



Tax Policy

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1.0 Policy Overview

1.1 Purpose

This Tax Policy (“**Tax Policy**”) of Bread Financial Holdings, Inc. (“**Bread Financial**”) and together with its subsidiaries (collectively, the “**Company**”), sets out the Company’s policy and approach to conducting its tax affairs and dealing with tax risk.

1.2 Scope

This Tax Policy applies to the Company’s tax team partners and all of the Company’s businesses.

1.3 Objectives

The Company’s tax team will partner with the Company’s businesses to ensure that:

- the Tax Policy is adopted and followed consistently across the Company, with clear lines of responsibility and accountability;
- there is alignment of the Tax Policy with the Company’s overall approach to corporate governance and risk management; and
- the Company pays the amount of tax required of it under the laws and regulations of the countries in which it operates.

2.0 Policy Elements

2.1 Tax Policy

The Company is committed to conducting its tax affairs consistent with the following objectives, to:

1. comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever necessary;
2. ensure the Tax Policy is at all times consistent with the Company’s overall strategy, its approach to risk, and the Company’s core values;
3. apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriate; and
4. develop and continue to maintain constructive, professional and transparent relationships with applicable tax authorities, based on the concepts of integrity, collaboration and mutual trust.

2.2 Tax Code of Ethics

The following Company Tax Code of Ethics (the “**Code**”) outlines the principles for how Company associates are expected to operate with respect to tax matters in support of the Tax Policy. Associate’s failure to comply with this Code may result in corrective action, up to and including termination of employment with the Company.

The Code is set out in detail below.

1. Compliance with all laws, rules and regulations

The Company is committed to observing all applicable laws, rules, regulations, and reporting and disclosure requirements, whenever there is a requirement to do so as a result of our business presence and transactions.

A dedicated tax team will collaborate with our businesses to provide advice and guidance necessary to ensure compliance, obtaining external advice where appropriate. The tax team is composed of qualified professionals with clear responsibilities defined by management and backed up by regular monitoring and review.

2. Approach to tax planning and risk appetite

Tax decisions will be made at all times in a manner consistent with the Company's overall strategy and values. Key business decisions should be made with the understanding of the tax consequences while maintaining our fiduciary duty to Bread Financial's stockholders. The Company does not participate in aggressive tax planning strategies and has a low tolerance for tax risk; and proactively engages with external professional advisors to achieve certainty on our tax position. The tax team will partner with Company businesses to ensure consistency with this strategy.

3. Tax risk management and governance

Responsibility and accountability for the Company's tax affairs are clearly defined within each tax team job description, and financial decisions will be taken at an appropriate level, as determined by a formal delegation of authority. The tax team is led by a professional who reports directly to Bread Financial's Chief Financial Officer. This professional meets with the Board on an annual basis and responds to any tax inquiries the Board may have.

Diligent professional care and judgment will be employed to assess tax risks in order to arrive at rational conclusions on how such risks should be managed. Where there is material uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from external professional advisers to support the decision-making process.

In reviewing the risks of a tax action or decision, always bearing in mind the requirements of the Tax Policy, the following will be considered:

- legal and fiduciary duties of directors and associates;
- requirements of our Company core values and policies, including, but not limited to, the Company's Code of Ethics;
- maintenance of corporate reputation;
- tax benefits and impact on the Company's reported result compared to the potential financial costs involved, including the risk of penalties and interest; and
- consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

The tax team has a tax control framework in place to manage the Company's tax risks. The controls are monitored frequently to ensure they are operating effectively. These controls include compliance and risk monitoring systems along with internal and external audit reviews of tax compliance activity across the Company.

4. Relationships with tax authorities

The Company believes that it should pay the amount of tax legally due in any territory. The Company is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with the tax authorities and other relevant bodies will be conducted in a professional manner. The Company desires to achieve early agreement on disputed matters, and to achieve certainty

wherever and whenever possible. Circumstances will arise where this amount may not be clearly defined, or where different approaches may result in different tax outcomes. The Company will use its best judgement in determining the appropriate course of action.

5. Intent to comply with UK legislation

The United Kingdom (UK) passed legislation that requires businesses to prepare and publish (publicly) an annual statement about their UK tax strategy. The legislation came into force in September 2016 and applies to financial years beginning on or after September 15, 2016.

In particular, this legislation addresses the relationship between large businesses and His Majesty's Revenue and Customs ("**HMRC**") in the UK, and promotes best practice in business governance over UK tax affairs. The Tax Policy aligns with the published draft. In particular, the Company commits to:

- adopt open and collaborative professional relationships at all times with HMRC;
- engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result that is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of UK Parliament; and
- interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.

2.3 Effectiveness

This Tax Policy is effective for the calendar year ending December 31, 2025.

3.0 Policy Maintenance

3.1 Policy Owner

This Policy is owned and maintained by Bread Financial's VPs of Tax, under the direction of the Chief Financial Officer.

3.2 Policy Approver

This Tax Policy will be reviewed and approved by the Enterprise Compliance Council (or successor thereof) on an annual basis, or more frequently as necessary. Any material amendments will be approved by the Board.

3.3 Version Control History

Version	Policy Owner	Scope of Review/Changes	Approver	Approval Date
1.0	J. Fair	Initial Policy approved.	ECC Board of Directors	11-9-2017 12-5-2017
2.0	J. Fair	Minor revisions.	ECC Board of Directors	11-14-2018 12-13-2018
3.0	J. Fair	New policy format; minor revisions; updated effective date.	ECC Board of Directors	11-12-2019 12-18-2019
4.0	J. Fair	Updated effective date for 2021	ECC Board of Directors	11-10-2020 11-17-2020
5.0	J. Taylor N. Westinghouse	Updated effective date for 2022	ECC Board of Directors	10-27-2021 11-9-2021
6.0	J. Taylor N. Westinghouse	Updated effective date for 2023	ECC Board of Directors	11-8-2022 11-15-2022
7.0	VP Tax, under direction of the CFO	Updated effective date for 2024	ECC Board of Directors	11-3-2023 11-28-2023
8.0	J. Taylor N. Westinghouse	Updated effective date for 2025	ECC Board of Directors	11-6-2024 11-19-2024