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TCFD Report

APRIL 2023

About this report

This is Synchrony Financial's second report under the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, and should be read together with our 2022 Environmental, Social and Governance (ESG) Report published in April 2023. This report covers the period from January 1, 2022, to December 31, 2022, and all data in this report is as of December 31, 2022, except as otherwise noted.

The disclosures in our ESG report and this TCFD report are voluntary disclosures. The definition of materiality used for our filings with the U.S. Securities and Exchange Commission (SEC) is not the same as that used for our voluntary ESG and climate-related disclosures. It should not be assumed that information included in this TCFD report is material under the definition of materiality established under the U.S. federal securities laws.

This TCFD report includes certain non-financial data and information which is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

This TCFD report contains forward-looking statements that are provided under the "safe harbor" protection of the Private Securities Litigation Reform Act of 1995, including statements regarding our ESG and climate-related goals, impacts, programs, and other business plans, initiatives and objectives. Forward-looking statements include all statements that do not relate solely to historical or current facts and involve a number of known and unknown risks, uncertainties and other important factors that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, without limitation, those described in our recent filings with the SEC, including, without limitation, in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If a circumstance occurs after the date of this TCFD report that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

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Introduction

Synchrony Financial (Synchrony) is a premier consumer financial services company delivering one of the industry's most complete digitally-enabled product suites. Our experience, expertise and scale encompass a broad spectrum of industries including digital, health and wellness, retail, telecommunications, home, auto, outdoor, pet and more. We have an established and diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our "partners." We connect our partners and consumers through our dynamic financial ecosystem and provide them with a diverse set of financing solutions and innovative digital capabilities to address their specific needs and deliver seamless, omnichannel experiences. We offer the right financing products to the right customers in their channel of choice.

At Synchrony, we are driven by our vision to build a future where every ambition is within reach. This vision powers all facets of our business, including our ESG initiatives. Doing what's right on the ESG topics most significant to our business and our stakeholders has earned Synchrony places on lists such as Fortune's 100 Best Companies to Work For® list and Best Large Workplaces in Financial Services and Insurance list; JUST Capital's JUST 100 list of America's best corporate citizens, including #1 for Workers and #2 for Communities in the Transaction Processing industry; and People's Companies that Care list.

To deliver on our vision for the future, we have a responsibility to understand our climate-related risks and opportunities and to do our part to address climate change. The publication of our inaugural report under the TCFD recommendations in 2022 marked a significant milestone in our journey, and we believe implementation of the TCFD recommendations over the coming years will sharpen our focus and promote integration of climate-related considerations in our business processes. Our climate journey remains centered on the maturation and enhancement of our processes for identifying, evaluating and better understanding climate-related risks and opportunities for our business and stakeholders, which in turn will help Synchrony navigate the transition to a more sustainable economy.

Our responses to the TCFD recommendations in this report are organized into sections that align with the TCFD framework: Governance; Strategy; Risk Management; and Metrics and Targets. Our report reflects input from subject matter experts from multiple functions and outreach into several areas of our business.

Governance

Disclose the organization's governance around climate-related risks and opportunities

Board oversight

Thoughtful stewardship of ESG topics that meaningfully impact Synchrony and our stakeholders is the right thing to do, and can reduce risk and support long-term value creation for our customers, partners, employees, suppliers and communities.

Our full Board of Directors (Board) receives regular updates on ESG topics, including climate-related matters, as well as committee reports throughout the year. As a consumer financial services company, we view our most significant ESG topics as fair lending; responsible marketing; financial inclusion and access; data privacy and information security; human capital management (including equity, diversity, inclusion and citizenship); and community investment. We identified these topics based on an ESG materiality assessment, which we first conducted in 2018 and most recently refreshed in 2021. Our latest assessment incorporated internal and external inputs. Among other resources, we considered our strategic priorities and plans; our enterprise risk assessments; feedback from a cross-functional group of our senior leaders; statements on ESG priorities from our regulators; policy statements and direct feedback from our stockholders; and topic guidelines for our industry sector under ESG disclosure frameworks.

