring program; funding for leadership programs</p>	<p><i>Impact:</i> Approximately 400 volunteer hours in 2018 and 2019 and 475,000 meals packed since 2015</p>	<p><i>Impact:</i> Over 1,750 volunteers provided roughly 9,200 hours to enhance Chicago's south, west, and northwest side communities</p>	<p><i>Impact:</i> 3,267 volunteer hours in 2019 and construction of 20 houses since 1999</p>	<p><i>Impact:</i> 8,000 volunteers from Discover have built 32 playgrounds, serving 65,500 children annually over the past 25 years</p>



Even after five years of leading volunteers and Midtown students in the Summer Law Apprenticeship, I am still amazed by the creativity and brilliance of the students. That being said, I think the biggest impact is upon the hearts of the volunteers. In the end, the students teach us the greatest lessons about virtue, life, and character. Midtown has a very special way of bringing the best out of students and volunteers alike.

Michael Gray, Director and Senior Counsel—Privacy



Over
2,400
Pro Bono hours
in 2018-19.

95
volunteer hours
donated to
Midtown Educational
Foundation 2018-19.



MIDTOWN EDUCATIONAL FOUNDATION

For the past five years, Michael Gray, Director and Senior Counsel—Privacy at Discover, has led an annual “Discover Law Day” during Midtown Educational Foundation’s Summer Law Apprenticeship. In 2018 and 2019, Discover sent 10 and eight representatives, respectively, from our legal organization to the Chicago-based nonprofit, which guides low-income urban youth in Chicago along pathways of success. The program gives boys enrolled in Midtown’s Law Apprenticeship hands-on experience, guidance, and insights into the legal profession. For example, the Discover team has hosted mock U.S. Supreme Court Oral Arguments based on the real Supreme Court. Each year, 15 high schoolers from Midtown’s program took part.

In addition, Gray and five colleagues organized two weekend financial literacy programs for the parents of students at Midtown’s Metro Achievement Center for Girls, as well as two leadership career talks, addressing virtuous leadership and executive presence, for the organization’s staff and volunteers.

Midtown’s programs start working with youth in the fourth grade and continue until they graduate from high school and even beyond. Nearly 1,100 boys and girls and their families participate in Midtown’s programs

every year. For nearly 20 years, all of the seniors who participated in Midtown’s programs have gone to college. A recent survey of more than 900 alumni of the program revealed that 91 percent had either graduated from college or were still enrolled.

Midtown students beamed while reflecting on the experiences of the day, with one student remarking: “This was by far the best day of the program. I wish every day of school was this exciting and engaging.” Many students commented how the real-world experience in the classroom further inspired them to pursue a career in law.

Philanthropy

American companies donated more than \$20 billion to nonprofit organizations in 2018.¹ These charitable contributions are an important source of sustainable funding for nonprofits. Likewise, companies benefit from nonprofit partnerships, especially those that are forged in an effort to support a company's mission.

Discover makes a variety of donations to nonprofit partners. Many of these are made at a corporate level, but we also take advantage of our position as a trusted banking partner to encourage charitable giving among our customers and employees. In addition, we provide funding to our operation centers, so they can volunteer and make contributions that benefit their local communities.

BEAU BIDEN FOUNDATION

In 2018-19, Discover launched a new partnership with the Beau Biden Foundation as a Community Reinvestment Act (CRA) initiative. We have committed \$150,000 to the organization's Shield of Protection designation, an initiative launched by the Beau Biden Foundation in 2017 to provide a holistic assessment of the child protection policies, procedures, programming, and resources offered by nonprofit organizations serving youth and schools. Our contribution will allow 50 of our youth-serving nonprofit partners to participate in the Shield of Protection assessment free of charge.

In 2018-19, we contributed \$50,000 of our total commitment, and four of our nonprofit partners received their Shield of Protection designation.

BLOOD BANK OF DELAWARE

In 2014, Discover contributed \$250,000 to establish the Delaware Community Foundation (DCF) Social Impact Fund, in partnership with the DCF and Longwood Foundation. We have made additional contributions of \$50,000 in 2017, \$55,000 in 2018, and \$44,000 in 2019 to keep the fund fully capitalized. These contributions are part of our CRA initiatives.

