

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ESG – PURPOSE AND VALUES Every aspect of our ESG 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 Diversity, Inclusion and Belonging (DIB), ESG and sustainability initiatives.

Our DIB initiatives are our commitments to strive to create a world that is more colorful (diverse), and welcoming (inclusive), where people can be themselves and where diversity is beautiful. Our ESG initiatives are our commitments to being part of something bigger, and caring for our people, customers, communities, and planet.

ESG – GOVERNANCE Our **Board of Directors** believes that ESG and 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 ESG initiatives into our operations and strategic business objectives.

The **Board** and the **Nominating, Governance and Corporate Responsibility Committee** have oversight of the Company's ESG plan. On a quarterly basis, this committee receives updates on management's execution against ESG initiatives.

On an annual basis, this committee advises on the long-term design of the Company's ESG program. In 2020, the **Compensation and Talent Committee** was delegated oversight authority over the Company's diversity and inclusion 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 ESG-related projects is jointly led by our **General Counsel**, our **SVP, CIO & Chief Transformation Officer** and our **Chief Human Resources Officer**. Together they coordinate a **cross-functional team of subject matter experts** to drive progress towards ESG goals. Management reports quarterly to and engages with the Board and its Committees regarding progress against our ESG goals.

ESG – ETHICS CODE Our Company's core values regarding ESG and corporate responsibility are reflected in our **Code of Business Conduct and Ethics** ("Ethics Code"), which is the standard of conduct that applies to all of 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 ESG 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 ESG and sustainability strategy is informed by the SASB standards for specialty retailers and focuses primarily on the following five areas where we believe we can continue to have a material, meaningful impact: **Human Capital Management; Diversity, Inclusion and Belonging; Philanthropy and Community Impact; Environmental Sustainability and Responsible Sourcing; and Data Protection and CyberSecurity.**

ESG 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 Employees.

HUMAN CAPITAL MANAGEMENT

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 employees. 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.

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, diversity and inclusion, and associate engagement and wellbeing. The **Compensation and Talent Committee** regularly receives updates from SBH senior management regarding diversity and inclusion, talent development, retention and turnover, employee engagement 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 growth, wellbeing and career development of our associates through continuous learning opportunities online, independent development plans, and education financial assistance.

- We offer employees a **streamlined learning and development platform** ("Thrive"), which is designed to onboard, upskill and communicate with our employees by connecting them with relevant content. Thrive helps our employees facilitate their role, career and personal growth.
- We also have a variety of **Leadership Development** programs and trainings available to leaders (and potential leaders) at various levels throughout the Company.
- Associates have an opportunity to design for themselves an **Independent Development Plan**, which is a tool designed to help associates grow as an individual and as a professional, and to strengthen leadership competencies.
- Through our **Education Assistance Policy** we offer financial assistance either for professional certification programs or courses in pursuit of an associates, bachelor's or graduate degree through an accredited institution.

COMMUNICATION AND ENGAGEMENT SBH's senior leadership team strives to maintain an open-door policy with associates. We encourage dialogue and transparency and this has been especially true throughout the business disruptions in FY20 and FY21 caused by the pandemic. A few recent examples include:

- **Town Hall Meetings**. These are held 6-8 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.
- **Associate Engagement Survey**. We conduct an annual engagement survey open to all our associates in the U.S. and Canada. From this, we identify key themes, needs and actions to be taken across our different departments and groups. The survey is conducted anonymously by an independent third party and is structured to allow associates to voice any concerns, questions and expectations. Results of the survey (which are entirely anonymized) are pushed upwards through managers, allowing transparency to the views of both direct and indirect reports, as well as to other departments. Each department holds meetings to address and respond to questions or concerns and to set action plans/priorities for making improvements.
- **Engagement on Diversity Issues**. We actively seek to engage with our associates on issues of diversity and inclusion. We want our associates to tell us how we are doing and 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. Partnering with the **NOVA Collective**, in FY21, we conducted substantive, thoughtful training of SBH leaders, focusing on building empathy and understanding of issues such as prejudice, discrimination, privilege, social identity and unconscious bias. We began a series of open dialogues between leaders and their teams about issues of Diversity, Inclusion and Belonging (DIB). We also began a **DIB Ambassador Program** with people from across SBH dedicated to learning more, and helping to facilitate and elevate our discussions across the Company. Our company-wide **Engagement Survey** also provides all associates a voice on issues of diversity, inclusion and belonging, with questions specifically

focused on those issues, and we conduct a separate DIB-focused survey to dive deeper into these matters and allow associates to be heard on them.

