



Bread Financial Credit Card Program Operating Procedure

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1. Introduction

1.1 Credit Card Program Operating Procedure

The purpose of this Credit Card Program Operating Procedure (“Operating Procedure”) is to provide Brand Partner’s management and applicable personnel (collectively, “Brand Partner”) with information and procedures from Comenity Bank or Comenity Capital Bank (each, the “Bank”), and the affiliate servicer, Comenity Servicing LLC (together with the Bank, “Bread Financial”), regarding the Credit Card Program (“Credit Card Program”) and the Program Agreement. The Operating Procedure applies to open-end credit account programs, regardless of whether a physical access device (e.g. plastic card) is issued to the cardmember. The Program Agreement and Operating Procedure require both parties to comply with all applicable laws, including federal and state legal and regulatory obligations.



NOTE:

Please note that some sections may not be applicable to all aspects of the Brand Partner’s business.

Adherence to the Operating Procedures helps both parties comply with obligations, and therefore protects our Brand Partners, as well as Bread Financial. If there are any questions, please contact your Bread Financial Client Partnership Team.

The Operating Procedure will be published on an annual basis, or as updates are required. The publication date for each version is printed on the bottom of the pages, and the most recent version should be retained.

2. Brand Partner Associate Training and Conduct

2.1 Associate Training Requirement

All Brand Partner associates that will present or solicit the Credit Card Program, service, and/or facilitate the submission of a credit card application or credit card transaction must receive credit card training prior to being able to take those actions. This includes but is not limited to call center associates, in-store/onsite associates, and associates that may virtually assist individuals online. Thereafter, applicable associates shall receive refresher training on a no less than annual basis, and additional training if a material change is made to the program (e.g. full credit card benefit change) prior to the change becoming effective.

Brand Partner training program must at a minimum fully educate applicable associates on:

- Regulatory Requirements (e.g. Regulation Z including providing the credit card agreement and promotional plan terms, Fair Lending, UDAAAP including sales practice risk, etc.);
- Operational/Procedural Requirements (e.g. application capabilities, transaction processing, account look-up, customer service contacts, etc.); and
- Specific Program Details (e.g. promotional plan availability, reward programs, other benefits, etc.).

This includes distributing mandatory Bank required training material(s) through PartnerPortal™ or Dealer Portal™ to applicable associates, and ensuring associates review and are trained accordingly. Examples include, but are not limited to - 3 Simple Steps, Standard Guidelines When Offering Credit, and Credit Contest & Incentive Quick Reference Guide.



2.2 Brand Training Through PartnerPortal™ or Dealer Portal™

Mandatory Bank required training materials are published throughout the year and distributed through PartnerPortal™ or Dealer Portal™. Brand Partners are required to distribute to all applicable parties (Home Office, Field/Stores, Call Center, Dealers, and Franchisee locations) and acknowledge action taken as requested by the due date.

Brand-created and/or owned Credit Card Program training materials must be reviewed annually and/or upon program changes by Bread Financial to ensure compliance and may require updating upon review. Additionally, it is a requirement to include in this review Credit Card Program training materials from third parties or vendor relationships to ensure full compliance and integrity of the program.

If training material is deemed out of date, non-compliant, or does not represent current Credit Card Program details the training material will be decommissioned from PartnerPortal™ or Dealer Portal™ while Brand Partner makes the required updates in order for the material to be used for associate training.

2.3 Associate Conduct

Associates must be inclusive and treat all customers fairly; don't discriminate or pick and choose to whom to offer the Credit Card Program.

All associates engaging in any aspect of a consumer credit interaction are required to comply with established Bread Financial policies and procedures, in part, to ensure consumers are protected from behavior that could be classified as Unfair, Deceptive or Abusive (further described below). Brand Partner associates must ensure the customer agrees to apply (i.e., provide their consent) without feeling pressured before submitting a credit application. Brand Partner shall fully cooperate with Bread Financial in investigating consumer allegations of associate behavior that raise concerns with respect to sales practices or associate misconduct. Investigations may require the Brand Partner to provide information, documentation, and recordings related to specific transactions or applications, and proof of associate training.

Brand Partner shall fully cooperate in investigating claims or indications of improper activity or sales practices, including the provision of any sales video or recordings, and shall implement such corrective actions as the Bank deems appropriate pending the outcome of the investigation. Consequences for improper behavior could include withholding of relevant incentives, exclusion of associate/store/region from participation in incentives, early termination of incentive, or prohibition from participation in Credit Card Program acquisition activities.

Bread Financial is committed to adding value to our Brand Partner relationships while providing individuals with financial services and products in a sustainable and ethical manner. If an associate feels that they are asked or pressured to engage in conduct that appears to be unethical, illegal, or otherwise in conflict with this Operating Procedure, they are required to contact the Bread Financial Brand Partner escalation line at 1-855-444-0183.

Prohibition Against Unfair, Deceptive or Abusive Acts or Practices

Interactions and activities with individuals must not result in unfair, deceptive, or abusive acts or practices (UDAAP), as defined by the Dodd Frank Act. UDAAPs include improper sales activities such as but not limited to submitting applications for banking products or services, or enrolling individuals in online banking services without the individuals' knowledge and consent. **Consent must always be obtained before submitting an**

application for credit and before any banking product or service is sold, registered or issued to an individual.

All instances of improper sales practices shall be directly escalated in a timely manner to Bread Financial via the escalation line at 1-855-444-0183.

UDAAPs also include:

- Representations, omissions, or acts or practices that mislead or are likely to mislead individuals, such as making misleading cost or price claims, offering to provide a product or service that is not in fact available, using bait-and-switch¹ techniques, omitting material limitations or conditions from an offer, failing to provide promised service; and
- Representations that convey more than one meaning to reasonable individuals, one of which is false.

3. Marketing the Credit Card Program

3.1 Communicating the Credit Card Program

It is important that the Credit Card Program is offered fairly, responsibly, and accurately to all individuals. Brand Partners must never discourage a customer from applying for Bread Financial products. The consumer should not be impaired from making an informed decision related to applying and/or using a financial product. If offering more than one Bread Financial product, the consumer must be educated on all products to ensure they can make an informed decision about which product or products best meet their needs.

For Credit Card Program communication such as email or direct mail, Brand Partner may not apply any exclusions or criteria unless first approved by Bread Financial. If a prescreen is conducted all pre-approved customers must be notified. When deploying the notification, Brand Partner is prohibited from modifying or scrubbing the files in any way.

Unless otherwise approved in writing by Bread Financial, the Credit Card Program must be offered in the English language, including the solicitation of applications. Brand Partner associates shall only discuss the Credit Card Program in English. All credit card marketing and servicing materials must be provided in English only.

Brand Partners with Frictionless Acquisition must display current credit card marketing in a way that clearly promotes the Credit Card Program through non-verbal means on-site at Brand Partner locations. Examples of non-verbal offers include signage, window decals, point-of-sale displays, product tags, table tents, and countertop brochures.

Bread Financial **does not allow** its financing products to be marketed via Short Message Service (“SMS”) text messages or outbound calls, regardless of whether the campaign is conducted by Bread Financial or by the Brand Partner/Merchant.

3.2 Materials & Marketing

Materials that mention the Credit Card Program, including any acquisition or account related offers, must be reviewed, approved, and retained by Bread Financial prior to printing, displaying, distributing, and/or deploying to Brand Partner associates, consumers, and/or cardmembers. Examples include, but are not limited to, invitations to apply, Credit Card Program application or information, promotional credit plans, rewards programs, application-based incentive compensation contests, associate selling behaviors, etc. This requirement applies to materials distributed through any channel. **Note:** For Brand Partner deployed emails, (i.e. the email is “From” the

¹ Bait and switch: It is illegal to advertise a product when the company has no intention of selling that item, but instead plans to sell an individual something else, usually at a higher price.

Brand Partner/in the “From” line), even if the email also contains some content relating to the Credit Card Program, Brand Partner is still considered the “sole sender” of the email as defined by Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM²) and its implementing regulations, and thereby required to adhere to those regulations for all commercial messages, including but not limited to maintaining an opt-out list of consumers who opt out of commercial email messages and scrubbing that list against any email transmissions.³



NOTE:

Brand Partner must contact Bread Financial prior to implementing or changing any material or capabilities related to the Credit Card Program.

