

SUSTAINABILITY

PURPOSE AND VALUES

Every aspect of our sustainability program is integrally tied to and reflects our company purpose and values. Our purpose and values reflect and emphasize our commitment to being a good corporate citizen and inspiring a more sustainable world. We are committed to reflecting our purpose and core values in everything we do, especially in our culture and sustainability focus areas of responsible supply chain and energy management.

Our culture initiatives are our commitments to strive to create a world that is more colorful and welcoming, where people can be themselves and where differences are seen as beautiful. Our sustainability initiatives are our commitments to being part of something bigger, and caring for our people, customers, communities, and planet.

GOVERNANCE

Our Board of Directors believes that sustainability issues are essential to our Company's long-term performance and value creation. The Board is committed to corporate governance best practices and to integrating responsible sustainability initiatives into our operations and strategic business objectives.

Our Board and the Nominating, Governance and Corporate Responsibility Committee have oversight of the Company's sustainability efforts. On a regular basis, this committee receives updates on management's execution of sustainability initiatives.

On an annual basis, this committee advises on the long-term design of the Company's sustainability program. In 2020, the Compensation and Talent Committee was delegated oversight authority over the Company's cultural and belonging programs and goals. The charters for both Committees are available at <http://investor.sallybeautyholdings.com>. We have not incorporated by reference into this Proxy Statement the information included on or linked from our website, and you should not consider it to be part of this Proxy Statement.

Management of sustainability-related projects is led by our Senior Vice President, Chief Legal & Human Resources Officer, who coordinates a cross-functional team of subject matter experts to drive sustainability across SBH globally. Management reports regularly to and engages with the Board and its Committees regarding progress against our sustainability goals.

SUSTAINABILITY VALUES IN OUR CODE OF CONDUCT & ETHICS:

- **We are committed to** conducting business as a good corporate citizen, ethically and with integrity.
- **We believe in** conducting operations for protection of the environment and the general public, and with regard for the welfare – safety, respect and dignity -- of our associates.

ETHICS CODE

Our Company's core values regarding corporate responsibility are reflected in our **Code of Business Conduct and Ethics** ("Ethics Code"), which is the standard of conduct that applies to all our employees, officers and directors. The Ethics Code reflects the Board's beliefs about how we should conduct ourselves individually and as a company and includes the following core principles relating to corporate responsibility and sustainability matters: we intend to operate our business as a **good corporate citizen**; conduct operations **with regard to the welfare of our employees** and for the **protection of the environment**; and provide **equal opportunity to all employees**.

Our Ethics Code is available on our website at <http://investor.sallybeautyholdings.com> and is available in print to any person, without charge, upon written request to our Vice President of Investor Relations. We intend to disclose on our website any substantive amendment to, or waiver from, a provision of the Ethics Code that applies to our principal executive officer, our principal financial officer, our principal accounting officer, or persons performing similar functions.

Our sustainability strategy is informed by the SASB standards for specialty retailers and focuses primarily on the following six areas where we believe we can continue to have a material, meaningful impact: **Human Capital**; **Culture**; **Philanthropy and Community Impact**; **Environmental Sustainability**; **Responsible Sourcing and Supply Chain**; and **Data Protection and Cybersecurity**.

HUMAN CAPITAL

OUR PEOPLE AND PURPOSE Our Company's purpose is "To inspire a more colorful, confident, and welcoming world." Our purpose represents the impact that we intend to have in the world. We believe that the most immediate impact our Company can have is how we support, engage with and value our associates. At SBH, we deeply appreciate and care for our associates and believe they are a material and essential part of our global operations and strategy.

OUR CULTURE AND VALUES Our Company values are the beating heart of our Company, and they embody how we intend to live up to and achieve our purpose. Our five core values form the bedrock of our culture and are reflected in our greatest asset – our people. Very simply, our values underscore SBH’s commitment to building a diverse, inclusive company by helping each associate experience a genuine sense of belonging. They embody a culture where each associate can bring their full selves to work, and where everyone contributes to the conversation. Where each associate inspires their team and their customers with their passion and knowledge. Where associates are empowered to make decisions, to deliver for our customers, and to take ownership of their growth and development through education, training, and leadership opportunities. Where we take care of each other, our communities, and the planet.



