

About this report

This report gives an overview of BrandLoyalty's progress towards its social and environmental ambitions outlined in 2020.

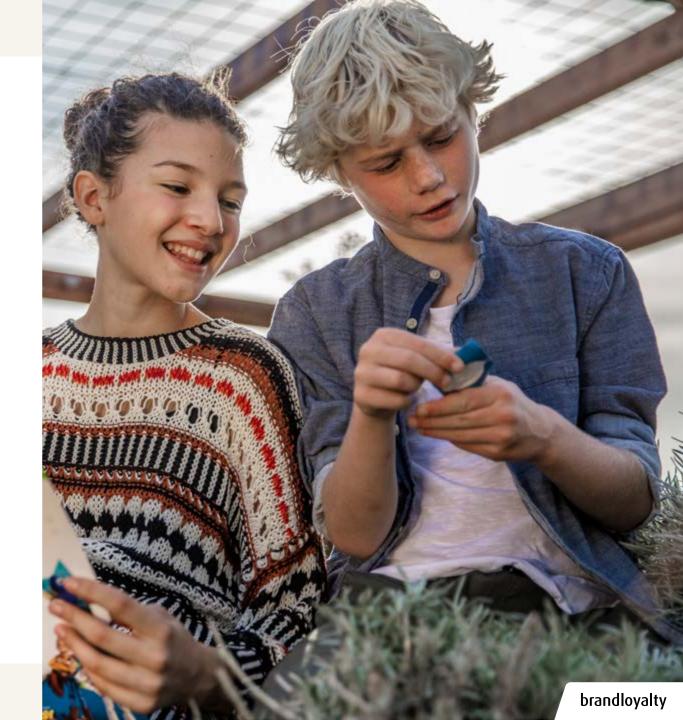
It covers the entire value chain and provides an update on key activities and the ongoing projects to measure the progress across the strategy's focus areas.

This report covers the financial year 2020 (FY20), which runs from 1 January to 31 December 2020.

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A message from the CEO: How BrandLoyalty is creating next generation happiness.

2020 has been a year like no other for BrandLoyalty, our colleagues and our clients. COVID-19 has taken the world by storm and dramatically changed the way people shop and live. The pandemic has reshaped the retail landscape, has intensified supply chain challenges, made all of us more aware of the impact we have on our planet, but most importantly, showed us that we can still make a difference.

In the year where BrandLoyalty celebrated its 25th anniversary, we slowed down to speed up again. We launched our Plan 2025, which included an updated purpose: 'Next generation happiness'. This is the compass that directs all of our daily decisions and guides us in building a happier world for future generations.

To move towards being a more responsible company, BrandLoyalty has engaged with the UN Global Compact. This partnership with the organisation encouraged us to set clear sustainability targets to go above and beyond the day-to-day. I'm happy to share that we will continue this partnership in 2021.



Claudia Mennen, CEO BrandLoyalty

Sustainability lights the fire and unites all of us at BrandLoyalty. I'm proud to see how our colleagues work together in driving change for the better. Only as a team can we create the breakthroughs needed to ensure a happier tomorrow, for people and the planet.

I know that moving towards an 100% sustainable future seems like a never-ending journey. Still, we must, together with our colleagues, partners and clients, take steps to get closer to this end goal every day. While there is still a lot to do, I'm proud to share the progress we have made in 2020. Every day we're moving closer to a better world. A world we are obliged to protect for future generations.

Thank you for your part in our journey.

Claudia



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2020, a year where we aligned our hearts with a clear vision; to positively shape the future.

We are rethinking the way we want to grow by pushing sustainability efforts forward, striving to have a more positive impact on people and the environment.

Antonella Passaro
CSR & Sustainable Innovation
Manager

About BrandLoyalty

BrandLoyalty is the leading global loyalty platform, providing campaign-based loyalty programmes that positively impact shopper behaviour on a mass scale.

Purpose

Next generation happiness.

Mission

Providing winning loyalty campaigns connecting high frequency retailers, our partners and consumers, taking our responsibility to the next generation.

