

# A Brighter Future

2019 Corporate Responsibility Report  
Executive Summary



DISCOVER<sup>®</sup>



# 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



# 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.



## Discover Digital Bank

- The **Discover** card, America's cash rewards pioneer, as well as our **Miles, Secured, Student,** and **Small Business** cards
- **Checking & Savings** Accounts, **Money Market** Accounts, and **Certificates of Deposit**
- **Private Student, Personal & Home Equity** Loans
- **Identity Theft Protection**



## Discover Global Network

- **Discover Network** Millions of Merchant & Cash Access Locations
- **Diners Club International**
- **PULSE Debit Network**

# Four Ways We Help Our Customers Make Financial Progress

Our mission is to help people spend smarter, manage debt better, and save more so they can achieve a brighter financial future. We remain committed to delivering on our mission to help people achieve their personal goals.

## 1. No Fees

- No annual fees on any credit card products.
- 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.

## 2. Industry-Leading Customer Service

### J.D. Power Awards<sup>1</sup> for Financial Services

- #1 in Customer Satisfaction Among Mobile Credit Card Apps and Credit Card Websites.
- #1 in Highest Customer Service with National Credit Card Companies Award.
- #1 in 2019 for brand loyalty in the Credit Card category, according to Brand Keys.

## 3. Financial Education Tools

- **Credit Scorecard** easy access to FICO® Credit Scores to understand creditworthiness.
- **Spend Analyzer** to help you track your spending habits and past transactions.
- **College Covered**® helps students understand financial aid and college costs.
- **Debt Consolidation** to help lower monthly payments or pay down debt faster.

## 4. Privacy & Data Security Protection

- **Freeze it**® enables customers to freeze accounts in seconds if data or accounts have been compromised.
- **SSN Alerts** notifies customers if social security numbers are found on Dark Web sites.
- **Identity Theft Protection** monitors thousands of data sources daily and provides up to \$1 million in identity theft insurance.

<sup>1</sup> 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](http://jdpower.com/awards) for more information.

# A Brighter Future for Our Employees

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

- Providing high-quality jobs that are well paid and provide meaningful and engaging work from day one.
- Operating 100 percent of our call centers in the U.S, which we believe is a distinct advantage in providing superior customer service and keeps jobs in America.
- Putting forth a successful Employee Value Proposition that encourages shared ownership for engagement by everyone.
- Offering a competitive compensation and benefits package that is designed to attract, retain, and motivate highly qualified and diverse people.

## Employees See a Bright Future at Discover

Highlights and key takeaways from our 2019 Employee Engagement Survey, which outperformed industry benchmarks for the fifth consecutive year.

### 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



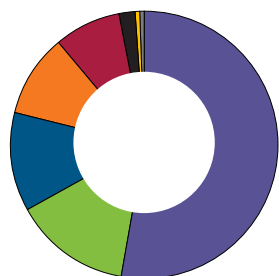
# Diversity & Inclusion

We recognize that having a diverse and inclusive workforce is a competitive advantage for Discover. We want to ensure 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 our shared success. Recent initiatives have included:



- Conducting a companywide pay equity analysis that includes race and gender to identify possible 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.
- Working toward achieving 50 percent representation of women in leadership positions by 2030 as part of the Chicago Network’s Campaign for advancing Women Leaders in the Workplace Equity Pledge.
- Joining over 70 CEOs of U.S. companies who are committed to supporting a more inclusive workplace for employees, communities, and society at large as part of the CEO Action on Diversity and Inclusion Pledge.
- Creating a Diversity and Inclusion task force to help identify gaps and deficiencies and recommend actions to affect change.
- Sponsoring 11 Employee Resource Groups to give all employees an opportunity for leadership and peer support.

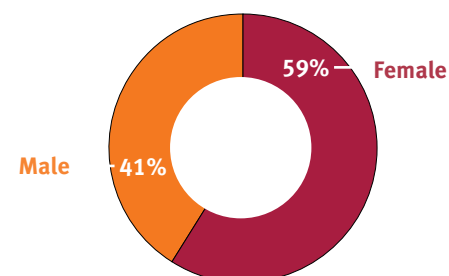
2019 U.S. Employees by Ethnicity



- White: 57%
- Latino: 13%
- Asian: 11%
- African American: 9%
- Undisclosed<sup>1</sup>: 7%
- Two or More Races: 2%
- American Indian or Alaskan Native: <1%
- Native Hawaiian or Other Pacific Islander: <1%

<sup>1</sup> Did not self identify

2019 Employees by Gender



<1% undisclosed

As of June 2019

# Compensation & Benefits

Our mission to help people achieve a brighter financial future begins with our employees. We offer a competitive compensation package to our employees to attract, retain, and motivate highly qualified and diverse people. Following are some of the key benefits that we provide:

## 401(k) Program

- Fixed contribution of 3 percent from Discover even if employees do not contribute.
- Dollar-for-dollar matching contribution of up to 5 percent.

## LiveWell at Discover

Health, wealth, and balance are the pillars of LiveWell, our employee well-being strategy. Within these areas are a range of different resources—both on and offsite. Some of these benefits include:

- Onsite Health Clinics—Quality, convenient, and affordable services on campuses, including free flu shots.
- Onsite Fitness—Workout facilities available before, during, or after work.
- 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.