Brand Partner associates are prohibited from marketing the Credit Card Program in personal emails or media accounts. However, Brand Partner associates may use personal email and/or social media in relation to Credit Card Program recognition, so long as the guidelines outlined in the *Bread Financial Social Media Guidelines – Associate Recognition Credit Card Program* are followed.

If procedure is not followed, Brand Partner will fully cooperate in any action(s) needed due to non-compliant or non-approved pieces found in the market.

Bread Financial has developed a Bread Financial Disclosure Tool (“Disclosure Tool”) to assist the Brand Partner in developing marketing collateral. Brand Partner must use the Disclosure Tool for any marketing related items prior to sending to Bread Financial for review and approval. The Disclosure Tool is not a substitute for Bread Financial’s review and approval of marketing materials. For specific Disclosure Tool procedures, please contact your Bread Financial Client Partnership team.

Bread Financial will adhere to specific Service Level Agreements (“SLAs”) for the review and approval of the materials provided by the Brand Partner. The type of Credit Card Program material determines the SLA. Contact Bread Financial Partners for more details on SLAs to ensure deployment dates are met.

3.3 Brand Partner Associate Performance Standards, Contests &/or Incentives

Regardless of which party funds the promotion, Brand Partner associate contests and incentive programs that are related to the Credit Card Program must be reviewed and approved by Bread Financial prior to execution.

Elements required for review and approval include the full program detail, structure, compensation and all communication materials. Associate contests and incentives must be transparent to the associate and achievable. Incentives requiring same day activation are prohibited. Contests and incentive programs may be monitored by Bread Financial to ensure compliance with the contest or incentive program documents as well as the Associate Conduct requirements set forth in **Section 2.3** above. Consequences for improper behavior could include withholding of relevant incentives, exclusion of associate/store/region from participation in incentives, early termination of incentive, or prohibition from participation in Credit Card Program acquisition activities.

Brand Partners must follow contest and incentive guidance within Bread Financial’s Contest & Incentive Quick Reference Guide and communication guidelines, including adding the Bread Financial escalation phone line to contest communication, and adding the Bread Financial contest disclosure statement. These documents are

² 15 U.S.C. §§ 7701–7713.

³ Brand Partners may refer to the following for additional CAN-SPAM guidance: <https://www.ftc.gov/business-guidance/resources/can-spam-act-compliance-guide-business>.

located in the PartnerPortal™ or Dealer Portal™ Brand Training Repository. Brand Partners must also acknowledge all the required Bread Financial annual training and disseminate to applicable parties prior to receiving approval from Bread Financial for a Credit Card Program contest. The annual training will be released through PartnerPortal™ or Dealer Portal™.

To ensure full cooperation and compliance by Brand Partner associates, Bread Financial will inspect and monitor applications for any indication of fraudulent activity weekly throughout the duration of the contest or incentive program.

Brand Partners may not employ policies that require associates to submit a specified number of credit card applications and/or open a certain number of accounts, nor may Brand Partners use minimum thresholds for submitting applications in associate performance reviews to avoid a high-pressured sales environment specific to offering the credit program.

4. Promotional Credit Plans

A Promotional Credit Plan allows a cardmember to make a purchase on their account using special financing terms for a specified time, or for a particular recurring payment amount until the balance is paid (e.g. Waived Interest Plan). Below is a summary of important considerations. For full details please contact your Bread Financial Client Partnership team for the Promotional Plans Implementation Guide and Promo Plan Supplemental Guide available for associate training.

4.1 New Plans and Changes to Existing Plans

- Adding a new Promotional Credit Plan, or making changes to an existing Promotional Credit Plan, are subject to the terms of the Program Agreement.
- Brand Partner will work with Bread Financial to update the Brand Partner's marketing and other necessary materials with new or updated Promotional Credit Plan information.
- Any time a new Promotional Credit Plan is added, or a current Promotional Credit Plan is revised, the Credit Card Agreement (CCAs) that is provided to new cardmembers should be updated along with the Promotional Plan Periodic Notice (PPPN) that is sent periodically to existing cardmembers.
- Ensure the following requirements are always met:
 - Promotional Credit Plans must be set up in both Brand Partner, and Bread Financial's system(s), and must be tested to ensure proper setup (promotional plan testing should be conducted for non-promotional plan related Point of Sale (POS) updates to ensure proper functionality).
 - Settlement file information must contain unique invoice number to correctly match returns to original purchase.
 - All references to the Promotional Credit Plan name must be consistent throughout training materials, disclosures, and other supporting documents.
 - CCAs must include full Promotional Credit Plan disclosures and be deployed in market prior to offering the promotional plan(s) (Digital and in-store CCAs must contain all Annual Percentage Rates (APRs) for tiered programs, and welcome kit CCAs must contain the cardmember's actual APR).
 - POS systems must have the ability to include the cardmember's applicable Promotional Credit Plan name.
 - In-store POS must be able to print the Promotional Credit Plan name on the receipt matching back to the CCA and/or PPPN. The Plan name on the receipt will also tie to the billing statement with the Promotional Credit Plan disclosure.
 - Web checkout processes must have the ability for the cardmember to select the Promotional Credit Plan they would like their purchase to be placed on and the ability to read and accept full disclosures prior to completion of the transaction.



- If a cardmember is making a Promotional Credit Plan purchase via the phone, the Brand Partner's associate must read the full Promotional Credit Plan disclosures to the cardmember, and Bread Financial will include messaging and disclosures on the cardmember's billing statement.

4.2 Minimum Data Requirements

In order to properly identify Promotional Credit Plan purchases, Brand Partners must send Bread Financial the correct plan data elements in the daily direct settlement file. These elements must also reside on the most recent settlement file specifications, including return match logic/Invoice Matching.

4.3 Monitoring and Oversight

To meet regulatory requirements, Bread Financial must have oversight into the purchasing processes where Promotional Credit Plans are offered. On an annual basis (or more often if deemed necessary), Bread Financial will request supporting documentation to demonstrate the processes through each channel. If it is determined changes need to be made to meet regulatory requirements, Bread Financial will collaborate with the Brand Partner on the changes needed, the timeline to update, and how to re-validate.

4.4 Auto-Enrollment

If a Brand Partner uses a promotional plan auto-enrollment process, in addition to other requirements, the Brand Partner is required to provide disclosures to the applicant/cardmember via their credit card agreement (CCA), including disclosing any minimum purchase amounts per plan. Applicable transactional disclosure(s) will be provided on the cardmember's billing statement.

5. Rewards Programs

Rewards programs that require use of the Credit Card Program to earn rewards, as well as Brand Managed and Hybrid multi-tender loyalty (MTL) programs where the Credit Card Program accelerates rewards earning, must comply with all applicable laws and regulations. **Sections 5.1 through 5.3** apply to these programs.

5.1 Terms and Conditions

- All rewards programs that involve the Credit Card Program must include terms and conditions detailing the rules, participation requirements, and operational guidelines of the program.
- The terms and conditions for all Bread Financial Managed rewards programs must align with Bread Financial's Terms and Conditions Master Template. This Master Template may be updated periodically, and when updates occur, all Bread Financial Managed programs are required to review and revise their terms and conditions accordingly. Brand Partners must cooperate and ensure timely review of terms and conditions when updates occur.
- The terms and conditions for all Brand Managed and Hybrid MTL programs must include key requirements outlined in Bread Financial's MTL Template Insert document. These requirements include, but are not limited to, eligibility criteria, enrollment, earning and redemption rules, exclusions, rounding algorithms, and fulfillment delivery methods.
- All rewards terms and conditions, including proposed changes to a program, must be submitted to Bread Financial for review and approval.
- Terms and conditions must be made available to cardmembers in their welcome kit and accessible online via Account Center and/or the Brand Partner's website, unless an exception is approved by Bread Financial.

All materials must meet applicable accessibility standards.

- Any change to a key feature of a rewards program (e.g., eligibility, earn, redemption, fulfillment etc.) is considered a material change that may negatively impact cardmember participation in the program. Material changes must be communicated to cardmembers in advance of the changes taking effect. This requirement applies to both Brand Managed and Hybrid MTL programs.
 - **Notice to cardmembers must be provided no less than 45 days in advance of any material change, unless otherwise approved by Bread Financial. If applicable, New York residents must be provided 90 days advance notice prior to material changes taking effect in compliance with Gen. Business Law § 520(e).**
 - An annual review of rewards programs terms and conditions must be conducted to ensure consistency with the program’s marketing and operational practices. This review must occur one (1) year from the most recent approval date recorded in Bread Financial’s internal systems for any of the following activities: Program Launch, Program Change, or Master Template Update.
- Brand Partners are required to comply and complete timely reviews of terms and conditions during the annual review process.