BE YOURSELF.

Come as you are—everyone is welcome here.



BE AN INSPIRATION.

Share your passion and knowledge with your team, your customers, the world.



BE BOLD.

Dive in. Move fast. Say yes.



BE AN OWNER.

Drive growth. Create your future.



BE PART OF SOMETHING BIGGER.

Take care of each other, our community, and our planet.



TALENT OVERSIGHT/GOVERNANCE Our Board has made oversight of talent and culture a priority through its **Compensation and Talent Committee**, which oversees the Company’s human resource strategies and initiatives on compensation and benefits, culture, and associate engagement and well-being. The **Compensation and Talent Committee** regularly receives updates from SBH senior management regarding culture, associate engagement, demographics, talent development, retention and turnover, and succession planning.

Our key **human capital management objectives** are to retain, develop and recruit a diverse group of highly qualified and dynamic associates and leaders throughout the Company. At SBH, we intend that our talent oversight policies and programs will create an inclusive environment and empower everyone at SBH to contribute to and share responsibility for our Company’s success.

TALENT AND CAREER DEVELOPMENT SBH is committed to encouraging the growth, well-being and career development of our associates through various methods, including training events, continuous learning opportunities online, independent development plans, and education financial assistance.

- We offer associates a **streamlined learning and development platform** (“Thrive”), which is designed to onboard, upskill, and communicate with our associates by connecting them with relevant content in partnership with LinkedIn Learning. Thrive helps our associates facilitate their career and job competency growth.

- In the fall of 2024, we are collaborating even more with **LinkedIn learning** which will enable associates to drive their career paths even further, by having access to personally curated learning resources.
- We also have a variety of **Leadership Development** programs and training available to leaders (and potential leaders) at various levels throughout our field, supply chain and support center teams.
- We have a comprehensive **Performance Management process**, which includes opportunities for associates to receive feedback and to design for themselves an **Individual Development Plan**, which is a tool designed to help each person grow as an individual and as a professional and strengthen leadership competencies and succession pipelines.
- Through our **Education Assistance Program** we offer financial assistance either for professional certification programs or courses in pursuit of an associate's, bachelor's or graduate degree through an accredited institution.
- We have partnered with an **external mentoring partner** to provide opportunities for our high-potential associates to help them personally grow and further progress their careers.
- Using subject matter experts, we have designed and launched **various Academies** within SBH to help **support career growth and grow key job skills and competencies** to ensure that we can train and retain talent in a competitive labor market.

COMMUNICATION AND ENGAGEMENT SBH's senior leadership team strives to maintain consistent communication and an open-door policy with our associates. We encourage dialogue and transparency on a regular basis. Ways in which we communicate with and hear back from our teams include:

- *Company-wide Town Hall Meetings*. These are held at least 4 times per year. Each Town Hall consists of business updates from our CEO and other senior leaders, followed by open-ended Q&A in an "Ask Me Anything" format. Functional leaders also conduct Town Halls with their teams to update on key strategies and to have team-building events.
- *Live Streams and Virtual Meetings*. Our leaders engage with our dispersed field and supply chain teams through both formal updates and more informal live sessions using tools such as WebEx, Zoom and Facebook Live.
- *Summits*. Both of our Sally and Beauty Systems Group teams have conducted summits with field leadership teams every fall for several years, usually at the beginning of our fiscal year. These summits include everything from leadership development to systems training to product knowledge showcases, and everything in between. More recently, we have had more cross-functional summits in our Corporate Support Center focused on marketing, social media, technology and E-Commerce.
- *Organizational Health Survey*. We conducted our first organizational health survey of our Support Center associates and Field Leadership team to learn how we can leverage our unique cultural strengths and areas of opportunity that will enable us to grow and prosper. From this, we identified areas of focus and set about creating cross-functional working groups supported by investment where required, to create action plans/priorities for making improvements in how we operate as an organization.
- *Engagement on Culture and Belonging*. We continue to engage with our associates globally on issues like inclusion and belonging. We use surveys and other methods for our associates to provide feedback regarding where and how we can improve. We are committed to listening to our associates about their experiences and concerns in this important area, and to responding with empathy and action in a responsible, proactive way. Over the last few years, we have conducted substantive, thoughtful training of SBH leaders and teams, focusing on building empathy and understanding of issues such as prejudice, discrimination, privilege, social identity, unconscious bias, neurodivergent thinking, and mental wellness. Over the past four years, we have provided a comprehensive set of e-learning training sessions, and the majority of new associates are required to take this training as part of their onboarding program.

