

# 2025 Task Force on Climate-Related Financial Disclosure Report



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## About Bread Financial:

We are a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions to millions of U.S. consumers. Our payment solutions deliver growth for some of the most recognized brands in travel & entertainment, specialty apparel, health & beauty, jewelry, sporting goods, technology and electronics, as well as home & furniture through our co-brand and private label credit cards and pay-over-time products providing choice and value to our shared customers. Additionally, we offer Bread Financial general purpose credit cards and saving products that empower our customers and their passions for a better life.

To learn more about Bread Financial, our global associates and our sustainability commitments, visit [breadfinancial.com](https://breadfinancial.com) or follow us on [Instagram](#) and [LinkedIn](#).

## About This Report

Climate-related risks and opportunities are designed to be integrated into how we operate and manage risk across the business. This report, which is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, demonstrates our progress in identifying, assessing, mitigating, and governing these risks, as well as our broader sustainability efforts and how this integration supports business resilience and the long-term sustainability of the company.

The TCFD Report covers Bread Financial Holdings, Inc. (NYSE: BFH) and its subsidiaries, including Comenity Bank and Comenity Capital Bank. Data covered is primarily from January 1 to December 31, 2025, unless otherwise noted. Up to three years of data have been provided where available. Generally, metrics presented in this report have been rounded for clarity and simplicity. The degree of rounding may vary across different figures. All financial information is presented in U.S. dollars, unless otherwise noted. This report, which speaks only as of its date and is not required to be updated, is not comprehensive, and for that reason, should be read in conjunction with our most recent Sustainability Report, Annual Report on Form 10-K, our subsequent reports on Forms 10-Q and 8-K, and other filings made with the U.S. Securities and Exchange Commission (SEC). This report represents our current policy and intent and is not intended to create legal rights or obligations. This report may contain links to other internet sites or references to third parties. Such links or references are not incorporated by reference to this report and we can provide no assurance as to their accuracy. The use or inclusion of the information is also not intended to represent endorsements of any products or services.

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For more information about Bread Financial, please read our [2025 Sustainability Report](#), [2025 Annual Report](#), and [2026 Proxy Statement](#) or visit our website. For additional information on our sustainability initiatives, please visit our investor relations website or contact [communityrelations@breadfinancial.com](mailto:communityrelations@breadfinancial.com).

# Sustainability Governance

We apply a consistent framework to identify and manage risks across the organization. Climate-related risks and opportunities are considered within these established processes and, like other risks, are subject to evaluation, oversight, and appropriate management actions commensurate with their potential business impact.

## Board Oversight

**Bread Financial's Board of Directors** oversees the governance and long-term direction of the company. The Board delegates specific oversight responsibilities to four standing committees: the Nominating & Corporate Governance Committee, Risk & Technology Committee, Audit Committee, and Compensation & Human Capital Committee, each operating under a defined charter outlining its distinct roles and responsibilities.

Within this governance framework, sustainability matters, including climate-related considerations, are overseen as part of the company's broader enterprise governance and risk oversight responsibilities. The Board-approved [Environmental Policy Statement](#) outlines the company's approach to environmental responsibility and recognizes that climate-related factors may present risks to the business.

In carrying out its sustainability-related oversight responsibilities, the Board:

- Oversees, directly and through its standing committees, management's implementation of the company's sustainability strategy and its alignment with the company's broader risk management and business planning processes;
- Obtains periodic updates from management on sustainability-related topics; and
- Receives quarterly updates from its committees on sustainability-related matters within their respective areas of oversight.

### **Board committee oversight of sustainability-related matters includes\*:**

- **Nominating & Corporate Governance Committee:** The Nominating & Corporate Governance Committee provides primary oversight of the company's sustainability strategy and related initiatives, with responsibility for approving the strategy and monitoring progress against established greenhouse gas (GHG) reduction targets. The committee engages with management and our Chief Sustainability Officer on sustainability matters, including climate-related considerations, and receives at least quarterly updates as part of its ongoing oversight of the program.
- **Risk & Technology Committee:** The Risk & Technology Committee oversees the company's Enterprise Risk Management (ERM) program and enterprise technology function. The committee reviews significant and emerging risks in the context of the company's risk appetite, including risks that may arise from climate-related factors.
- **Audit Committee:** The Audit Committee supports oversight of financial reporting integrity, compliance, and Internal Audit activities, including periodic reviews and assessments related to sustainability-related topics and disclosures.

\*The governance structure presented above reflects climate-related oversight only and therefore includes three of the four standing board committees. For a complete overview of Bread Financial's corporate governance structure, refer to the [2026 Proxy Statement](#).

## Management's Role

Sustainability is embedded in how the business operates, supported by cross-functional collaboration and managed through defined goals, metrics, and performance monitoring to inform decision-making and prioritization.

Our Office of Sustainability, led by our **Chief Sustainability Officer**, defines and executes the sustainability strategy and acts as a central coordinating function, bringing subject matter expertise, aligning stakeholders, and supporting the assessment, communication, and integration of sustainability-related considerations across the organization.

The **Executive Leadership Team** reinforces the strategy through review of periodic updates, as well as approval of the Sustainability Framework and GHG reduction targets. In addition, a member of the Executive Leadership Team, the **Executive Vice President, Chief Legal and Administrative Officer, Secretary**, serves as the program's executive sponsor. The **Disclosure Committee**, comprised of senior executives, oversees the accuracy, completeness, and alignment across the company's public disclosures, including the Sustainability and TCFD Reports.

Through the **2023 Materiality Assessment**, environmental topics, including climate-related risks, were identified as continued considerations for stakeholders, reinforcing climate risk management as an area of focus. These risks are considered alongside other enterprise priorities and are incorporated into the company's broader risk approach to support operational resilience. Climate-related risk identification and assessment include contributions from the Office of Sustainability and are supported through the company's ERM framework and risk culture.

