



Policy Prohibiting Use of Independent Auditors by Persons in a Financial Reporting Oversight Role

Background

The New York Stock Exchange, Securities and Exchange Commission (the “SEC”), and Public Company Accounting Oversight Board (“PCAOB”) rules governing the independence of external auditors and their public company clients prohibit various services from being performed by the external auditor for those clients and certain specified individuals who are in a financial reporting oversight role for the public company. Since a violation of these rules could jeopardize the independence of our external auditor, Sally Beauty Holdings, Inc. (the “Company”) has taken steps to ensure compliance with the rules, including requiring pre-approval of permitted services to the Company and prohibition of certain services to the Company and specified individuals within the Company.

Purpose

The purpose of this Policy is to ensure compliance with applicable rules and regulations regarding independence between the Company and its external auditors.

Statement of Policy

Individuals serving in a financial reporting oversight role at the Company are prohibited from obtaining tax services from any accounting firm (or its affiliates) which provides independent auditing services to the Company or any of its affiliates. A person serving in a financial reporting oversight role includes any person who has direct responsibility for, or oversight of, those who prepare the Company’s financial statements and related information included in filings with the SEC. Specific positions covered by this Policy include:

- Members of the Board of Directors;
- Chief Executive Officer and President;
- Chief Financial Officer;
- Chief Accounting Officer (Controller);
- General Counsel;
- Vice Presidents of Finance;
- Vice President of Internal Audit;
- Vice President of Tax;
- Director of Accounting; and

- Director of Financial Reporting

The prohibition also extends to immediate family members of persons who are in financial reporting oversight roles within the Company. Immediate family members include, but are not limited to spouses, spousal equivalents and dependents.

Exceptions:

Tax services provided by the independent auditor to the following individuals (or their immediate family members) do not impair the independent auditor's independence and, as such, are not prohibited by this Policy:

- Persons in a financial reporting role only with respect to an affiliate whose financial statements are not material to the consolidated financial statements of the Company and its subsidiaries; and
- Persons new to a financial accounting oversight role so long as the tax services provided (i) are pursuant to an engagement in process before the hiring, promotion or other change in employment event; and (ii) are completed on or before 180 days after the hiring, promotion or other change in employment event.

Policy Assessment

As considered necessary, the Audit Committee will assess the adequacy of this policy and related procedures and revise accordingly.

Administration

The Chief Financial Officer of the Company shall be responsible to the Audit Committee for administration of this Policy and for reporting non-compliance. Violations of this Policy may result in disciplinary action, up to and including termination of employment.

Effective Date

This Policy shall be effective immediately.

Company Assistance and Contact Information

Any person who has a question regarding this Policy may obtain additional guidance from the Chief Audit Executive.