We also continue to design and implement a series of open dialogues between leaders and their teams about issues of **Culture and Belonging**. In the US/Canada, we also recently expanded from four **Employee Resource Groups** to six – adding Veterans and People with Disabilities/Neurodivergent Thinking – providing resources and structure for the ERGs to implement strategies to drive initiatives for enhancing our culture, communication, community outreach, and commerce opportunities. These ERGs connect with our associates on a regular basis and are dedicated to uplifting the community they support.

- **Employee Value Proposition (EVP)**: We developed and launched our SBH employee value proposition both internally and externally; providing six different versions for each part of our organization. We have used these short engaging EVPs to help provide a snapshot of our culture and what is unique about working in different parts of our organization. This has been a useful tool to help with retention and attracting talent.

HEALTH, SAFETY, WELL-BEING SBH places a high value on the health, safety and well-being of our associates and this is reflected in our values and culture. As a company we evidence this commitment in many ways, including our compensation and benefits package; and our provision of safe, healthy working conditions.

- **Compensation. Wage, Holiday, Leave Programs, Parental Leave**: Our full-time employees receive vacation, sick time, 6 holidays and 3 floating holidays annually. SBH also provides medical leave for up to 6 weeks for all associates who do not otherwise qualify for leave under the U.S. Family and Medical Leave Act. In addition, we provide personal leave (up to 30 days) for associates who have been with SBH for at least 6 months with an average of 30 work hours per week. We recently added a paid parental leave program providing 6 weeks of fully paid leave for the birth, adoption or placement of a child. **Bonuses and incentives: Our Annual Incentive Plan (AIP)** provides annual incentive awards to participating associates based on company-wide sales and performance metrics established periodically by the Board. The AIP is designed to attract and retain key associates and motivate participants to achieve profitability and growth for our Company. We also provide a **quarterly bonus program for field management teams** – District Managers, Area Managers, Store Managers and Distribution Center Warehouse Managers and Supervisors.
- **Benefits. Healthcare and pension**: SBH offers medical coverage, pharmacy coverage, telehealth coverage for minor medical needs, and preventive in-network care is covered 100% on all plans. Three medical plans are offered, and the Company makes monthly contributions to each plan. We offer access to **health and well-being resources** through an employee assistance program and other resources. Beginning in 2022, many of these benefits – including fundamental medical benefits – were made available to our part-time associates. SBH also offers a **401(k) Retirement Savings Plan** that gives associates an opportunity to save for retirement on a tax-advantaged basis, with company-funded match. **Flexible working hours**: we instituted a **Flex Work Week Program** at our Corporate Support Center and offer flexible scheduling in our distribution centers. Our stores also do their best to accommodate scheduling needs as much as possible. In our Corporate Support Center, we have instituted **hybrid work arrangements** for most positions and expanded **remote work opportunities** based on the type of work performed. We will monitor and continue to evolve how this works over time.
- **Safe Working Conditions; Supplier Vendor Code of Conduct**. We believe that every associate has the **right to safe and humane working conditions**, and we require all our suppliers to understand and comply with our **Supplier Code of Conduct**. SBH values our partnerships with suppliers and vendors and understands the impact they can have on our associates. Thus, SBH has included rules governing their conduct, both with respect to expectations while interacting with our associates, and, with our foreign suppliers, assurances that they too are providing a safe and healthy working environment for their associates. **Whistleblower Policy**: We have an **Employee Concern Line** – operated by an independent company – which allows for complaints to be made securely and anonymously. To further strengthen the integrity and protections of this confidential reporting mechanism, complaints about any Vice President or above are reported to an independent ombudsperson. The Employee Concern Line is only one part of our broad-scope effort to provide associates with resources to safely deal with and report any harassment, discrimination, bullying, retaliation, etc. We have formalized these procedures in our **Freedom from Discrimination and Harassment Policy** and our **SBH Cares Policy**, each of which

