

Synchrony Financial
Form DEF 14A
April 05, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12

(Name of Registrant as Specified in its Charter)

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**Notice of
2019 Annual
Meeting of
Stockholders**

Dear Stockholders:

You are invited to attend Synchrony Financial's 2019 Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 23, 2019 at 11:00 a.m., Eastern Time, for the following purposes:

To elect the 10 directors named in the proxy statement for the coming year;

To approve our named executive officers' compensation in an advisory vote;

To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2019; and

To consider any other matters that may properly come before the meeting or any adjournments or postponements of the meeting.

The meeting will again be held virtually to provide expanded access, improved communication and cost savings for our stockholders and Synchrony Financial. Hosting a virtual meeting enables increased stockholder attendance and participation

because stockholders can participate from any location. We ensure that at our virtual meeting, all attendees are afforded the same rights and opportunities to participate as they would at an in-person meeting. During the live Q&A session of the meeting, we answer questions as they come in, and we commit to publishing each question received following the meeting. The live webcast is available to stockholders and the general public at the time of the meeting, and a replay of the meeting is made publicly available on the company's website. The website address for the virtual meeting is:
www.virtualshareholdermeeting.com/SYF2019.

To participate in the meeting, you will need the 16-digit control number included on your Notice of Internet Availability of Proxy Materials, on your proxy card or in the instructions that accompanied your proxy materials. The meeting will begin promptly at 11:00 a.m., Eastern Time. Online check-in will begin at 10:45 a.m., Eastern Time, and you should allow for time to complete the online check-in procedure. You are eligible to vote if you were a stockholder of record at the close of business on March 28, 2019. Proxy materials are being mailed or made available to stockholders on or about April 5, 2019. Whether or not you plan to attend the meeting, please submit your proxy by mail, internet or telephone to ensure that your shares are represented at the meeting.

Sincerely,

Jonathan S. Mothner

Executive Vice President,

General Counsel and Secretary

April 5, 2019

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Proxy Summary

This summary highlights certain information in this proxy statement in connection with our 2019 Annual Meeting of Stockholders (the Annual Meeting). As it is only a summary and does not contain all of the information you should consider, please review the complete proxy statement before you vote. In this proxy statement, references to the Company and to Synchrony are to Synchrony Financial. For answers to frequently asked questions regarding the Annual Meeting, please refer to pages 58-60 of this proxy statement. Proxy materials are being mailed or made available to stockholders on or about April 5, 2019.

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Proxy Summary

2018 Performance Highlights

Business and Strategic Updates

We generated strong operational and financial results in 2018, including the acquisition of the U.S. PayPal Credit program, which is the largest partner win in our history. While we did not renew the Walmart program, we successfully renewed over 50 relationships, including five of our largest ongoing programs PayPal, Lowe's, JC Penney and, in January 2019, Amazon and Sam's Club, a Walmart subsidiary. In addition to renewing key partnerships, we won over 35 new business deals. We continued to grow our Payment Solutions Car Care and HOME credit card networks. In addition, we expanded our CareCredit network into 11 new specialties. We continue to invest in our digital capabilities and expanded our network, focusing on ease of card use across platforms, as well as card utility, and enhancing our competitive position in the rapidly changing marketplace.

Fiscal Year 2018 Financial Performance Highlights

44.2% Increase in Net Earnings to \$2.8 billion

54.5% Increase in Diluted Earnings Per Share to \$3.74

Returned \$2.4 billion in capital to stockholders (\$1.9 billion in share repurchases and \$0.5 billion in dividends)

Industry leading Efficiency Ratio* of 30.8%

Better 2018 Return on Assets than two out of three direct peers**

Increased Deposits 13.3% to \$64.0 billion, now 73% of total funding

*For Synchrony, Efficiency Ratio represents (i) other expense, divided by (ii) net interest income, after retailer share arrangements, plus other income.

**Direct peers include American Express Company, Capital One Financial Corporation and Discover Financial Services.

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Proxy Summary

Executive Compensation**Stockholder Engagement and Responsiveness to 2018 Vote**

Following our 2018 Annual Meeting of Stockholders, the Management Development and Compensation Committee (MDCC) reviewed the results of the stockholder advisory vote on executive compensation in which approximately 66% of votes were cast in favor of the proposal, a decline from 97% in 2017.

The MDCC and management conducted extensive outreach with our stockholders leading up to and following our 2018 Annual Meeting to better understand their perspectives on our compensation program, particularly for those who voted against our say-on-pay proposal. In total, we reached out to our top 30 stockholders representing over 60% of our outstanding shares, had conversations with all stockholders who expressed interest in meeting with us (14 stockholders representing approximately 35% of our outstanding shares), and engaged with proxy advisory firms. Richard Hartnack, Chair of the Board and Chair of the MDCC, participated in the vast majority of the meetings with stockholders, and feedback received was regularly shared and discussed with our full Board.

The MDCC considered several potential changes to the compensation program and discussed them with the full Board and with investors during our stockholder engagement. Following these helpful dialogues and the MDCC's own discussions, a number of actions were taken, several of which are highlighted below.

