

DE & I Heart Journey



AUGUST 2022

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A Note from Us to You

At Sephora, our DE&I mission is central to who we are as a brand. We champion all beauty fearlessly and build inclusive environments for our employees, consumers, and communities.

Nearly three years ago, we kicked off our “We Belong to Something Beautiful” campaign, where we demonstrated our longstanding values of diversity, equity, and inclusion. Since launch, I’m proud to say we’ve stayed committed to keeping Sephora a place where everyone belongs, and have evolved our internal practices to better support all consumers and communities, everywhere.

We’ve also been actively taking the steps needed to address the systemic inequities that affect the beauty world and culture at large. Our goal has been to become a change leader and help others in the retail space take action. In June 2020, we renewed our commitment to making Sephora a more representative, inclusive, and equitable space for our team members, consumers, and the greater beauty community.

We brought this commitment to life through a holistic DE&I strategy: our Sephora DE&I Heart Journey. To be a welcoming place for all, we focused our efforts not only on hiring, advancement, and training, but also on marketing, product assortment, and the in-store experience—and we appreciate that we’re not the only ones.

Through our 11 DE&I initiatives, we’ve made some exciting progress across these areas, which we publicly shared in our July 2021 Diversity, Equity, and Inclusion Progress Report. Today, we are pleased to share a more comprehensive 2022 Annual DE&I Heart Journey Report for a deeper look into our DE&I initiatives and impact across DE&I groups.

There is much more work to be done, but I’m incredibly proud of how far we’ve come and how far we’re still willing to go. We’re energized by our progress and look forward to sharing updates in the future as we continue this important work.