## Education Assistance

- **Discover College Commitment** covers the cost of a bachelor's degree from one of seven online programs at three select universities.
- **Discover Onsite MBA** allows high-potential employees to earn this degree on our campus, free of charge.
- **Tuition Reimbursement** of 90 percent for business- or role-related programs at any accredited academic partner.



# A Brighter Future for Our Communities

Volunteerism is a core value at Discover and how we make a real difference in the communities in which we operate. Among the ways we demonstrate this value are:

- Providing capital to underserved communities to improve the opportunities for economic growth and advancement of disadvantaged families.
- Partnering with our employees to volunteer their time and talents.
- Championing financial education, which is crucial to helping people improve their quality of life and achieve a brighter future.



## Community Investment

As a financial services company, we provide support to communities as part of our responsibility to support the Community Reinvestment Act (CRA).<sup>1</sup> We partner with the Delaware State Housing Authority (DSHA) to offer products and services that help low- to moderate-income homebuyers in the state get on the property ladder.

### Awards:

- Discover Bank received a rating of Outstanding for its CRA performance in the exam period of 2017-2019<sup>1</sup>
- Housing Alliance of Northern Delaware Award

### 2018-2019 Highlights

- \$150 million in mortgages for low- and moderate-income Delaware homebuyers.
- Approval of a \$7.8 million low-interest loan to help a nonprofit acquire and preserve 400 units of affordable rental housing in a resort area.
- Purchase of Low-Income Housing Tax Credits to support the development of a new 52-unit multifamily affordable housing development for homeless veterans in Wilmington.

<sup>1</sup> FDIC Division of Depositor and Consumer Protection New York Regional Office.

## Discover Cares

Discover Cares is a year-round program that presents employees with multiple volunteer opportunities on company time with manager approval.

### 2019 Participation

More than 70,000 volunteer hours  
14,500 volunteers

### Sample Volunteer Partnerships

- Feed 6
- Chicago Cares
- Habitat for Humanity
- KaBOOM! Playgrounds
- Boys & Girls Clubs
- Big Brothers Big Sisters



# Financial Education



To build on the success of our Pathway to Financial Success financial education program, we expanded the program in 2018-19 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.
- Draws on Discovery Education’s expertise as the country’s leading provider of digital content and professional development in K-12 education for the curriculum, *Pathway to Financial Success in Schools*.
- Includes resources such as student videos, family activities, standards-aligned lessons, and educator guides and videos.

In 2019, we achieved a milestone of the *Pathway to Financial Success in Schools* program when we reached 1 million students. For more information, visit [www.pathwaytofinancialsuccess.org](http://www.pathwaytofinancialsuccess.org).



**Junior Achievement (JA)** inspires and prepares young people to succeed in a global economy.

- 20+ year partnership.
- \$2 million commitment in 2019 to update the program’s curriculum and create a new interactive, digital finale to the course called JA Finance Park Virtual.
- Hundreds of Discover employees volunteer in classrooms through JA impacting nearly 8,000 students.

Discover supports both **Big Brothers, Big Sisters** and **Boys & Girls Clubs** through employee volunteers who participate in mentorship and tutoring programs.

# Environmental Impact

Discover takes seriously our responsibility to manage our environmental impact and protect our natural resources. That’s why we incorporate environmental sustainability into our physical operations. Initiatives to reduce our environmental footprint include:

- Use of LED lighting and other energy-efficient solutions when replacing fixtures and equipment.
- Promotion of sustainable commuting options, in which more than 20 percent of our employees participate.
- Reduction of paper use through digital payments and statements. Since 2017, digital payment users have increased 149 percent, and use of paperless statements has risen 30 percent to 17.1 million accounts.

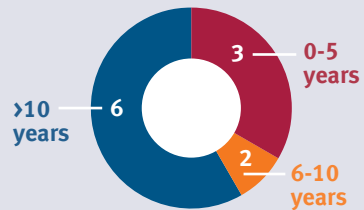


# A Brighter Future Starts With Good Governance

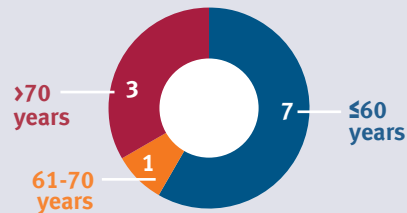
A key element of corporate responsibility is adhering to the highest standards of corporate governance and ethical conduct. We believe accountability, transparency, and good decision-making are critical to our business, serving customers, and creating value for our shareholders.

## Board Profile As of May 25, 2020

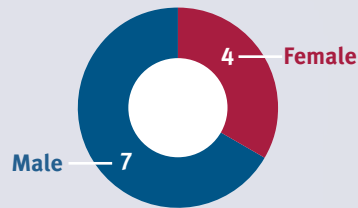
**8.4 years**  
average tenure



**61.5**  
average age



**36%**  
women



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

### GOVERNANCE PRACTICES

- All directors are independent except our CEO; Board committees are 100 percent independent.
- The Non-Executive Board Chairman is independent.
- Executive sessions of directors held at all in-person Board meetings.
- Risk-aware culture overseen by a separate Risk Oversight Committee.
- Significant shareholder ownership requirements for Executives and Board.
- Longstanding commitment to sustainability.
- Annual board, committee, and director performance evaluations.
- Director education and access to experts.

Learn More About Brighter Futures in our comprehensive 2019 Corporate Responsibility Report.

[LINK](#)

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