Our Board delegates primary responsibility for more frequent and direct oversight of Synchrony's ESG strategy and performance to our Nominating and Corporate Governance Committee (NCGC). The NCGC receives updates from management on ESG at least four times per year, including periodic discussions on climate-related matters. At the same time, all Board committees engage in matters that impact our ESG strategy, risk assessment and mitigation, and performance through the various activities that are overseen at the board level.

For example, ESG is an area of increased emphasis in the operation of our Enterprise Risk Governance Framework, which the Risk Committee of our Board oversees, and reviews and approves at least annually. Many risks associated with our most significant ESG topics are covered by our key risk governance processes, and our Risk Committee oversees ongoing efforts by our Enterprise Risk team to understand ESG elements across our Enterprise Risk Assessment (ERA) process as described under the "Risk Management" section.

Management's role

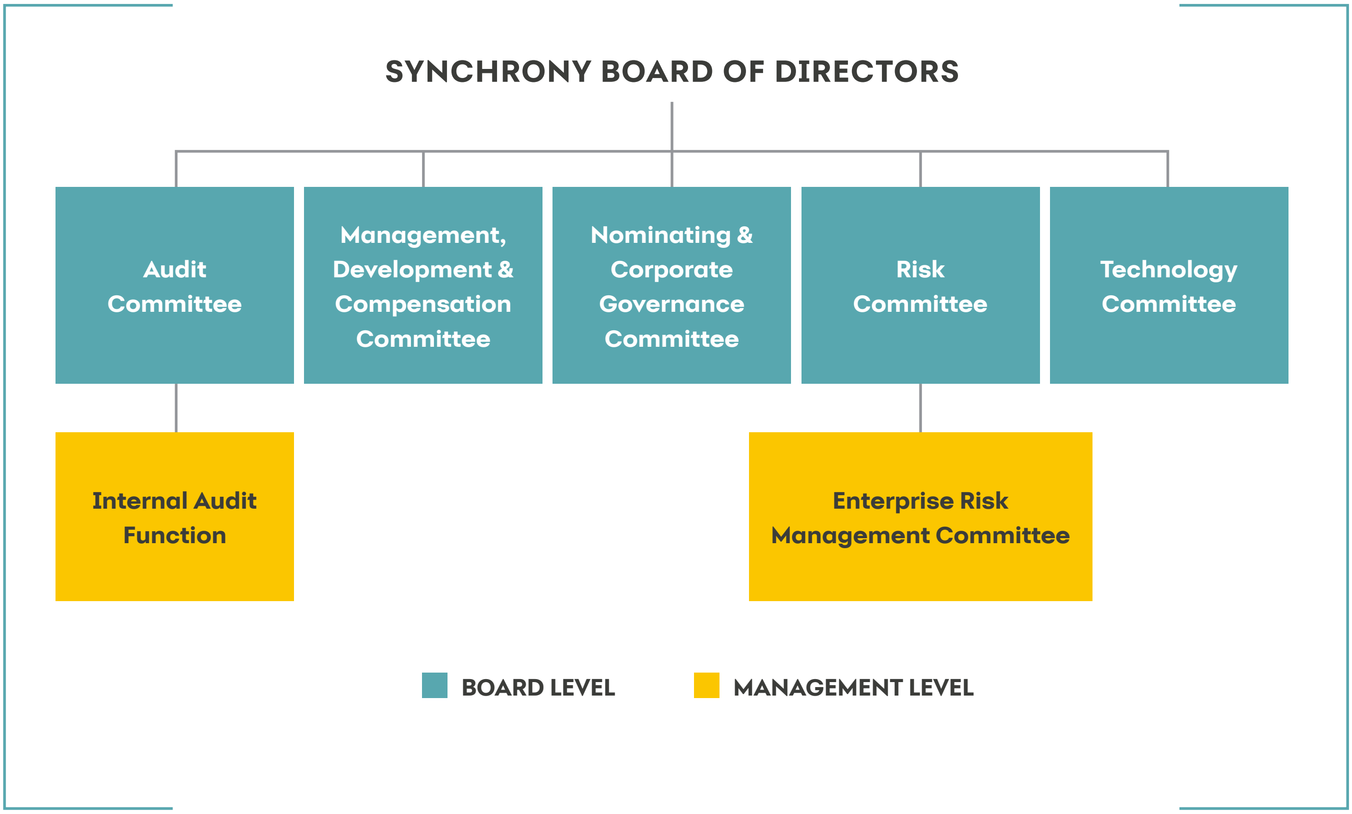
Synchrony's executive leadership team directly engages in our ESG initiatives and strategy. We maintain a cross-functional ESG Working Group comprised of senior executives and employees who monitor our current ESG progress, including our ongoing efforts to develop processes to identify, evaluate and better understand our climate-related risks and opportunities. In addition to developing our ESG strategy, the working group partners with our business and operational leaders to further integrate ESG across our company.