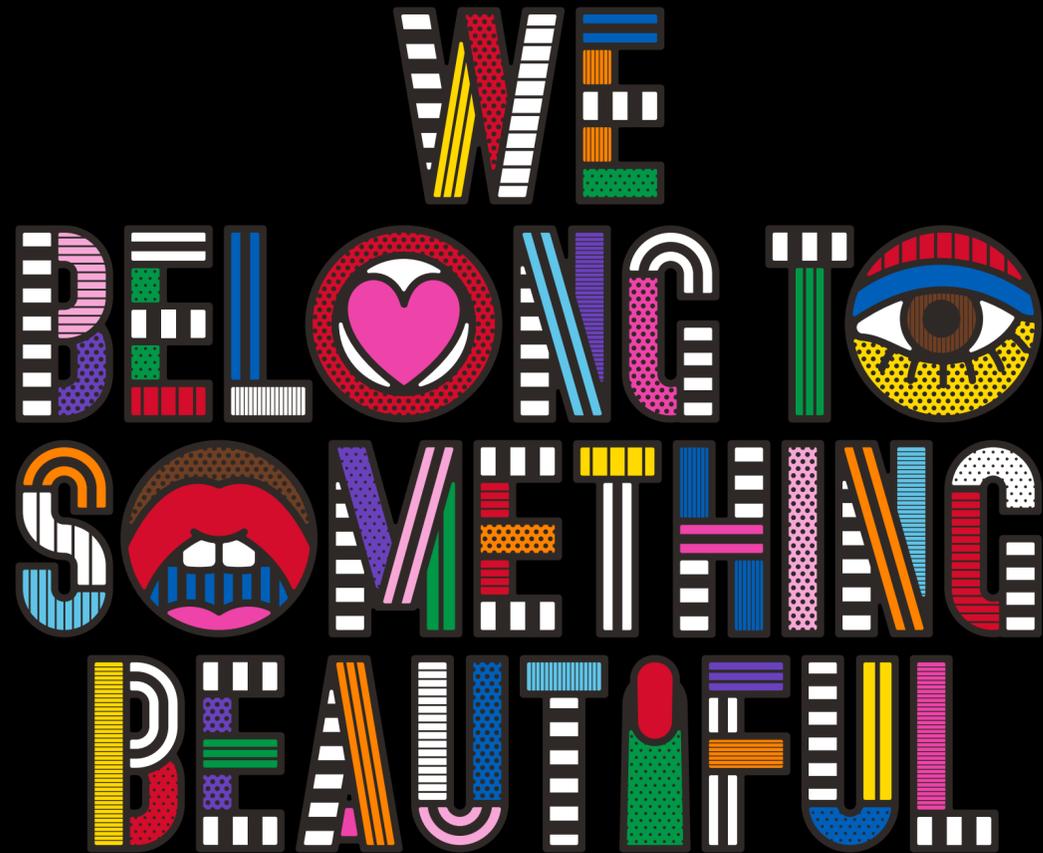


**George-Axelle
Broussillon Matschinga**

Vice President
Diversity, Equity & Inclusion
Sephora USA



Our DE&I Heart Journey

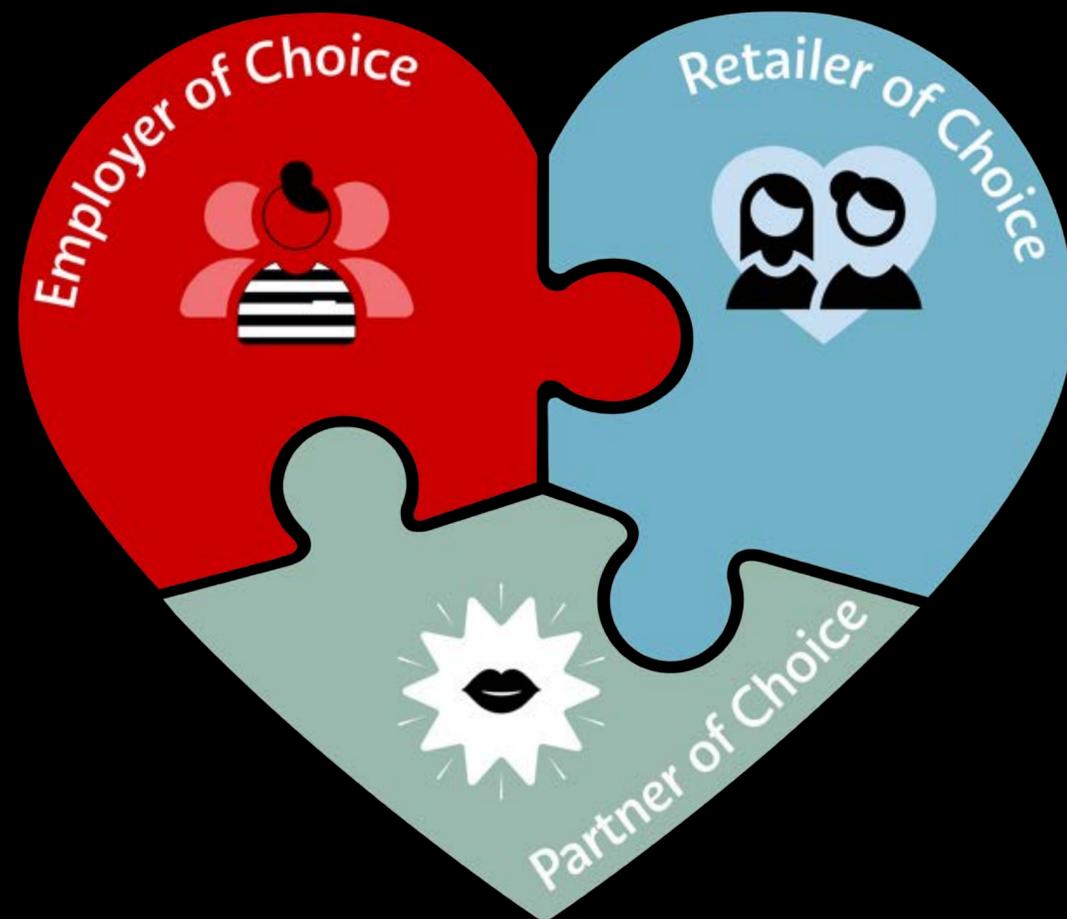


Sephora believes in championing all beauty, living with courage, and standing fearlessly together to celebrate our differences. Diversity, equity, and inclusion are the core values that fuel all areas of our business.

We will never stop building a community where diversity is expected, self-expression is honored, all are welcomed, and you are included. This mission informs our brand platform, “We Belong to Something Beautiful,” which is our guiding principle and

motivates all we do. Because when more people feel like they belong, the whole world is more likely to reap the benefits of their unique greatness.

To make it all possible, we’ve adopted an approach that focuses on key goals: 11 DE&I initiatives and six DE&I groups, which, in addition to people of color, include women, people with disabilities, LGBTQIA+ people, working parents, millennials, and people over the age of 50.



VISION

Become the diversity, equity, and inclusion champion of the (beauty) retail industry.

MISSION

Champion all beauty fearlessly and build inclusive environments for employees, consumers, and communities.



We focus on three key pillars

EMPLOYEES

Our employees are an inspiring group of people with widely varied backgrounds and experiences. They are key to who we are as a brand and to our ambition to cultivate inclusion.

CONSUMERS

To provide the level of service you deserve, we create welcoming, inclusive, and accessible experiences. That way, you can proudly champion your beauty fearlessly.

COMMUNITIES

Our communities are made up of brands, suppliers, and charities that reflect our diverse populations and include those who empower and support others.

To help implement and prioritize our 11 DE&I initiatives, we launched an executive DE&I Steering Committee, which aims to hold us accountable internally.

	OUR DE&I INITIATIVES	OUR DE&I GOALS
 Employer of Choice	Diverse Hiring	Attract, recruit, and retain underrepresented talent in leadership
	Advancement Corporate	Ensure equal access to experiences and opportunities supporting leadership advancement in our offices
	Advancement Retail	Ensure equal access to experiences and opportunities supporting leadership advancement in our stores
	All Abilities Hiring	Roll out Sephora All Abilities Hiring initiative to all distribution centers
	Sustained Learning & Engagement	Build inclusive and anti-racist workplaces through DE&I trainings, ERGs, and DE&I stories
	Equitable Rewards	Provide equitable rewards (benefits and compensation) to all
 Retailer of Choice	In-Store Experience	Address and mitigate unconscious bias in our stores
	Inclusive Marketing	Drive inclusive marketing and diverse representation on our platforms to lift up all forms of beauty
 Partner of Choice	Charitable Engagements	Increase awareness and support of our 12 Focus Charities
	Brand & Product Diversity	Support the 15 Percent Pledge and increase the share of Black-owned brands
	Supplier Diversity	Increase our spend with underrepresented suppliers



An Inclusive Workplace for Our Employees

Our commitment to making our workplace an inclusive space

Without our employees, none of this would be possible. Sephora is committed to implementing a series of initiatives designed to attract, develop, and support a diverse workforce.