Areas of Focus	Actions We Took
Avoid One-Time Special Equity Grants	The MDCC determined that it would not make special one-time grants to NEOs other than to attract external hires
Emphasize Alignment of Pay for Performance	<p>Our Chief Executive Officer (CEO) voluntarily agreed with the MDCC to forfeit \$1 million in restricted stock unit awards (RSUs) granted to her in 2018</p> <p>Our CEO received no increase in any component of her direct total pay for 2018</p>
	While the Company delivered strong financial performance in 2018, given the non-renewal of the Walmart program and the Company's annual total stockholder return (TSR) for 2018 relative to peers, the MDCC applied a 10% decrease in the Annual Incentive Plan (AIP) award for all executives

Further Align Incentive Metrics with Stockholders, Including by Adding Relative TSR Performance Measure

The MDCC added a TSR modifier to our long-term performance awards (PSUs) to be granted in 2019 that will be linked to stockholder returns relative to peers over the 2019 - 2021 performance period

We increased the weight of Net Earnings in our annual cash bonus awards under the AIP (1/3 in 2017, 45% in 2018 and 50% in 2019)

Add Transparency to Disclosure

We enhanced disclosure of our pay metrics in this proxy statement, providing minimum, target and maximum funding goals for both our annual cash bonus awards under the AIP and the 2016 - 2019 PSUs

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Proxy Summary

Mix of Pay

A majority of our NEOs' compensation is performance-based and therefore at risk. The only fixed compensation paid is base salary, which represents approximately 11% of the CEO's total direct compensation and no more than 28% of the other NEOs' total direct compensation.

The mix of direct pay as of the end of 2018 for our CEO and CFO is shown below.

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Proxy Summary

Align Incentives with Stockholders

The MDCC evaluates several financial and operational achievements against our peers, including return measures, growth metrics, efficiency ratio and TSR. Performance during 2018 against our peers ranked first or second out of our direct peers for Efficiency Ratio and Return on Assets.

During the five-year period from 2014 through 2018, our annualized receivables growth rate and annualized earnings growth rate ranked first compared to our direct peers:

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Proxy Summary

Best Practice Compensation Programs and Policies

The MDCC has implemented the following measures as part of our executive compensation programs:

What We Do:

Substantial portion of executive pay based on performance against goals set by the MDCC

Risk governance framework underlies compensation decisions

Updated: Enhanced stock ownership requirements for executive officers

Minimum vesting of 12 months for any options or stock appreciation rights

Minimum vesting of 12 months for any restricted stock or RSUs

Limited perquisites

Use of peer company benchmarking

Double-trigger vesting of equity and long-term incentive plan awards upon change in control

Updated: Compensation subject to claw-back in the event of misconduct and expanded to "no fault" in the case of financial restatements

One-year "Say-on-Pay" frequency

Updated: New independent compensation consultant advises the MDCC

What We Don't Do:

No hedging or pledging of Company stock

No employment agreements for executive officers

No ~~tax~~ gross-ups for executive officers

No discretion to accelerate the vesting of awards

No cash buyouts of stock options or stock appreciation rights with exercise prices that are not in-the-money

No payout of dividends on unvested equity prior to the vesting date

No backdating or repricing of stock option awards

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Proxy Summary

Corporate Governance

We believe that strong corporate governance is integral to building long-term value for our stockholders and enabling effective Board oversight. We are committed to governance policies and practices that serve the interests of the Company and its stockholders. The Board monitors emerging issues in the governance community and continually reviews our governance practices to incorporate evolving best practices and stockholder feedback.

A few of our corporate governance best practices include:

Technology Committee of the Board

A key part of our strategic focus is the continued development of innovative, efficient, flexible technology to deliver products and services that meet the needs of our partners and enables us to operate our business efficiently. The integration of our technology with our partners is at the core of our value proposition, enabling us to help our partners anticipate and deliver the experiences and tools consumers want, while reducing fraud and enhancing customer service. Recognizing the importance of technology and innovation to our future success, and in order to better leverage the Board's technology expertise, we created a committee of the Board devoted exclusively to technology and innovation. The Technology Committee reviews and advises the Board on major strategies and other subjects relating to the Company's approach to technology-related innovation, the technology development process and existing and emerging technologies. The Chair of the Technology Committee is Art Coviello, a leader in the technology industry and former Executive Vice President of EMC Corporation and Executive Chairman of RSA Security, Inc.

Board Refreshment

The Nominating and Corporate Governance Committee routinely assesses the composition of our Board to ensure that we have the right mix of skills and experience to maximize our Board's potential and align our Board's strengths with our strategic direction. To this end, the Board appointed Ellen Zane as a new independent director in February 2018. Ms. Zane has significant executive experience in the healthcare industry, specifically as the former CEO of a large teaching and research medical center, and brings a wealth of financial and other expertise to the Board.

Environmental, Social

and Governance Highlights

Corporate and social responsibility demonstrates the kind of company we are and reflects how we build and maintain trust and credibility with our stakeholders, including our customers, partners, employees and stockholders. Recognizing the importance of Environmental, Social and Governance (ESG) matters, the Board formalized the ongoing oversight that the Nominating and Corporate Governance Committee exercises over ESG matters in its charter. The Board also formalized in the Risk Committee's charter its supervision of cyber security, which is one of our top ESG priorities. In 2018, management launched a cross-functional team that will help to shape the Company's ESG initiatives and strategy and report regularly to the Nominating and Corporate Governance Committee. You can

read more about our ESG efforts in our Corporate Social Responsibility report at www.synchrony.com.

Board's Role in Strategy

The Board actively oversees the Company's strategic direction and the performance of our business and management. On an annual basis, the Board conducts an intensive, multi-day review of the Company's strategic plan, taking into consideration economic, consumer, technology and other significant trends, as well as developments in the industry and regulatory initiatives. The Board's input is then incorporated into the strategic plan and approved at the subsequent Board meeting. The output of these meetings provides the strategic context for the Board's discussions at its meetings throughout the next year, including regular updates and feedback from the Board on the Company's progress on its strategic plan and deep dives on developments in important areas such as cyber security. In addition, the Board regularly discusses and reviews feedback on strategy from our stockholders and other stakeholders.