In 2018-19, the Social Impact Fund made a \$450,000 pay-for-success investment to the Blood Bank of Delmarva. Pay-for-success investments provide a sustainable funding source to nonprofits based on the achievement of social impact goals. In this case, if the blood bank secures 500 units of blood from Millennial donors over three consecutive years, the Longwood Foundation will replenish the Social Impact Fund with an additional \$450,000, plus a premium, that can be used for other social impact ventures.



¹ Giving USA 2019: The Annual Report on Philanthropy for the Year 2018, Giving USA, 2019, (<https://givingusa.org/giving-usa-2019-americans-gave-427-71-billion-to-charity-in-2018-amid-complex-year-for-charitable-giving/>).



DELAWARE CENTER FOR HOMELESS VETERANS

In 2019, the Bank provided a \$10,000 grant, another CRA initiative, to the Delaware Center for Homeless Veterans to close out a capital campaign for a mobile outreach center, an RV that will meet homeless veterans in community settings to provide services.

CAMPUS INNOVATION

We collaborated with Northern Illinois University to give tech-savvy students the opportunity to help research and develop new technology for Discover in the areas of mobile-software development, web-application coding, and person-to-person payment systems. The students, whom Discover paid for their work, presented their ideas to peers and company representatives, providing them the opportunity to experience Discover’s company culture.

THE NORA PROJECT

In 2018-19, we started supporting The Nora Project, an early-stage nonprofit organization that offers an elementary-school curriculum, pairing children with disabilities in classrooms to help all students learn and become more familiar with disabled peers. We provided \$130,000 over the course of two years, funding the launch of the organization’s Community Friendship Events Program and its Annual Teacher Training Camp. Both initiatives have impacted dozens of local schools and neighborhoods, hundreds of parents and educators, and thousands of students across Chicagoland.

\$130 K
 provided over
 the course of two
 years to support
 the Nora Project



Environmental Stewardship

Discover takes seriously our responsibility to manage our environmental impact in the community and protect our shared natural resources. That’s why we incorporate environmental sustainability into our physical operations.



Energy

In 2018-19, we started to better

understand our energy consumption by capturing and validating our current Energy Star ratings at each facility. When complete, this will allow us to measure and improve our efficiency and to work toward achieving Energy Star certification.

The lighting at our facilities is a great opportunity to reduce energy use. Whenever we replace lighting, we use LEDs and other energy-efficient solutions. In 2018-19, we retrofitted lighting fixtures at our Phoenix, Arizona, and Lake Park, Utah facilities with LEDs and installed a lumen management system—an energy-saving output that reduces over-lighting—at our Phoenix location. In 2020, we will be replacing the lighting at our New Albany, Ohio, location with LEDs. A multiyear project to renovate one of our buildings at Riverwoods, Illinois, included converting all lighting to LEDs and recycling old carpet through our carpet manufacturer.

DATA CENTERS

The energy footprint of data centers is an increasing area of focus for technology-driven organizations such as Discover. We leverage sustainability best practices



when procuring new data center hardware and have initiatives in place to migrate from on-premise to cloud-based solutions, which can reduce energy consumption and carbon emissions.¹

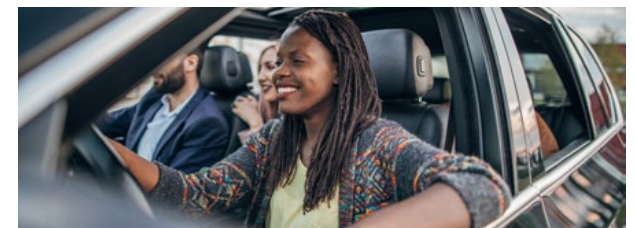
COMMUTING

To reduce the energy footprint associated with our employees traveling to and from work, we organize and promote a range of commuting options. In 2018-19, more than 20 percent of our employee population participated in programs that included:

- **Carpools**—Discover encourages Riverwoods, Illinois, employees to carpool through a program organized by Pace RideShare. By utilizing the ride-matching database, riders can reduce traffic congestion, conserve energy, and improve air quality by sharing rides with others who travel the same distance and route to work.
- **Commuter Benefits Plan**—Employees can 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. In 2018-19, nearly 50 percent of

employees at our Riverwoods and Field locations used the benefit for mass transit.