Our established risk management processes, led by our **Chief Risk Officer**, provide a consistent framework for identifying, assessing, and escalating risks across the organization. Sustainability-related risks follow the same approach, with evaluation based on potential impact and likelihood and escalation through established management and governance structures, as warranted. Management-level risk and compliance committees further support this framework through risk review and escalation within their respective areas of oversight.

### Sustainability/Climate Risk Governance Structure\*



\*The governance structure presented above reflects climate-related oversight only and therefore includes three of the four standing board committees. For a complete overview of Bread Financial's corporate governance structure, refer to the [2026 Proxy Statement](#).

# Risk Management

## Identifying and Assessing Climate Risks

We continue to evaluate and refine our understanding of climate-related risks and opportunities through risk assessments, scenario analysis, collaboration with subject matter experts, as well as consideration of external factors such as regulatory developments and market conditions. These efforts support an enterprise-level view of potential exposures and inform how climate-related considerations may impact our operations.

To better understand physical risk exposure, we developed an internal model to assess potential financial impacts to customers from climate-related events, including hurricanes and wildfires. The model and related analyses include historical data, geographic concentrations, and FEMA-defined risk indicators to estimate impacts such as financial hardship, changes in payment behavior, and disruptions to customer activity. The model also informs business response efforts, including the customer relief program activated during natural disasters.

Climate-related scenario analysis is conducted as part of broader risk assessment activities to evaluate potential impacts under different conditions. Outputs are integrated into existing risk management processes, including capital stress testing, and shared through governance forums to support risk awareness and planning. These insights inform the identification and evaluation of climate-related risks and opportunities and support the analyses presented in this report. See the [Scenario Analysis & Related Risks and Opportunities](#) section for additional detail.

## Managing Climate Risks and Integrating into ERM

The ERM framework is used to identify and manage risks across the organization, including climate- and sustainability-related matters where relevant. Risks are evaluated alongside other enterprise exposures using consistent processes and criteria, considering factors such as potential impact, likelihood, and the effectiveness of existing controls. This approach supports a consistent view of the company's overall risk profile and enables prioritization based on relative significance. Risk assessments are conducted at a frequency based on assessed risk level, with additional assessments performed as needed in response to changes in the business or external environment.

The "Three Lines of Defense" model further supports this framework by establishing clear roles and responsibilities for ownership, oversight, and independent assurance. The Office of Sustainability complements this process by providing subject matter expertise and partnership with the business and risk teams to identify, assess, and communicate climate-related risks across the organization where relevant.

### THREE LINES OF DEFENSE MODEL

#### 1 First Line of Defense (FLOD)

Associates who engage in activities that generate revenue or provide operational support or services that introduce risk.

#### 2 Second Line of Defense (SLOD)

Independent risk management team charged with the oversight and monitoring of risk within the business.

#### 3 Third Line of Defense (TLOD)

Internal Audit provides independent and objective assurance on the effectiveness of the FLOD and SLOD governance, policies, procedures, processes and internal controls.

## Business Continuity and Disaster Recovery

Our Business Continuity and Disaster Recovery Program supports operational resilience by preparing for disruptions that may impact business operations, including severe weather, such as hurricanes and wildfires, and other external events. The program evaluates geographic and operational risk exposures and identifies critical business processes to establish response and recovery strategies aligned to business priorities.

Business Impact Analyses support this approach by assessing potential financial and operational impacts of disruptions, identifying critical functions, and evaluating interdependencies across the organization. These assessments support the prioritization of recovery activities and provide a structured understanding of how disruptions may affect the business.

Business continuity and disaster recovery plans are developed and maintained across business units to document strategies for responding to disruptions, including loss of technology, workforce, suppliers, or facilities. These plans are supported by ongoing testing through scenario exercises and disaster recovery testing to evaluate effectiveness and identify opportunities for improvement. Lessons learned from these activities are used to enhance response capabilities and strengthen overall resiliency.



# Strategy

## Understanding Our Climate-Related Risks and Opportunities

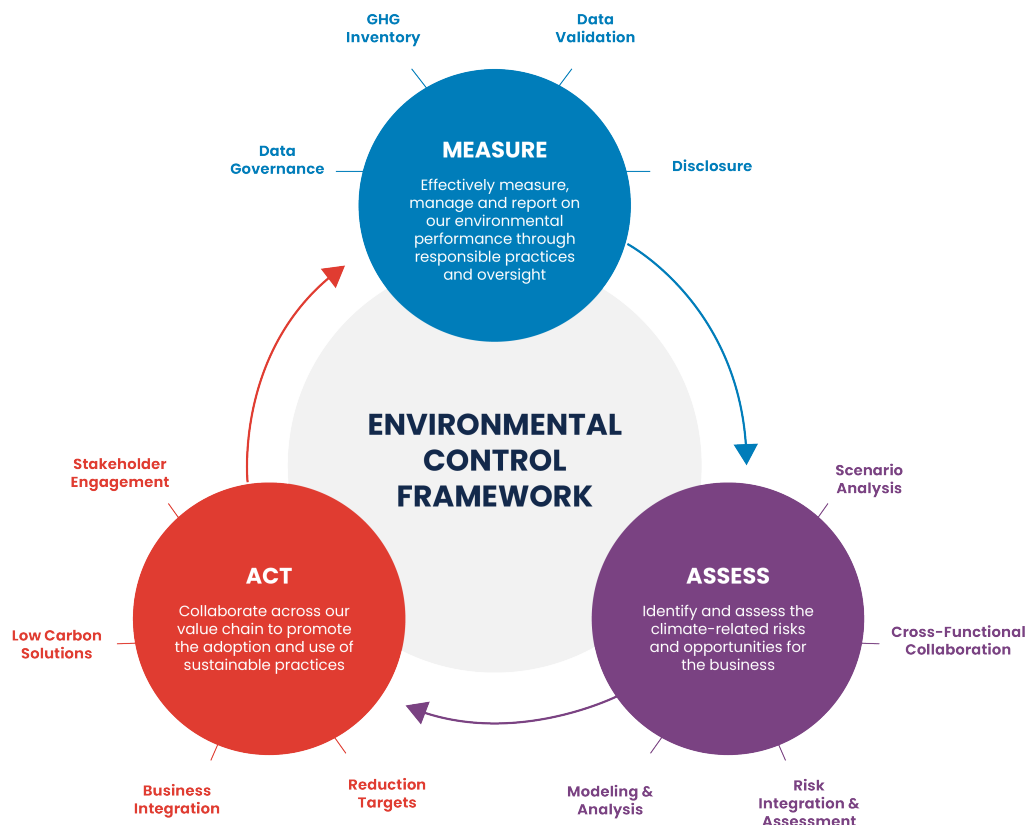
The significant majority of our revenue is generated from consumer credit card lending and our business model does not involve business-to-business or collateralized lending. Combined with a limited physical footprint, we therefore are less exposed to certain climate-related risks typically associated with more asset-intensive financial institutions.