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Corporate Governance Practices

Stockholder Engagement

We continue to value our stockholders' perspectives on our strategy and governance practices. We believe that maintaining a dialogue with our stockholders allows us to better understand and respond to their perspectives on matters of importance to them. In 2018, we engaged with representatives of a majority of our outstanding shares on a variety of topics, including our growth plans, business strategy, board composition, governance and compensation practices and environmental and social issues.

Commitment to Diversity

We believe diversity makes our business stronger, more innovative and more successful. We have strong hiring practices for women, minorities, veterans, the LGBT community and people with disabilities. 40 percent of the Board are women, including our President and CEO, as well as our newest director, Ms. Zane. We promote this inclusive culture by sponsoring eight different employee Diversity & Inclusion Networks.

Our governance highlights include:

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9 out of 10 directors are independent

Experienced Board members with a diversity of skills and experiences

6 out of 10 directors are women and/or minorities

Each Board committee is comprised exclusively of independent directors

Non-executive Chair of the Board

Regular meetings of independent directors in executive session without management

Annual election of all directors

Majority voting standard for directors in uncontested elections

Stockholder special meetings may be called upon the request of a majority of stockholders

Single-class voting structure (one share, one vote)

No stockholder rights plan

Stock ownership requirements for our executive officers and directors, including enhanced requirements adopted in 2018 for our CEO and CFO

Stockholder proxy access

Nominating and Corporate Governance Committee regularly reviews overall corporate governance framework and oversees the Company's corporate, environmental and social responsibility efforts

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Proxy Summary

Board of Directors

We believe that our directors possess the highest personal and professional ethics, deep industry knowledge and expertise, and are committed to representing the long-term interests of our stockholders. We deliberately and thoughtfully formed an independent Board with diverse perspectives and experiences, which we believe is critical to effective corporate governance and to achieving our strategic goals. Today, nine of the 10 directors on our Board are independent, four of the directors are women and three of the directors are minorities. The composition of the Board reflects distinct and varied professional experience and cognitive diversity.

Experience, Diversity and Independence

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Proxy Summary

Board Qualifications

Name	Age	Director Since	Independent	Committee Membership
Margaret M. Keane President and CEO of Synchrony Financial	59	2014		
Paget L. Alves Former Chief Sales Officer of Sprint Corporation	64	2015		Audit; Nominating and Corporate Governance; Technology
Arthur W. Coviello, Jr. Former Executive Vice President of EMC Corporation Former Executive Chairman of RSA Security, Inc.	65	2015		Risk; Technology (Chair)
William W. Graylin Chairman and CEO of OV Loop, Inc. Former Global Co-General Manager of Samsung Pay, Samsung Electronics America, Inc.	50	2015		Risk; Technology
Roy A. Guthrie Former CEO of Renovate America Inc. Former Executive Vice President and Chief Financial Officer (CFO) of Discover Financial Services, Inc.	65	2014		Risk (Chair)

<p>Richard C. Hartnack</p> <p>(Chair of the Board)</p> <p>Former Vice Chairman and Head, Consumer and Small Business Banking of U.S. Bancorp</p>	<p>73</p>	<p>2014</p>	<p>Management Development and Compensation (Chair)</p>
<p>Jeffrey G. Naylor</p> <p>Former CFO and Chief Administrative Officer (CAO) of the TJX Companies, Inc.</p>	<p>60</p>	<p>2014</p>	<p>Audit (Chair); Management Development and Compensation</p>
<p>Laurel J. Richie</p> <p>Former President of the Women s National Basketball Association LLC</p>	<p>60</p>	<p>2015</p>	<p>Management Development and Compensation; Nominating and Corporate Governance</p>
<p>Olympia J. Snowe</p> <p>Chairman and CEO of Olympia Snowe, LLC U.S. Senator from 1995 2013 and Member of U.S. House of Representatives from 1979 1995</p>	<p>72</p>	<p>2015</p>	<p>Audit; Nominating and Corporate Governance (Chair)</p>
<p>Ellen M. Zane</p> <p>Former President and CEO of Tufts Medical Center and the Floating Hospital for Children</p>	<p>67</p>	<p>2019</p>	<p>Audit</p>

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Corporate Governance

Item 1 Election of Directors

The Board currently consists of 10 directors: our President and CEO, Margaret M. Keane, and nine directors who are independent under the listing standards of the New York Stock Exchange (NYSE) and our own independence standards set forth in our Governance Principles. The independent directors are Paget L. Alves, Arthur W. Coviello, Jr., William W. Graylin, Roy A. Guthrie, Richard C. Hartnack, Jeffrey G. Naylor, Laurel J. Richie, Senator Olympia J. Snowe and Ellen M. Zane (together, the Independent Directors). Under our Bylaws, our directors will be elected annually by a majority vote in uncontested elections. As discussed under Committees of the Board of Directors below, our Nominating and Corporate Governance Committee is responsible for recommending to our Board, for its approval, the director nominees to be presented for stockholder approval at each annual meeting.

Nominees for Election to the Board of Directors

Each of the 10 director nominees listed below is currently a director of the Company.