We want our employees to feel safe and supported every day, and to feel that working here is more than just a job.

Through inclusive hiring, training, and equitable advancement, we will create an inclusive, unbiased, and accessible environment and a sense of belonging for all of our employees. This will help diversify our workforce, from entry-level to leadership, and ensure these values are upheld at all levels within the organization.



Diverse Hiring

When it comes to hiring, we always make sure our candidate pool has a wide range of backgrounds and experiences. With a diversity mindset at the forefront, we can build a more inclusive workforce and can more accurately reflect our consumers.

We welcome every candidate and believe more diverse backgrounds are not only imperative to bringing the values of our brand to life, but also to making the world a place where varied voices can influence ever-evolving ways to change and grow.



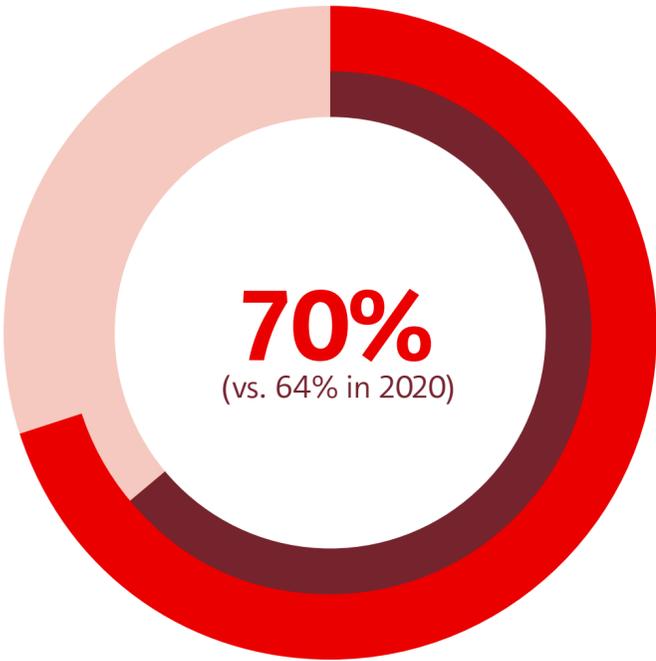
increase of Black and African American leaders hired throughout the organization



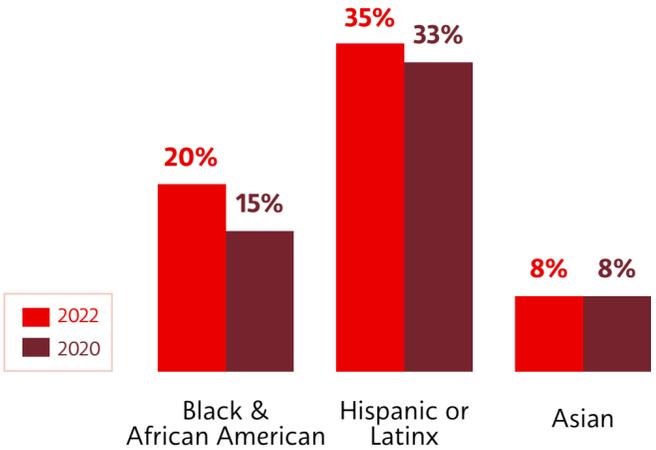
increase of Hispanic or Latinx leaders hired throughout the organization



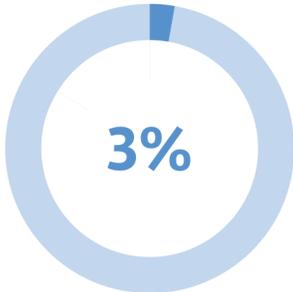
Our Employee Demographics



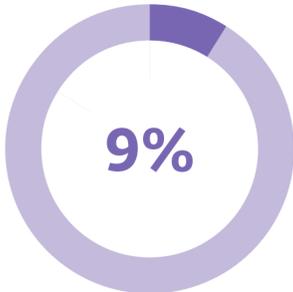
People of Color



Women
(vs. 84% in 2020)