Vision

To be the leading global loyalty platform positively impacting consumer behaviour on a mass scale.

connected® original® **re**sponsible° dynamic[®]

Scale and reach 2020

580 colleagues, 44 nationalities

20
locations
across all continents

1.05 bln rewards redeemed in 44 countries

210
partners

153
million
engaged shoppers



Our purpose is at the core of our sustainability efforts

In June we introduced a purpose: **next generation happiness**. We believe we can contribute to a more sustainable future through our campaign-based loyalty programmes.

In April we joined the UN Global Compact



Together with organisations that share the same values, we can be part of something bigger and accelerate positive change. Read more

2020 highlights

Campaigns that motivate and educate about sustainability

Our loyalty campaigns in high-frequency retail reach all consumer segments around the world. These campaigns educate kids about the value of nature and wildlife and invite them to become an environmental activist. Alternatively, they can inspire families to reduce their food waste or use durable products with a responsible design. 2020 saw a rise of six new concepts specifically developed to increase awareness on healthy living, sustainable behavior, planet wonders and stimulating being more active.



Offering sustainable solutions

Throughout the year, we have launched several sustainable solutions including, luggage items and kids' patches made from 100% recycled post-consumer plastic (PET).



Loyalty as a force for good

In June we introduced a new set of values, with responsibility at the core. Our

internal sustainability team, called **Impact Task Force**, steers our efforts towards our sustainability targets and has representation of all our departments, including the executive committee.

The Impact Task Force's first 2020 deliverable: **2025 strategy** and transparent environmental requirements towards all our **suppliers and brand partners**.

A packaging transformation

We are redesigning our packaging to minimise material content. The paper is primarily recycled or FSC certified. **Plastic has been removed from >50%** of the ranges aiming to 100%.

Understanding products' environmental impact



In September we have partnered with Ecochain to execute our impact via a Life Cycle Analysis to learn how to minimise our footprint. Read more

Identity & responsibility

We are conscious of our impact and committed to make the world a happier place, every day.

The first step towards driving change is to understand the impact and influence we have. Every decision we make has the potential to drive positive change in every part of our value chain - which includes all stages of our business - from product design through the end user and its behaviour.

We provide purpose-driven, digitally enhanced, tailor-made solutions which improve performance - on a transactional and emotional level - by changing shoppers' behaviour.

We pride ourselves on being a business with purpose by connecting high-frequency retailers, partners & consumers to create sustainable solutions for today's challenges.

We strive to let our campaigns deliver positive change, build a better present and preserve the future for the generations to come.



Corporate responsibility & governance

The CSR and Sustainability Organisational Unit (Impact Task Force) interacts with all business functions to provide strategic guidance on all sustainability topics.

Brandloyalty's Impact Task Force oversees the corporate and social responsibility activities and officially approves plans and action points. The steering group consists of nine active members from various disciplines and three supporters from the executive committee to ensure a company-wide understanding of our sustainability efforts.

The Impact Task Force is responsible for driving the sustainability agenda of the company by integrating sustainability principles into strategies and procedures. Its objectives are delivering long-term goals in alignment with the executive committee and department's directors.

The day-to-day oversight, operational execution, environmental protection and climate action is the responsibility of the CSR function, Quality and Sourcing teams. Especially concerning material and supplier selection & collaboration.

But it's in the hands of the entire organisation to deliver on the targets and we welcome every single idea and support given by colleagues.

BrandLoyalty & UN Global Compact

BrandLoyalty joined the United Nations Global Compact as a Participant Member in 2020.

By supporting the UNGC, the world's largest corporate sustainability initiative, BrandLoyalty confirms its strong commitment to sustainability and reinforces it by respecting and promoting the Ten Principles of the UNGC; along with the implementation of strategic actions, which actively contribute to the advancement of global goals, such as the UN Sustainable Development Goals.

BrandLoyalty & Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) represent a global call to action to achieve a better, more sustainable future. The 17 global goals for 2030 address the challenges we face including those related to poverty. BrandLoyalty is committed to the UN's Sustainable Development Goals, to make our shared world better for everyone.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective barqaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.





Communication of Progress (COP)

BrandLoyalty confirms its partnership with the UN Global Compact for 2021.

BrandLoyalty is committed to providing an annual disclosure of its activities and practices. This document reports on the 10 principles and Communication on Progress (CoP). By adopting the Global Compact Principles, along with the Sustainable Development Goals, BrandLoyalty is guided by the United Nations to ensure to the highest ethical and professional standards. The partnership also helps us to incorporate sustainable practices into our decision-making and operational processes.