However, we recognize that climate change presents risks and opportunities that warrant ongoing attention and we apply a transparent and proactive approach to identifying, evaluating, and managing such risks.

Our climate strategy is grounded in our **Environmental Control Framework**. This framework guides our management of environmental risks and opportunities, focusing on areas to improve efficiency and deliver value while also reducing environmental impact.

### Environmental Control Framework

- **Measure** — *Oversee and Measure Footprint*: Maintain a comprehensive understanding of our environmental footprint to identify focus areas.
- **Assess** — *Manage Climate Risks*: Evaluate climate-related risks, their potential impact on the business, and approaches to mitigate identified vulnerabilities.
- **Act** — *Promote Sustainable Practices*: Collaborate internally and externally to identify and implement sustainable practices that reduce environmental impact and support business objectives.



## Evaluating Climate Risks, Opportunities, and Impacts

Scenario analysis, alongside internal risk assessments, serves as a key input to how potential climate-related risks, opportunities, and impacts are identified, prioritized, and managed. Through these evaluations, we assess how these factors may impact the business over time, including their timing, severity, and significance.

We have assessed these climate-related risks and opportunities across short- (zero to three years), medium- (three to five years), and long-term (five to ten years) time horizons. These time horizons generally align with those used in the company's business planning processes and reflect the periods over which climate-related risks and opportunities are expected to emerge and influence the business.

Acute physical risks may affect operations and financial performance across the short-, medium-, and long-term and may become more severe over time as climate conditions evolve. Transition-related risks may increase in prevalence and impact over the medium-to-long-term as regulatory and market changes accelerate.

The most relevant insights, risks, and opportunities are presented in the following [Scenario Analysis & Related Risks and Opportunities](#) section. The identified risks were aligned to the company's enterprise risk pillars, being credit, market, capital, liquidity, operational, compliance, strategic, and reputational risk.



## Scenario Analysis & Related Risks and Opportunities

The following section outlines insights from our scenario analysis and the climate-related risks and opportunities informed by these results and our broader assessment process.

### Scenario Analysis

Scenario Description			
Scenarios and Shared Socioeconomic Pathways (SSP)	Below 2°C by end of century (SSP1 - 2.6 - Low)	2-4°C by end of century (SSP2 - 4.5 - Moderate)	Above 4°C by end of century (SSP5 - 8.5 - High)
		<p>The analysis considered a range of conditions, including a more severe case characterized by higher event intensity and more pronounced transition-related impacts, and a less severe case with more limited event exposure and transition-related effects.</p> <p>To assess hurricane and cyclone risk, extreme precipitation was used as a high-level indicator. The projected change in extreme precipitation varies by location, with higher-warming scenarios increasing the frequency and severity of events. Certain regions, including South Carolina, Florida, and Texas, may experience greater exposure.</p>	
Main Risks Considered	<p><b>Acute Physical Risks</b></p> <ul style="list-style-type: none"> <li>Increased severity of extreme weather events.</li> </ul> <p><b>Transition Risks</b></p> <ul style="list-style-type: none"> <li>Reputation: Changing customer and partner expectations that may influence demand and partnerships.</li> <li>Policy &amp; Legal: Evolving regulatory requirements and potential compliance obligations.</li> </ul> <p>See table <a href="#">Climate-Related Risks, Impacts, and Mitigation</a> for more details on these risks.</p>		
Summary of Insights	<p>The scenario analysis highlights that climate-related impacts to the business may be driven by a combination of physical risk exposures and evolving business and regulatory conditions across different time horizons. Key insights include:</p> <ul style="list-style-type: none"> <li><b>Customer and credit impacts may become more pronounced under more severe conditions over time</b>, driven by changes in customer spending behavior and payment patterns across both physical and transition scenarios.</li> <li><b>Third-party dependencies may contribute to potential impacts</b>, particularly across brand partners and suppliers, where disruptions or changing expectations could influence revenue and service delivery.</li> <li><b>Operational resilience helps mitigate business impacts</b>, supported by established risk management programs, flexible workforce models, system redundancies, and business continuity capabilities.</li> <li><b>Changes in regulatory expectations and stakeholder priorities may influence</b> broader business conditions over time.</li> </ul> <p>These insights informed the identification of the company’s climate-related risks and opportunities which are summarized in the <a href="#">Climate-Related Risks, Impacts, and Mitigation</a> and <a href="#">Climate-Related Opportunities</a> tables.</p> <p>Our risk management practices, operational resilience and strategic focus on efficiency and value creation, support our ability to identify, manage, and respond to these potential impacts over time. We will continue to monitor evolving risks and conditions and respond as appropriate.</p>		

## Climate-Related Risks, Impacts, and Mitigation



Climate-related risks and associated impacts were identified through climate scenario analysis and risk assessment processes. Risk management practices and controls support the mitigation of these exposures and the company’s overall resilience. The risks presented are aligned to the company’s enterprise risk pillars of credit, market, capital, liquidity, operational, compliance, strategic, and reputational risk. Additionally, the identified mitigations below, and the opportunities described in the following section, present the measures adopted to reduce and adapt to our identified climate-related risks.