reflects our core values and is made available to all associates. Our **Supplier Code of Conduct** reflects our whistleblower policy; we require vendors and suppliers to provide their employees with whistleblower protection without fear of retaliation for calling attention to legal or ethical issues. Our commitment to the safety of our associates is also evidenced by our background check policy for new hires, training and policy communications related to handling both associate and customer incidents, partnerships to maintain the stores and make necessary repairs, as well as ongoing support in the field and at the Corporate Support Center.

CULTURE & BELONGING

OUR VALUES At Sally Beauty Holdings we celebrate differences, inclusivity and self-expression. This fundamental aspect of SBH is rooted in our belief that beauty is for everyone and that everyone should find their own path to beauty.

Our associates and customers care about celebrating self-expression. We want our company and our stores to be places where all our associates and customers feel safe, valued for who they are, and experience a sense of belonging. Accordingly, we continually seek to evolve our people and culture-focused education, initiatives, and ways of working.



Culture and Belonging are core to our brand values and are at the heart of who we are as a Company – at the **Board level**, throughout our **global workforce**, and in our shared commitment to serving a **varied customer base** and their **communities**.

OUR BOARD Our Board's composition leads the Company's commitment to Culture and Belonging. Having voices rooted in different backgrounds and experiences on our Board enhances the Board's expertise, broadens its viewpoint, and sets the tone to encourage leaders at all levels of the Company to listen to the concerns of our associates and customers alike. Our Compensation and Talent Committee provides regular hands-on oversight of our Culture and Belonging initiatives. Our Board believes that listening to and understanding different voices is crucial to the Company's success and long-term sustainability.

OUR WORKFORCE One of our core values is “Be Yourself”, which to us means simply “Come as you are – everyone is welcome here.” Throughout our global workforce, this is something we take to heart and live out every day.

We are committed to fostering an inclusive workforce where everyone is welcome, and each person can be authentic about who they are at work. We believe our culture of acceptance fosters and directly enhances the culture, engagement and performance of our global workforce.

Our SBH team in the U.S. and Canada is over **88% women** and over **50% racially/ethnically diverse**.

We recognize and celebrate the bedrock values of inclusion, belonging, and engagement within our teams. For us these are key drivers of the success of the business, as our associates should – and do – reflect the various qualities of our customers and what they desire and expect from SBH. To that end, we are committed to ensuring an inclusive slate of candidates for our job openings.

OUR CUSTOMERS We have an incredibly varied customer base that we serve in almost every community in the US, and we have an obligation to be accepting and inclusive of them and to serve them to the best ability. SBH customers span the entire continuum of gender, ethnic, and economic demographics. We sell products to treat and style every kind of hair; we deliver a tailored assortment of beauty products that serve the local communities where our over 3,751 U.S. and Canadian stores are located. Serving the varied demographics and needs of our customers drives a culture and workforce that embraces and reflects the communities we serve.

Some examples of customer-focused actions we have taken in the past few years include:

- Our Beauty Systems Group segment continues to optimize the “**MOVE**” panel established over five years ago to focus on strengthening connections with textured hair-focused salons and stylists and the Black entrepreneurs that own those salons. Our Move panel was established to assist and advise us for the first two years per World of Texture. We currently use the Move panel as an advisory group as needed.
- Sally was named **top 10 most trustworthy consumer goods companies** on Newsweek’s 2024 List of “Most Trustworthy Companies in America.”