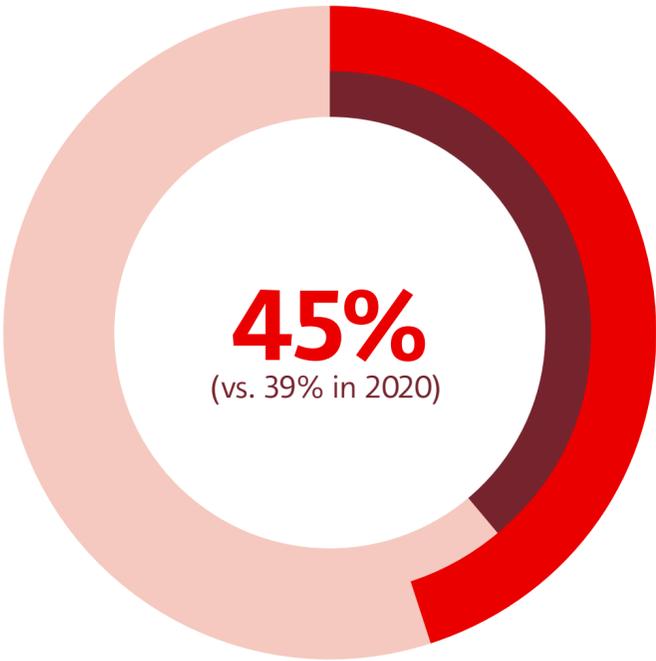


People with Disabilities
9% in distribution centers

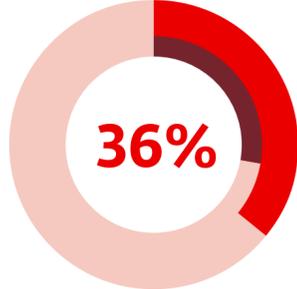
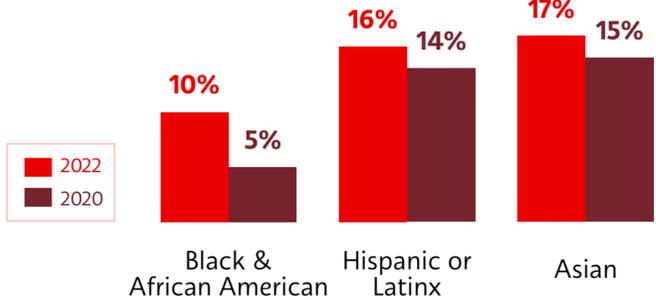


LGBTQIA+

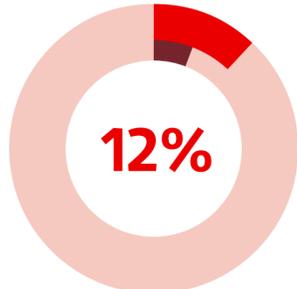
Our Leadership Demographics



People of Color Managers & Above



People of Color VPs & Above
(vs. 28% in 2020)



Black & African American Store Managers
(vs. 6% in 2020)



Women VPs & Above
(vs. 66% in 2020)



Women Managers & Above
(vs. 75% in 2020)



All Abilities Hiring

226

employees with disabilities were hired since the All Abilities Hiring initiative launched. **Employees with disabilities represent 9% of our distribution center talent.**

Since inception in 2017, the All Abilities Hiring initiative has been in four of our five North American distribution centers. After successful completion of a nine-week structured training program, graduates receive an offer to join us full-time.

Our distribution centers have become the model for hiring talent with disabilities. Together with communities, local advocacy groups, and educational institutions across the country, we provide career training and support to enable independence and self-sufficiency.



Emerging Talent Initiatives (Sephora Pathways)

INTERNSHIP PROGRAM

In the summer of 2022, we hired 57 interns, including students from the Drexel University Co-op program.

OVER
65%

of the 2022 cohort self-identified as people of color.

ROTATIONAL MANAGEMENT PROGRAM (LEAP)

Our summer interns are eligible to apply for a full-time position in our newly created Rotational Management Program—with entry-level roles in Marketing, Merchandising, and Inventory Management to learn core business processes and store operations.

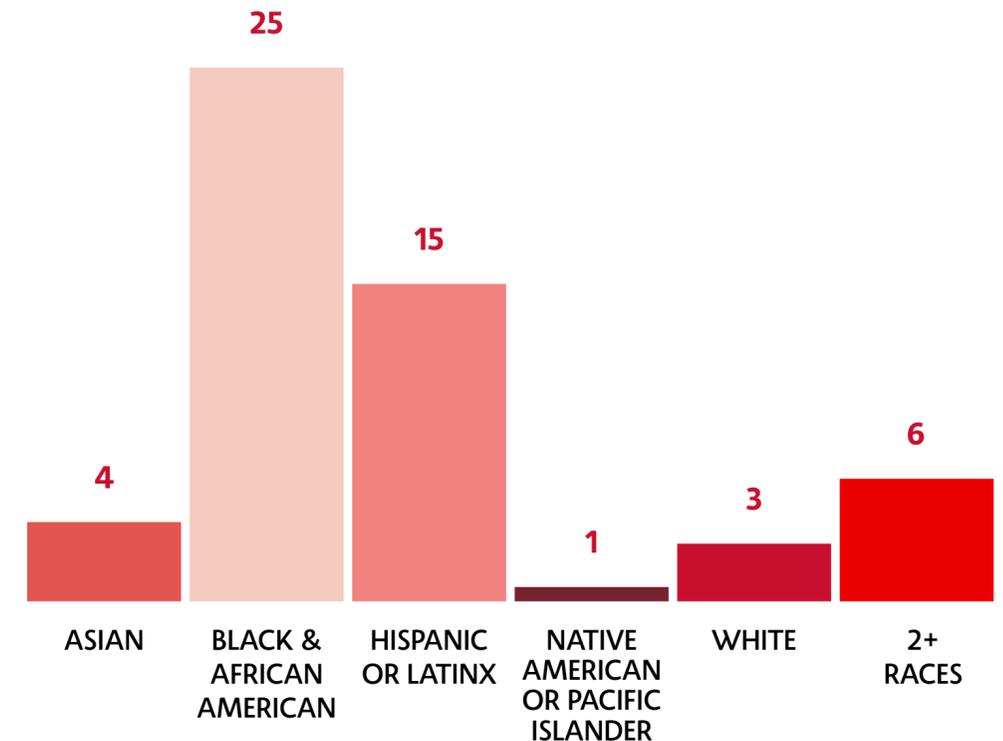
100%

of our inaugural Rotational Management Program cohort were 2021 summer interns.

