

# ALLIANCE DATA SYSTEMS CORPORATION

## COMPENSATION COMMITTEE CHARTER

### Function

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The Compensation Committee is a committee of the Board of Directors (the “*Board*”) of Alliance Data Systems Corporation (the “*Company*”). Its primary function is to oversee matters relating to executive compensation and benefit plans of the Company.

### Responsibilities

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

- Prepare annually a report of the Compensation Committee for inclusion in the Company’s annual meeting proxy statement in accordance with the applicable rules of the Securities and Exchange Commission (“*SEC*”).
- Review and discuss with management the Company’s Compensation Discussion and Analysis and recommend to the Board whether the Compensation Discussion and Analysis should be included in the Company’s annual report on Form 10-K and annual meeting proxy statement.
- Review and approve Company goals and objectives relevant to compensation of the Chief Executive Officer (“*CEO*”), annually evaluate the CEO’s performance in light of such goals and objectives, and, together with the other independent directors of the Board, determine and approve the CEO’s compensation level based on such evaluation. In determining the long-term equity incentive component of the CEO’s compensation, the Compensation Committee shall consider, among other factors, the Company’s performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Company’s CEO in past years.
- Review and approve all compensation for non-CEO executive officers.
- Periodically, and as and when appropriate, review and approve the following as they affect the CEO and non-CEO executive officers: (a) any employment agreements and severance arrangements; (b) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (c) any special or supplemental compensation and benefits for the CEO and non-CEO executive officers and individuals who formerly served as executive officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
- Review and approve the Company’s compensation philosophy, programs and plans for associates, upon review of relevant information.
- Oversee the risk assessment of the Company’s compensation arrangements applicable to the Company’s executive officers and other associates, and review and discuss at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk.

- Review and approve equity and non-equity-based incentive compensation plans, which includes the ability to adopt, amend and terminate such plans.
- Administer the Company’s equity-based compensation plans, including approving the grants and vesting of restricted stock and restricted stock units and other equity awards under such plans to the Company’s executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”).
- Review and approve the Company’s succession plan for key associates, including senior management and the CEO.
- Carry out all responsibilities of the Compensation Committee as described under the Company’s 401(k) and Retirement Savings Plan, as amended (“*401(k) Plan*”), and all other compensation, benefit, health and welfare plans now in effect and as later amended (collectively referred to as the “*Other Plans*”), including the delegation of authority to one or more subcommittees as the Compensation Committee deems appropriate, such subcommittees to include the Investment and Benefits Operations Committees provided for under the terms of the 401(k) Plan and such other subcommittees as may be provided for under the 401(k) Plan or the Other Plans or as the Compensation Committee deems appropriate.
- Periodically review director compensation practices in relation to comparable companies and recommend to the Board, as appropriate, revisions to the Company’s director compensation practices.
- Report Compensation Committee actions to the Board with such recommendations as the Compensation Committee deems appropriate.
- Review the Compensation Committee’s charter annually and recommend any proposed changes to the Board for approval.
- Evaluate the performance of the Compensation Committee at least annually.
- Advise the Board regarding the stockholder advisory votes that are required by applicable SEC rules on executive compensation and golden parachutes, including the frequency of such votes.
- Consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act when determining compensation policies and making decisions on executive compensation.
- Review and approve any additional services to be performed for the Company or its affiliates by a compensation consultant or its affiliates during a fiscal year in which the Compensation Committee has retained such compensation consultant to provide advice or recommendations on the form or amount of executive and director compensation.
- Determine stock ownership guidelines for the CEO and other executive officers and directors and monitor compliance with such guidelines.

## **Membership**

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The Compensation Committee shall consist of at least three independent members of the Board, as such independence is defined by the rules and regulations of the New York Stock Exchange (“*NYSE*”) and the SEC. In addition, each Committee member shall be a “Non-Employee Director” as defined by Rule 16b-3 under the Exchange Act and an “outside director” as defined by Section 162(m) of the Internal Revenue Code. The members of the Compensation Committee and the Chairperson shall be appointed by the Board and shall serve at the pleasure of the Board. Compensation Committee members may be removed at any time, with or without cause, by the Board.

The duties and responsibilities of a member of the Compensation 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 Compensation Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Compensation 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**

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The Compensation Committee shall meet at least once a year or more frequently as circumstances require. The Compensation Committee may invite to its meetings any members of management, including the CEO, and 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 Compensation Committee members and the Company’s directors who are not members of the Compensation 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.

## **Authority**

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The Compensation Committee has the authority to retain, at the Company’s expense, independent legal counsel, compensation consultants and other advisors, as necessary or appropriate, to assist with the execution of its duties and responsibilities as set forth in this Charter. The Compensation 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. Prior to selecting such legal counsel, compensation consultants and other advisors, the Compensation Committee will consider factors identified in SEC and NYSE regulations with respect to the advisor’s independence. The Compensation Committee will also evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

*December 18, 2019*