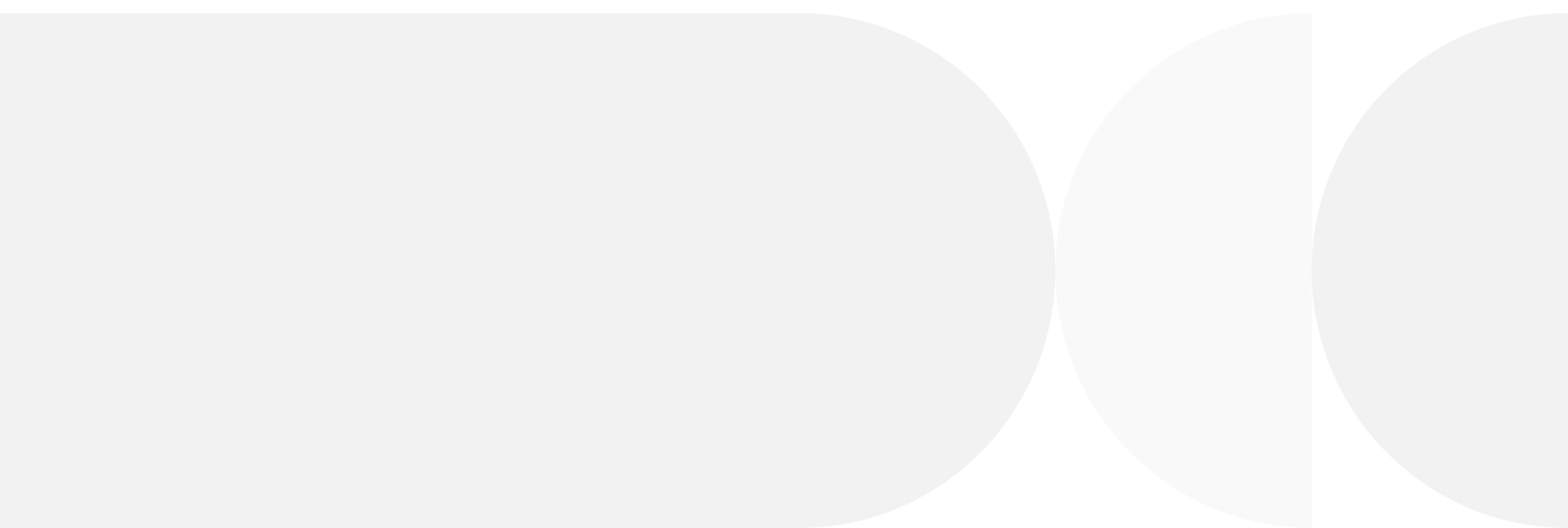
Risk Classification	Business Impact	Mitigations
<p><b>Increased severity of extreme weather</b></p> <p><b>Physical   Acute</b> <i>(Credit, Operational, Reputational)</i></p> <p><b>Time Horizon:</b> Short-, medium-, and long-term</p>	<p>Severe weather events (e.g., hurricanes, wildfires) may disrupt operations and impact customers, brand partners, suppliers, and associates. Potential impacts may include:</p> <ul style="list-style-type: none"> <li>• <b>Customer:</b> Changes in spending and payment behavior; increased delinquencies; higher demand for relief actions</li> <li>• <b>Brand partners:</b> Disruption to partner operations and cardholder activity; potential revenue impacts</li> <li>• <b>Suppliers:</b> Service disruptions affecting delivery of customer and partner services</li> <li>• <b>Operations:</b> Higher call volumes and operational pressures from impacts to associates; risk to contractual obligations</li> </ul> <p><b>Potential Impacts:</b> Write-offs, lower sales, supply chain interruptions, and workforce availability and productivity</p>	<ol style="list-style-type: none"> <li>1. Customer disaster relief and hardship programs to support impacted customers</li> <li>2. Robust risk management programs to mitigate vulnerabilities with established contingencies (risk programs for credit, capital, liquidity, market, supplier, etc.)</li> <li>3. Business continuity and disaster recovery planning, system/process redundancies</li> <li>4. Geographically diverse workforce</li> <li>5. Brand partner pipeline for new programs</li> <li>6. Contractual force majeure provisions</li> </ol>
<p><b>Shifts in consumer preferences</b></p> <p><b>Transition   Reputation</b> <i>(Strategic, Reputational)</i></p> <p><b>Time Horizon:</b> Long-term</p>	<p>Evolving customer and brand partner expectations related to sustainability may influence partnership decisions and customer preferences. If expectations are not met, this may affect partner retention, pipeline growth, and demand.</p> <p><b>Potential Impacts:</b> Decreased demand affecting revenue growth</p>	<ol style="list-style-type: none"> <li>1. Ongoing execution of sustainability strategy and disclosure transparency</li> <li>2. Integration of responsible business practices into business operations, as reflected in our annual sustainability reporting</li> </ol>
<p><b>Exposure to litigation</b></p> <p><b>Transition   Policy and Legal</b> <i>(Compliance, Reputational)</i></p> <p><b>Time Horizon:</b> Long-term</p>	<p>Evolving climate-related regulatory requirements may introduce new compliance obligations and associated costs. Failure to meet applicable requirements may result in regulatory action, penalties, or business limitations.</p> <p><b>Potential Impacts:</b> Fines and judgments, increased operating costs</p>	<ol style="list-style-type: none"> <li>1. Regulatory monitoring and compliance management programs</li> <li>2. Established sustainability program and disclosure governance to support compliance with applicable requirements</li> </ol>

## Climate-Related Opportunities

Climate-related opportunities reflect areas where the company can enhance operational efficiency, strengthen resilience, and align with evolving stakeholder expectations. These opportunities support both business value creation and environmental impact reduction and are aligned with the company’s broader strategic priorities.