SEPHORA SCHOLARSHIP

The Sephora Scholarship Program is designed to empower BIPOC students pursuing a licensed career in beauty through professional training and education.

Demographic breakdown of the 54 Sephora scholarship recipients:





Equitable Advancement

Employees who have an equitable experience in the workplace in turn have more access outside the workplace. We're working to ensure everyone has the same chances for internal jobs, the same access to experiences and opportunities supporting leadership development, and that open positions are visible and offered to all equitably without favoritism.

We launched **New Career Development Programs** to develop an inclusive managerial culture and empower employees to reach their career aspirations and have the tools they need to grow in their roles.

UNCONSCIOUS BIAS TOOL KIT

In 2021, we launched a comprehensive Unconscious Bias tool kit to help managers and employees recognize and reduce biases and recruit a diverse talent pool.



SEPHORA
TALENT INCUBATOR PROGRAM

SEPHORA TALENT INCUBATOR PROGRAM (STIP)

STIP is our first-ever structured mentoring and coaching program inclusive of underrepresented talent of color. This program is designed to build the next generation of culturally competent and diverse leaders.

Since May 2021, a total of 100 mentees and 47 mentors across Sephora's offices and stores participated.





Sustained Learning & Engagement

As the world continues to evolve, so will we. This means our training will adapt continually to give our employees the resources they need to engage in challenging conversations around race and bias.

We launched 20 new inclusivity training modules, focused on unconscious bias and cultural allyship, to teach employees about the factors that contribute to lack of diversity and unsupportive work environments for minorities, and how to improve them.

We established nine INCommunities, our Business Employee Resource Groups aiming to lift up the voices of diverse perspectives and create safe spaces for learning and understanding.



