

ALLIANCE DATA SYSTEMS CORPORATION AUDIT COMMITTEE CHARTER

Function

The Audit 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 as the Board may from time to time assign, the Audit Committee shall:

General

- Resolve disagreements between management and the independent registered public accounting firm regarding financial reporting.
- Prepare annually a report of the Audit 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 Audit 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, risks related to litigation or other legal, regulatory or compliance matters, and technology, information security and data privacy risks.

- Regularly report Audit Committee actions to the Board with such recommendations as the Audit Committee may deem appropriate.
- Evaluate the performance of the Audit Committee at least annually.
- Review the Audit 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 Audit 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 Audit 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 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 Audit Committee. The Audit 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 Audit 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 Audit Committee shall take appropriate action when and as necessary to independently assess the independent registered public accounting firm's independence. The Audit 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 Audit Committee may when it deems appropriate, form, and delegate this authority to, a subcommittee consisting of one or more Audit 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 Audit 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 Company's Internal Audit Function

- Oversee the activities of the internal audit function, and review and approve the appointment, replacement, and compensation of the senior internal audit executive, who shall report functionally to the Audit Committee and its Chairperson and administratively to the Company's General Counsel.
- 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, as well as facilitate the annual evaluation of the senior internal audit executive.

Compliance 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.

- Review and oversee the Company's compliance with applicable federal, state and local laws and regulations and obtain reports from management, the Company's senior internal audit executive and the independent registered public accounting firm with respect thereto.
- 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 the Company's compliance policies.

Membership

The Audit 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 Audit 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 Audit Committee and the Chairperson shall be appointed by the Board and shall serve at the pleasure of the Board. Audit Committee members may be removed at any time, with or without cause, by the Board. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit 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 Audit 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 Audit Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Audit 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 Audit Committee shall meet at least four times per year or more frequently as circumstances require. The Audit Committee shall meet periodically with management, as well as the internal auditor and the independent registered public accounting firm in executive sessions apart from management. The Audit 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.

Minutes of each meeting are to be prepared and sent to Audit Committee members and the Company's directors who are not members of the Audit 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 Audit 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 Audit Committee has the authority to retain, at the Company's expense, independent legal, accounting, and other advisors, as the Audit Committee determines necessary or appropriate to assist with the execution of its duties and responsibilities as set forth in this Charter. The Audit Committee shall have the sole authority to retain, oversee the work, and terminate any such advisors and to approve the fees and other retention terms. The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of (a) compensation to the independent registered public accounting firm and legal, accounting, or other advisors engaged by the Audit Committee and (b) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. The Audit Committee shall have unrestricted access to members of management and all information relevant to its responsibilities.

December 18, 2019