The following biographies describe the business experience of each director nominee. Following the biographical information for each director nominee, we have listed specific qualifications that the Board considered in determining whether to recommend that the director be nominated for election at the Annual Meeting.

If elected, each of the director nominees is expected to serve for a term of one year or until their successors are duly elected and qualified. The Board expects that each of the nominees will be available for election as a director. However, if by reason of an unexpected occurrence one or more of the nominees is not available for election, the persons named in the form of proxy have advised that they will vote for such substitute nominees as the Board may nominate.

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Corporate Governance

Board Qualifications

MARGARET M. KEANE

PAGET L. ALVES

President and Chief Executive Officer

Name and present position, if any, with the Company

Age, period served as a director and other business experience

Ms. Keane, 59, has been our President and CEO since February 2014 and previously served as CEO and President of GE's North American retail finance business since April 2011. She has also been a member of the Board since 2013 and a member of the board of directors of Synchrony Bank (the Bank) since 2009. From June 2004 to April 2011, Ms. Keane served as President and CEO of the Retail Card platform of GE's North American retail finance business. From January 2002 to May 2004, Ms. Keane served as Senior Vice President of Operations of the Retail Card platform of GE's North American retail finance business. From January 2000 to December 2001, Ms. Keane served as Chief Quality Leader of GE Capital Corporation (GECC). From October 1999 to December 1999, Ms. Keane served as Shared Services Leader for GECC Mid-Market Leasing Businesses. Prior to that, Ms. Keane served in various operations and quality leadership roles at GECC and Citibank. Ms. Keane serves on the board of directors of The Allstate Corporation, a publicly held personal lines insurer. Ms. Keane received a B.A. in Government and Politics and an M.B.A. from St. John's University.

We believe that Ms. Keane should serve as a member of the Board due to her extensive experience in the retail finance business and the perspective she brings as our President and CEO.

Mr. Alves, 64, has been a director since November 2015 and was a non-voting Board observer from July 2015 to November 2015. He has also been a member of the board of directors of the Bank since January 2017. He served as Chief Sales Officer of Sprint Corporation, a wireless and wireline communications services provider, from January 2012 to September 2013 after serving as President of that company's Business Markets Group from 2009 to 2012. Prior thereto, Mr. Alves held various positions at Sprint Corporation, including President, Sales and Distribution, from 2008 to 2009; President, South Region, from 2006 to 2008; Senior Vice President, Enterprise Markets, from 2005 to 2006; and President, Strategic Markets, from 2003 to 2005. Between 2002 and 2003, he served as President and Chief Operating Officer of Centennial Communications Corporation and from 2000 to 2001 served as President and CEO of PointOne Telecommunications, Inc. Mr. Alves currently serves on the boards of directors of Yum! Brands, Inc., a company that develops, operates, franchises, and licenses a system of quick-service restaurants; and International Game Technology PLC, a manufacturer and distributor of microprocessor-based gaming and video lottery products and software systems. He previously served on the boards of directors of GTECH Holdings Corporation from 2005 to 2006, Herman Miller, Inc. from 2008 to 2010 and International Game Technology Inc. from 2010 to 2015. In 2017, Savoy magazine recognized Mr. Alves among Savoy's 2017 Most Influential Black Corporate Directors. Mr. Alves

received a B.S. in Industrial and Labor Relations and a J.D. from Cornell University.

We believe that Mr. Alves should serve as a member of the Board due to his executive management and leadership experience, including leadership roles with technology companies, his extensive background in sales, his financial expertise and his experience with strategic and business development. He also has experience with strategic corporate transactions, including mergers and acquisitions. The Board has determined that Mr. Alves qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K.

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Corporate Governance

Name and present position, if any, with the Company

Age, period served as a director and other business experience

Mr. Coviello, 65, has been a director since November 2015 and was a non-voting Board observer from July 2015 to November 2015. He has also been a member of the board of directors of the Bank since January 2017. Since 2015 he has been an independent cyber security consultant. He served as Executive Vice President of EMC Corporation, a cloud computing and information security company, and Executive Chairman of RSA Security, Inc. (RSA), the Security Division of EMC Corporation and a provider of security, risk and compliance solutions, from 2011 to 2015, after serving as Executive Vice President and President of RSA from 2006 to 2011. Prior thereto, Mr. Coviello held various executive positions at RSA, including President and CEO from 2000 to 2006, and President from 1999 to 2000. Prior to RSA, he had extensive financial and operating management expertise in several technology companies. Mr. Coviello currently serves on the boards of directors of Tenable Holdings, Inc., a provider of Cyber Exposure solutions, which is a discipline for managing and measuring cybersecurity risk; and two private companies, Capsule8, a security software platform for Linux, containers and microservices; and Bugcrowd, Inc., which uses tens of thousands of independent researchers to assist its customers in finding security vulnerabilities in their software. Mr. Coviello previously served on the boards of directors of EnerNOC, Inc., Gigamon, Inc., AtHoc, RSA, Sana Security, Inc. and Cylance, Inc. He received a B.B.A. in Accounting from the University of Massachusetts.

We believe that Mr. Coviello should serve as a member of the Board due to his leadership experience, including as CEO of a publicly traded company, his extensive financial expertise and accounting background and his considerable experience in technology and cyber security.