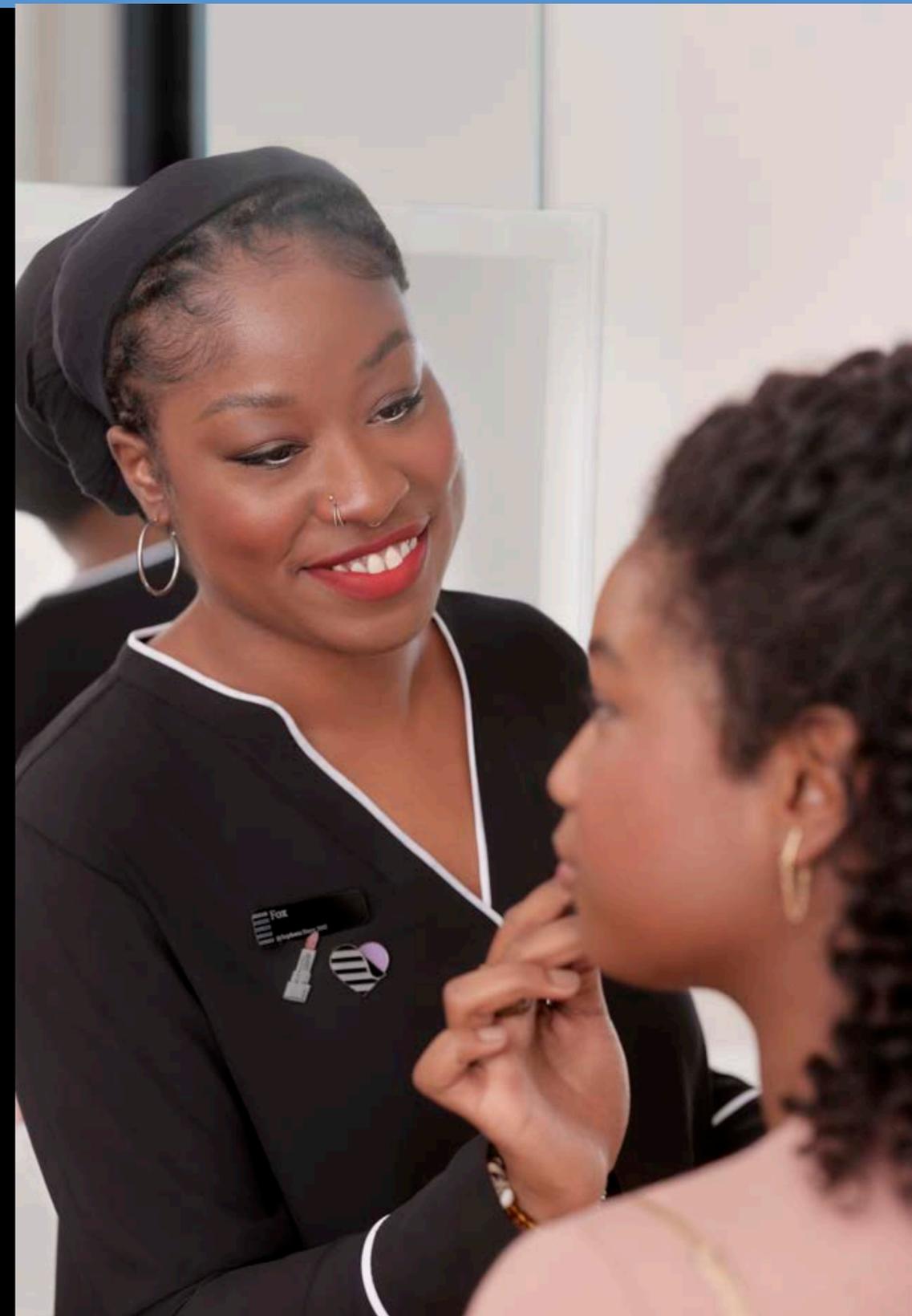


A Welcoming Space for Our Consumers

Our commitment to creating a welcoming and inclusive in-store experience

Sephora is committed to making sure everyone feels welcomed, is treated with respect, and is provided exceptional service in every Sephora experience. Our mission to champion all beauty fearlessly and build diverse and inclusive environments starts with understanding our consumers and their needs.

*We're proud of every step we take forward,
but we know that this is an ongoing journey.*





Racial Bias in Retail

In January 2021, **we released our first-ever large-scale bias study**, The Racial Bias in Retail Study, which measured the problem of racially biased and unfair treatment in retail settings, and highlighted tactics and actions that can mitigate biases in the shopping experience.

With Open to All, a nonprofit nondiscrimination campaign, we brought together 37 retailers to sign the **“Mitigating Racial Bias in Retail Charter”** and pledge to ensure more welcoming retail environments for all by establishing processes and practices that can help mitigate racial biases in the shopping experience.



15 Percent Pledge

In June 2020, **we were the first major retailer** to take the 15 Percent Pledge and dedicate at least 15% of our assortment to Black-owned brands. We're proud to feature an assortment that represents the best Black-owned beauty out there, making it easier for our consumers to find and support these brands in stores across the US.

