

Voluntary Carbon Market Disclosures Act Compliance Statement

California Assembly Bill 1305 (AB-1305), the Voluntary Carbon Market Disclosures Act, requires companies that market, sell, purchase, or use voluntary carbon offsets, or make claims of carbon neutrality or significant reduction to their greenhouse gas (GHG) emissions, to publicly disclose specific details. This statement outlines Bread Financial's compliance with AB-1305.

Indirect Purchase or use of Voluntary Carbon Offsets and Related Claims regarding Carbon Neutrality

1) Overview

- a) Bread Financial sources the plastics used in our credit cards from external suppliers. We have adopted a third-party managed carbon offset strategy for our **Bread Cashback**[®] and **Bread Rewards™ American Express**[®] cards, which are produced by a third party with polylactic acid (PLA), a bioplastic derived from renewable, organic sources.

2) Carbon Offsets, Program, & Registry Details

- a) The **Bread Cashback**[®] and **Bread Rewards™ American Express**[®] cards are enrolled in the Thales Gemalto Carbon offset program, pursuant to which Thales certifies each card as carbon neutral. On behalf of Bread Financial, Thales purchases and manages the carbon offsets. The offsets are purchased through Climate Impact Partner, whose projects are validated and verified by International Carbon Reduction and Offset Accreditation (ICROA) endorsed carbon standards. These standards include the Verified Carbon Standard (VCS) and Climate, Community and Biodiversity (CCB) standards under Verra, Gold Standard, American Carbon Registry (ACR), Climate Action Reserve (CAR), Plan Vivo, and Woodland Carbon Code (WCC).

3) Emissions

- a) Emissions are avoided using a PLA bioplastic, reducing the form factor (microprocessor and card body), utilizing recycled materials, and renewable electricity in production. The remaining emissions are accounted for through the purchase of carbon offsets by Thales as described above.

4) Protocol, Standards, and Third-Party Validation

- a) Thales conducted a comprehensive calculation of their products' emissions using an internal life cycle assessment (LCA) tool. The tool has been validated by an external consultant and aligns with:
 - ISO 14040 & ISO 14044:2006 - LCA methodology and calculations.
 - ISO 14067:2018 and the GHG Protocol - Carbon footprint of products
- b) Bread Financial engages a third-party to validate our own GHG emissions inventory, which is outlined in our most recent Sustainability Report and GHG Assurance Letter that can be found on our **Sustainability Resource Hub**.

Claims Regarding Significant Carbon Reduction

1) Claims & Targets

a) Bread Financial has set GHG reduction targets informed by commonly accepted target-setting strategies. Using 2022 as our baseline year, by 2030 we aim to:

- Reduce our Scopes 1 & 2 emissions by 55%
- Engage with suppliers* representing at least 55% of our emissions to adopt defined sustainability practices**

**We do not consider investors, debt holders or our brand partners as suppliers.*

***Defined sustainability practices refer to GHG emission reduction targets for large enterprises or other sustainability practices (e.g., measuring emissions, responding to climate questionnaires) for small enterprises.*

b) For more information regarding these claims and targets, see our most recent Sustainability Report and Task Force on Climate-Related Financial Disclosures (TCFD) Report on our **Sustainability Resource Hub**.

2) Protocols, Standards, and Third-Party Validation

a) GHG emissions are measured in accordance with the GHG Protocol, as described in further detail in our TCFD Report on our **Sustainability Resource Hub**.

b) Keramida, a third-party sustainability service provider, was engaged by Bread Financial to provide limited assurance verification of Bread Financial's Scopes 1, 2, and 3¹ GHG emissions. We anticipate that third-party assurance of our emissions will be conducted annually. Any deviation from this strategy will be outlined in our Sustainability Report.

3) Progress Tracking

a) For more information regarding our current progress, our pathways to reduce emissions and our GHG validation, see our most recent Sustainability Report, TCFD Report and GHG Assurance Letter on our **Sustainability Resource Hub**.

Additional Disclosures

1) Bread Financial does not directly purchase, use, market, or sell carbon offsets.

2) All claims made relating to carbon offsets are limited to our **Bread Cashback**[®] and **Bread Rewards**[™] **American Express**[®] cards and are not used to support broader net-zero or carbon neutrality claims.

3) Our supplier, Thales, manages the purchase and use of the carbon offsets.

¹ The following categories of Scope 3 emissions were verified by Keramida: Categories 1, 2, 3, 4, 5, 6, 7, 8, 12, & 15.