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Focus areas

While we support all the SDGs, we concentrate on those most closely aligned with our strategy and those we can have the biggest impact on to drive positive change. We've divided our sustainability efforts into the below focus areas:

01. Environment

Reducing emissions from our value chain and in the lifecycle of our products. We focus on increased circularity in our designs as well as delivering inspiring campaigns.

02. Sourcing

We care about the sourcing of our products. We create value whilst respecting human and labour rights.

03. People

Because safety, human rights and development provide the foundation for prosperity.















Sustainability Strategy 2025

Focus areas

BrandLoyalty's commitments



01. Protect the environment

We care about the environment. We are driving environmental enhancing our products' circular design principles.











02. Sustainable sourcing

We care about the sourcing of our products. We are building a thriving value chain that empowers employees and their communities whilst preserving the environment.

- > Fair compensation and respect for human and labour rights across the entire value chain
- > Environmental requirements across entire value chain







03. Happy people

We care about our people. We continue to develop and motivate our people and focus on strengthening diversity, equality and inclusion across the business.

- > Providing and supporting decent and meaningful work
- > Promoting diversity, equality and inclusion
- > Giving back to the community around us







Sustainability Strategy 2025 | Focus areas

01. Protect the environment

BrandLoyalty has an ambitious climate strategy in place.

We operate in a complex global ecosystem of suppliers and clients and have a diverse portfolio of products. To limit our environmental footprint, we are rethinking the way we work throughout our value chain by efficiently using resources and incorporating circular design principles to more products every day. As we're indirectly serving millions of shoppers via our retail clients around the world, we feel responsible to inspire and enable people worldwide to live a more sustainable life.

- Therefore, we've set ourselves the goal to reduce our relative* value chain emissions by 50% by 2030 compared to 2019.
- To support this change, we are reviewing this climate ambition against the 1.5 degree climate change scenario.
- In 2020, we continued to make progress on our 6 sustainability targets and our overall goal to reduce our environmental impact throughout the value chain.
- * In relations to revenue.
- > 02. Sustainable sourcing
- > 03. Happy people



6 sustainability 2025 targets





Sustainable solutions

Only by rethinking our loyalty campaigns in 360 degrees we can have a positive impact on people and planet.

Adding sustainable solutions and campaigns to our offering will inspire and enable people around the world to live a more sustainable life.

In 2020, we ran campaigns that have stimulated shoppers to eat more healthy, to limit food waste and to care about our planet.



Closer-to-market sourcing

When procuring closer to market, we can reduce the impact on our logistical flow, minimise uncertainties and ensure a higher quality standard during the production process.

In 2020, we partnered with six new suppliers to deliver loyalty campaigns locally.

These changes and more efficient operations, culminated in a 32% CO² footprint reduction in logistics.



100% reduction of virgin plastic in instant rewards

We have a responsibility to help solve the global plastic waste crisis.

We are stepping away from virgin plastic by developing products with renewable, recycled or reusable materials.

In 2020, we developed two ranges made from post consumer recycled PET plastic with the ambition to contribute towards cleaning the planet from plastic waste.



Circularity for waste and returns

Natural resources are limited and we therefore are conscious of what we take from nature. We always ask ourselves 'how can we repurpose?' and have the ambition to use 100% renewable, recyclable or reusable material by 2025.

To lead this transformation, we're applying circular design principles throughout our campaign's development stages.

In 2020, we gave products a second life by donating 200K durable products to more than 100 charity organisations worldwide.

Overall, we improved our waste stream by increasing recycled materials by more than 26%.



Flight reduction by 50% Commuting reduction by 25%

The pandemic showed us that we can limit travelling whilst maintaining the same level of quality and productivity. Although we highly believe in real people connections, we should be conscious about travelling and limit travel when it's unnessary.

In 2020, we've reached our goals, mainly because of COVID-19 restrictions. However, new habits and policies will support a new way of working that reinforces conscious travelling.

In 2020 we managed to fly 88% and commute 77% less than 2019.