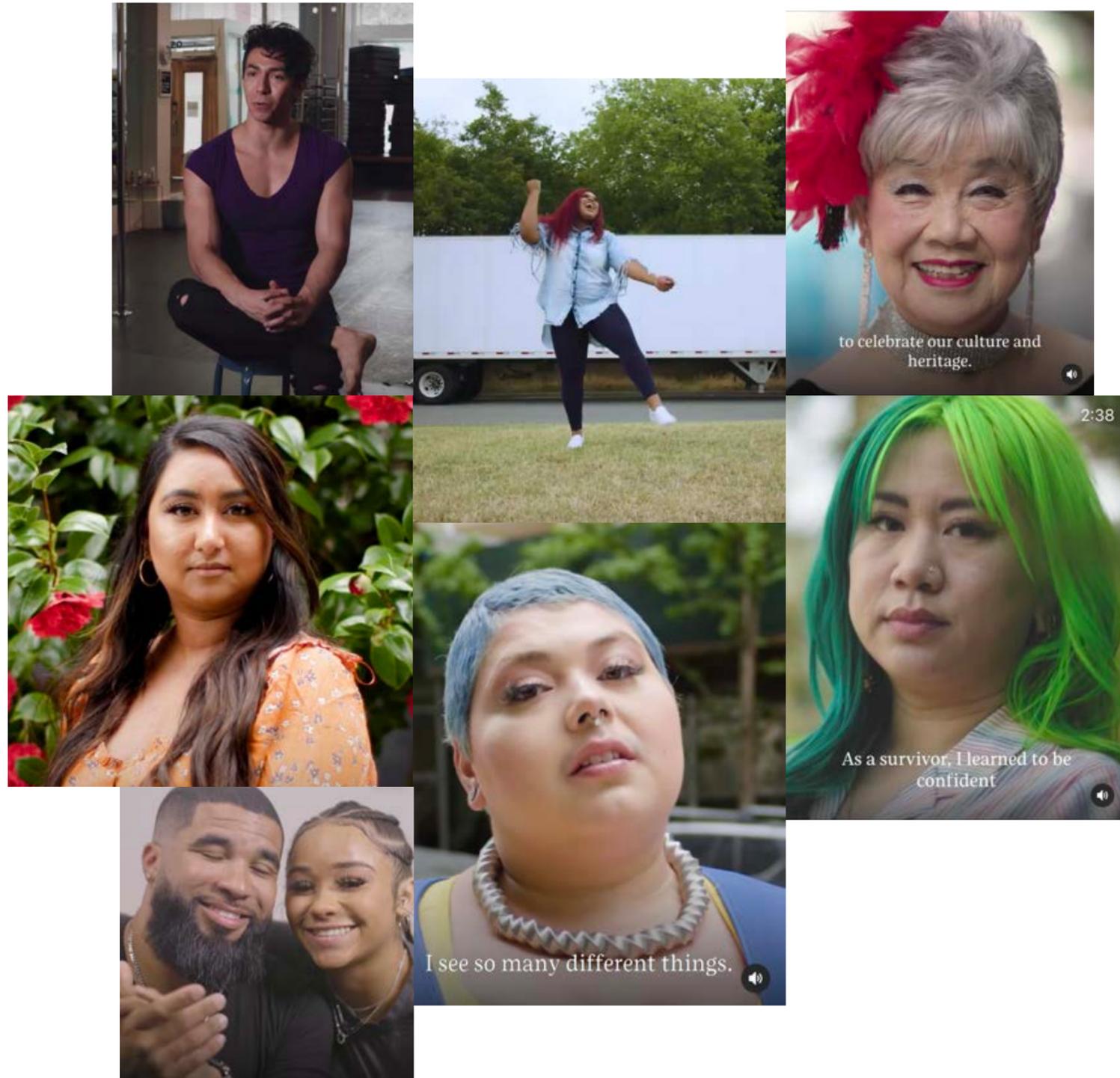


Additional Progress

In fall 2021, **we ran our first-ever Black-owned-brands campaign** to further recognize and celebrate the contributions that Black culture and Black innovators have made to the beauty industry, including the excellent selection of products available for all beauty consumers.

We started Cultural Allyship, a two-part training for all employees to foster an inclusive working and shopping experience for BIPOC individuals.

We updated our **zero-tolerance behavior standards** to include immediate action if an employee or consumer has violated Sephora's code of conduct within our stores.



Making Marketing a Better Reflection of the World

At Sephora, we recognize the lack of representation in the beauty industry and the effects it has on both individuals as well as society at large. To better understand our role, we've listened to the community and are taking intentional steps to close the gaps and include everyone of all identities, shapes, and backgrounds.

Putting our values into action is how we truly dedicate ourselves to amplifying our DE&I commitments. We use our platforms to lift up all people, with their infinite forms of beauty, so we can help support the growth of diverse brands and tell stories that celebrate everyone. When more people feel they are seen and that they belong, our differences become something to be proud of.

We use our platforms to lift up all people, with their infinite forms of beauty.



Diversifying Guidelines

We established new production guidelines to include a diverse array of backgrounds, identities, ages, and body types for all of Sephora's campaigns, social media, marketing, and more.



Making Safe Spaces

We launched the new **Hearts, Not Hate** guidelines to address online harassment.



Driving Awareness

We created a consistent, annual marketing approach to drive awareness of Black-owned brands and launched the **Black Beauty Is Beauty** short film to celebrate the impact and influence of Black beauty and culture on modern beauty.



Amplifying Voices

We continue to cultivate one of the industry's most diverse influencer groups through **Sephora Squad**. Of the 2022 cohort, 78% of the members self-identify as people of color.



Breaking New Ground

We produced **The Beauty of Blackness**, a first-of-its-kind documentary chronicling the evolution of Black beauty through the rise, fall, and rebirth of one of the most iconic cosmetic brands serving women of color, Fashion Fair, now sold exclusively at Sephora.



Increasing Accessibility

We're incorporating closed-captioning on all Sephora-produced Instagram video content to make it more accessible.



A Partner for Our Communities

Our commitment to addressing barriers in our communities

We're grateful for all of the beauty communities that have welcomed us in. Our communities have helped us break through our own barriers, and we strive to do the same for them. We can address barriers for underrepresented communities by creating space, expanding access, and becoming the supportive partner they deserve. Through charitable giving initiatives and strategic partnerships, we strive to make those in our communities feel seen and heard.

We're proud to have partners that actively help shape our work on equity and the way we show up as a retailer in the beauty industry and beyond.

Change happens when we work together.





Accelerating Brand & Product Diversity

We've adapted our **Sephora Accelerate** brand incubator program—focusing on developing and launching BIPOC-owned brands to build a community of innovative, inspirational brand founders in the beauty space.

Since 2020, we have graduated 18 entrepreneurs with brands spanning makeup, skincare, hair care, and, for the first time ever, fragrance.



50%

of the 2021 Accelerate brands are now on our shelves, with the remaining half rolling out in 2022.



Charitable Engagements

We have deep relationships with our communities, from partnering with 12 Focus Charities each year to introducing more ways for our consumers and employees to get involved through charitable donations.



Charity Rewards Program

Each month, we build awareness of one Focus Charity by featuring it in the Sephora Rewards Bazaar and on our social channels, inviting our consumers to share their support by redeeming their Beauty Insider points as donations. In addition, we **supported more than 297 communities and organizations** in 2022 through giving and volunteering efforts.