MINORITY AND WOMEN-OWNED BRANDS SBH has a long history of partnering with women and minority-owned beauty brands, with SBH often providing their first major distribution point with a national or even international footprint. In the past year, an additional three minority-owned brands have launched new products that SBH distributes. Our assortment includes:

- **49** Female Owned or Founded Brands
- **58** Black Owned or Founded Brands
- **7** Hispanic Owned or Founded Brands
- **16** Asian Owned or Founded Brands
- **6** LGBTQA+ Owned or Founded Brands

How SBH Associates Feel

90% Agree: Diverse types of people are able to work well together.

91% Agree: SBH is committed to diversity, inclusion and belonging.

88% Agree: I am treated with dignity and respect at work.

SBH intends to continue to build off this legacy of success by maintaining and growing our assortment of minority and women-owned or founded brands.

FY24 ACCOMPLISHMENTS In FY24, in addition to continuing many of the initiatives and programs already in place, we made progress on Culture and Belonging in the following ways:

- We continued our multi-phase, year-round foundational **leadership training** focused on building an understanding of issues such as prejudice, discrimination, privilege, social identity, unconscious bias, and mental and emotional well-being, which were followed by leaders having open dialogues with their teams about these important issues.
- We recently launched formal training on Understanding Neurodivergent Thinking and People with Disabilities, to build greater awareness and the importance of welcoming people with different perspectives to help drive innovation at SBH.
- We continued SBH's Culture & Belonging initiative, "**One & All**" communication campaigns on cultural awareness, providing short '10 minute' chats to our field organization and introducing a quarterly cultural newsletter, sharing information and photographs to help build a sense of belonging.
- We have expanded our **Employee Resource Groups (ERGs)** from four to six which are associate-led groups organized around a common identity or passion. Our first four ERGs are Women, LGBTQA+, and Black and Hispanic associates, and our two additional ERGs are People with Disabilities/Neurodivergent Thinking, and Veterans. We actively invest in our ERGs and provide support to enable them to drive initiatives around Culture/Community/Careers and Commerce.
- We continue to embed our Culture & Belonging initiatives and strategies within our global LATAM and Sally Europe business units, adapting plans to accommodate local differences and measuring the impact.

We will continue to develop and evolve how we enhance our culture throughout SBH. Early in 2025 we plan to complete another engagement survey that will include focused questions on culture, inclusivity and belonging, to help continue to collect feedback to continuously evolve our strategies and build on education. We recognize the value these initiatives bring to our Company, our associates, our customers and the communities we serve.

PHILANTHROPY AND COMMUNITY IMPACT

OUR VALUES We are guided in our philanthropy and volunteering strategy by our purpose and core values. To us this means we place a high value on sharing our passion with, and taking care of, our community and the planet. We are committed to positively impacting the growth and well-being of our associates, customers and the communities in which we live and work by supporting causes that reflect the passion of our associates and customers. We want our associates and customers to realize the power of taking action – as an individual and as a team – and how much change we can drive in the world from small actions that we choose to take together.

OUR PEOPLE SBH encourages associates to be aware of and involved in charitable works in their community. We accomplish this by partnering with the **United Way of Denton County** and **Denton County Friends of the Family** in Denton, Texas where our Corporate Support Center is located. On a national level, we support the National Domestic Violence Hotline.

OUR FOUNDATION In FY22, we established **SBH Inspires Foundation** to implement our charitable initiatives and facilitate goals consistent with the company's purpose, values and long-term vision. In FY23, we identified our core charitable cause: **ending domestic violence and abuse, and supporting survivors**. This decision is rooted in our commitment to engage, inspire and support our associates, customers and communities we serve.

It is our goal for the Foundation to have an immediate, meaningful impact that grows over time and partners with nonprofit organizations that work tirelessly to support the eradication of domestic violence and support of survivors. We partnered with two nonprofits, both locally and nationally, who have the expertise to support our philosophy, strategy and mission.

