

ALLIANCE DATA SYSTEMS CORPORATION

AUDIT COMMITTEE CHARTER

Function

The Audit Committee (the “*Committee*”) is a committee of the Board of Directors (the “*Board*”) of Alliance Data Systems Corporation (the “*Company*”). Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing: (1) the integrity of the Company’s financial statements; (2) the Company’s compliance with legal and regulatory requirements; (3) the qualifications and independence of the Company’s independent registered public accounting firm; and (4) the performance of both the Company’s independent registered public accounting firm and its internal audit department.

Responsibilities

In addition to such other duties and responsibilities as the Board may from time to time assign, the Committee shall:

General

- Resolve disagreements between management and the independent registered public accounting firm regarding financial reporting.
- Prepare annually a report of the Committee for inclusion in the Company’s annual proxy statement, as required by the applicable rules and regulations of the Securities and Exchange Commission (the “*SEC*”).
- Discuss with the independent registered public accounting firm the matters required to be discussed by generally accepted auditing standards established by the Public Company Accounting Oversight Board and under the rules of the SEC and other applicable authorities (as such standards and rules may be established or amended from time to time), including Auditing Standard No. 1301, *Communications with Audit Committees*. In particular, the Committee and the independent registered public accounting firm shall discuss, among other things, matters that arise during the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- Review reports from management, the independent registered public accounting firm and internal audit regarding legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and reports received from regulators.
- Review and discuss with management, the independent registered public accounting firm and internal audit the Company’s risk assessment and risk management policies and the steps management has taken to monitor and control major risk exposures, including financial and financial reporting risks, and financial risks related to litigation or other legal, regulatory or compliance matters and technology, cybersecurity, physical security and data privacy.

- Review and discuss, quarterly or more frequently as appropriate, and in coordination with the audit committee of any wholly-owned bank subsidiary of the Company (any “**Bank**”), the risk assessment and risk management governance and related practices, guidelines and policies, and any audit practices, guidelines and policies, of any Bank.
- Regularly report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
- Evaluate the performance of the Committee at least annually and report the results to the Board.
- Review the Committee’s Charter annually and recommend any proposed changes to the Board for approval.

Financial Statements and Disclosure Matters

- Review and discuss financial statements and disclosures to be included in SEC filings with both management and the independent registered public accounting firm, including:
 - Interim financial statements
 - Annual audited financial statements
 - The independent registered public accounting firm’s opinion to be issued on the financial statements
 - Disclosures made in Management’s Discussion and Analysis of Financial Condition, Results of Operations, and other sections of the Company’s periodic reports.
- Recommend to the Board whether the audited financial statements should be included in the Annual Report on Form 10-K and whether the Form 10-K should be filed with the SEC.
- Review and discuss with management the Company’s earnings releases, including the use of non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made) and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
- Review and discuss reports from the independent registered public accounting firm on: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm; and (c) other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company’s financial statements.
- Discuss with management and the independent registered public accounting firm the effect of regulatory and accounting initiatives on the Company’s financial statements.
- Review any disclosures made to the Committee by the Company’s Chief Executive Officer and Chief Financial Officer regarding any significant deficiencies in the design or operation of internal

control over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

- Discuss with management and the independent registered public accounting firm significant financial reporting issues, critical audit matters, and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, and the judgments of each of management and the independent registered public accounting firm as to the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Review and discuss with management and the independent registered public accounting firm management's report on internal control over financial reporting and the independent registered public accounting firm's attestation of the Company's internal control over financial reporting prior to the filing of the Company's Annual Report on Form 10-K.

Oversight of the Company's Relationship with the Independent Registered Public Accounting Firm

- Appoint, compensate, and oversee the work of the independent registered public accounting firm. The independent registered public accounting firm shall report directly to the Committee. The Committee has the sole authority and responsibility to select, evaluate, oversee and, as appropriate, replace the independent registered public accounting firm (including the nomination of the independent registered public accounting firm for inclusion in the Company's annual stockholder meeting proxy statement). In evaluating the independent registered public accounting firm's qualifications, performance and independence, the Committee should discuss with the independent registered public accounting firm such firm's independence, take into account the opinions of management and the internal auditors, and consider whether the independent registered public accounting firm's quality controls are sufficient and whether the provision of permitted non-audit services is compatible with maintaining such firm's independence. The Committee shall take appropriate action when and as necessary to independently assess the independent registered public accounting firm's independence. The Committee shall present its conclusions with respect to the independent registered public accounting firm to the Board annually and as needed.
- Review and evaluate the experience and qualifications of the lead partner of the independent registered public accounting firm's audit team for the Company.
- Obtain and review a report from the independent registered public accounting firm at least annually regarding (a) the independent registered public accounting firm's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the independent registered public accounting firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent registered public accounting firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent registered public accounting firm and the Company or any of its subsidiaries.
- Ensure the rotation by the independent registered public accounting firm of the lead (or coordinating) audit partner having primary responsibility for the Company's audit and the audit partner responsible for reviewing the audit as required by law.

- Make recommendations to the Board regarding the Company’s hiring policies for employees or former employees of the independent registered public accounting firm who were engaged on the Company’s account or participated in any capacity in the audit of the Company.
- Meet with the independent registered public accounting firm prior to the audit to discuss the scope, approach, and staffing of the audit.
- Pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent registered public accounting firm, subject to such exceptions for non-audit services as permitted by applicable laws and regulations and in accordance with the Company’s Audit and Non-Audit Services Pre-Approval Policy. The Committee may when it deems appropriate, form, and delegate this authority to, a subcommittee consisting of one or more Committee members, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next meeting.
- Discuss with the independent registered public accounting firm issues on which the national office of the independent registered public accounting firm was consulted by the Company’s audit team.