2020 progress success stories (y/y)

Smart packaging solutions for all our products

Packaging is fundamental to protect the quality and durability of our products but needs reimagining to minimise the material used whilst still being safe & secure.

In 2020 we reduced 1 Mio KG of plastic packaging compared to 2019.

> 02. Sustainable sourcing

> 03. Happy people

Sustainability Strategy 2025 | Focus areas | 01. Protect the environment

Reducing our carbon impact throughout the value chain

In 2020 we conducted a comprehensive carbon accounting project in line with the Greenhouse Gas Protocol.

By far the largest contribution (>90%) comes from 'purchased goods & services' of our loyalty campaigns. This insight has accelerated improvement projects in this area to deliver the greatest carbon impact.

A strong focus on a more sustainable design in product categories with a high footprint has lead to great results.



	Carbon footprint (index vs baseline)	Carbon footprint per sales (kg Co²eq/euro revenue)	Carbon impact/product (average Co²e kg/product)
FY19	100	0,51	4,13
FY20	68	0,47	3,03

The climate footprint of BrandLoyalty has decreased by 32% since the baseline, mainly, but not only, due to reduction of average footprint per sold product, on increased efficiencies in our operations and partially of the effect of the pandemic on the total revenue.

The value chain footprint was calculated using the GHG protocol to measure the value chain emissions (cradle-to-gate, so excluding the use and end of life phase of products).

as follows: (1) where possible, primary data was used (scope 1 & 2); (2) to account for upstream scope 3 impacts (purchased goods & services), a spend analysis was performed and environmental impacts was quantified using the input/output model from ExioBase; (3) for the most dominant upstream scope categories, product category specific Life Cycle Assessment information was used to supplement the analysis.

> 02. Sustainable sourcing

> 03. Happy people

Sustainability Strategy 2025 | Focus areas

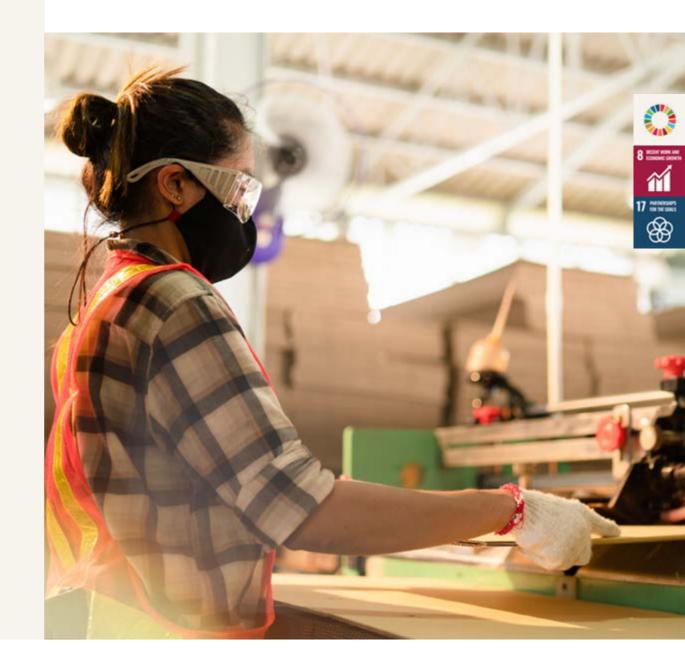
02. Sustainable sourcing

We believe that by making sustainable choices, we can contribute to a better planet.

For BrandLoyalty, sustainable sourcing is the integration of social, ethical and environmental factors into the selection of our supply partners process going beyond economic considerations and with the goal of building long-term relationships.

We strongly believe that making a positive impact on people and the environment in our supply chain is very important. It is top priority that our products are made under good working conditions and with respect for the environment.

We take full responsibility for it.



Sustainability Strategy 2025 | Focus areas | 02. Sustainable sourcing

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At the heart of our sourcing strategy lies our respect for human rights.

Over the last 25 years, we've developed a strong network of partners whilst increasing our knowledge about our complication supply chain. By working in close contact with brands, manufacturers and logistic providers, we've succeeded in 'weathering the storm' to continue to meet high expectations during the pandemic.

As cooperation is crucial to get a deeper understanding, we endorse the Amfori BSCI Code of Conduct since 2013 and we are committed to its principles throughout the entire value chain.