HEALTH, SAFETY, WELLBEING SBH places a high value on the health, safety and wellbeing of our associates and this is reflected in our values and culture. As a company we evidence this commitment in many ways, including: our continuing, agile and empathetic treatment of associates as the pandemic evolved during FY21; our compensation and benefits package; and our provision of safe, healthy working conditions.

- **Update on Our Response to COVID-19**. SBH has continued to prioritize the health, safety and wellbeing of our approximately 29,000 global associates who are the backbone of our global business. Over the course of FY21, we have continued to adapt and respond to the various impacts of COVID-19 across our business. Our associates continued to show themselves to be resilient and creative, all with a great amount of grace and grit. Our main focus has been on health and safety. Such efforts included various safety protocols such as detailed cleaning protocols, personal protective equipment requirements, and visual cues regarding social distancing, mask-wearing, etc. At times of peak case counts or the emergence of the new variants, we have instituted rolling, rapid testing for COVID-19 at a number of our distribution centers. We have continued to maintain and update these protocols, monitor for compliance and make improvements and adjustments where needed throughout FY21. We have also managed through closures and capacity restrictions where required by local law, and sought to provide as much notice and support to our teams as reasonably possible.
- **Compensation. Wage, Holiday, maternity/paternity leave:** Our full-time employees receive 6 holidays and 3 floating holidays annually. SBH provides parental leave for up to 6 weeks for all associates that do not otherwise qualify for leave under the U.S. Family and Medical Leave Act. In addition, we provide certain medical leave (up to 6 weeks) and personal leave (up to 30 days) for employees who have been with SBH for at least 6 months with an average of 30 work hours per week. **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 employees and motivate participants to achieve profitability and growth for the 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. For 2022, many of these benefits will also be available to our part-time associates. SBH also offers a 401(k) Retirement Savings Plan that gives employees 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 Support Center and are implementing more flexible scheduling in our distribution centers. Our stores also do their best to accommodate scheduling needs as much as possible.
- **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 reporting mechanism, complaints about any Vice President or above are reported to an independent ombudsperson and the Chair of our Audit Committee. The Employee Concern Line is only one part of our broad-scope effort to provide employees 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 employees. 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 implementations 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 support center.

DIVERSITY, INCLUSION AND BELONGING

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

Our associates and our customers care about celebrating diversity and self-expression. We want our company and our stores to be places where all of our associates and customers feel valued for who they are, and experience a sense of belonging. We want to lead on this issue – both internally with our people, and externally with customers and investors – and that is how we want to be viewed and perceived going forward. We believe we should take action when appropriate and stand up for the right things.

Diversity, Inclusion 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 **diverse customer base** and **their communities**.

OUR BOARD Our Board’s composition leads the Company’s commitment to Diversity, Inclusion and Belonging. Having diverse voices 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 Diversity, Inclusion and Belonging initiatives. Our Board believes that listening to and understanding diverse 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 a diverse and inclusive workforce where everyone is welcome and each person can be authentic about who they are at work. We believe our culture of inclusion and acceptance fosters and directly enhances the diversity within our global workforce.

Our SBH team in the U.S. and Canada is over 91% female and over 50% racially/ethnically diverse. In 2019 and 2020 Forbes named our Company one of America’s Best Employers for Diversity. We recognize and celebrate the bedrock values of workforce diversity, 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 including a diverse slate of candidates for our job openings.

OUR CUSTOMERS We have an incredibly diverse 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 our best ability. SBH customers span the entire continuum of gender and ethnic diversity. 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 [4,100] U.S. and Canadian stores are located. Serving the diverse demographics and needs of our customers drives a culture and workforce that embraces and reflects the communities we serve.