We formalized management roles and responsibilities, with a dedicated ESG leader and an ESG manager within the office of our General Counsel. Our General Counsel, ESG leader and ESG manager are invited to attend all NCGC meetings, and provide the committee with ESG updates at least four times per year.

Our ESG Working Group includes representatives from the Environmental, Health and Safety (EHS) team that is directly responsible for improving the energy efficiency of our operations, reducing our consumption of natural resources and waste generation, and reducing our greenhouse gas (GHG) emissions. Our EHS and Business Continuity and Disaster Recovery teams are led by our Chief Technology and Operating Officer, who is responsible for building our technology and operations strategy, and plays a key role in assessing and monitoring external pressures on our operations including climate-related implications. This role provides governance and oversight to ensure resilience and continuity, and response capabilities are developed, implemented, and maintained to safeguard our employees, customers, and products and services.

Our Chief Risk Officer manages our independent risk management team and, as the chair of our Enterprise Risk Management Committee (ERMC), is responsible for establishing and implementing standards for the identification, management, measurement, monitoring and reporting of risk, including any ESG risks, on an enterprise-wide basis. Our ERMC is a management committee which reports to the Risk Committee of our Board and provides oversight and ensures the effectiveness of risk management governance and activities across our business and functions.

Our Chief Audit Executive, who functionally reports to the chair of the Audit Committee of our Board, and the Internal Audit function creates an Annual Internal Audit Plan, which identifies areas of our business that will be audited in the coming year. Coverage of ESG is a consideration in the formulation of the Annual Internal Audit Plan.


SYNCHRONY BOARD OF DIRECTORS
Audit Committee
Management, Development & Compensation Committee
Nominating & Corporate Governance Committee
Risk Committee
Technology Committee
Internal Audit Function
Enterprise Risk Management Committee
BOARD LEVEL
MANAGEMENT LEVEL

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is financially material

To date, climate-related risks have not been determined through our risk management processes to be material to our operations at this time, because Synchrony is a financial services company primarily focused on consumer lending with geographically dispersed partners, consumers and employees. Additionally, we operate our deposits platform online only without physical branches. We continue to monitor closely both internal and external developments to identify potential impacts of climate-related risks and opportunities.

Synchrony recognizes that every company has a role to play in the transition to a more sustainable economy. To support this transition, our climate efforts seek to:

- improve the environmental sustainability of our operations through initiatives to improve energy efficiency, reduce consumption, conserve resources and lower emissions and waste;
- monitor and address our suppliers' ESG practices, including their climate-related initiatives, as part of our overall supplier management program;
- improve visibility, efficiency and sustainability decision-making within our supply chain through engagement with our key stakeholders and suppliers;
- identify and mitigate climate-related risks that may impact our business; and
- identify and investigate climate-related opportunities that align with our strategic imperatives and are in line with our risk appetite.

To enable the continued development and maturity of our climate strategy, we are making investments to build our internal capacity for climate-related data collection and calculation, risk management and reporting.