As a basic rule, we don't work with companies that are rated lower than C according to BSCI evaluation.





To achieve a fair, safe and equal work environment, we need to engage in a constant dialogue with our partners. In 2020 we started implementing processes to follow up with suppliers and support the improvements needed in order to gain a better BSCI rating.

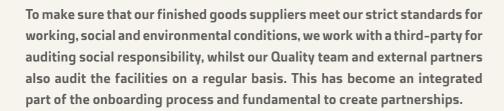
We want to help the factories run on their own, making them aware of weaknesses in their systems and take steps to improve.

Everybody deserves fair and on-time compensation for their labour, and respect for their human and labour rights.

Sustainability Strategy 2025 | Focus areas | 02. Sustainable sourcing

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Quality and close to market supply



As well as assessing working conditions, we also employ certification for sustainable materials and monitor environmental standards.

Depending on the materials, production processes, countries and regions, we set priorities and assess where we can exert the greatest positive influence on working conditions and lowering our environmental impact.



This showed us the necessity of increasing the numbers of partners and manufacturers closer to the market we operate. It is leading to a more effective and simplified supply chain and allow us to closely monitor the manufacturer process and procedure.

Being one of the targets of the 2025 strategy, operating closer to market will result in a less impacting logistical flow and the ability to reduce uncertainties and over deliveries.

In 2020 we have brought on six new manufacturers that successfully and efficiently delivered local loyalty campaigns.

The implementation of these new partnerships and increased efficiencies, has let to a reduction in number of containers shipped of 47% compared to 2019.

- > 01. Protect the environment
- > 02. Sustainable Sourcing

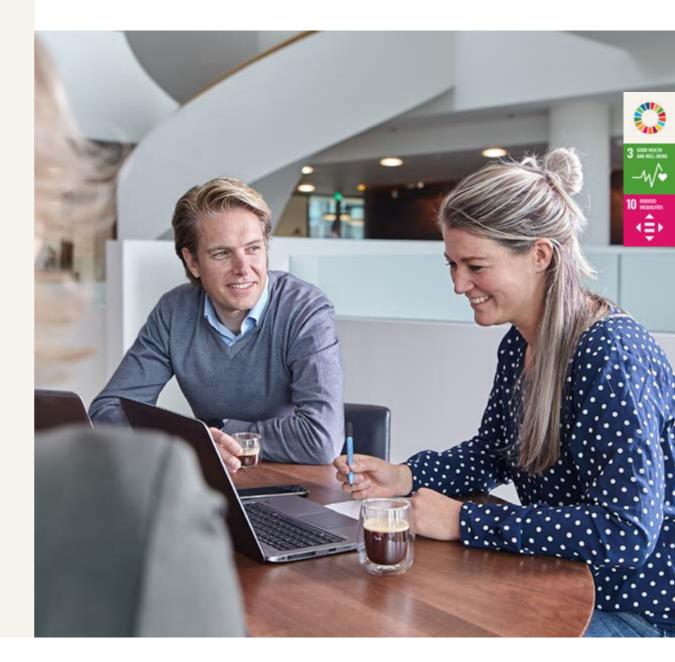
Sustainability Strategy 2025 | Focus areas

03. Happy people

Our business has always revolved around making people happy, and therefore we want to provide a workplace which drives a culture where our people can be themselves. A place to learn, grow and excel in their careers. Ultimately, we want our people to feel like they belong.

In 2020, we started our journey towards a more diverse, equal, and inclusive workplace. Where they can be themselves and be heard, take ownership and feel responsible, to deliver the best solutions to our clients and their shoppers. We empower people and respect local cultures and ideas.

We are a "mini-multinational" with offices in 25 countries and more than 40 different nationalities and are proud to represent the shoppers we serve via our loyalty campaigns.



> 02. Sustainable Sourcing

Sustainability Strategy 2025 | Focus areas | 03. Happy people

Happy people

Some initiatives that we have launched in 2020 and will continue in the years to come:

Career Framework

In November 2020 we launched a transparent Job Level Framework creating a clear overview of the roles within BrandLoyalty and their structure within the business, to support our people with their growth paths. This is complemented by the Reward Framework which will give more clarity on renumeration, benchmarked against market data. Together this creates the Career Framework making our business more transparent and equal.