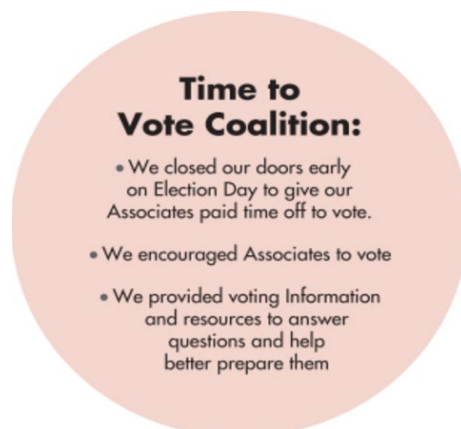
Some examples of customer-focused actions we have taken in the past few years include:

- We established our **DIB Operations Leadership Team**, ensuring Diversity, Inclusion and Belonging have a “seat-at-the-table” for our strategic and operational decision-making with respect to customers, product assortment and vendor partners.
- We launched **Flawless**, a new hair care line by Gabrielle Union & celebrity stylist Larry Sims, which is our 27th partnership with a Black-owned brand.
- Our Beauty Systems Group segment launched its **“MOVE Initiative,”** which is focused on strengthening connections with textured hair-focused salons and stylists and the Black entrepreneurs that own those salons.
- Last year we hosted **“World of Texture Summit”** with 3800 stylists attending virtually.
- We have seen continued success with our accelerator program, **Cultivate**, which helps women beauty entrepreneurs grow their business and empowers female-owned beauty brands to bring their visions and business plans to life.

FY21 ACCOMPLISHMENTS In FY21 we made progress on Diversity, Inclusion and Belonging in the following ways:

- Hired **Director of Diversity, Inclusion and Belonging and ESG**.
- We continued our multi-phase, year-round **DIB leadership training** (partnering with an external expert: the *NOVA Collective*) focused on building an understanding of issues such as prejudice, discrimination, privilege, social identity

and unconscious bias, which was followed by leaders having open dialogues with their teams about these important issues.



- We continued SBH's Diversity, Inclusion and Belonging initiative, "**One & All**". To help address issues of racial injustice, part of this initiative is designed to give our Black associates and their concerns a greater voice on issues of diversity, inclusion, and belonging and forums in which to be heard.
- We announced a goal of establishing **Employee Resource Groups (ERGs)**, which are associate-led groups organized around a common identity or passion. Our first four ERGs will be for Women, LGBTQ+, and Black and Hispanic associates. After we learn from this initiative, we plan to expand ERGs across resource groups, as well as geographically.
- The Company's **DIB Committee** continues to help ensure that all associates feel their views, cultures and beliefs are recognized, respected and included, and to provide our associates with internal advocacy and real action.
- In FY21, we improved our anticipated score to 95 out of 100 on the **Human Rights Campaign's annual Corporate Equality Index (CEI)**, which measures and rates workplaces based on LGBTQ equality with respect to policies and benefits.
- Our CEO signed the **Pledge for CEO Action on Diversity & Inclusion**.
- In Q1 of FY21 we provided associates time off to vote in the November 2020 election as part of our commitment to the **Time to Vote Coalition**, and will continue to do so going forward.

We will continue to develop and evolve how we enhance Diversity, Inclusion & Belonging throughout SBH. 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 chose to take together.

OUR PEOPLE SBH encourages employees to be aware of and involved in charitable works in their community. Our primary mechanism for accomplishing this has been our long-standing partnership with the **United Way of Denton County** in Denton, Texas where our Support Center is located. Our company has two senior leaders who sit on the local United Way Board of Directors, and three of our associates from our Support Center are involved in the United Way's leadership development program. Each year we organize a pledge drive for employees and allow payroll deductions to be applied to the United Way or to another 501(c)(3)-qualified charity of their choice. And we organize other fundraising events to raise awareness and funds for the United Way.

OUR FOUNDATION In the Fall of 2021 we began work towards establishing the **Sally Beauty Holdings Foundation** to implement our charitable initiatives and facilitate ESG-related goals consistent with the company's purpose, values and long-term vision. In 2022 we will be working towards identifying core causes to support, and we expect that these will be rooted in our commitment to engage and inspire associates and customers and to contribute positively to the communities where our employees work and live. Going forward we plan to leverage the Foundation both to reflect and bring life to our purpose and values.

ACTIONS During FY21 and through Fall 2021, we took the following steps to inspire our associates and customers, and to drive positive change through philanthropy.

- Established the **Sally Beauty Holdings Foundation**
- **PPE Donations:** During the last half of FY21, SBH donated Personal Protective Equipment, primarily masks, for the benefit of the ill, needy and minors. The cost of the donated PPE was approximately \$21 million.
- Raised approximately \$30,000 for the **United Way of Denton County**.