Mr. Graylin, 50, has been a director since November 2015 and was a non-voting Board observer from July 2015 to November 2015. He has been Chairman and CEO of OV Loop, Inc., a voice first communications and commerce company, since 2018. Prior thereto, Mr. Graylin was Global Co-General Manager of Samsung Pay, the mobile payment platform of Samsung Electronics America, Inc., from February 2015 to April 2018. From 2012 to 2015, he was Founder and CEO of LoopPay, Inc., a mobile payment company; from 2007 to 2012, he was Founder and CEO of Roam Data, Inc., a developer of mobile point of sale software; from 2002 to 2007, he was Founder, Chairman and CEO of Way Systems, Inc.; and from 2000 to 2001, he was Founder and CEO of Entitlenet, Inc. Mr. Graylin served in the United States Navy as a Nuclear Submarine Officer from 1992 to 1998. He currently serves on the boards of directors of several privately held high-tech startups including: Nucleus Scientific, Inc., an innovative EV and electrification company; People Power, Inc., an IoT (internet of things) services company managed by artificial intelligence for home automation, security and senior care; and PayFi, Inc., a real-time payment company. Mr. Graylin is currently a Connection Science Fellow with MIT's Media Lab, where he teaches part time on FinTech and Entrepreneurship. He received a B.S. in Electrical Engineering and Computer Science and a B.A. in Chinese

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Linguistics and Literature from the University of Washington; an M.B.A. from the Sloan School of Management, Massachusetts Institute of Technology; and an M.S. in Electrical Engineering and Computer Science from Massachusetts Institute of Technology.

We believe that Mr. Graylin should serve as a member of the Board due to his executive management and leadership experience, and his extensive background as an entrepreneur and innovator in technology.

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Corporate Governance

Name and present position, if any, with the Company

Age, period served as a director and other business experience

Mr. Guthrie, 65, joined our Board and the board of directors of the Bank in connection with our initial public offering in July 2014 (the IPO). From October 2017 to September 2018, Mr. Guthrie served as CEO of Renovate America Inc., a privately-owned financial services company. From July 2005 to January 2012, Mr. Guthrie served as Executive Vice President, and from July 2005 to May 2011 as CFO of Discover Financial Services, Inc., a direct banking and payments company. From September 2000 to July 2004, he served as President and CEO of various businesses of Citigroup Inc., including CitiFinancial International from 2000 to 2004 and CitiCapital from 2000 to 2001. From April 1978 to September 2000, Mr. Guthrie served in various roles of increasing responsibility at Associates First Capital Corporation. Mr. Guthrie serves on the boards of directors of Nationstar Mortgage Holdings, Inc., an originator and servicer of real estate mortgage loans; OneMain Holdings, Inc., a financial services company; and Renovate America Inc. He previously served on the boards of directors of LifeLock, Inc. and Garrison Capital Inc. During his tenure with Discover Financial Services, Inc., he also served on the board of directors of Discover Bank. Mr. Guthrie received a B.A. in Economics from Hanover College and an M.B.A. from Drake University.

We believe that Mr. Guthrie should serve as a member of the Board due to his leadership experience, including as CFO of two publicly traded companies and as a director of other publicly traded companies, financial expertise and accounting background, risk management experience and extensive experience in consumer finance (including the private-label credit card industry), including more than 30 years of experience in finance and/or operating roles.

Mr. Hartnack, 73, joined our Board and the board of directors of the Bank in connection with the IPO in July 2014 and serves as the non-executive Chair of the Board. From April 2005 to February 2013, Mr. Hartnack served as Vice Chairman and Head, Consumer and Small Business Banking of U.S. Bancorp, a financial services holding company. From June 1991 to March 2005, Mr. Hartnack served in various leadership roles at Union Bank, N.A. (formerly known as Union Bank of California, N.A.), including Vice Chairman, Director and Head, Community Banking and Investment Services from 1999 to 2005. From June 1982 to May 1991, Mr. Hartnack served in various leadership roles at First Chicago Corporation, including Executive Vice President and Head, Community Banking. Mr. Hartnack previously served on the boards of directors of Federal Home Loan Mortgage Corporation, MasterCard International, Inc. (U.S. Region) and UnionBanCal Corporation. Mr. Hartnack received a B.A. in Economics from the University of California, Los Angeles, and an M.B.A. from Stanford University.

We believe that Mr. Hartnack should serve as a member of the Board due to his leadership experience and extensive background in consumer finance, banking and financial services regulatory matters that he accumulated over the course of a 40-year career in the banking industry.

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Corporate Governance

Name and present position, if any, with the Company

Age, period served as a director and other business experience

Mr. Naylor, 60, joined our Board and the board of directors of the Bank in connection with the IPO in July 2014. From February 2013 to April 2014, Mr. Naylor served as Senior Corporate Advisor of the TJX Companies, Inc., a retail company of apparel and home fashions. From January 2012 to February 2013, Mr. Naylor served as Senior Executive Vice President and CAO of the TJX Companies, Inc.; from February 2009 to January 2012, he served as its Senior Executive Vice President, Chief Financial and Administrative Officer; from June 2007 to February 2009, he served as its Senior Executive Vice President, Chief Administrative and Business Development Officer; from September 2006 to June 2007, he served as its Senior Executive Vice President, Chief Financial and Administrative Officer; and from February 2004 to September 2006, he served as its CFO. From September 2001 to January 2004, Mr. Naylor served as Senior Vice President and CFO of Big Lots, Inc. From September 2000 to September 2001, Mr. Naylor served as Senior Vice President, Chief Financial and Administrative Officer of Dade Behring, Inc. From November 1998 to September 2000, he served as Vice President, Controller of The Limited, Inc. Mr. Naylor serves on the boards of directors of three other public companies: Dollar Tree, Inc., an operator of discount variety stores; Wayfair, Inc., an e-commerce retailer of home furnishings and decor; and Emerald Expositions, a company that conducts business to business trade shows. He also serves on the boards of directors of two private companies: Bargain Hunt, a discount retailer and Save-A-Lot, a discount grocery retailer. Mr. Naylor received a B.A. in Economics and Political Science and an M.B.A. from the J.L. Kellogg Graduate School of Management, Northwestern University.