ACTIONS During FY24 we took the following steps to inspire our associates and customers, and to drive positive change through philanthropy:

- SBH Inspires Foundation: raised over \$60,000 to support efforts against domestic violence and abuse. Continued developing the Foundation's infrastructure and governance.
- In-kind Product: donated over \$80,000 of SBH product to local and national shelters supporting those in transition.
- Employee Disaster Relief Fund: raised over \$40,000 to assist associates impacted by natural disasters.

Going forward we will continue to develop and leverage the Foundation both to reflect and bring life to our purpose and values.

ENVIRONMENTAL SUSTAINABILITY

PURPOSE AND VALUES In FY24 we continued to build on the strong progress we have made to responsibly manage our environmental impact. This progress is consistent with our desire to inspire a more colorful, confident and welcoming world, and to ultimately be part of something bigger than ourselves. We believe we have a duty to take care of the communities in which we operate, and to take care of our planet. We will continue to focus on improving our long-term sustainability and reducing our environmental impact across our global footprint.

GOVERNANCE The Board and the **Nominating, Governance and Corporate Responsibility Committee** have strategic oversight over sustainability matters and initiatives. Management of sustainability-related projects is led by our **Chief Legal & Human Resources Officer** who coordinates a **cross-functional team of subject matter experts** to drive sustainability. Management reports regularly to and engages with the Board and its Committees regarding progress against our goals.

ACCOMPLISHMENTS In FY24, we continued to evolve our focus on our global sustainability efforts. Through our global cross-functional **Sustainability Working Group**, this year we continued to focus on three key aspects of driving our sustainability across our global business: **Own Brand - sustainable packaging; Own Brand - responsible supply chain and energy management; and Employee Engagement** – educating employees about SBH's global sustainable activities and creating interactive events on Earth Day.

Energy Management Progress

In FY24 we focused on continuing to align environmental and sustainability initiatives with our purpose, values and core business strategies to create a more sustainable company across our global footprint. Steps we took toward this included:

- Assessing and better understanding the data relating to key aspects of our carbon footprint
- Identifying baseline measurements to inform our carbon neutrality actions and opportunities.
- Implementing supply chain changes, including shifting additional stores to a biweekly shipping cadence, to deliver a reduction of over 1,000 metric tons of carbon emissions
- Achieving a 25+% year-over-year decline in electricity usage in stores with EMS and/or LED investments we made in late FY23

RESPONSIBLE SOURCING AND SUPPLY CHAIN

At SBH we believe that we are part of something bigger, and have a responsibility to take care of our community and our planet; we want to look outside our company and seek out ways to contribute positively in the world. We believe that one way we can achieve our purpose and reflect core values in our global operations is to accelerate sustainability in product development, packaging and sourcing, and we are committed to doing that. We continue to make progress toward our long-term sustainability goals.

Our Merchandising and Sourcing teams are regularly in contact with our vendors and suppliers about using more sustainable, cleaner and greener products and packaging. We seek to lock arms with vendors on the approach to sustainability issues and products. All finished formulas in our owned-brand products are cruelty-free, i.e., not tested on animals. In addition, our Company strives to avoid product formulations that contain parabens and phthalates.

In FY20, we launched **Inspired By Nature**, a line of hair color and care under our Ion brand, that utilizes strict sustainability guidelines as it relates to packaging: hair color is filled in 100% recycled aluminum tubes; hair color caps are made from PCR; unit cartons for all hair color are produced with materials that are sourced from sustainably-managed forests; and hair care packaging is fully recyclable.

As we head into FY25, we are in a position to ensure our own brand product packaging in the U.S. is comprised of more than 25% post-consumer recycled materials. It is our intent to continue to increase that percentage over time, and to pursue similar goals in both Europe and Latin America. Across the globe, we are also endeavoring to reduce the total packaging on our own brand products.