We're encouraging an open culture where everyone is equal, stimulated to be themselves and to play an active role delivering on our strategy, purpose, vision and mission and values.

Diversity, Equality & Inclusion

We also made a clear promise to focus on Diversity & Inclusion. As a company we understand the importance of having a true diverse, and most of all, inclusive workplace.

We started with an engagement survey (completed by 94% of our employees) that showed 80% of our colleagues said that BrandLoyalty is committed to a diverse and inclusive work environment. 89% stated that BrandLoyalty provides an opportunity to get to know people with different racial and ethnic backgrounds. Despite the high rating, we still have a lot to learn from each other and the different obstacles we are facing.

We took the first steps in redesigning the hiring process:

- All vacancies are open for all employees, so everyone has equal opportunities.
- Before hiring new employees, discussions take place to agree upon who we should hire in order to have a diverse team.

Inclusivity is essential to thrive, and we believe every voice has to be heard. To stimulate an even more open environment, we started with multi-functional teams, design sprints and many other projects where every employee is asked to join voluntarily and contribute.

Working from home

Just like many other companies around the world, we had to switch to more remote working, forcing us to investigate new ways of connecting with each other.

To support creating a healthy environment also at home, we have provided al kind of materials, like monitors, keyboard, headsets, and more. In the 2020 sustainability survey, 85% of colleagues preferred a future where they could work from home. Working from home due to the pandemic has definitely contributed to a reduction our footprint (-4,2 mio kg CO² reduction from 2019).

A safe place to work

During the pandemic we kept our offices open, as much as possible, to provide a safe place to work for our employees, if they wanted to get a break of their home office. Depending on the country, we adhered to all the safety measures in our offices and started using a 'desk planner' app, helping us to monitor and limit total amount of people in.

Lectures

To keep our people inspired while working from home, we have introduced monthly lectures, where external speakers share inspiring content on multiple subjects. This has been a nice way to be inspired for an hour; with subjects such as Uncounsious Bias, Reframing, The Truth About Exercise, The Value of Time off.



> 02. Sustainable Sourcing

Sustainability Strategy 2025 | Focus areas | 03. Happy people

Happy people

People growth | BrandLoyalty University

BrandLoyalty University offers original classes across a range of topics, developed and led by experts. These powerful learning experiences focus on building new understanding and expertise to help employees thrive at work and grow. In 2020 we rebuilt most of our trainings from offline to online, so all our people

around the globe have the same opportunities to develop themselves.

In 2020, 3,290 trainings hours were facilitated for 236 employees, which is 14 hours per employee. In 2021 we already reached this number halfway through the year. (3195 hours for 209 employees, 15 hours per employee)

Online Onboarding

Before COVID-19, new employees were asked to come to the Netherlands, to be part of the onboarding programme for a week. As of September 2020, we rebuilt all our offline onboarding to a full 2-week online onboarding programme. By doing so, we not only contributed to our sustainability efforts by saving on many flights, but also connected all our new talents digitally.

Ethics

BrandLoyalty is part of Alliance Data Systems, and we all must adhere to the same Ethics policy. This Code of Ethics ensures that we conduct business with the utmost integrity, every day. To our many stakeholders, this policy communicates our core values, who we are, and how we behave.



Below overview of all the policies and how often they are executed:

Level 1 Training Courses (Ethics and Information Security)	Associates Targeted	Cadence	Time to Complete
Code of Ethics*	All associates	Annual – rotates each year between full course and attestation	90 days
Insider Trading*	All directors and above; All exempt HR, Legal, Audit, Risk and Finance associates and administrative assistants to EC members	Every two years	60 days
Insider Trading – Covered Persons	All "covered persons"	Annual	60 days
Anti-Harassment* •Different state requirements •India (POSH requirements)	All associates; contractors and interns who have been with company 90 dyas and have a company email	Annual	90 days
Global Anti–Corruption*	All directors and above; all exempt HR, Legal, Sales and Finance associates; all associates located overseas	Every two years	60 days
Anti-Retaliation*	All associates	Every two years	90 days
Conflict of Interest and Gifts	All directors and above	Annual	60 days
Antitrust	All directors and above; all exempt HR, Legal, Sales and Finance associates	Every two years	60 days
Information Security*	All associates	Annual	[90 days]
Acceptable Use Policy*	All associates	Annual	[90 days]