Opportunity	Classification(s)	Business Impact
 <p><b>Supplier Engagement</b></p>	<p><b>Resilience</b> Resource substitutes/ diversification</p> <p><b>Time Horizon:</b> Medium-, long-term</p>	<p>Integrating climate-related considerations into supplier engagement improves visibility into supplier practices and preparedness, and strengthens risk management capabilities. Through a risk-based approach that includes sustainability questionnaires, the company assesses supplier environmental performance. As of 2025, <b>51%</b> of suppliers (by emissions) had adopted defined sustainability practices such as greenhouse gas reduction targets, progressing toward the company’s 2030 target of 55%. These efforts support a more resilient and cost-efficient supply chain.</p> <p><b>Impact:</b> Increased reliability of supply chain and ability to operate under various conditions.</p>
 <p><b>Card Production and Fulfillment</b></p>	<p><b>Products and Services</b> Expansion of low emission goods and services</p> <p><b>Resource Efficiency</b> Use of more efficient production and distribution processes</p> <p><b>Time Horizon:</b> Short-, medium-term</p>	<p>Expansion of sustainable card production and fulfillment includes the use of lower-impact materials (e.g., recycled polyvinyl chloride (rPVC) and polylactic acid (PLA), a bioplastic derived from renewable sources), digital wallet capabilities, and more efficient design and printing practices. Improvements in inventory management, on-demand production, and materials used contribute to lower waste and more efficient, scalable operations, as supported by approximately <b>1.9 million</b> sustainable cards issued and a <b>46%</b> reduction in card insert inventory destructions in 2025.</p> <p><b>Impact:</b> Reduced operating costs, better competitive position, increased production capacity</p>
 <p><b>Digitalization</b></p>	<p><b>Products and Services</b> Expansion of low emission goods and services</p> <p><b>Resource Efficiency</b> Use of more efficient production and distribution processes</p> <p><b>Time Horizon:</b> Short-, medium-term</p>	<p>Continued digitalization of customer interactions, including paperless billing, digital communications, and mobile capabilities, enhances customer experience while improving operational efficiency. Increased digital adoption reduces physical resource use, supports scalable service delivery, and reduces costs. In 2025, our paperless billing rate increased by <b>7 percentage points</b> YoY and the company avoided mailing approximately <b>3.9 million</b> payment envelopes by identifying digitally paying customers not needing payment envelopes.</p> <p><b>Impact:</b> Reduced operating costs, better competitive positioning</p>

Opportunity	Classification(s)	Business Impact
 <p><b>Facilities Management</b></p>	<p><b>Energy Source</b> Use of lower-emission sources of energy</p> <p><b>Resource Efficiency</b> Reduced consumption</p> <p><b>Time Horizon:</b> Short-, medium-term</p>	<p>Use of renewable energy and energy efficiency improvements across facilities reduces energy consumption and exposure to potential increases in energy costs. In 2025, the company sourced <b>52%</b> of its electricity from renewable sources. Continued optimization of the real estate footprint, including flexible work arrangements and the disposition of excess space, further reduces energy usage and facility-related costs, with real estate space reduced by <b>65%</b> since 2020.</p> <p><b>Impact:</b> Reduced operating costs, reduced exposure to future fossil fuel price increases, benefits to workforce management</p>
 <p><b>Sustainable Technology</b></p>	<p><b>Products and Services</b> Expansion of low emission goods and services</p> <p><b>Resource Efficiency</b> Use of more efficient production and distribution processes</p> <p><b>Time Horizon:</b> Short-, medium-term</p>	<p>Modernization of technology infrastructure and optimization of workloads, including migration to more efficient environments such as cloud platforms, reduces energy consumption and improves performance, reliability, and cost efficiency. As of 2025, these efforts reduced energy requirements by <b>73%</b> for the workloads that were migrated from internal data centers to colocation facilities. Responsible adoption of emerging technologies, including artificial intelligence, along with sustainable sourcing and lifecycle management of technology assets, supports operational efficiency and reduces environmental impact over time. In 2025, <b>11 short tons</b> of e-waste was recycled or donated.</p> <p><b>Impact:</b> Reduced operating costs, better competitive positioning</p>



## Metrics and Targets

Our Environmental Control Framework—Measure, Assess, and Act—guides how we develop, monitor, and refine our climate-related strategy and targets over time. By measuring GHG emissions and other key metrics, we can evaluate our progress, mitigate risks, reduce environmental impact, and identify opportunities for improvement.

Applying our framework, environmental data and commonly accepted target-setting practices were used to establish targets aligned with our strategy and operational priorities. These targets are designed to support both environmental impact reduction and the company's strategic priorities.