5.2 Promoting the Rewards Program

- Brand Partners must clearly state that the rewards program is a benefit of the Credit Card Program, without misrepresenting the Credit Card Program as solely a “rewards program.”
- When applicable, Brand Partners must clearly communicate that using the Credit Card Program is a way to earn rewards within the rewards program.
- Inaccurate or unsubstantiated claims about the rewards program are prohibited. This includes misleading information about rewards timing, value, reinstatement of expired rewards, or other rewards-related details. Brand Partners should not market the rewards program as the “best” or superior to other brands’ rewards programs unless supported by credible data approved by Bread Financial’s Legal and Compliance team.
- Any product categories, stock keeping units (SKUs)/departments included or excluded from promotions must be clearly disclosed. This may require listing Merchant Category Codes (MCCs), store locations, or other pertinent details in promotional disclaimers.
- In cases where cardmembers must choose between earning rewards and selecting a Promotional Credit Plan financing option, Brand Partners must clearly explain that only one option may be selected; ensure the point of sale (POS) system accurately reflects the customer’s choice; and provide the appropriate disclosures using the Disclosure Tool Kit.

5.3 Minimum Data Requirements

- Brand Partners must provide all necessary data elements that allow Bread Financial to effectively execute, manage, and monitor the rewards programs it administers or to oversee programs that are partially or fully managed by Brand Partners. All data must be submitted in a method and format approved by Bread Financial and aligned with the program’s Terms and Conditions and best practices. Required data elements include but are not limited to cardmember information; transaction details; line-item data; action triggers; earning and fulfillment metrics; redemption activity; and complaints and disputes records.
- Transaction Identifiers/Codes: Brand Partners are required to promptly and accurately transmit all relevant data points within settlement and authorization files (where applicable) to Bread Financial. This ensures accurate identification of brand transactions and accurate calculation of rewards program earnings. Such data includes, but is not limited to

- Card Acceptor Identification Number (CAIDs) and/or Merchant Identification Number (MIDs) assigned to Brand Partner store locations, E-comm channels, individual cash registers or point-of-sale (POS) systems.
- CAIDs and/or MIDs, including original transaction identifiers/codes associated with a return.
- Line-item settlement data as needed for program calculations, including important line-item details when a net transaction is calculated without all included line items (e.g., when a discount is applied, if tax is not included in calculation).
- Any data from Brand Partners to Bread Financial that is leveraged for rewards calculation, qualification, or presentment.

For programs that do not settle directly with Bread Financial, Brand Partners are required to provide all applicable Card Acceptor IDs (CAIDs) and/or Merchant IDs (MIDs) to ensure accurate calculation of rewards earnings, as outlined in **Section 11.4** below. This requirement also extends to non-brand locations that Brand Partners elect to include in their accelerated earning structure.

- Brand Partners must provide Bread Financial with the assigned Card Acceptor IDs (CAIDs) and/or Merchant IDs (MIDs) for each store location, e-commerce channel, individual cash register, or point-of-sale (POS) system during program implementation. Additionally, this information must be **submitted at least 21 calendar days** prior to:
 - A new store location opening, new E-comm channel, or whenever a new cash register or POS system is added within a store location, or
 - When store locations change payment processors.

6. Brand Partner Add-On Products/Services

6.1 Offering Add-On Products or Services

Marketing of fee-based add-on products and/or services offered through the Brand Partner must not refer to the Credit Card Program. If the Brand Partner offers a fee-based add-on product or service, they must indicate that enrollment in such product or service is not a requirement for obtaining credit and does not have any impact on the credit decision. Brand Partner should not employ pre-checked boxes for the enrollment or purchase of an add-on product. This includes any tender-neutral (purchases made via any standard form of payment) fee-based product or service that is offered and marketed to individuals. Examples include fee-based subscription services, fee-based loyalty or “VIP” programs, magazines, etc.

Notwithstanding the payment method, if the Brand Partner intends to offer a fee-based add-on product or service, it must engage Bread Financial prior to implementation to ensure the appropriate risk mitigation strategies are in place and meet the expectations of Bread Financial, the Bank, and regulators.

If the Brand Partner markets an add-on product or service solely to cardholders, or through the use of Bread Financial’s cardholder list, or allows the credit card to be used to purchase such add-on product or service, the Brand Partner must provide to Bread Financial all relevant program materials, including, but not limited to: all marketing, advertising, enrollment, billing, cancellation, general servicing, and vendor engagement information.

Brand Partner is solely liable for all such add-on product or service offers. Accordingly, the Brand Partner must adhere to all applicable laws and regulations (including but not limited to UDAAP and sales practices principles) associated with the offering and servicing of such add-on product or service.

7. Credit Card Applications

7.1 Application Channels

Bread Financial supports acquisition, which includes all applications, pre-screen offers of credit, and pre-qualification, through a variety of channels including at location point of sale, digital, mail, and phone. Establishing and/or modifying these acquisition channels requires system programming, development, testing, and/or modified disclosures or documentation unique to that acquisition channel.

In the event of a Credit Card Program wind-down, Brand Partner shall cooperate with ceasing acquisition in all application channels in a reasonable timeframe prior to the agreed upon Credit Card Program end date, but in **no case less than thirty (30) days prior**.

7.2 Application Requirements

Brand Partner associates shall:

- Offer the credit card to individuals in a fair and consistent manner (this will help avoid claims of discrimination or bias), and in a manner that must not discourage any individual from applying for credit.⁴
- Refrain from making any inquiries regarding the following personal characteristics or financial details of an applicant, as they fall under Prohibited Basis groups protected by the Equal Credit Opportunity Act (ECOA):
 - Personal characteristics: race, sex – including sexual orientation and gender identity, color, religion, and/or national origin;
 - Family-related plans: marital status, and/or intentions or plans for having or raising children;
 - Sources of income, including but not limited to: Alimony, child support, veteran benefits, welfare, social security, and/or separate maintenance.

Any failure to adhere to these restrictions or any form of discrimination based on the above Prohibited Bases constitutes a violation of **Regulation B** under ECOA.

- Provide the individual with account opening information (e.g. application brochure with disclosures, the Credit Card Agreement and Privacy Notice, and/or any other required Bread Financial documentation as necessary).
- Obtain the individual's consent **prior** to submitting an application for credit.
- Conduct all consumer credit interactions in a forthright and honest manner and in compliance with all requirements of the Associate Conduct **Section 2.3** set forth herein.
 - **Consequences** for improper behavior related to contest and incentives could include withholding of incentives, exclusion of associate/store/region from participation in incentives/contests, early termination of incentive/contest, or prohibition from participation in Credit Card Program acquisition activities.
- Ensure the customer is fully submitting the application on their own, where required by applicable state law

Individuals wishing to apply for an account are **required** to provide their personal information to process the credit card application.

⁴ Acts or practices directed at prospective applicants that could discourage a reasonable person, on a prohibited basis, from applying for credit are not permitted by law. ECOA, Regulation B and other regulations are intended to prevent applicants from being discriminated against in any aspect of a credit transaction through the usage of prohibited basis criteria. The definition of prohibited basis varies based on the specific regulation. The possible prohibited bases include: race or color, religion, national origin, gender or sex (including gender identity or sexual orientation), marital status, age (provided the applicant has the capacity to contract), receipt of income from public assistance, exercise of rights under the Consumer Credit Protection Act (CCPA), handicap, or familial status.

The following information is required to be provided at the time of application:

- First and last name (full legal name);
- Date of birth (month, day, year);
- Phone number (mobile number);
- Address: physical residential address.
 - If a physical address is not available for the individual or their next of kin, a rural route or APO/FPO mailing address is acceptable.
 - **A P.O. Box Number is not an acceptable address;**
- Identification number:
 - U.S. Citizen – Social Security Number
 - Non-U.S. Citizen – Social Security Number/Tax Identification Number, passport number and country of issuance, alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard
- Upon request, a valid **unexpired** government-issued photo identification (ID) evidencing nationality or residence



NOTE: Applicants under the age of 21 are required to submit a written application. This may include Paper Applications, Point of Sale (POS) pin pad, Web, or Mobile applications.