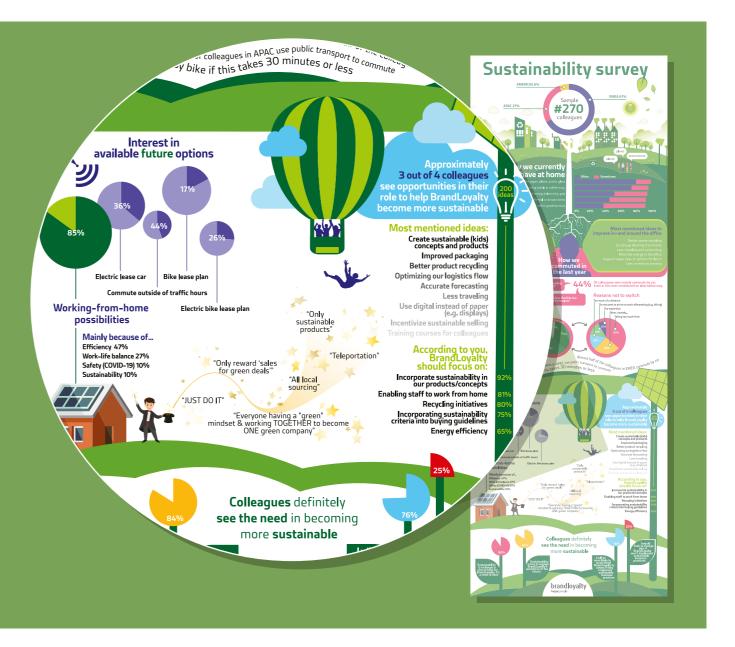
*Course included in new associate training

Sustainability and active listening

Since 2019 we have an Impact Task Force that is focused on engaging all our people in the topic of Sustainability and that has people represented from all departments.

In 2020 the team executed an extensive survey with colleagues to understand how the pandemic and working from home was effecting their life, but also to understand how they believe we should act to change the company for the better.

One of the biggest finding is that three out of four colleagues see opportunities in their role to help the company becoming more sustainable.



Giving back to *
the community

communities around our offices.

For more than 15 year BrandLoyalty has had an internal foundation: BrandCharity. Founded by a group of colleagues it has continued to be an independent association throughout its existance. This group of volunteers stimulates the rest of the organisation to participate in a range of (sometimes crazy) initiatives, to raise funds or directly help the

BrandCharity is comitted to improving living conditions of communities in our immediate environment, by **bringing happiness to the world around us**. Every inititiative organised worldwide, focuses on one of the five chosen social responsibility goals; zero hunger, good health & well being, quality education, equal rights and a sustainable world.

Right after the World Health Organisation declared COVID-19 a pandemic, BrandCharity joined forces with colleagues globally to step up and support where needed. This resulted in BrandCharity being actively involved in multiple initiatives to help our associations through the pandemic.

Here some of the special activities that took place:

- **Italy**: In cooperation with the Banco Alimentare, 210,000 meals have been donated to people in need.
- South Africa: For communities in South Africa, where the majority live below the poverty line, sanitising and washing hands is not a priority. In cooperation with KiND Cares and Fresh Hands we supplied sanitisers, drinking water and hand wash to undeveloped areas.
- Poland: 100 meals were delivered to the personnel of MSWiA, the biggest hospital in Warsaw. The meals came from a local restaurants in need of economic support.
- China: After a long and strict lockdown where families were not allowed to visit each other, our colleagues in Shanghai were fortunate to be the first group of visitors to provide companionship to elderly. They also donated ¥14,387RMB (1,800 EUR) worth of food with the help of the Shanghai Charity Foundation.

Many more initiatives took place in various communities in Indonesia, Hong Kong, Russia, Belgium and The Netherlands.

BrandCharity's colleagues in the Netherlands have also developed a strong network of organisations to support the donation of repurposed products from our inventory.

In 2020, more than 130,000 products have been delivered to thousands of families; we estimated 6450 kids in Ghambia, Algeria, Eritrea, Germany, Belgium and The Netherlands, have been gifted one of our toys.