### By 2030, we aim to:

Reduce *our* direct impact on the environment by lowering Scope 1 and 2 emissions

#### SCOPE 1 & 2

# 55%

reduction in emissions compared to a 2022 baseline

Reduce our *suppliers'* impact on the environment by advancing supplier sustainability practices

#### SCOPE 3

# 55%

of our suppliers (by emissions) adopting defined sustainability practices\*

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

Defined sustainability practices: Large enterprise suppliers are encouraged to establish GHG reduction targets. Smaller suppliers may demonstrate alternative sustainability practices, such as measuring emissions, using renewable energy, or participating in environmental disclosure frameworks.

## GHG Reduction Pathways

Our reduction pathways drive our climate actions and value creation for the business.



### Supplier Engagement

Improve supplier performance, manage risk, and reduce value chain emissions.



### Card Production & Fulfillment

Increase operational efficiency and reduce waste.



### Digitalization

Enhance customer experience while reducing unnecessary paper use.



### Facilities Management

Optimize facilities footprint to manage costs and environmental impact.



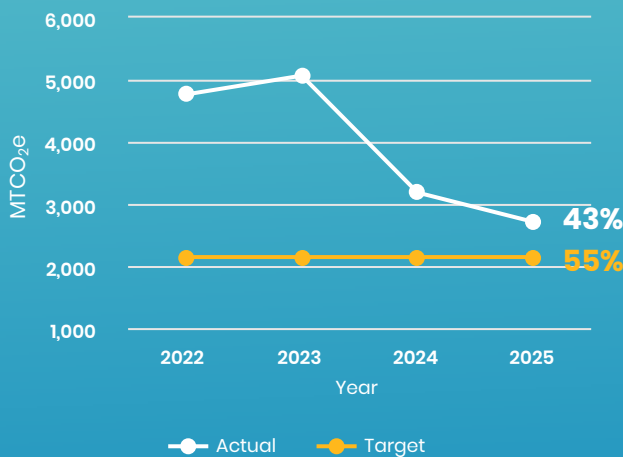
### Sustainable Technology

Modernize technology to deliver energy-efficient, resilient operations.

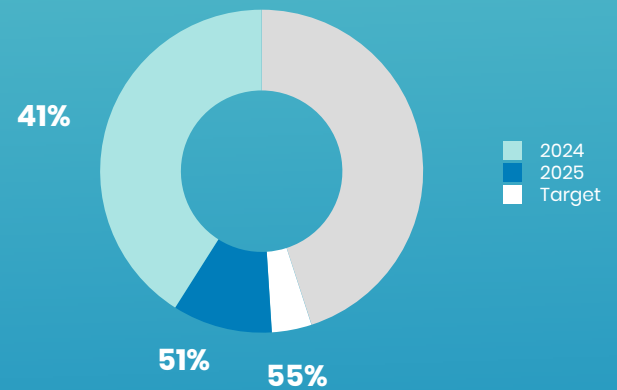
See the [Climate-Related Opportunities](#) table for additional details on these pathways and their associated impacts.

## Target Progress

### SCOPE 1 & 2



### SCOPE 3



## Climate-Related Metrics

Environmental metrics inform the identification and analysis of climate-related risks, allowing us to assess performance, and track progress against our targets. Metrics are selected based on their relevance to the business and the company's environmental priorities.

Metric	Unit	2025	2024	2023
<b>Total Energy Usage<sup>1,2</sup></b>	GJ	53,383	59,737	71,301
<b>Percentage of Renewable Electricity<sup>1,2</sup></b>	Percentage	52%	64%	42%
<b>Paperless Statement Rate</b>	Percentage	57%	50%	44%
<b>Total Water Usage<sup>2</sup></b>	Gallons	10,639,903	13,545,963	13,972,663
<b>Waste Landfilled<sup>2</sup></b>	Short Tons	73	101	102
<b>Waste Recycled / Donated<sup>2</sup></b>	Short Tons	121	235	211
Waste (non-electronic) Recycled	Short Tons	32	45	49
Electronic Waste Recycled / Donated	Short Tons	11	93	24
Paper Recycling	Short Tons	78	97	138
<b>Waste Diversion Rate<sup>2</sup></b>	Percentage	62%	70%	67%
<b>GHG Emissions – Scope 1</b>	MTCO <sub>2</sub> e	770	933	1,147
<b>GHG Emissions – Scope 2 (location-based)</b>	MTCO <sub>2</sub> e	4,254	5,679	6,571
<b>GHG Emissions – Scope 2 (market-based)</b>	MTCO <sub>2</sub> e	1,941	2,250	3,919
<b>GHG Emissions – Scope 1 + Scope 2 (market-based)</b>	MTCO <sub>2</sub> e per associate <sup>3</sup>	0.4	0.5	0.6
<b>GHG Emissions – Scope 3</b>	MTCO <sub>2</sub> e	85,976	93,226	149,740
Purchased Goods & Services	MTCO <sub>2</sub> e	67,676	73,803	121,223
Capital Goods	MTCO <sub>2</sub> e	1,207	1,478	1,317
Fuel and Energy Related Activities (market-based)	MTCO <sub>2</sub> e	1,263	1,283	1,537
Upstream Transportation & Distribution	MTCO <sub>2</sub> e	7,295	8,634	17,483
Waste Generated in Operations	MTCO <sub>2</sub> e	160	162	139
Business Travel	MTCO <sub>2</sub> e	3,254	3,073	2,372
Employee Commuting	MTCO <sub>2</sub> e	4,713	4,736	5,382
Upstream Leased Assets	MTCO <sub>2</sub> e	0	5	5
End-of-Life Treatment of Sold Products	MTCO <sub>2</sub> e	19	22	53
Investments	MTCO <sub>2</sub> e	389	30	229
<b>Scope 1 + 2 reduction progress (from 2022 baseline toward 2030 target of 55%)</b>	Percentage	43%	33%	—
<b>Scope 3 – suppliers adopting sustainability practices (2030 target of 55%)<sup>4</sup></b>	Percentage (by emissions)	51%	41%	—
<b>CDP Climate Change Rating</b>	Letter Rating	A-	B	C

Up to three years of data has been provided where available.