Acceptable Forms of ID for U.S. Citizens. May not be expired.	Acceptable Forms of ID for Non-U.S. Citizens May not be expired
<ul style="list-style-type: none"> ○ Driver's License ○ State ID ○ Federal Government Photo ID ○ Military Photo ID ○ Passport 	<ul style="list-style-type: none"> ○ Passport ○ State ID (not driver's license) ○ Military ID ○ Border Crossing Card ○ US Legal Resident Alien ID

All information requested within the application must be valid and accurate.

In the event that any personally identifiable information ("PII") e.g., name, address, phone number, driver's license, etc., is written down at any time during the application process, the Brand Partner associate must shred the document immediately after use. If shredding equipment is not available, the Brand Partner associate must give the document containing personally identifiable information back to the consumer.

Important note: When an account number is provided verbally from a Bread Financial associate to a Brand Partner associate over the phone, the account number should NOT be verbally repeated or written down.

If, while processing an application, the Brand Partner associate believes a fraudulent situation is occurring, the application should be processed as instant credit via phone (if available). If the application has already been processed, the Brand Partner associate should immediately contact Bread Financial Store Services ("Store Services") and notify them of the perceived fraudulent activity.

Example of when an application could be fraudulent include, but are not limited to:

- The photo ID looks altered, mutilated, or taped together.

Bread Financial will inspect and monitor applications for any indication of fraudulent activity on a monthly basis, as well as weekly throughout the duration of any contest or incentive program. Should reporting indicate any



potentially fraudulent activity, Bread Financial will share detailed information with Brand Partner to mitigate any ongoing risk.

The Brand Partner's associates are permitted to apply for an account in their own name. If applying in-store, another associate or manager/ supervisor must process the application, unless the associate applies through Frictionless Mobile Credit or on their personal device. The application will be processed in accordance with Bread Financial's standard credit granting procedures.

7.3 Acquisition Compliance

Brand Partners must maintain adequate procedures to ensure the required Credit Card Program collateral (e.g. Credit Card Brochure, Credit Card Agreement ("CCA"), Point of Sale ("POS") disclosures, tear pads, buckslips, etc.) is displayed properly and provided to the consumer prior to applying for an account. Brand Partners may receive updated educational material loaded to PartnerPortal™ and Dealer Portal™ informing that a Prime Rate change or Change in Terms (CIT) has occurred and action is required. Brand Partners are required to display () (on location and digitally, as applicable) the most up-to-date and accurate version of the terms. The Brand Partner is required to download and acknowledge the material within PartnerPortal™ or Dealer Portal™ and take action on the appropriate updates in accordance with the Prime Rate change or CIT. Brand Partner store management is required to:

- Follow established procedures for ordering additional or updated stock; and
- Once current collateral is received, destroy any outdated Credit Card Program collateral by shredding or discarding as applicable to your store location. The collateral should be destroyed only once the new collateral is placed out in accordance with the date specified on the sticker included with the new collateral. If you are unsure if your location has the correct materials, please contact Bread Financial Partners.

To ensure compliance with applicable laws, if you are a Brand Partner that maintains Credit Card Program collateral, Bread Financial performs POS Compliance audits. Audits are performed in locations by obtaining collateral samples from locations or by obtaining sample Credit Card Program application calls from the Brand Partner. Bread Financial will either discuss any findings and opportunities with the Brand Partner or the brand will receive results (assigned as a Monthly Remediation Task) through PartnerPortal™ to acknowledge. The Brand Partner must remedy any out of compliance findings in an expedited manner. Failure to remediate will be addressed via available mechanisms outlined in applicable program agreements between the brand and Bread Financial. Additionally, such failures may be taken into consideration during renewal negotiations and Brand Partner risk reviews.

8. Credit Authorizations

8.1 Authorizations

A valid, Bread Financial-issued authorization number must be obtained for every account purchase prior to providing or delivering goods and/or services to the individual. If a purchase is not authorized at the time of the sale, the purchase amount is subject to chargeback. See **Section 12** for chargeback related information.

Some situations may require either the Brand Partner associate or the cardmember to speak with a Bread Financial Store Services representative. Verify the cardmember's valid (unexpired) government-issued photo ID



NOTE:

Verify the cardmember's valid (unexpired) government-issued photo ID prior to calling Store Services. See Section 7.2 for acceptable forms of ID.

before calling Store Services. For customer privacy, Bread Financial will not disclose account specific information to the brand partner with the exception of the following:

- Open to Buy/Available Credit
- Credit Limit
- Account Number (when applicable)

8.2 Store Services

In some cases, an interactive voice response (IVR) system is provided to assist Brand Partner associates with authorizations and account inquiries. When the Brand Partner associate connects to the IVR system, the following services include but are not limited to:

- Obtain cardmember account number (private label only);
- Obtain balance and payment information;
- Request cardmember's available credit at the time of purchase;
- Obtain voice authorization for account purchases, as directed; and
- Report a card lost or stolen.

Using the IVR

- To access the IVR, dial the Store Services phone number and follow the voice prompts.
- When using the IVR, it is critical to follow the prompts and fully confirm that the identification matches the name of the cardmember before completing the transaction. Ensure accurate and up-to-date information is entered and validated through the IVR. Failure to comply with this detail could result in an incorrect account number being given and a chargeback to the Brand Partner.
- Some situations may require either the Brand Partner store associate or the cardmember to speak with a Bread Financial Store Services representative. Additional account-related questions may need to be referred to Customer Care. If applicable, the Bread Financial Store Services representative can provide the Brand Partner associate with the correct Customer Care phone number. **The phone number for Store Services should not be provided to individuals or cardmembers.**

9. Credit Transactions

9.1 At-Location Account Purchases

Cardmembers and authorized buyers listed on the account may use the account.

- **Advanced Charges/Pre-Funding:** Charging an account for goods and services that have not yet been provided ("Pre-funding") is not permitted (e.g. charging for goods and/or services that will be received in the future, etc.).
- **Information Displayed on Receipts:** Transaction receipts shall not display the full components of the credit account; therefore, must display masked (or truncated).
- **Promotional Credit Plans:** If the cardmember makes a purchase using a Promotional Credit Plan at a retailer or dealer location, then certain disclosure requirements apply. **See Section 4** for additional information on Promotional Credit Plan requirements.

Bread Financial supports various methods of obtaining an account number ("account lookup") when a cardmember or authorized buyer is shopping without a credit card. The methods and procedures to use are established in partnership between the Brand Partner and Bread Financial. When the cardmember or authorized

buyer is shopping without the credit card, there are additional procedures the Brand Partner associate must follow to verify the identity of the cardmember or authorized buyer (as described below).

A) At-Location Purchases Using a Temporary Shopping Pass or Temporary Card

- The consumer may receive a temporary credit card that they can use to make purchases until they receive their plastic credit card in the mail. Depending on the Brand Partner, the cardmember may be able to use their temporary credit cards for one or multiple purchases. Advise the individual to destroy the temporary credit card once the new credit card is received in the mail.

B) At-Location Purchases Using Mobile Account Look-Up Using Digital Shopping Pass

- **Mobile Account Lookup** – Customers may use a Digital Shopping Pass (DSP) stored on their mobile wallet, such as Apple Pay or Google Pay, to facilitate an account look-up.
- If the customer asks to do an account look-up using the Digital Shopping Pass (DSP), the Brand Partner must verify the individual’s valid (unexpired) government issued photo ID. **See chart in Section 7.2.**

C) At-Location Purchases Where Card Not Present (including DSP and Temporary Shopping Pass Not Present)

- **Card not present** – The Brand Partner may still be able to process a transaction by performing an account lookup.

Situations where the Brand Partner Must Complete Additional Steps to Verify the Consumer’s Identity

Bread Financial supports various methods of obtaining an account number (“account lookup”) when a cardmember or authorized buyer is shopping without a credit card. When the cardmember or authorized buyer is shopping without the credit card, including if they are using a Digital Shopping Pass, Temporary Card, or Temporary Shopping Pass, the Brand Partner must follow additional procedures to verify the person’s identity (as described below). If more than one scenario applies (e.g., an Authorized Buyer using a Temporary Card), follow the steps within Step 2 below based on the scenario(s) that apply.