We utilize enterprise-wide processes to develop strategic plans and strategic imperatives that are informed by our risk processes and are in line with our risk appetite. Historically, our consideration of potential climate-related risks has been undertaken at a regular interval primarily through our ERA. Looking ahead, we seek to incorporate potential impacts of climate-related risks and opportunities within our processes to inform our business, strategic and financial planning. For instance, we continue to evaluate the potential use and benefits of climate-related risk event scenarios within our capital planning and stress testing process.

Climate-related risks that may implicate our business include:

- Operational risks arising from:
  - —acute physical risks, such as reduced revenue from business disruptions or restoring damaged facilities;
  - —chronic physical risks, such as increased costs associated with greater need for heating or cooling due to changing temperatures;
  - —technology transition risks, such as increased costs related to data center resiliency; or
  - —regulatory transition risks, such as increased costs of utilities due to any new fuel and energy taxes and regulations applicable to our utility providers; and
- Reputational risks arising from certain transition risks, such as changes in regulator, investor, consumer and other stakeholder expectations or preferences.

The climate-related opportunities we seek include reducing operating costs by improving the energy efficiency of our facilities and reducing our consumption of resources such as water, paper and plastics. We also actively pursue opportunities to innovate our products and product strategies to address consumer preferences with respect to climate change. For example, holders of the Sam's Club Mastercard issued by Synchrony Bank earn 5 percent back in Sam's Cash on electric vehicle (EV) charges at eligible charging stations in the United States. We also expanded the utility of our Synchrony Car Care credit card to enable that entire cardholder base to use their cards at EV charging stations in the United States.

Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks

Responsibility for risk management flows to individuals and entities throughout Synchrony, including our Board, various board and management committees, and senior management. Our corporate culture and values, in conjunction with the risk management accountability incorporated into the integrated Enterprise Risk Governance Framework, which includes governance structure and three distinct Lines of Defense, facilitates the evolution of an effective risk presence across Synchrony.

Our lines of defense

Our "First Line of Defense" consists of the business areas whose day-to-day activities involve decision-making and associated risk-taking for our company. As the business owner, the first line is responsible for identifying, assessing, managing and controlling that risk, and for mitigating our overall risk exposure. The first line formulates strategy and operates within the risk appetite and risk governance framework.

Our "Second Line of Defense," also known as the independent risk management organization, provides oversight of first line risk-taking and management. The second line assists in determining risk capacity, risk appetite and the strategies, policies and structure for managing risks. The second line owns the risk governance framework.

Our "Third Line of Defense" is comprised of Internal Audit. The third line provides independent and objective assurance to senior management and to our Board and the Audit Committee of our Board that the first and second line risk management and internal control systems and its governance processes are well-designed and working as intended.

Synchrony utilizes several risk management programs to assess and manage our climate-related risks.

Enterprise Risk Management (ERM) program

Our enterprise risk management philosophy is to ensure that all relevant risks are appropriately identified, measured, monitored and controlled. Our approach in executing this philosophy focuses on leveraging risk expertise to drive enterprise risk management using a strong Enterprise Risk Governance Framework structure, a comprehensive ERA process and an effective risk appetite framework.

We organize our risk management around six major risk categories: Credit Risk, Market Risk, Liquidity Risk, Operational Risk (including Compliance), Strategic Risk and Reputational Risk. ESG, including climate-related risk, is primarily addressed in Operational Risk and Reputational Risk.

Operational Risk includes the risk of loss arising from external events such as extreme weather and other natural disasters. Reputational Risk arises from negative perception on the part of customers, counterparties, shareholders, investors, rating agencies, regulators and employees that can adversely affect our ability to maintain existing talent and customers and establish new business relationships with continued access to sources of funding. We evaluate the potential impact of a risk event on Synchrony by assessing the partner and customer, financial, reputational, and legal and regulatory impacts.

A key component of our ERM program is the ERA process, which is designed to identify, assess and quantify risk across our primary risk categories and serves as a basis to determine our risk profile. ESG considerations are incorporated into our Reputational Risk rating scale.