<sup>1</sup>Calculation includes both actual and estimated data.

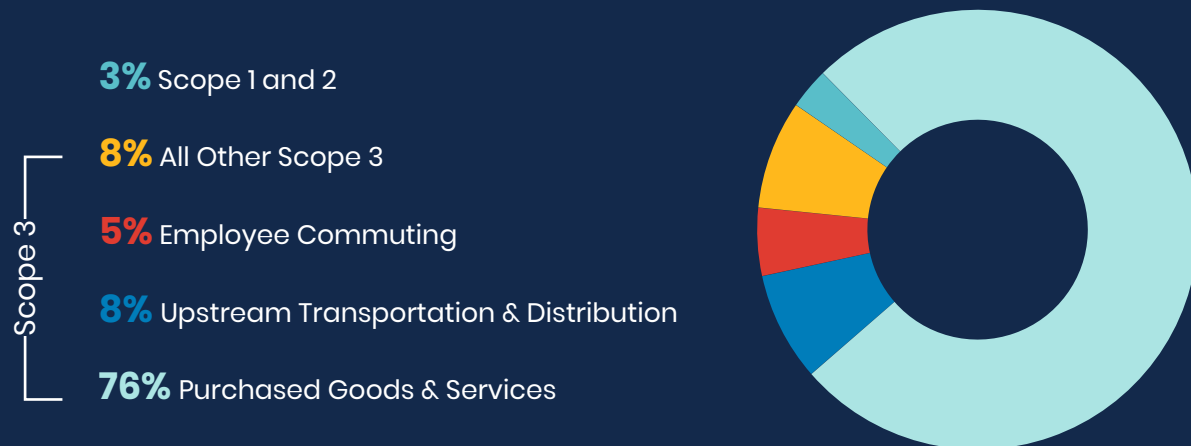
<sup>2</sup>Calculation is limited by the availability of data from property managers and utility providers.

<sup>3</sup>Calculation uses average headcount of global associates.

<sup>4</sup>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.

## 2025 GHG Emissions Breakdown\*

Bread Financial's FY25 GHG Emissions by Source



Our GHG emissions are calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and are reported using the operational control approach. Emissions are measured across Scope 1, Scope 2, and Scope 3, capturing both direct and indirect impacts from operations and the broader value chain.

A 2022 baseline is used to track progress toward emissions reduction targets, with 2022 closely reflecting our current scope of business activities. Performance is monitored using both absolute emissions and intensity-based metrics, providing a comprehensive view of emissions trends and supporting effective tracking of progress over time.

Reported environmental data is supported by a carbon accounting platform with relevant data points externally validated. Limited assurance was obtained for the most recent inventory and is provided at the end of this report.

\*Market-based approach results are used throughout for Scope 2+3 emissions to effectively capture renewable electricity efforts.

# Appendix

## Note Regarding Materiality and Forward-Looking Statements

Our sustainability and climate-related disclosures are voluntary disclosures. Our approach to these voluntary disclosures often considers disclosure recommendations and broader definitions of materiality promulgated by certain external frameworks and reporting guidelines that differ from the definition of materiality used for purposes of complying with the disclosure rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC) and applicable stock exchange listing standards. Accordingly, we may present voluntary sustainability and climate-related information from a different perspective than in our SEC filings, and any use of the term “material,” “materiality,” “significant,” “significance,” the inverse of such terms, and other similar terms in the context of such information may be distinct from such terms as they are used under the securities or other laws of the United States or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting. Any inclusion of sustainability and climate-related information in this report is not an indication that the subject or information is material or significant to Bread Financial for SEC reporting purposes.

The goals and projects described in our sustainability and climate-related disclosures involve, and are based on, targets, commitments, estimates, assumptions, standards, methodologies and currently available data, which continue to evolve and develop. As such, we cannot guarantee or provide assurance that these goals and projects will be met or achieved as described. Furthermore, data, statistics and metrics included in this report are non-audited estimates, are not necessarily prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), continue to evolve, and may be based on assumptions believed to be reasonable at the time of preparation, but may be subject to revision. Additionally, our sustainability and climate-related information is as of the date referenced, subject to change without notice, and may be regarded as indicative and for illustrative purposes only. This information may vary based on applicable laws, rules and regulations and may also include the use of non-financial metrics and/or other information that are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding our sustainability and climate-related targets, goals, metrics, aspirations, strategies and plans, which may develop and evolve over time. Forward-looking statements give our expectations or forecasts of future events and can generally be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “plan,” “likely,” “may,” “should,” or other words or phrases of similar import. We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that are difficult to predict and, in many cases, beyond our control. Accordingly, our actual results could differ materially from the projections, anticipated results or other expectations expressed in this report, and no assurances can be given that our expectations will prove to have been correct.

Factors that could cause our actual results or outcomes to differ from those expressed in, or implied by, any of these forward-looking statements include, among others: macroeconomic and global political events and conditions; legislative, executive, regulatory and public policy changes; changes in developing standards and certifications; energy prices; technological innovations; the cost and availability of renewable energy and environmentally-responsible products and facilities; our ability to gather and verify data regarding environmental impacts; our ability to successfully implement various initiatives throughout the company under expected timeframes; engagement with partners, suppliers, investors, government officials and other stakeholders; continued stakeholder interest in environmentally-responsible products and programs; management’s inability to identify suitable suppliers, grantees and community investments and negotiate acceptable terms; an inability to build partnerships and execute programs with other third parties or such parties’ failures to satisfy their obligations under such programs; climate-related conditions and weather events; changes in customer behavior; changes in economic or business conditions and our ability to grow, improve our financial performance and execute on our strategies; and other unforeseen events or conditions including those risks, uncertainties and other factors identified in our Annual Report on Form 10-K for the most recently ended fiscal year, which may be updated in Item 1A of, or elsewhere in, our Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K. Our forward-looking statements speak only as of the date made, and we undertake no obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise. Additionally, this report may contain statements based on hypothetical scenarios and assumptions, which may not occur, or may differ significantly from actual events. These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk.