Part 1: Request a valid (unexpired) government issued photo ID from the cardmember or authorized buyer. Ensure the photo ID is *not* expired.

Acceptable Forms of ID for U.S. Citizens	Acceptable Forms of ID for Non-U.S. Citizens
<ul style="list-style-type: none"> ○ Driver’s License ○ State ID ○ Federal Government Photo ID ○ Military Photo ID ○ Passport 	<ul style="list-style-type: none"> ○ Passport ○ State ID (not driver’s license) ○ Military ID ○ Border Crossing Card ○ US Legal Resident Alien ID

Part 2: Determine which of the scenarios apply. If more than one scenario is applicable (e.g., an Authorized Buyer using a Temporary Card), follow all applicable steps.

Scenario 1: Using a Temporary Card, Temporary Shopping Pass, or Digital Shopping Pass (DSP)

1. Confirm the name and signature on the Temporary Shopping Pass match the name and signature on the individual’s valid (unexpired) government-issued photo ID.



- If no signature on the temporary credit card, but the names match:
 - Proceed to Step 3 to process the transaction.
- If the name and signature on the temporary credit card match:
 - Proceed to Part 3 to process the transaction.
- If the name and signature on the temporary credit card do NOT match:
 - Call Bread Financial Store Services and determine if the individual that is attempting to use the card is an authorized buyer on the account.
 - If Store Services confirms the individual is the cardmember, proceed to Part 3 to process the transaction.
If the person is not the cardmember, the transaction **cannot** be authorized using the credit card.

Note: Digital Shopping Passes do not have signature. Therefore, the Brand Partner should confirm the name on the DSP matches the valid government issued photo ID.

Scenario 2: Authorized Buyer / Individual is not Cardmember

1. If a person other than the cardmember is attempting to pay for goods and/or services without a credit card in their name, call Bread Financial Store Services to confirm whether the person is an authorized buyer on the account.
2. If Bread Financial Store Services confirms the person is an authorized buyer, the Brand Partner associate must also review one of the valid, unexpired acceptable forms of ID listed below (**see also Section 7.2**) to confirm the person's identity.
 - a. If the individual does not have an acceptable form of ID or otherwise cannot be validated as the cardmember or an authorized buyer on the account using a valid government issued photo ID, the Brand Partner associate **cannot** allow the individual to pay for goods and/or services using the credit card.
 - b. If the valid government ID matches the individual listed as the Authorized Buyer on the account (based on the information provided by Bread Financial Store Services), proceed to Part 3 to process the transaction.

Scenario 3: Card Not Present

1. Perform an account look-up for the individual. Once the account is located via account look-up, ask the consumer for a valid (unexpired) government photo ID to determine they are listed as the cardmember or authorized buyer on the account.
 - a. If an account is found and the name on the account matches the valid government issued photo ID proceed to Part 3 to process the transaction.
 - b. If the account is found and the information does not match the photo ID, follow the procedure for Authorized Buyer.
 - c. If an account is not found, the transaction cannot be authorized.

If the individual cannot be validated as the primary cardmember or an authorized buyer on the account via, the transaction **cannot** be authorized.

Part 3: Process the Transaction

- Preferred method: When enabled, use the driver's license account look-up function to process the transaction.
- Manual Account Look-up: If a manual account look-up must be performed, the following information must be written or electronically recorded on the sales draft along with the signature of the cardmember or authorized buyer:
 - Full name listed on the ID that was used to verify the individual



- Type of ID that was used for verification (e.g., state ID, driver's license, passport, military ID). Do not abbreviate.
 - For state IDs and driver's license, note the state of issuance for the ID
- Expiration date, including month and year.
- The ID information must be legible, regardless of whether it was recorded electronically or written.
- This information must be retained for the **Retention Period outlined in Section 12.1.**

Note: Digital Shopping Pass
 If consumer is using a Digital Shopping Pass, Brand Partner does not need to record the cardmember's ID due to the security controls that are built into this functionality. If an authorized buyer is using a Digital Shopping Pass, the ID information should be recorded.

NOTE: See Section 7.2 for acceptable forms of identification. Student and employment IDs are not acceptable. Driver's license information may not be recorded in all states or under certain circumstances. Brand Partner should consult their legal counsel to determine applicable requirements and restrictions.

9.2 At-Location Purchase Pickup

Under these circumstances, a valid and unexpired government issued photo ID must be viewed and documented in accordance with **Section 9.1** excluding the signature requirement. Documentation will be captured electronically or may be submitted manually when electronic capture is unavailable, and must be retained for the **Retention Period outlined in Section 12.1.**

If the cardmember is unable to present a valid ID for documentation, fulfillment of the order is done at the risk of the Brand Partner and is subject to chargeback if there is a resulting fraud claim.

Claims from transactions that were purchased online but delivered to a store for pick-up will be the liability of the merchant when the pickup person is not the account holder or authorized buyer.

9.3 At-Location Account Payments

For Brand Partners that accept account payments at partner locations, the Brand Partner must have procedures to process payments made at their location. Acceptable forms of payment are limited to cash, check, or debit card.

All Brand Partners accepting cash payments must establish payment processing procedures, including a procedure for completing IRS Form 8300 if/when necessary. If the Brand Partner accepts cash payments totaling greater than \$10,000 in a single day in a single transaction or series of related transactions, by or on behalf of a card member, an IRS Form 8300 **must** be filed for each such payment or set of related payments in accordance with applicable law.

Bread Financial does not assume, and expressly disclaims, any responsibility for filing or completing currency transaction reports under IRC § 6050I or 31 U.S.C. § 5331 on behalf of the Brand Partner, including those arising from receipt of physical cash payments made toward the Brand Partner's Credit Card Program. The legal obligation to report such transactions rests solely with the entity that receives the physical currency during the course of business. It is incumbent upon the Brand Partner to evaluate its own policies and procedures to ensure full and timely adherence to all applicable reporting obligations under federal law. **Compliance is not discretionary** and failure to meet these reporting obligations may result in corrective actions from Bread Financial such as coaching/additional training, and/or the discontinuance of in-store payments; as well as the possibility of regulatory enforcement actions, substantial financial penalties, reputational harm, and criminal prosecution. Bread Financial maintains the right to monitor, audit, and/or request evidence of compliance with IRS Form 8300 requirements; as well as all other applicable BSA/AML laws and regulations.

9.4 Returns and Credits

If a cardmember returns merchandise or cancels services, the Brand Partner must issue a refund in the form of a credit to the account used to make the purchase. Such policies may not cause or be likely to cause substantial, unavoidable financial harm to consumers. Any related penalties must be clearly disclosed prior to the transaction and must not be unreasonably prohibitive. If a return or credit is not processed on the cardmembers account, a chargeback shall be executed by Bread Financial for the uncredited merchandise or services remaining on the cardmember account.

10. Account Servicing

10.1 Overview

Bread Financial and its service providers service all accounts opened under the Credit Card Program, including issuing the card (if applicable), responding to complaints, disputes, billing errors, and inquiries, receiving payments, performing account maintenance, and sending communications to cardholders, including but not limited to billing statements.

10.2 Statements

Bread Financial sends a monthly billing statement to the cardmember. Statements contain information such as the balance on the account, the minimum payment required and the due date, description of transactions, finance charges, fees, promotional plan details, billing rights, etc. The statements are sent by the United States Postal Service unless the cardmember previously opted into receive electronic statements, in which case billing statements are posted on Account Center and the cardmember receives an electronic notice via email that their billing statement is ready to be viewed online. There are some instances in which a billing statement may not be sent, such as when the account has a \$0 balance, the account has been charged off (e.g., due to non-payment) or if there has been returned mail from the cardmember's address.

10.3 Payments

There are several methods by which a cardmember can make a payment to their account. Some Brand Partners allow cardmembers to make payments in the store, and the payment is then forwarded to Bread Financial via settlement. Consumers may also make their payment directly to Bread Financial via mail, over the phone, or online through Account Center, the mobile app, Payment Assistance Center or EasyPay. The information for making a payment via these methods and the payment cutoff times for making payments are contained on the second page of each billing statement.

