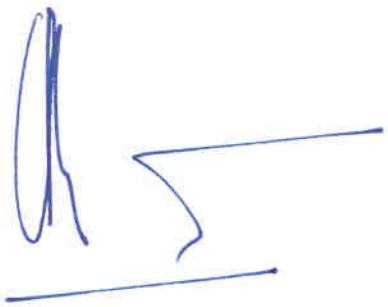
2022 Modern Slavery and Human Trafficking Statement for the year ending 30 September 2021

Sally Europe[1] does not condone any kind of slavery, forced labour or human trafficking within its operations and supply chain. Modern Slavery is a crime and a violation of fundamental human rights. We accept that we have a responsibility to understand where there may be risks in our business and supply chain and to mitigate those risks by having transparent and collaborative partnerships with our suppliers and ensuring that our people have awareness and appropriate training to identify and manage such risks.

This statement has been published in accordance with the Modern Slavery Act 2015[2] and it sets out Sally Europe's current activity and what plans we have in place within our own supply chains and business operations to tackle this issue and prevent Modern Slavery. This is a long-term and complex global issue with no quick solutions but we are committed to continuously improving our practices to help support the eradication of Modern Slavery.



Signed by

Olivier Badezet

Managing Director, Sally Europe

Date June 6th 2022

[1] Sally Europe is the brand name for our operating legal entities in the UK and Europe

[2] Echoed in the California Transparency in Supply Chains Act (US), the Corporate Duty of Vigilance (France) and the Child Labour Due Diligence Law (Netherlands)

Our Business and markets

Sally Europe is the international division of Sally Beauty Holding Inc. (NYSE:SBH), the global distributor and specialty retailer offering professional beauty products to both retail consumers and salon professionals. Sally Europe was created in November 2017 following the operational consolidation of our UK and European trading entities.

Sally Europe are a specialist wholesaler, distributor and retailer of professional hair and beauty products and services.

Sally Europe sells third party branded finished products as well as private label goods.

Sally Europe operates in the UK, Republic of Ireland, France, Belgium, Germany, The Netherlands, Spain and Italy and has 445 stores in these countries as well as digital channels and teams of direct sales consultants in certain countries. The business unit Sinelco sells to wholesalers across multiple countries.

Our customers are primarily hair and beauty professionals however, we also attract the consumer who wants professional quality products.

Sally Europe employs approximately 2625 colleagues throughout our operations covering our stores, warehouses and head offices. We also engage a dedicated sourcing team.

Sally Europe is on a journey of transformation to operate as one new business with one team, one plan and one goal. Our focus is on assessing and simplifying our supply chain and streamlining our processes and procedures, all of which will help create a closer and more transparent partnership with our suppliers to deliver on our commitments to our customers and our values and standards. Also, being part of a global organisation provides us with opportunities to use our leverage to create a unified approach in mitigating these risks.

Our Supply Chain

We currently source *products for resale* from 1162 suppliers located in 40 different countries. Over 90% of our suppliers are located in Europe or North America.[3]

Below is a summary of where our suppliers are located.[4]

[4] We have applied the UN classification of regions.

Continent/Region	Amount	% region	% world
Africa	**0**		**0,0%**
America	**96**		**8,3%**
Carribbean	0	0,0%	0,0%
Central	0	0,0%	0,0%
Northern America	96	100,0%	8,3%
Southern America	0	0,0%	0,0%
Asia	**95**	**0,0%**	**8,2%**
Central Asia	0	0,0%	0,0%
Eastern Asia	90	94,7%	7,7%
Southern Asia	3	3,2%	0,3%
Western Asia	2	2,1%	0,2%
Oceania	**0**		**0,0%**
Europe	**971**		**83,6%**
Eastern Europe	6	0,6%	0,5%
Northern Europe	457	47,1%	39,3%
Southern Europe	104	10,7%	9,0%
Western Europe	404	41,6%	34,8%
Total	**1162**		

We also source *goods and services not for resale* from approximately 7186 suppliers located in 25 different countries. The table below shows the geographical location of these suppliers. Over 99% are located in EU and cover general corporate, consultancy, utility and compliance services.