In Europe, we adopted new policies around eco-friendly owned brands development, and have (1) consistently altered packaging to sustainable solutions, and (2) offered products with eco-friendly ingredients and eco-friendly certification. We have also issued a "Green Magazine" to share our initiatives with outside stakeholders.

In Europe, we launched **WUNDERBAR**, a fully re-shaped Care and Styling range that includes sustainable packaging (plastic from the ocean), eco-friendly ingredients and eco-friendly certification.

Our commitment to sustained responsible sourcing and ethical practices throughout our supply chain is also reflected in our **Supplier Code of Conduct** and **Code of Business Conduct and Ethics**.

Our **Supplier Code of Conduct (Supplier Code)** applies to our vendors' and suppliers' business activities, including work performed through subcontractors. The Supplier Code requires suppliers to comply with our standards regarding "Ethical Sourcing" (e.g., forced labor, child labor, human trafficking, conflict minerals, land rights), "Employment Practices" (e.g., fair treatment, non-discrimination, wages and benefits, and freedom of association), and "Health and Safety" (e.g., occupational safety, occupational injury and illness, sanitation and housing).

In addition, we expect all suppliers to comply fully with all laws and regulations applicable to their business. Under our Supplier Code we may conduct an investigation or audit to confirm compliance and in some cases may terminate a business relationship due to non-compliance.

Our commitment to responsible sourcing and ethical business practices is also reflected in our **Code of Business Conduct and Ethics (Ethics Code)**, which applies to all SBH employees. The Ethics Code makes clear that we intend to operate "**with regard to the welfare of SBH employees and for the protection of the environment and the general public.**" Our Ethics Code requires employees to comply with our hazard communications program and to comply fully with all laws, rules and regulations affecting our business, including the national and local environmental and labor laws of our host nations and communities.

DATA PROTECTION AND CYBERSECURITY

Our Board of Directors understands the critical importance of managing evolving risks associated with cybersecurity threats. Our Company is committed to protecting the privacy and security of customer information and the integrity of our information technology systems.

The Board has responsibility for overseeing risks related to the cybersecurity threat landscape, including data protection and security breach readiness. Our **Chief Information Security Officer (CISO)** reports directly to the **Chief Information Officer** and is responsible for the Company's cybersecurity risk management program that is tailored to address specific risks in the retail industry, using a flexible approach informed by our deep understanding of attacker methodologies, targeted assets, and industry best practices. On at least a quarterly basis, the CISO delivers a **detailed report to the full Board** – including Erin Nealy Cox, a cybersecurity expert – on data protection and cybersecurity matters. The topics covered by these reports include risk identification and management strategies, cybersecurity strategy and governance structure, consumer data protection, the Company's ongoing risk mitigation activities, learnings from data security incidents of peer companies, results of third-party assessments and testing, updates on annual associate training and other specific training initiatives.

We believe this accountability and reporting structure helps maintain the independence of the CISO while giving the Board direct and meaningful line-of-sight governance.

Numerous times per year, all associates receive simulated phishing attacks and are measured on how they interact with the attack and how quickly they report it. All associates participate in security awareness training throughout the year.

BOARD-LEVEL CYBERSECURITY EXPERTISE In FY22 Erin Nealy Cox was re-elected by Stockholders as an independent director of the Company's Board. In January 2023 the Board appointed Ms. Nealy Cox Chair of the Nominating, Governance and Corporate Responsibility Committee. The addition of Ms. Nealy Cox strengthens the Board's governance of cybersecurity matters and enhances overall Board-level subject-matter expertise and competency. Ms. Nealy Cox is a cybersecurity expert and former federal prosecutor with deep expertise in information security issues and board governance. She is a partner at Kirkland & Ellis in their Government, Regulatory and Internal Investigations Group, and from 2003-2016 was executive managing director at Stroz Friedberg, a cybersecurity and investigation consulting firm, where she ultimately led the firm's incident response business. In 2017 she served briefly as senior advisor to McKinsey & Company in the firm's cybersecurity and risk practice.