10.4 Account-Related Questions and Inquiries

The Brand Partner associates must refer cardmembers to the Bread Financial Customer Care department for any account-related questions. The website and phone number for Customer Care ("Customer Service") is located on the back of the credit card and billing statement. Cardmember inquiries made directly to the Brand Partner must be emailed to Bread Financial at cardholderinq@breadfinancial.com. <mailto:cardholderinquiries@breadfinancial.com> Inquiries to be referred to Customer Care include but are not limited to:

- General inquiries (account balance, purchase and payment inquiries, change of address, adding or removing authorized buyers, replacement cards, etc.)
- Credit balance refunds



- Estate/Trustee account inquiries
- Lost/stolen credit cards
- Closed accounts or requests to close an account
- Claims of unsolicited applications/accounts
- Questions about finance charges, fees or promotional plans

10.5 Billing Error Dispute Requirements

A cardmember may contact the Brand Partner to seek resolution for an alleged billing error (an error on their statement). If the cardmember believes there is an error with respect to any debit or credit on their statement, direct the cardmember to the “What To Do If You Think You Find A Mistake On Your Statement” section on the second page of their billing statement for the way to contact Bread Financial and the requirements and timing for filing a billing error dispute, if necessary.

To prevent potential billing errors, the Brand Partner must:

- Be clear on promotion details, structure and eligibility;
- Key transactions carefully and accurately;
- Provide the cardmember with all material documentation about the sale, including the receipt and promotional plan disclosures, if applicable; and
- For all timeshare related disputes, provide documentation including contract with cancellation policy, application and applicable acknowledgement forms.

When an alleged billing error is received by the Bank, the Brand Partner must adhere to certain requirements, including the timely supplying of applicable documentation. Please refer to **Section 12** for details.

10.6 Disputes Regarding the Quality or Non-Receipt of Goods or Services

Brand Partners are expected to attempt to resolve cardmember issues regarding the quality or non-receipt of goods and services purchased from the Brand Partner, such as defective merchandise or non-receipt of goods or services, even though a cardmember has a right to submit a claim or defense to Bread Financial when they feel the Brand Partner did not properly resolve the issue. In these instances, direct the cardmember to the “Your Rights If You Are Dissatisfied With Your Credit Card Purchases” section on the second page of the billing statement for information about the way to contact Bread Financial and the instructions for filing this type of billing error.

10.7 Fraud Claim

In scenarios in which the cardmember is claiming a charge on the account is fraudulent, they should be directed to the Statement of Billing Rights on the second page of their billing statement for methods to contact Bread Financial, steps to filing a claim, and the information required to be submitted with the claim. Cardmembers with fraud claims can also contact Bread Financial’s Account Protection (Fraud) Department directly at 1-800-888-1726.

10.8 Credit Report Disputes

Bread Financial reports credit information on our accounts to the national credit reporting agencies. If a



cardmember believes there is an error in the information being reported, direct the cardmember to the “Notice of Credit Report Disputes” section on the back of the first page of their billing statement for information on how to notify us of a credit dispute.

10.9 Complaints and Brand Partner Obligations

The Brand Partner associates should refer cardmembers to Bread Financial Customer Care department for any account related inquiries or complaints. The phone number for Customer Care (“Customer Service”) is located on the back of the credit card and the second page of the billing statement. Brand Partners can notify Bread Financial immediately of any cardmember complaints received or complaints of which the Brand Partner becomes aware. Cardmember inquiries and complaints made directly to the Brand Partner must be emailed to Bread Financial at cardholdering@breadfinancial.com. The email to Bread Financial is not for individual use and should contain specific elements about the complaint and the following cardmember information:

- Complete account number
- Any previous name used
- Any previous addresses used
- Primary telephone number
- Date the complaint / inquiry occurred

Some of the disputes and claims described above and some complaints that are submitted through other channels will be escalated to Bread Financial’s Complaints Management Team for handling.

Frequently, while resolving cardmember complaints, Bread Financial will need additional information and/or documentation from the Brand Partner. The Brand Partner shall cooperate in investigating and remediating any complaints that Bread Financial or the Brand Partner receives to ensure timely resolution. The Brand Partner must respond to complaint-related requests for information and documentation within **two (2) business days** from the date of Bread Financial’s request due to regulatory expectations that include thoroughly researched and documented complaint investigations. Failure to comply with these documentation requirements may result in a chargeback, pursuant to **Section 12** of this Operating Procedure. For all timeshare related complaints, provide documentation including contract with cancellation policy, application and applicable acknowledgement forms. In addition, all medical/dental related complaints must include the date of service provided. When providing documentation that may contain Health Insurance Portability and Accountability Act (HIPAA)-related information, ensure it is redacted or removed prior to providing it to Bread Financial.

To respect our customers' privacy, Bread Financial adheres to specific guidelines when sharing customer complaints and inquiry information with Brand Partners.

11. Accounting Procedures

11.1 Settlement

Bread Financial processes settlement files/transmissions on a daily basis, 365 days per year. The Brand Partner shall promptly transmit all transaction records after the transaction date without undue delay, unless the settlement data is captured via Host Data Capture or Comenity Business Center (“CBC”), in which case Bread Financial will promptly create the settlement file. Files must be received based on contractual terms (e.g. file format and timelines).



11.2 Suspense Processing

Bread Financial's monetary system has a number of checks that transactions must pass before posting to the appropriate accounts. If the transaction does not pass these checks, it is referred to as a "suspended transaction."

Bread Financial will deliver documentation relative to suspended transactions, which could sales and returns or in-store payments, to the designated Brand Partner contact to request correct information.

Upon receipt of this documentation, the Brand Partner should review it, locate the correct information, and return the updated documentation so that the transactions can be posted to the correct account. The Brand Partner has **15 business days** to supply correct information before transactions will be deleted from suspense and charged back. Questions regarding suspense reporting or correction requests may be sent to suspenseinquiry@breadfinancial.com. See **Section 12 Chargebacks** for additional information.

11.3 At-Location Returned Checks (if applicable)

Returned checks incurred by the Brand Partner as a result of an at-location payment can be sent to Bread Financial via the daily settlement file. Please see the Client Settlement File Layout Document for details.

Transaction code 460 should be utilized for returned payments incurred by the Brand Partner. Transaction code 452 should be used for payment voids or partial payment amount voids due to in-store keying errors.

11.4 Merchant Identification Numbers

For programs in which purchases are processed through the card networks (e.g., Visa, MC, Amex) and do not settle directly with Bread Financial, Brand Partners must timely submit a complete and accurate list of applicable Card Acceptor Indicators (CAIDs) and/or Merchant Identification Numbers ("MIDs") prior to the program launch. Following launch, any new or updated CAIDs and/or MIDs must be provided to Bread Financial **at least 21 calendar days** before they become active. Bread Financial is not responsible for fulfilling obligations related to missing or inaccurate CAIDs and/or MIDs.

12. Chargebacks

Chargebacks could result (a) from failure by the Brand Partner to comply with any term or condition of the Program Agreement; (b) if there is a failure by the Brand Partner to comply with applicable law; (c) as a result of Brand Partner's failure to timely refund during the dispute resolution review process or (d) for any chargeback reason as set forth in the Credit Card Program Operating Procedures.

Bread Financial reserves the right to charge back the Brand Partner the amount of any purchase, including the unpaid principal balance, applicable sales tax, accrued and billed finance charges, fees, charges, and such amounts written off by Bread Financial and any royalty paid by Bread Financial to the Brand Partner, relating to the purchase.

See Sections 12.4 for examples of chargeback eligible transactions.

12.1 Bread Financial Request for Documentation

The Brand Partner is required to provide copies of sales drafts or other relevant documentation, as appropriate based on the fraud claim, dispute, or complaint, as requested by Bread Financial to determine general transaction details, payment details, sales videos and recordings, and/or delivery confirmation details for disputed or possible fraudulent transactions. All applicable required documentation must be provided within **21**

calendar days for fraud claims or disputes and two (2) business days for complaints, or the total amount of the original charge will be charged back to the Brand Partner pursuant to **Section 12.3 and 12.4**.

Retention: The Brand Partner must retain these documents for each transaction **for at least 18 months from the latest date of the following** (as applicable): (a) the transaction date; (b) the pickup date; (c) the last day of the promotional credit plan; or (d) date of last service.

Dealer-based programs must maintain a contact list for locations to obtain transactional details requested to support the needs for Bread Financial to resolve disputes, complaints and fraud claims. Current contacts must be maintained/managed by the Brand Partner and updates shall be provided in a timely manner.