Oversight of the Internal Audit Function

- Oversee the activities of the internal audit function.
- Review and approve the appointment, replacement and compensation of the senior internal audit executive, who shall report functionally to the Committee and its Chairperson and administratively to the Company’s General Counsel.
- Review the qualifications of senior-level internal audit staff and the adequacy of staffing of the internal audit function to appropriately perform its duties.
- Review with the senior internal audit executive any difficulties encountered by the internal audit function in the course of its audits, including any restrictions on the scope of its work or access to required information, and management’s response to same.
- Review the significant reports to management prepared by internal audit and management’s responses, including the timetable for implementation of the recommendations to remediate identified deficiencies in internal controls.
- Discuss with the independent registered public accounting firm, management, and the senior internal audit executive the responsibilities, annual audit plan, budget, activities and staffing of the internal audit function, and any recommended changes in their planned scope.
- Review the effectiveness of the internal audit function and facilitate the annual evaluation of the senior internal audit executive.

Oversight of Risk Assessment and Risk Management

The Committee’s responsibilities and authority pertaining to risk are as set forth below and, except as specified with regard to certain acquisitions, divestitures and brand partner program agreements, do not extend to risk matters to the extent they are reported on to another committee of the Board.

- In consultation with the Risk Management Committee, and as required by New York Stock Exchange rules, review and discuss with management, at least annually:
 - The key guidelines and policies governing the Company’s significant processes for risk assessment and risk management; and
 - The Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures.
- With respect to operational risk, review with management matters related to the effectiveness of the Company’s control environment and the status of corrective actions.
- Review, with authority to approve or reject, any proposed acquisition or divestiture of portfolio(s) or credit card and loan receivables and any proposed brand partner program agreement (including renewals), in each case that has previously been reviewed and approved by the Board of Directors of any bank subsidiary of the Company (any “**Bank**”), if:
 - the consideration to be paid or received is \$170 million or more but less than \$500 million;
or
 - in the case of an acquisition, where the amount of required regulatory capital is \$25 million or more;

provided, that the Company’s Chief Executive Officer shall have the authority to approve acquisitions, divestitures and brand partner agreements (including renewals) previously reviewed and approved by the board of directors of any Bank, if the consideration to be paid or received is less than \$170 million and, in the case of an acquisition, the amount of required regulatory capital is less than \$25 million; *provided further*, that the Board shall have been given prior notice of any such transaction being approved by the Committee or the CEO, as applicable.

Compliance and Regulatory Oversight Responsibilities

- Obtain from the independent registered public accounting firm assurance that Section 10A(b) of the Securities Exchange Act of 1934 (regarding discovery of illegal acts) has not been implicated.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Discuss with management and the independent registered public accounting firm any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company’s financial statements or accounting policies.
- Review the Company’s Related Party Transactions Policy annually and recommend changes, if any, to the Board. In accordance with such Policy, review and approve all Related Party Transactions (as defined therein).

- Review any requested waiver by the principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions or any director regarding the Company's Code of Ethics or the Code of Ethics for Senior Financial Officers and recommend to the Board whether a particular waiver should be granted.
- Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or accounting policies.
- Oversee and receive reports on significant long-term projects, the projected cost of which is material in nature.
- Receive periodic briefings on the key controls and processes relating to financial reporting or financial or accounting matters.
- Receive and discuss reports from management, on an annual and as needed basis, relating to significant reported claims of ethical violations involving allegations of financial reporting or accounting matters.

Membership

The Committee shall consist of at least three independent members of the Board, as such independence is defined by the Sarbanes-Oxley Act of 2002, and the rules and regulations of the New York Stock Exchange and the SEC. Each member of the Committee must be financially literate; and, unless otherwise disclosed in compliance with applicable rules, at least one member shall be a financial expert as defined by the SEC. The members of the Committee and the Chairperson shall be appointed by and serve at the pleasure of the Board. Committee members may be removed at any time, with or without cause, by the Board. Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations, or to assure compliance with laws and regulations. These are the responsibilities of management or the independent registered public accounting firm, as applicable.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board. Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Meetings and Operations

The Committee shall meet at least four times per year or more frequently as circumstances require. The Committee shall meet periodically with management, and with the internal audit executive and the independent registered public accounting firm in executive sessions apart from management. The Committee may invite to its meetings any officer or other employee of the Company, the Company's outside legal counsel, the independent registered public accounting firm or such other persons as it deems appropriate in order to carry out its duties and responsibilities. The Committee may meet jointly with the board or any committee of any Bank.

Minutes of each meeting are to be prepared and sent to Committee members and the Company's directors who are not members of the Committee. If the secretary or assistant secretary of the Company has not taken the minutes, the minutes should be sent to him or her for permanent filing after approval.

Authority

The Committee shall have the power to conduct or authorize investigations into any matters within its duties and responsibilities as set forth in this Charter. The Committee is empowered to approve and amend policies and programs within its purview, and, with respect to policies and programs that the Board has reserved its authority to review and approve, to recommend approval or amendment of such policies or programs to the Board. The Committee has the authority to retain, at the Company's expense, independent legal, accounting, and other advisors, as the Committee determines necessary or appropriate to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall have the sole authority to retain, oversee the work of, and terminate any such advisors and to approve the fees and other retention terms of any such advisors. The Company shall provide appropriate funding, as determined by the Committee, for the payment of (a) compensation to the independent registered public accounting firm and legal, accounting, or other advisors engaged by the Committee and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have unrestricted access to members of management and all information relevant to its responsibilities. The Committee may form and delegate authority to subcommittees comprised of one or more members of the Committee.

June 10, 2020