- **Shuttles**—Discover is a member of the Lake County Transportation Management Association in Cook and Lake Counties, Illinois. The association provides a shuttle bus to help move employees between the office and public transportation options. It serves three routes and provides more than 3,500 trips each month.
- **Telecommuting**—Our Flexible Work Arrangement (FWA) guidelines, revised in 2019, offer employees the option to telecommute with manager approval. These guidelines encourage leaders to trust employees to be productive and effective, regardless of work location and by focusing on results over physical presence.
- **Vanpools**—Public vanpools operate around a number of our facilities. To encourage participation, Discover offers a Guaranteed Ride Home Program for eligible employees to help allay their concerns about feeling stranded without their personal vehicles.



¹ Google Apps: Energy Efficiency in the Cloud,” Google, 2012, (<https://static.googleusercontent.com/media/www.google.com/en//green/pdf/google-apps.pdf>).

Water

The majority of our water use comes from our facilities' landscaping and plumbing. This is a particularly sensitive issue at our locations in water-stressed areas, such as Phoenix, Arizona. Water reduction efforts in 2018-19 included:

- Using native landscaping that thrives in local climates—for example, deserts—as well as xeriscaping, a landscaping technique that minimizes the need for supplemental irrigation. We are also installing new predictive irrigation controls and a monitoring system to reduce sprinkler use at our Riverwoods facility.
- Installing low-flow faucets and flushometers at all new sinks, toilets, and urinals, most recently at our Phoenix, and Lake Park, Utah, facilities.

Waste/Recycling

Waste reduction is our largest opportunity to reduce our environmental footprint. We create waste from administrative offices, as well as through business transactions from customer statements and payments processing. Whether it's paper waste from these activities or grass clippings from the grounds of our corporate campus, we follow a reduce, reuse, or recycle philosophy.



All of our locations operate a single-stream recycling program to make it easy for everyone to recycle a larger number of waste items. The Green at Discover ERG encourages their colleagues to recycle, and our facilities make recycling receptacles easy to identify and accessible.

In 2018-19, initiatives to reduce waste or recycle included:

- Converting over 2 million sheets of copy paper waste annually from our Processing Center to usable paper for local schools.
- Increasing the availability and number of digital payments in our network to more than 550,000 active users monthly. Since 2017, our active user volume has increased 149 percent.
- Increasing use of paperless statements to 17.1 million accounts, which is a 30 percent boost from 2017.
- Instituting a “plate it” program at our Riverwoods, Illinois, location, encouraging employees to use reusable plates instead of to-go containers.
- Offering discounts at cafeterias to employees who use reusable cups or mugs.



- Promoting grass-cycling, composting, and other methods to reduce waste in our landscaping. At our Riverwoods, Illinois, headquarters, this means instead of being bagged and sent to waste, the grass is recycled or repurposed for mulch.

Biodiversity

The landscaping around our facilities provides a habitat for many different species, and it's important that we protect their ecosystems. In 2018-19, we remediated the ponds at our Riverwoods headquarters to remove sediment, which allows more water to create a better habitat for fish, frogs, and swans. We also invested in a butterfly garden to revitalize the habitat. On a global level, we use copy paper that meets Sustainable Forestry Initiative (SFI) Forestry Standards, meaning it is sourced with the protection of forest habitats in mind.

Environmental sustainability is a mindset that we encourage all employees to adopt, because it aligns with our values, particularly “Doing the Right Thing.” That’s why we introduced an Employee Resource Group (ERG) that gives employees who are interested in the environment the chance to share their expertise and passion with others.

Called “Green at Discover,” or as we refer to it, “The Green Team,” the ERG participates in discussions with managers and project leaders about environmental initiatives. Some of the early projects they’ve worked on include reducing the amount of color printing we do and purchasing cups that are made using renewable and biodegradable resources, rather than those made from petroleum-based materials.



The Green Team is also integral to our spreading the word about environmental sustainability to other employees. The Team regularly hosts awareness events, such as a recycling event in 2019 at our Riverwoods Headquarters and an event showcasing the benefits of boxed water, carried out in partnership with our third-party foodservice provider, on Earth Day 2019.

2 M

sheets of copy paper waste are converted for usable paper at local schools.

50%

of employees at the Riverwoods location use the mass transit benefit.

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