12.2 Dispute, Fraud Claim, and Complaint Research

Bread Financial will initiate fraud claim investigations, including chargeback reviews, in response to an individuals' claim of fraud. Bread Financial will initiate a dispute-related chargeback review after any of the following occurs: (a) Bread Financial receives a complaint or some other notice of a dispute from or about a cardmember; and/or (b) Bread Financial discovers or receives notice of information believed to be the basis of a chargeback or warrants a chargeback investigation. In either case, Bread Financial will send an encrypted email to the designated contact at the Brand Partner, which shall identify the documentation that Bread Financial needs to conduct the fraud claim investigation or chargeback review to respond to a dispute.

For all timeshare related disputes and fraud claims, provide documentation including contract with cancellation policy, application and applicable acknowledgement form(s).

For each medical purchase or contracted service, the following documentation must be provided upon request:

- **Written Terms or Contract:** A copy of the signed agreement or terms of service between the consumer and the provider.
- **Provider's Cancellation Policy:** The cancellation policy as provided to the consumer at the time of purchase or agreement.

12.3 Chargeback Disputes by the Merchant

Chargeback Dispute Procedure

Any chargeback keyed by Bread Financial, which the Brand Partner is disputing, should be handled in the following manner:

- Brand Partner's review of the chargeback is required within **14 calendar days** of the settlement date.
- Brand Partner disputes after **14 calendar days** are not subject to review or reversal.
- Chargebacks will be reflected on the daily settlement file and will show as a specific line item.

The daily settlement package will include reporting, which provides information on each individual chargeback. All requests for chargeback review/dispute should be sent to GlobalSupportSMI@breadfinancial.com and fraud.chargebacks@breadfinancial.com for research. Include the following information in the email:

- Account number/information
- Reason for dispute
- Transaction amount
- Transaction code

12.4 Example Chargeback Scenarios

The below outlines example scenarios in which Bread Financial is entitled to charge back a transaction.

Duplicate Sales Draft

The sales draft related to the purchase is a duplicate of one already paid and/or the price on it differs from the price on the cardmember's copy.

Charges Not Authorized by Bread Financial

A valid Bread Financial-issued authorization number was not provided and/or Bread Financial did not grant authorization on the subject transaction.

Failure to Supply

For Disputes: The Brand Partner does not return the requested sales draft, transaction details, delivery confirmation information, and/or other relevant documentation within the **21-calendar days**.

For Complaints: The Brand Partner does not return the requested sales draft, transaction details, delivery confirmation information, and/or other relevant documentation within **2 business days**.

Illegible Copy.

Illegible or incorrect receipt or sales draft is submitted (e.g., account number), and/or Bread Financial mistakenly paid based on illegible/incorrect documents.

Services that are Incomplete, Unacceptable, or Not Received as Promised (including, for example, medical procedures), if applicable.

Services that are contracted for but not delivered, unacceptable or not received as promised, or the cardmember has been billed for services that were never performed.

Incorrectly Posted Transaction

Brand Partner associate incorrectly keys a transaction at point of sale.

Right to Reject

When an account is opened via a channel that does not allow the cardmember to review the Terms and Conditions in the Credit Card Agreement in writing (e.g., catalog/call center phone from home), the cardmember has the right to reject the credit card within 25 calendar days of opening the account. If cardmember rescinds, Bread Financial will charge back the purchase and the Brand Partner will be responsible for obtaining an alternative payment for the transaction.

Goods and/or Services-Related Disputes

Brand Partner fails to resolve dispute of (a) an alleged breach of warranty or representation by the Brand Partner or manufacturer in connection with the sale of goods and/or services by the Brand Partner to cardmember; and/or (b) a goods and/or services dispute, and Bread Financial directs cardmember to the Brand Partner or manufacturer to resolve the dispute. Refer the cardmember to the "What To Do If You Think You Find A Mistake On Your Statement" section on the second page of the statement for cardmember's rights. If Brand Partner fails to resolve any such dispute within the applicable chargeback time frames set forth in the Card Network rules, for Co-Brand or other programs subject to the Card Network chargeback process, or within **six months** following

the transaction date, for Private Label programs, any such transaction shall be automatically charged back to Brand Partner.

Brand Partner-Requested Refund

Brand Partner requests a credit to a cardmember's account. For example, crediting late fees or billed finance charges at Brand Partner's request.

Multiple Transactions Processed

Cardmember charged (or credited) more than once because a sale or return was processed more than once in error.

Mispasted Returns

A return transaction posted to an improper account. For example, the Brand Partner indicates the charge belongs to someone else's account and we are unable to locate an account for the individual making a return.

Brand Partners shall provide credit for returned merchandise or services not rendered to the credit account in which the purchase was made. If a return or credit is not processed on the cardmembers account, a chargeback shall be executed by Bread Financial for the uncredited merchandise or services remaining on the cardmember account.

Card Not Present / Card Not Swiped and At-Location Purchase Pick-Up

A valid (unexpired) government-issued photo ID must be viewed at both point of sale transaction and at-location merchandise pick-up to confirm the identity of the cardmember if a Bread Financial card was used as the form of payment. In the case of fraudulent transactions, merchandise picked up in store by anyone other than the cardmember will be the liability of the merchant. If the cardmember has been issued a credit card but the credit card is either not presented, presented but not swiped, or a temporary card is presented, the Brand Partner should refer to **Section 9.1** for transaction information that must accompany the sales draft. In the instance where Mobile Account Lookup is enabled, a valid (unexpired) government-issued photo ID must be viewed at both point of sale & self-checkout transaction.

In instances where self-checkout is available, the Brand Partner must either be able to identify a scanned Digital Shopping Pass (DSP) to trigger an ID check OR accept risk and assume responsibility for a chargeback. **See chart in Section 7.2.**

When driver's license account look up is enabled, all account lookups should be facilitated utilizing this functionality to mitigate potential fraud. When driver's license account look up is available but not utilized, the Brand Partner will be liable for resulting fraud claims on the transaction(s) (e.g., if Brand Partner elects to use manual account look-up instead). For purchases not following requirements in **Section 9.1**, Brand partner will be charged back if evidence is not provided for the account holder or authorized buyer.

Note- First-Purchase Exception for Newly Opened Accounts

Transactions that occur within two hours of an account being opened, and that occur in the same store where the new account was opened, will not be subject to chargeback for card not present as long as the Brand Partner is able to confirm that the account was opened under the direct supervision of a store associate, and that associate confirmed the identity of the applicant by viewing a valid government issued photo ID. **See chart in Section 7.2.** This exception is not applicable to applications opened through unattended terminals, such as kiosks or mobile tablets.

Mispasted Retail Payment



A payment posted to an incorrect account. For example, the Brand Partner indicates payment belongs to someone else's account and we are unable to locate an account for the correct individual making payment.

Signature Errors:

No Signature at Point of Sale: At the point of transaction for an in-store purchase, the Brand Partner fails to provide confirmation that a signature was obtained on the sales draft.

Unauthorized Signature At the point of transaction, the Brand Partner obtains either a hand-signed or electronically recorded signature on the sales draft that cannot be interpreted to be the name of either the cardmember or any of the authorized buyers on the account (at the time of purchase). This would include any 3rd party unauthorized user that is not identified to be an account holder or authorized buyers.

Invalid Signature: At the point of transaction, the Brand Partner obtains either a hand-signed or electronically recorded signature on the sales draft that cannot be interpreted as the name of either the cardmember or any of the authorized buyers on the account (at the time of the purchase) due to a lack of decipherability of the manual or electronically captured signature.

Electronic Merchandise Transactions

The Brand Partner will have chargeback liability for web, mobile, or phone order transactions where fulfillment/delivery of that transaction occurred via web, email, or another form of electronic fulfillment. This includes such merchandise as electronic gift cards, cash/reward cards, and services for which physical delivery is not required.

Shipped Transaction Liability

Bill to/Ship to inconsistency: The confirmed delivery address of shipped item(s) is different than the cardmember's current billing address at the time of the shipment. This includes instances where either the items are held at the courier's facility, items shipped to the merchant for in store pickup, or the delivery address is changed after shipment.

No verified Identification with Purchase Pick Up: With merchandise pickup, the Brand Partner fails to deliver merchandise to the cardholder or authorized user. Confirmation of pickup person should be documented in alignment with these Operating Procedures and provided upon request.