The ERA uses a methodology that measures each risk's likelihood, impact, vulnerability and the speed of onset and then generates a final risk rating. The ERA is performed three times a year, and is the basis of our material risk inventory, which is a key input in our strategic planning and capital planning processes.

We recently integrated consideration of climate-related risk into our Universal Risk Assessment (URA). The URA is performed whenever Synchrony introduces new, expanded or modified products and services through our New Product Introduction process.

Looking ahead on our journey to mature and enhance our processes, where needed, to enable identification and assessment of climate-related risks. We expect to assess climate-related physical and transition risks and opportunities to improve our understanding of potential impacts of climate change on our business, operations and stakeholders. We continue to evaluate the potential use and benefits of climate-related risk event scenarios to inform our capital planning and stress testing process. We anticipate taking into consideration emerging regulations and evolving stakeholder expectations, alongside factors such as operational disruptions and impacts on our employees and communities.

Operational resilience and business continuity

Our Resilience Risk Management function, which comprises our Business Continuity, Disaster Recovery and Crisis Management programs, partners with process owners across our business to develop and enhance resilience capabilities for our people, physical hubs, processes and technology.

In collaboration with Operational Risk Management, Information Security and Supplier Management, the Resilience Risk Management function identifies, evaluates and mitigates threats that could disrupt the continuous delivery of products and services to our partners and cardholders, including threats posed by climate-related events that may increase in frequency or severity due to climate change. The function also analyzes potential risks existing in our hubs' geographic areas, including considerations for climate-related risks in flood-prone areas, areas affected by tornadoes and hurricanes, and areas where extreme weather may impact the power grid. Operational resilience informs, among other things, our physical hub strategy as well as our Supplier Management due diligence process.

Risks to operational resilience and transition risks arising from public policy changes and rapidly evolving stakeholder expectations on ESG are addressed in our Enterprise Risk Governance Framework through the activities in the ERA and noted as risk factors in our public disclosures.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

As we continue our journey to formalize our efforts to do our part to address climate change, we continue to build on the progress we have made to date.

- Our efforts to improve the energy efficiency of our operations include energy-efficient buildings and office lighting, LED technology, office occupancy sensors, recycling programs and green spaces. In 2023, we plan to replace the building management system for heating, ventilation and air conditioning (HVAC) at our Altamonte Springs, FL, hub. In 2021, we undertook a series of upgrades to our roof top HVAC units and the roof insulation at the same hub.

- We lease four facilities that meet EPA ENERGY STAR status and seven facilities with LEED (Leadership in Energy and Environmental Design) certification. These account for approximately 50% of our global operating square footage.

- Our data center provider is transitioning to focus on renewable energy sources and has expressed a commitment to implementing technologies and strategies to achieve a more sustainable future. In 2021, our provider announced its intention to purchase 67 MW of renewable energy as part of its pledge to operate carbon-free by 2040. Our provider's Arizona data center received an "Environment + Energy Leader Award" for becoming a net positive water data center, which is particularly notable because the Arizona site is in a high water-stress region.

- Our digital channels make it easy for our cardholders to receive statements and make payments electronically. We continue to encourage adoption of this option through regular communications with our cardholders. In 2022, over 54% of our customers received paperless statements, as compared to over 32% in 2018, which equates to approximately 162 million fewer paper statements being printed and mailed in 2022 and approximately $83 million less in postage costs (at 2022 postage rates) than if our paperless statement rate remained at the 2018 average level. In addition, approximately 65% of all payments made by our customers were done through Synchrony's digital channels and approximately 57% of our total applications were done digitally. In 2022, we initiated a pilot to test a new card activation process, and in the test population, digital activation reached 78% compared to 41% in the control group. Given those results, we have expanded the pilot in 2023. We anticipate customers who activate digitally will be more likely to use a digital channel for future interactions.

- In 2022, Synchrony recycled over 10,000 pieces of electronic equipment totaling over 145,000 pounds of recycled material. Our ongoing environmental stewardship to reduce e-waste not only saves energy and GHG emissions, but also keeps some extremely harmful toxins such as lead, zinc, mercury and flame retardants from polluting our landfills and drinking water.