Continent/Region	Amount	% region	% world
Africa	**0**		**0,0%**
America	**31**		**0,4%**
Carribbean	0	0,0%	0,0%
Central	0	0,0%	0,0%
Northern America	31	100,0%	0,4%
Southern America	0	0,0%	0,0%
Asia	**4**	**0,0%**	**0,1%**
Central Asia	0	0,0%	0,0%
Eastern Asia	4	100,0%	0,1%
Southern Asia	0	0,0%	0,0%
Western Asia	0	0,0%	0,0%
Oceania	**1**		**0,0%**
Europe	**7150**		**99,5%**
Eastern Europe	7	0,1%	0,1%
Northern Europe	1637	22,9%	22,8%
Southern Europe	867	12,1%	12,1%
Western Europe	4639	64,9%	64,6%
Total	**7186**		

Our Risk Assessment

We assessed the features of our business which are particularly vulnerable to the risks of modern slavery and identified the following two areas:

- our suppliers of products for resale (existing and new)
- our recruitment policies and procedures (with a focus on the use of recruitment agents)

For our Suppliers of products for resale, we undertook a high-level assessment against generic risk factors, including geographic risk, sector risk, and relationship risk and applying a risk based approach across our extensive supply chain we concluded that our primary focus would be on high risk countries and high risk sectors. Therefore our initial focus is on suppliers located in Asia and/or who supply electronics and/or textiles for clothing/apparel goods.[5]

What we've done – our due diligence

We have focused on our immediate supply chain.

For prospective *new* suppliers operating in Asia we apply a two-stage assessment before approving them as a Sally Europe supplier. Initially there is **pre-qualification stage** where the supplier is visited by our sourcing team who meet with the owner and managers, inspect the premises and manufacturing environment, discuss the organisational design and set up of the supplier, including its workforce, and request evidence of standards and/or audits. If the supplier passes this pre-qualification stage (Satisfactory), the supplier moves to the second stage and can either demonstrate ISO certification or a third party external audit or is subject to an external social audit and manufacturing audit[6]. On passing these audits, the supplier is accepted as an approved supplier and is included in the internal global audit programme.

Alternatively, if deficiencies are identified during the pre-qualification assessment (Needs Improvement), we share our findings and comments with the supplier to give the supplier the opportunity to agree and implement remedial plans if it wishes to work with us. Our sourcing team will re-visit the supplier after an agreed period and if the supplier is deemed Satisfactory, the supplier will pass to the second stage of the assessment.

Any suppliers who demonstrate instances of modern slavery, bribery or other serious issues which are not accepted or tolerated by our businesses are immediately rejected (Fail).

For our *existing* suppliers, applying a risk based approach, we are developing a risk matrix to assess and grade each vendor on certain risk criteria, namely: are they a global vendor and therefore already subject to the external audit programme; the length of time they have been business partners; the frequency of internal visits; how well known they are in the market; whether we can rely on a third parties external audit of the supplier; the country they operate from; the nature of the products they supply; and the annual volume spend we place with the supplier.

High risk suppliers will be prioritised and the supplier vetting process similar to that of approving a new supplier will be adopted.

We have approximately 31 global vendors located in Asia approximately 50% of whom we have obtained satisfactory social audits with the remainder to be performed in accordance with the audit programme.

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[6] Performed by international companies such as SGS or Intertek

Our Policies, Procedures and Practices

We follow an established *recruitment process* for new starters including insuring that we follow the required processes for checking someone's right to work and that all our colleagues are paid at the National Living Wage or EU equivalent minimum wage or above.

We only use specified reputable *employment agencies* to source labour and we verify the practices of any new agency we are using before we do so.

Our *Code of Conduct policy*, which incorporates the Code of Business Conduct and Ethics of Sally Beauty Holdings Inc., is available for all employees to access and which makes clear to employees the actions and behaviours expected of them when representing our organisation.

Our *Anti-Bribery policy* reiterates our commitment to ensure that we conduct our business in an open, honest and ethical manner. We do not tolerate any form of bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and in implementing and enforcing effective systems to counter bribery.

We manage a procedure which makes it easy for all our employees to make disclosures of unethical or inappropriate behaviour or conduct without fear of retaliation and those who have concerns can use our independent and confidential *employee concern helpline*. All reports of the helpline are investigated and all reports of a significant nature (including modern slavery issues) are escalated to the Audit committee of Sally Beauty Holdings Inc. There were no reports relating to modern slavery made using our employee concern line in our financial year ended 30th September 2021.

We updated our *supplier contract* for our private label suppliers to incorporate our policies and standards and which places an obligation on the supplier to be fully compliant with the provisions of the Modern Slavery Act.

Future plans and commitments

The Sally Europe Senior Leadership Team oversees and steers Sally Europe on our ongoing due diligence and priorities in line with our operational transformation.

The specific priorities we have identified are:

1. To develop our risk matrix and to assess and grade our existing suppliers in accordance with that risk matrix.
2. To build awareness and understanding of human rights issues with our teams, prioritising with our sourcing teams, merchandising teams and supply chain teams.
3. To review our policies, procedures and controls to incorporate more specific reference and attention to these risks coupled with appropriate contractual terms and conditions.
4. Assess our goods and services not for resale for modern slavery risks.