We believe that Mr. Naylor should serve as a member of the Board due to his executive management and leadership experience, including as CFO of a publicly traded company and as a director of other publicly traded companies, his extensive financial expertise and accounting background, and his considerable experience accumulated over the course of 25 years in the retail and consumer goods industries. The Board has determined that Mr. Naylor qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation K.

Ms. Richie, 60, has been a director since November 2015 and was a non-voting Board observer from July 2015 to November 2015. Ms. Richie served as President of the Women's National Basketball Association LLC, a professional sports league, from 2011 to 2015. From 2008 to 2011, Ms. Richie served as Chief Marketing Officer of Girl Scouts of the United States of America. From 1984 to 2008, she held various positions at Ogilvy & Mather, including Senior Partner and Executive Group Director and member of the agency's Operating and Diversity Advisory Boards. Ms. Richie is currently engaged by several *Fortune* 100 companies to advise c-suite executives on matters of personal leadership and corporate culture. She also serves on the board of directors of Bright Horizons, a publicly-traded provider of high-quality child care and early education. Ms. Richie has been recognized as one of the 25 Most

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Influential Women in Business by *The Network Journal*, one of the Most Influential African Americans in Sports by *Black Enterprise* and one of the Most Influential Black Corporate Directors by *Savoy* magazine. She is the recipient of numerous awards including *Sports Business Journal*'s Game Changer Award and *Ebony* magazine's Outstanding Women in Marketing and Communications Award. Ms. Richie earned a B.A. in Policy Studies from Dartmouth College. Ms. Richie is a former Trustee of the Naismith Basketball Hall of Fame; she was named a Charter Trustee of her alma mater in 2012; and she became Chair of the Board of Trustees of Dartmouth College in 2017.

We believe that Ms. Richie should serve as a member of the Board due to her executive management and leadership experience and her considerable experience in communications and marketing.

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Corporate Governance

Name and present position, if any, with the Company

Age, period served as a director and other business experience

Senator Snowe, 72, has been a director since November 2015 and was a non-voting Board observer from January 2015 to November 2015. She has also been a member of the board of directors of the Bank since January 2017. She is currently Chairman and CEO of Olympia Snowe, LLC, a policy and communications consulting firm, and a senior fellow at the Bipartisan Policy Center, a non-profit organization focused on national policy solutions, where she is a member of the board and co-chairs its Commission on Political Reform. Senator Snowe currently serves on the board of directors of T. Rowe Price Group, Inc., a financial services company, and she previously served on the board of directors of Aetna, Inc., a diversified healthcare benefits company. Senator Snowe served in the U.S. Senate from 1995–2013, and as a member of the U.S. House of Representatives from 1979–1995. While in the U.S. Senate, she served as Chair and was the ranking member of the Senate Committee on Small Business and Entrepreneurship, and served on the Senate Finance Committee, the Senate Intelligence Committee, and the Senate Commerce Science and Technology Committee. She also served as Chair of the Subcommittee on Seapower for the Senate Armed Services Committee. Senator Snowe received recognition from the National Association of Corporate Directors as an NACD Directorship 100 Class of 2015. Senator Snowe received a B.A. in political science from the University of Maine and has received honorary doctorate degrees from many colleges and universities.

We believe that Senator Snowe should serve as a member of the Board due to her broad range of valuable leadership and public policy experience, including more than 30 years as an elected member of the U.S. Congress. Her experiences provide her with an extensive background handling complex issues, including budget and fiscal responsibility, economic, tax and regulatory policy, and health care policy.

Ms. Zane, 67, has been a director since February 2019 and was a non-voting Board observer from October 2018 to February 2019. She currently serves as CEO Emeritus and Vice Chair of the board of trustees at Tufts Medical Center and the Floating Hospital for Children, and from 2004 to 2011, she served as its President and CEO. From 1994 to 2004, Ms. Zane served as Network President for Partners Healthcare System, a physician/hospital network sponsored by the Harvard affiliated Massachusetts General Hospital and Brigham and Women's Hospital. Prior to 2004, Ms. Zane served as the CEO at Quincy Hospital. Ms. Zane serves on the boards of directors of Boston Scientific Corporation, a manufacturer of medical devices; Brooks Automation, a provider of automation, vacuum and instrumentation equipment for multiple markets, including semiconductor manufacturing, technology device manufacturing, and life sciences; and Haemonetics Corporation, a global provider of blood and plasma supplies and services. Ms. Zane received a Bachelor of Arts from George Washington University and a Master of Arts from Catholic University of America. She has an Advanced Professional Director Certification from the American College of Corporate Directors and she holds the following honorary degrees: Doctorate of Commercial Science from Bentley University, Doctorate of Business Administration from Stonehill College; and a Doctorate of Humane Letters from Curry College.

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We believe that Ms. Zane should serve as a member of the Board due to her executive experience in the health care industry, including as the CEO of a large medical center, in addition to her financial expertise and substantial experience as a director at other public companies. The Board has determined that Ms. Zane qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K.