To support our goal to improve the sustainability of our operations, we have begun a journey to measure and report climate-related metrics from our operations. Previously, we put in place an internal monitoring and review process to refine accuracy over time. In 2022, we engaged a third party to support our calculations of GHG emissions and water usage metrics, including support for collection of underlying data, for each of the 2020, 2021 and 2022 calendar years, and we anticipate these calculations will serve as a foundation for a comprehensive assessment of our GHG emissions. We use the metrics to guide the evolution of our sustainability programs, including our efforts to reduce our emissions through efficiency improvements and engagement with our key stakeholders, and the development of any future climate-related commitments. Recognizing the importance of defining the right metrics and targets, we will continue to evaluate the metrics we use to assess our climate-related risks and opportunities.

Reduction in GHG emissions and energy and water usage shown in our Key Environmental Metrics is primarily due to reductions in our total square footage and reduced overall demand related to COVID-19 work-from-home arrangements. Although we allow all our employees to work from home permanently, emissions and energy and water usage are expected to increase as some employees return to our hubs. We recognize that emissions and energy use are not eliminated because of work-from-home, and we are working to understand the interplay between the reduction of emissions from less commuting and lower energy use and the increase in home energy use.

KEY ENVIRONMENTAL METRICS

METRIC	UNIT	2022[1]	2021[1]	2020[1]
Greenhouse Gas Emissions—Total[2]	MT CO_2e	25,200	19,943	26,587
Greenhouse Gas—Scope 1 Emissions	MT CO_2e	215	256	1,786
Greenhouse Gas—Scope 2 (Market Based) Emissions	MT CO_2e	17,641	16,186	18,631
Greenhouse Gas—Scope 3 Emissions[3]	MT CO_2e	7,344	3,501	6,170
Total Energy[4]	GJ	147,576	137,385	202,668
Total Water Usage[5]	Gallons	23,900,987	20,379,943	31,546,874
Osha Recordable Rate	Per 100 Employees	0.04	0.04	0.06

1. In 2022, we engaged Schneider Electric to support our calculation of GHG emissions, energy and water usage metrics, including support for collection of underlying data, for all years presented. The 2020 and 2021 GHG emissions, energy and water usage metrics reflect updates to previously disclosed metrics resulting from process and methodology changes and the availability of additional data. We previously disclosed under Scope 3 emissions the GHG emissions attributable to data centers in which our data servers are located. The sites housing those data servers are owned and operated by a third party data center provider. The information technology equipment used to house Synchrony data is owned by Synchrony. As such, the emissions attributable to the electricity consumed by our data servers housed in third party data centers are now disclosed under Scope 2 emissions for all years presented. The emissions attributable to cooling the third party data centers continue to be disclosed under Scope 3 emissions for all years presented.

2. 'Greenhouse gas emissions – total' is the sum of Scope 1, Scope 2, and Scope 3 emissions. US-based Scope 1 and Scope 2 emissions are calculated using current emissions factors from utilities, US Residual Mix, US EPA MRR, and US EPA eGrid. Scope 1 and Scope 2 emissions for our locations in India and the Philippines are calculated using current emissions factors from the International Energy Agency.

3. Greenhouse Gas – Scope 3 emissions from cooling the third party data centers are calculated using the same emission factors as are used to calculate the electric power used by our data servers (see footnote 2). Greenhouse Gas – Scope 3 emissions associated with our leased car fleet and business air travel are calculated using 2022 Defra emission factors. All Scope 3 figures disclosed are based on available data and methodologies and may not represent 100% coverage of these categories.

4. Total energy is based on facilities where metered and/or measured data is available, and represents electricity usage for over 93% of total square footage in each year presented and gas service for over 99% of total square footage in each year presented. Where metered and/or measured data is not available, estimates are used based on actual data or per square foot energy usage intensities.

5. Total water usage is based only on facilities where metered and/or measured data is available, and represents water usage for over 86% of total square footage in each year presented.