## Limited Assurance for Bread Financial Calendar Year 2025 Scope 1, Scope 2 and Scope 3 Categories 1, 2, 3, 4, 5, 6, 7, 12, & 15 GHG Emissions

May 8, 2026

KERAMIDA Inc. (KERAMIDA) was engaged by Bread Financial to provide independent limited assurance greenhouse gas (GHG) verification of its calendar year 2025 Scope 1, Scope 2, and Scope 3 Categories 1, 2, 3, 4, 5, 6, 7, 12, & 15 GHG emissions inventory and environmental metrics. The data and calculations being verified cover the period from January 1, 2025, to December 31, 2025. The calculation of the GHG inventory is the sole responsibility of Bread Financial, using guidance per the US Environmental Protection Agency and the GHG Protocol standards.

### STATEMENT OF INDEPENDENCE

KERAMIDA affirms our independence from Bread Financial and is free from bias and conflicts of interest related to the assurance of the environmental data.

### VERIFICATION ASSURANCE OPINION

Based on the process and procedures conducted, there is no evidence that the GHG emissions calculations and summary are not a fair representation of the actual GHG emissions data and information.

In KERAMIDA's opinion, Bread Financial has established an appropriate system for collecting, calculating, and analyzing quantitative data and information for the GHG emissions for the stated time period, scope, and level of assurance.

### KERAMIDA'S APPROACH

Verification was conducted in accordance with ISO 14064-3: 2019 Specification with guidance for the validation and verification of GHG assertion. The scope of work was to provide limited assurance for the verification of Bread Financial GHG emissions inventory and energy use data.

#### *Validation scope of the reporting company's GHG emissions*

- Organizational boundaries: Operational Control Approach

#### *Time Period*

- January 1, 2025, to December 31, 2025

#### *Level of Assurance*

- Limited
- Materiality Threshold: 5% as suggested by ISO 14064-3 (2019)

## KERAMIDA'S METHODOLOGY AND PROCEDURE

*Procedure performed during the verification:*

- Interviews with key personnel involved in the process of compiling, calculating, and preparing the emissions data report and energy data.
- Review of evidence and data in support of key disclosures in the emissions report and energy disclosure.
- Review of a variety of data analytics to check the reasonableness of the data and calculations.
- A variety of re-calculation procedures to confirm stated quantities.
- Evaluation of the reasonableness of any assumptions used in support of disclosures.
- Review of how disclosures were presented and determine if they were representative of data and operations.

**TABLE 1. CY2025 DATA VERIFIED BY KERAMIDA**

Scope	CO <sub>2</sub> e (MT)
Scope 1	770
Scope 2 (Location-Based)	4,254
Scope 2 (Market-Based)	1,941
Scope 3 Total (Market-Based)	85,976
Category 1: Purchased Goods and Services	67,676
Category 2: Capital Goods	1,207
Category 3: Fuel- and Energy- Related Activities	1,263
Category 4: Upstream Transportation & Distribution	7,295
Category 5: Waste Generated in Operations	160
Category 6: Business Travel	3,254
Category 7: Employee Commuting	4,713
Category 12: End-of-Life Treatment of Sold Products	19
Category 15: Investments	389
<b>Total Emissions</b>	<b>88,687</b>
<b>Reduction Goal Progress</b>	
Scope 1 + 2 Reduction Target Progress	-43%
Scope 3 Target Progress (% of supplier emissions with targets)	51%
<b>Environmental Data</b>	
GHG Emissions – Scope 1 + Scope 2 Total	0.4 MT CO <sub>2</sub> e per associate
CDP Climate Change Rating	A-
Emissions Prevented with EVs	190 MT CO <sub>2</sub> e
<b>Energy</b>	
Total Energy Consumed from Scope 1 and Scope 2	53,383 GJ
Electricity Sourced from Non-Renewable Sources	48%
Electricity Sourced from Renewable Sources	52%
Energy Consumption Reduction for Migrated Workloads	-73%
Energy Consumption Reduction Since 2022 (Facilities)	-43%
<b>Waste &amp; Water</b>	
Waste Landfilled	73 Short tons
Waste Recycled/Donated	121 Short tons
Non-Electronic Waste Recycled/Donated	32 Short tons
Electronic Waste Recycled/Donated	11 Short tons

Waste & Water	
<b>Paper Recycling</b>	78 Short tons
<b>Waste Diversion Rate</b>	62%
<b>Paperless Adoption</b>	57%
<b>CO<sub>2</sub> Savings from Electronic Waste Disposal</b>	26 MT CO <sub>2</sub>
<b>Total Water Usage</b>	10,639,903 Gal

This verification statement, including the opinion expressed herein, is provided to Bread Financial and is solely for the benefit of Bread Financial in accordance with the terms of our agreement. We consent to the release of this statement by Bread Financial to other entities in order to provide disclosure, but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.

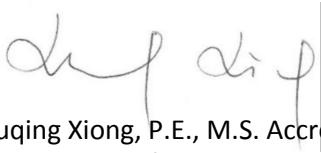
Signed by KERAMIDA Inc. on May 8, 2026:



Martina Macaggi  
Senior Analyst, Sustainability  
KERAMIDA Inc.  
Indianapolis, Indiana, United States



Ellie Agioutanti  
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