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Corporate Governance

Qualifications of Directors

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The Company will endeavor to have a Board representing a range of experience at policy-making levels in areas that are relevant to the Company's activities. Although the Board does not have a specific diversity policy, the Nominating and Corporate Governance Committee takes into account a candidate's ability to contribute to the diversity on the Board. It considers each candidate's and the existing Board members' race, ethnicity, gender, age, cultural background and professional experience. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time. Our Governance Principles maintain that directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Company's Board, and other

directors should not serve on more than three boards of public companies in addition to the Company's Board.

Pursuant to our Company's Governance Principles, when a director's principal occupation or job responsibilities change significantly during his or her tenure as a director, that director shall tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. The Board does not believe that arbitrary term limits on directors' service are appropriate, nor does it believe that directors should expect to be renominated annually until they reach the mandatory retirement age. The Nominating and Corporate Governance Committee will evaluate each director in connection with his or her renomination for election at each annual meeting of stockholders. Except in special circumstances, directors will not be nominated for election to the Board after their 75th birthday.

Process for Reviewing, Identifying and Evaluating Director Nominees

The Nominating and Corporate Governance Committee is responsible for reviewing, identifying, evaluating and recommending director nominees to the Board after considering the qualifications described above and set forth in the Company's Governance Principles. Upon recommendation of the Nominating and Corporate Governance Committee, the Board proposes a slate of nominees to the stockholders for election to the Board. Between annual stockholder meetings, the Board may fill vacancies and newly created directorships on the Board with directors who will serve until the next annual meeting.

Other stockholders may also propose nominees for consideration by the Nominating and Corporate Governance Committee by submitting the names and other supporting information

required under our Bylaws to: Corporate Secretary, Synchrony Financial, 777 Long Ridge Road, Stamford, Connecticut 06902. The Nominating and Corporate Governance Committee will apply the same standards in considering director candidates recommended by stockholders that it applies to other candidates. In addition to recommending director candidates to the Nominating and Corporate Governance Committee, stockholders may also, pursuant to procedures established in our Bylaws, directly nominate one or more director candidates to stand for election by the stockholders. For information on how to nominate a person for election as a director at the 2020 Annual Meeting of Stockholders, including through the proxy access right to include such nominees in the Company's proxy materials, please see the discussion under the heading **Additional Information** **Stockholder Proposals** for the 2020 Annual Meeting.

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Corporate Governance

Committees of the Board of Directors

The standing committees of the Board consist of the Audit Committee, the Nominating and Corporate Governance Committee, the MDCC, the Risk Committee, and the Technology Committee. The duties and responsibilities of these standing committees are set forth below. The Board may also establish various other committees to assist it in its responsibilities. Our Board has adopted charters for each of its standing committees. Copies of the committees charters are available on our website at <http://investors.synchronyfinancial.com> under Corporate Governance. Each of the standing committees reports to the Board as it deems appropriate and as the Board requests.

Committees	Members	Primary Responsibilities	# of Meetings in 2018
Audit	Mr. Naylor (Chair)	Selecting, evaluating, compensating and overseeing the independent registered public accounting firm	10
	Mr. Alves	Receiving reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments, including the Company's internal control system over operational and regulatory controls and of the adequacy of the processes for controlling the Company's activities and managing its risk	
	Senator Snowe		
	Ms. Zane	<p>Reviewing the audit plan, changes in the audit plan, the nature, timing, scope and results of the audit, and any audit problems or difficulties and management's response</p> <p>Overseeing our financial reporting activities, including our annual report, and accounting standards and principles followed (including any significant changes in such standards and principles)</p> <p>Reviewing and discussing with management and the independent auditor, as appropriate, the effectiveness of the Company's internal control over financial reporting and the Company's disclosure controls and procedures</p> <p>Reviewing our major financial risk exposures, the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management</p> <p>In conjunction with the Risk Committee, overseeing our risk guidelines and policies relating to financial statements, financial</p>	

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systems, financial reporting processes, compliance and auditing, and allowance for loan losses

Approving audit and non-audit services provided by the independent registered public accounting firm

Meeting with management and the independent registered public accounting firm to review and discuss our financial statements and other matters required to be reviewed under applicable legal, regulatory or NYSE requirements

Establishing and overseeing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters

Overseeing our internal audit function, including reviewing its organization, performance and audit findings, and reviewing our disclosure and internal controls

Overseeing the Company's compliance with legal, ethical and regulatory requirements (other than those assigned to other committees of the Board) and related processes and programs

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Corporate Governance

Committees of the Board of Directors

Committees	Members	Primary Responsibilities	# of Meetings in 2018
Nominating and Corporate Governance	Senator Snowe (Chair)	Developing, and recommending to our Board for approval, qualifications for director candidates, taking into account applicable regulatory or legal requirements regarding experience, expertise or other qualifications for service on certain of our Board's committees	8
	Mr. Alves	Considering potential director nominees properly recommended by the Company's stockholders, leading the search for other individuals qualified to become members of the Board, recommending to our Board for approval the director nominees to be presented for stockholder approval at the annual meeting, and recommending to the Board nominations for any vacancies that may arise on the Board prior to the annual meeting	
	Ms. Richie	Reviewing and making recommendations to our Board with respect to the Board's leadership structure and the size and composition of the Board and the Board committees	
		Developing and annually reviewing our corporate governance principles, including guidelines for determining the independence of directors	
		Annually reviewing director compensation and benefits	
		Developing and recommending to the Board for its approval an annual self-evaluation process of the Board and the Board's committees and overseeing the annual self-evaluation of our Board and its committees	
		Reviewing and, if appropriate, approving or ratifying any transaction between the Company and a related person required to be disclosed under Securities and Exchange Commission (SEC) rules and annually reviewing the use and effectiveness of such policy	
		Reviewing our policies and procedures with respect to political	