ENVIRONMENTAL SUSTAINABILITY

PURPOSE AND VALUES In FY21 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 ESG matters and initiatives. Management of ESG-related projects is jointly led by our **General Counsel**, our **SVP, CIO & Chief Transformation Officer** and our **Chief Human Resources Officer**. Together they coordinate a **cross-functional team of subject matter experts** to drive progress towards ESG goals. Management reports quarterly to and engages with the Board and its Committees regarding progress against our ESG goals.

ACCOMPLISHMENTS In the past few years we have implemented a number of initiatives designed to advance our global sustainability efforts and reduce our impact on the environment while delivering value to our stakeholders:

- Adopted **SASB ESG framework** for assessing materiality following a year-long internal assessment in 2019.
- Renewed our commitment to reduce energy and water consumption and improve green optimization across our operational footprint and in our supply chain.
- Established cross-functional **ESG Working Group** to identify, develop, and accelerate the Company's sustainability goals.
- Hired **Director of Diversity, Inclusion and Belonging and ESG**.
- Converted store delivery system to a more efficient pool distribution model, reducing truck miles required for store delivery. We are transitioning parts of the fleet to off-hours deliveries, thereby increasing more efficient night time driving.
- Reduced working hours in our home office and stores along with installation of LED lighting in all new, relocated and remodeled stores contributing to a reduction in energy usage companywide.
- We plan to implement an energy conservation program in 200 stores in the next year using centralized energy management systems for lighting and heating that resulted in 34% reduction in energy per store during a pilot program.
- Replaced 800 inefficient HVAC units over the past three years reducing energy consumption by 10%.
- Continued implementation of well-defined and monitored process for managing hazardous waste.
- Used water conservation (low flow) fixtures in most facilities.
- Launched **SBH Going Green**, our company-wide program to reduce landfill waste and conserve energy, which has succeeded in: removing plastic bags from SBH, CosmoProf and Armstrong McCall stores (eliminating ~104 million plastic bags from landfills per year); removing Styrofoam cups and lids from SBH Corporate Headquarters (eliminating ~280,000 pieces of Styrofoam from landfills per year); and implementing a cardboard recycling program at SBH Corporate Headquarters (~5-7 tons of cardboard per year).
- Encouraged reduction in landfill waste with the **Inspired by Nature** product line.

Going forward we will continue to align environmental and sustainable initiatives with our purpose, values and core business strategies to create a more sustainable company across our global footprint. In FY22 we are planning to:

- Work with an ESG consultant to help us understand our carbon footprint, capture data, and build out and refine our ESG strategy with a focus on sustainability;
- Identify sustainability opportunities and baseline measurements to inform our carbon neutrality commitments;
- Create a baseline for reducing harmful ingredients and sustainable packaging for our Own Brands; and
- Partner with our key suppliers with ways to reduce harmful ingredients and sustainable packaging.

RESPONSIBLE SOURCING

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 by using best practices in product development and sourcing.

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. As of FY21, all finished formulas in our owned-brand products are cruelty-free, i.e., not tested on animals. Approximately 95% of our owned-brand products are vegan, meeting the target previously set in FY19. 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.

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 Audit Committee of the Board has primary responsibility for overseeing risks related to the cybersecurity threat landscape, including data protection and security breach readiness, although the full Board also exercises oversight over these risks. Our **Chief Information Security Officer (CISO)** reports directly to the **Chair of the Audit Committee**. We believe this accountability structure helps maintain the independence of the CISO while giving the Board direct and meaningful line-of-sight governance. The Audit Committee Chair regularly reports on cybersecurity discussions to the full Board.

On a quarterly basis, the CISO delivers a detailed report to the Audit Committee and/or the full Board 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 peers, results of third-party assessments and testing, updates on annual associate training and other specific training initiatives.

Numerous times per year, all employees receive simulated phishing attacks and are measured on how they interact with the attack and how quickly they report it. All employees participate in security awareness training throughout the year and specialized training is given to those within the company that have elevated privileges.

In FY21 the Board appointed Erin Nealy Cox as an independent director of the Company. 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 InfoSec 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 & Co. in the firm's cybersecurity and risk practice.