

June 2023 Update

Valued Partners,

Over the past year, Sally Beauty Holdings (SBH) embarked on several strategic initiatives focused on end-to-end supply chain efficiencies. Today's communication is to provide an update on a critical work stream: Vendor Performance. The goal of this work stream is to increase automation and efficiency in product flow starting with our purchase order, through vendor shipment, distribution center receipt, and ending with timely payments to our vendor partners.

Last fall, SBH formed a new Vendor Performance team. This team partnered cross-functionally to develop clear guidelines and policies addressing fundamental aspects of the supply chain. A few examples of these guidelines and policies:

- ASN utilization, compliance and requirements
- PO change workflow and approval process
- Carton and labeling requirements

We are also revising our EDI utilization, compliance and requirements. SBH will be partnering with SPS Commerce to facilitate the changes and re-certification. More information will be coming to you soon on these changes.

Next Steps: In the next couple of weeks, you will be receiving a copy of the revised Vendor Compliance Manual. Upon receipt of this communication, you will be asked to:

1. Confirm receipt of the manual and adherence to the new guidelines
2. Provide updated contact information for key resources in your organization
3. Provide samples of the following documents so we can verify that they meet the new requirements:
 - Packing List
 - Carton Label
 - Pallet Label

Look for an invitation to an informational webinar (planned for early-mid August) to review the changes and answer any questions you may have. We are also updating the information on our website. For more information, please reach out to the Vendor Performance Team vendorperformance@sallybeauty.com. We will continue to share details over the coming weeks. In the meantime, please begin building awareness within your organization of the nature of these changes and their importance.

To reiterate, this program is being developed to increase efficiencies in the supply chain for SBH and our vendor partners, increase the automation of that process, and enable faster timely payment to our partners. We appreciate your support and partnership.

Thank you,

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