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spending

Reviewing actions in furtherance of our corporate, environmental and social responsibility

Reviewing and resolving any conflicts of interest involving directors or executive officers

Overseeing the risks, if any, related to our corporate governance structure and practices

Identifying and discussing with management the risks, if any, related to our environmental and social responsibility actions and public policy initiatives

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Corporate Governance

Committees	Members	Primary Responsibilities	# of Meetings in 2018
Management Development and Compensation	<p data-bbox="341 699 520 762">Mr. Hartnack (Chair)</p> <p data-bbox="341 873 485 903">Mr. Naylor</p> <p data-bbox="341 1014 475 1043">Ms. Richie</p>	<p data-bbox="544 699 1278 835">Assisting our Board in developing and evaluating potential candidates for executive positions, including the CEO, and overseeing our management resources, structure, succession planning, development and selection process</p> <p data-bbox="544 947 1318 1115">Evaluating the CEO's performance and approving and, where required, recommending for approval by the independent members of our Board, the CEO's annual compensation, including salary, bonus and equity and non-equity incentive compensation</p> <p data-bbox="544 1140 1289 1339">Evaluating the performance of other senior executives and approving and, where required, recommending for approval by our Board, each senior executive's annual compensation, including salary, bonus and equity and non-equity incentive compensation, in each case, based on initial recommendations from the CEO</p> <p data-bbox="544 1365 1302 1671">Reviewing and overseeing incentive compensation arrangements with a view to appropriately balancing risk and financial results in a manner that does not encourage employees to expose us or any of our subsidiaries to imprudent risks, and are consistent with safety and soundness, and reviewing (with input from our Chief Risk Officer (CRO) and the CRO of the Bank) the relationship among risk management policies and practices, corporate strategies and senior executive compensation</p> <p data-bbox="544 1696 1278 1757">Reviewing and overseeing equity incentive plans and other stock-based plans</p>	7

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Corporate Governance

Committees of the Board of Directors

Committees	Members	Primary Responsibilities	# of Meetings in 2018
Risk	Mr. Guthrie (Chair) Mr. Coviello Mr. Graylin	<p>Assisting our Board in its oversight of our enterprise-wide risk management framework, including as it relates to credit, investment, market, liquidity, operational (including cyber security), compliance and strategic risks</p> <p>Reviewing and, at least annually, approving our risk governance framework, and our risk assessment and risk management practices, guidelines and policies, including significant policies that management uses to manage credit and investment, market, liquidity, operational, compliance and strategic risks</p> <p>Reviewing and, at least annually, recommending to our Board for approval, our enterprise-wide risk appetite, including our liquidity risk tolerance, and reviewing and approving our strategy relating to managing key risks and other policies on the establishment of risk limits as well as the guidelines and policies for monitoring and mitigating such risks</p> <p>Meeting separately, at least quarterly, with our CRO and the Bank's CRO to discuss the Company's risk assessment and risk management practices and related guidelines and policies</p> <p>Receiving periodic reports from management on the metrics used to measure, monitor and manage known and emerging risks, including management's view on acceptable and appropriate levels of exposure</p> <p>Receiving reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments, including the Company's internal control system over operational and</p>	8

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regulatory controls and of the adequacy of the processes for controlling the Company's activities and managing its risk

Reviewing and approving, at least annually, the Company's enterprise-wide capital and liquidity framework (including our contingency funding plan) for addressing liquidity needs during liquidity stress events

Reviewing, at least quarterly, in coordination with the Bank's Risk Committee, the Company's allowance for loan losses methodology, liquidity, risk appetite, regulatory capital and ratios, and internal capital adequacy assessment processes and our annual capital plan and the Bank's resolution plan

Reviewing, at least quarterly, information provided by senior management to determine whether we are operating within our established risk appetite

Reviewing the status of financial services regulatory examinations

Reviewing the independence, authority and effectiveness of our risk management function and independent liquidity review function

Approving the appointment of, evaluating and, when appropriate, approving the replacement of the CRO

Reviewing the disclosure regarding risk contained in our annual and quarterly reports filed with the SEC

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Corporate Governance

Committees	Members	Primary Responsibilities	# of Meetings
			in 2018
Technology Committee	Mr. Coviello (Chair)	Reviewing and making recommendations to the Board on major strategies and other subjects relating to technology	Not Applicable. Formed in 2019.
	Mr. Alves	Reviewing the Company's approach to technology-related innovation, including the Company's competitive position and relevant trends in technology and innovation	
	Mr. Graylin	Reviewing the technology development process to assure ongoing business growth	
		Providing a forum for dialogue on existing and emerging technologies which present opportunities or threats to the Company's strategic agenda	

Audit Committee

The Board has determined that each of Mr. Naylor, Mr. Alves and Ms. Zane qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K, and the Board is satisfied that all members of our Audit Committee have sufficient expertise and business and financial experience necessary to effectively perform their duties as members of the Audit Committee.

Management Development and Compensation Committee

Each of Mr. Hartnack, Mr. Naylor and Ms. Richie qualifies as outside directors within the meaning of Section 162(m) (Section 162(m)) of the U.S. Internal Revenue Code of 1986, as amended (the Code) and non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act).