No signature at delivery: The Brand Partner and/or shipping courier did not obtain a signature at the point of delivery for a shipped transaction. The signature obtained may be that of any party. Alternate forms of delivery confirmation captured and provided by the courier are accepted.

Merchant order cancellation requests: Brand Partners are required to provide phone and email contact information to allow Bread Financial to provide notice of open/pending orders on accounts. These contacts must be regularly maintained, with prompt notice being provided to Bread Financial when updated contact information is needed. Failure to submit and/or maintain updated contacts may result in chargeback liability on orders for which opportunity for cancellation and/or re-direction is available, but adequate action is not taken.

Cardless Portfolio Transactions

If a credit portfolio does not issue a credit card, the Brand Partner will be subject to chargeback for all transactions on which a valid fraud claim has been made. The Brand Partner must be able to confirm that, at the point of transaction and/or service, a valid and authorized signature was obtained and an approved form of state or U.S. government-issued photo ID was viewed to confirm the identity of the cardmember.



Account Number Displayed on the Web

If the Brand Partner either displays the cardmember's account number in real time upon approval OR retains the account number on the web or mobile interface upon approval for a new account and the transaction is subject to a fraud claim, the first web, mobile, or phone order transaction will be exempt from chargeback.

Any subsequent transactions via any channel **within 30 calendar days**, alleged to be fraud, will be eligible for chargeback due to risk associated with this manner of display and storing of the cardmember's account number.

Note: In-store transactions where the account number is automatically displayed and used, will be treated as Card-Not Present/Card Not Swiped or At-Location Purchase Pickup, requiring compliance with the applicable account lookup and card-not-present procedures.

Mobile Virtual Card Transactions

Mobile Virtual Card transactions that are not conducted in accordance with the Mobile Virtual Card procedures will be subject to chargeback for card not present/card not swiped or any other applicable reasons.

Brand Partner Associate Fraud

The Brand Partner will be subject to chargeback if either the Brand Partner's internal security team or Bread Financial identifies an associate of the Brand Partner to have either perpetrated or facilitated fraud.

Fraud—Services Not Rendered

The cardmember has indicated that a transaction was fraudulent and has been billed for services that were not authorized at the point of transaction.

Impairment

Applicant, Accountholder, or Auth Buyer provides evidence that they were impaired in such a way that they were unable to make a legally binding decision at the time the credit application was submitted and account opened and/or when the purchase was made.

Examples include if the consumer was under the effects of anesthesia or similar circumstances that should have been clear to the Brand Partner at the time.

13. Brand Partner Location, System and Security

13.1 System Issue Resolution

If the Brand Partner is attempting to resolve a reporting or systems-related issue, please follow these steps:

1. Ensure the problem has been reported to the Brand Partner's internal help desk.
2. Brand Partner's help desk will initiate a call to Bread Financial's help desk once it has been determined that Bread Financial's assistance is necessary.

To contact Bread Financial's help desk, call 1-800-378-1255. Please ensure as many details as necessary surrounding the problem have been captured (e.g., what process is failing, where is it failing, the number of locations affected, when did the failure begin, etc.). The Bread Financial Help Desk will ensure that the appropriate resources are contacted and a ticket is opened. Retain the ticket number for reference when communicating with Bread Financial regarding the issue.

13.2 Location Set-Up, Move, or Closure

Bread Financial must be notified **at least 21 calendar days prior** to (a) the opening of a new location, (b) the move from an existing location, or (c) the closing of a location. Send the following information in the Bread Financial approved format. Such information may include: Request Type (Add / Update / Close) and date of change

- Client Name / Division Number
- Store number
- Logo Number (Only required if the Brand uses Logo)
- Store Address / City / State / Zip / Country
- Main Phone Number
- Authorization Tran Location (Web or Retail)
- Store Type Indicator (Web or Retail)
- Card Acceptor ID (also known as the Merchant ID)- this is a unique value for each merchant location and/or terminal
- Merchant Name (may be the same as the Store Name)
- Merchant Address / City / State / Zip / Country (may be the same as the Store Address, etc.)

13.3 ANI Call Routing/Blocking

To reduce fraud, Bread Financial utilizes Automatic Number Identification (ANI) Routing/Blocking. ANI Routing/Blocking is designed to block, or route where appropriate, non-authorized phone numbers from completing calls to Store Services.

Calls from unauthorized phone numbers are either blocked or routed to the appropriate department and will receive a recorded notice, such as “You are not authorized to dial this number, please contact your operations team for assistance.”

Use the “Bread Financial ANI Update Request” to submit phone number changes. You may contact Bread Financial Partners for this form.

If the Brand Partner location believes that phone calls are being blocked or rerouted incorrectly, call the Bread Financial Help Desk at 1-800-378-1255. Ensure you have a list of locations affected and all phone numbers associated with each location that are experiencing issues.

13.4 Brand Partner System Modifications

Bread Financial can request the Brand Partner to make modifications, at their own expense, to the systems utilized by the Brand Partner to facilitate the Credit Card Program. The Brand Partner must make every reasonable effort to ensure the proposed action plan meets the timing requirements directed by Bread Financial. Test accounts are provided to Brand Partners when a certification of system changes is requested and performed. Certifications can consist of either connectivity or functionality testing in the testing environment. Test accounts can be used only for the duration of the certification and holders of the test accounts are required to sign a Test Account Agreement with Bread Financial. Once signed, test agreements are valid for the length of each applicable test agreement. Bread Financial cannot perform end-to-end certification in our test environment for Co-Brand divisions that indirectly authorize and settle.

13.5 Test Plastics

In the normal course of business, it may be necessary to produce test credit card plastics (“Test Plastics”) when requested by the Brand Partner for Credit Card Program execution. This may include purposes such as internal and external routing for quality checks, personalization set-up/testing, mail seeds, client displays, photo shoots, and sales efforts. Test Plastics may be requested and must contain fictitious information. The following Standards are in place to mitigate risk of misuse.

Standards: The following options are defined in order of preference; however, all have been rendered acceptable methods of practice. We have approved standards in which we produce Test Plastics.

- If the magnetic stripe cannot be devalued prior to shipping by the fulfillment vendor:
 - The Test Plastics should be shipped via a secured courier to Bread Financial. The Bread Financial associate will devalue the plastics immediately upon receipt.
 - In the event Bread Financial has determined Test Plastics should be sent to an approved Brand Partner directly from the fulfillment vendor, the Brand Partner must visibly damage the magnetic stripe upon receipt. The Brand Partner must provide acknowledgement of this action in writing.
 - For any Co-Brand Test Plastic (including both EMV chip and non-EMV chip) the Test Plastics must be stamped with the word VOID.

If Test Plastics are produced and sent to the Brand Partner, the Brand Partner must return the plastics by the agreed-upon method and by the agreed-upon return date.

13.6 Shared/Generic User IDs

The Bread Financial Information Security Policy prohibits the use of shared/generic user IDs. Shared user IDs and passwords take away accountability of actions performed and often result in a user account with privileges beyond what is required for each user. Refer to the Password Requirements Policy for password requirements.

13.7 Protecting Cardmember Data

To adhere to the guidance of the Federal Financial Institutions Examination Council (FFIEC) Handbook for outsourcing technology services, Bread Financial requires Brand Partners, who function in the capacity of a service provider on Bread Financial’s behalf (call centers, web host providers, database marketing services, etc.), to make Bread Financial aware of any potential outsourcing. There is an obligation to manage risks and to ultimately protect data associated with outsourced services. Brand Partners who are considering outsourcing services, must make Bread Financial aware and obtain approval from Bread Financial prior to doing so.

13.8 Email & Information Exchange Procedures

Bread Financial facilitates secure communication of sensitive messages via the following:

- Secure email web portal
- Transport Layer Security (TLS) encrypted email
- Secure file transfer via SFTP, FTPS, or HTTPS (EST)

The Brand Partner shall contact Bread Financial Partners to complete the setup for TLS encrypted email or secure file transfer.

Annually, Brand Partners will validate data files shared by Bread Financial are still required. Additionally, a PCI Attestation of Compliance should be provided to demonstrate that controls are in place to protect the data being sent. If Brand Partner is not required to comply with PCI due to outsourcing their authorization and new account acquisition functions, Brand Partner shall complete Bank’s Third-Party Technology Risk Assessment Questionnaire instead.