Increasing Supplier Diversity

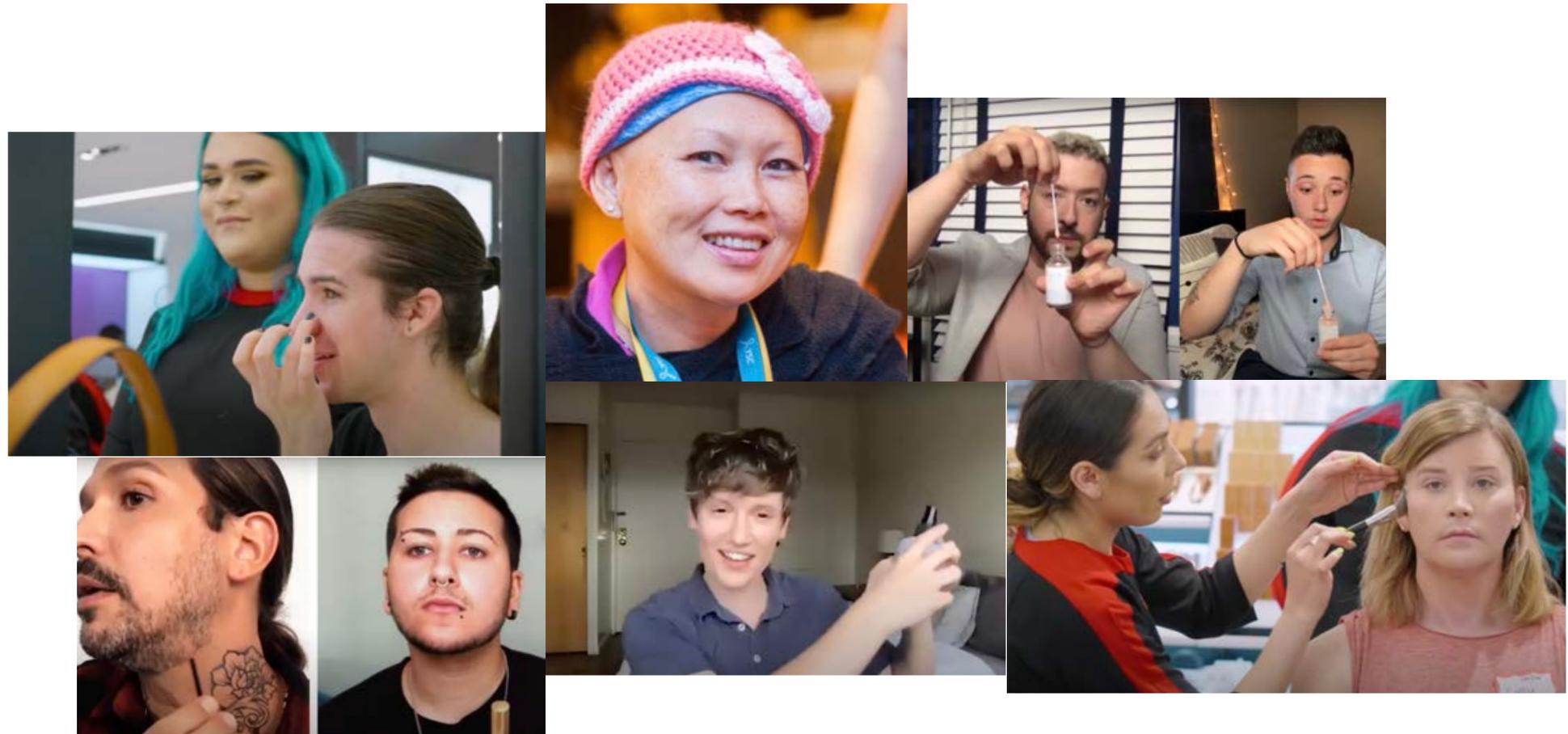
We're staying focused on growing a strong base of diverse suppliers and encouraging the growth of underrepresented businesses as well as innovative products, services, and solutions.



1,781
diverse suppliers

Inspiring Fearlessness

We now offer virtual beauty classes, Classes for Confidence, to help empower people in key moments, such as reentering the workforce, fearlessly facing cancer, or exploring their gender expression.





Moving Forward

Our commitment to strengthening our DE&I strategy and positioning

As we move toward 2025, we will strengthen our DE&I efforts so our employees, consumers, and community continue to feel welcome, represented, and included in all of our stores and in all of our environments. We will continue to build on our commitments to keep making progress. From diversifying our team to cultivating inclusive workplaces, we will continue to build on our commitments to progress, inspiring other companies, and have a positive impact on culture at large.

We aim to drive change by leading the charge.



We were humbled to be recognized with the following awards in 2021

FORBES

The Best Employers for Women

FORBES

The Best Employers for Diversity

FORBES

The Best Employers for New Grads

FAST COMPANY

Most Innovative Companies

HUMAN RIGHTS
CAMPAIGN

100% Corporate Equality Index Rating

3 years in a row (2019–2021)



Appendix

DEFINITIONS

Sephora leadership is defined as:

Corporate office/Field Support Center (FSC) leadership:
Managers/Sr. Managers, Directors/Sr. Directors, VP+

Field/Store (Retail) leadership:
Store Managers/General Managers, District Managers
and Regional Directors

DC (Distribution Center) leadership:
Supervisors/Sr. Supervisors, Managers/Sr. Managers,
Directors/Sr. Directors, VP+

LEGAL DISCLAIMER

Sephora DE&I Aspirational Goals are targets that we aim to achieve to measure progress in our efforts to increase diverse representation at various leadership levels across the organization. They are not meant to be inflexible and should not be interpreted as a hiring quota, minimum or expectation, or a set-aside or bonus objective where individuals from underrepresented groups (talent of color / people of color and women / female identifying) are hired or promoted over more qualified others and should not be interpreted as such.

DATA DISCLAIMER

The data in this report does not include the population of employees that did not self-report their ethno-racial group, gender, disability, or LGBTQIA+ statuses.

SEPHORA

We Belong to
Something Beautiful