Leaving a positive legacy for our world

2021 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT
Ulta Beauty at-a-glance

Our footprint (as of January 29, 2022)

1,300+ stores

~14 M total store square footage

6 distribution and fast fulfillment centers

3 M square feet in distribution centers

50 states

25,000+ products in store

600+ brands offered

$6.5 B fiscal 2020 net sales

40,000+ associates as of January 29, 2022

Fiscal 2020 net sales by category

- Cosmetics: 44%
- Skincare, bath & fragrance: 28%
- Haircare products & styling tools: 20%
- Other: 5%
- Services: 3%
A conversation with Dave Kimbell
Ulta Beauty Chief Executive Officer

Dave Kimbell took the reins as Ulta Beauty’s CEO in June 2021 when former CEO Mary Dillon became Executive Chair of our Board of Directors. We asked Dave some questions to learn more about him and his perspectives on the role of ESG at Ulta Beauty.

You became CEO during a global pandemic that is still with us, impacting almost every aspect of our lives. As you reflect on leading Ulta Beauty during this time of uncertainty and change, can you share a few things that have really stood out to you most during your first year as a CEO?

A: I have been with Ulta Beauty for eight years and now, as CEO, I am more impressed than ever with our 40,000+ associates’ resilience and agility, laser focus on our guests and role in helping Ulta Beauty make a positive impact on the world around us. As leaders in an industry that is so emotional and relies on human connection, the Ulta Beauty team continues to show the world their passion, expertise and commitment to beautiful possibilities. This stands out every single day to me.

Our associates, particularly in our stores and distribution centers, show up daily, ready to serve our guests while facing continued challenges posed by the pandemic. They keep the health and safety of our guests and their fellow associates at the center of all they do, despite continued uncertainty in their personal lives involving school, childcare, family and other responsibilities. I could not be prouder of their flexibility and ability to quickly pivot as circumstances shift.

How did you continue to support associates and advance other priorities during this challenging time?

First and foremost, we focused on taking care of our people. It is humbling to witness the focus our associates bring to deliver amazing guest experiences. That’s why my leadership team, our Board of Directors and I work hard to ensure our associates are supported as much as possible, and you’ll be able to read about many of the ways we care for our associates, professionally and personally, in this report.

I also am inspired by, and extremely proud of, our commitment to improving the world we live in and the strong steps we have taken to drive positive change with our diversity, equity and inclusion (DEI) efforts, to further reduce our impact on the environment and to give back to the communities we serve. Associates across our company contribute to these important commitments in many ways, and we’re excited to share some of those in this year’s report.

You shared with investors during Ulta Beauty’s recent Analyst Day that ESG was one of your long-term strategic priorities. Why was it important to you to elevate ESG to a strategic priority?

ESG has always been and will always be a critical part of Ulta Beauty’s DNA. By highlighting its importance as one of our long-term strategic priorities, we are being more intentional about our vision and goals within our core ESG Pillars—People, Product, Environment and Community—and how each plays an important role in our overall business strategy and daily work.

We have a responsibility to be good stewards of our business for our shareholders and key stakeholders. We have an equally important responsibility to be good stewards of the world around us. This is important to me personally. I am as
passionate about the beauty of our planet as I am about the beauty industry. I believe Ulta Beauty, as the nation’s largest beauty retailer, is in a unique position to bring the beauty community together and make a real difference. We know we can’t do it all, but by keeping ESG a strategic priority, we are focusing on key areas where we think we can make the biggest impact.

How will you know when you’ve made an impact?

We believe having clear, measurable goals is very important to help drive impact. In the same way we use a variety of data and metrics to establish financial goals for our business, we need data to understand where we are today and what metrics are most appropriate to measure future progress in areas like emissions reduction and DEI. In addition, we must have the infrastructure in place to measure progress toward our goals accurately and transparently. We are making great progress, but acknowledge we have more work to do.

What are some of the areas where you’ve made progress this year?

In this report, we’re proud to share a more fulsome view of our Scope 3 emissions for the first time. We are already making good progress reducing Scope 1 and 2 emissions, and we understand that a holistic emissions reduction target is an important next step. To help move us forward, we are pleased to have committed to set science-based emissions reduction targets with the Science Based Targets initiative and are moving to take important next steps.

How about progress on the social front?

Last year we announced our commitment to DEI externally for the first time, and I’m very proud of the strides we have made and the positive impact that we know has been felt by our guests, associates and partners. Highlights for me include launching MUSE 100, doubling the number of Black-owned brands in our assortment, investing in in-store guest experience training and integrating DEI across our internal talent life cycle.

Today 90% of our associates are women with 54% women directors on our Board and 67% women leaders on our executive team. In addition, 25% of directors and above at Ulta Beauty are people of color. We plan to continue to build upon this strong foundation to improve not only how we hire diverse talent, but also how we develop existing diverse talent. We have work to do to better identify the skills and aspirations of our incredibly diverse store and distribution center associates and ensure they have access to leadership opportunities across the company. While we expect to establish goals for improving our already strong foundation, our priority in the near term is setting our associates up for success to fulfill their respective career paths.

We also announced our DEI commitments for 2022, which are thoughtfully designed to drive forward our internal and external efforts in new and creative ways to continue to champion diversity and keep our DEI values at the heart of what we stand for at Ulta Beauty. The commitments span four categories with a focus on amplification of underrepresented voices, assortment growth and equitable guest and associate experiences with a total planned investment of $50 million—doubling our 2021 commitment.

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This is Ulta Beauty’s second ESG report. What is different this year?

We were very proud of our first ESG report and have reflected upon opportunities to improve it this year. Soon after the 2020 report was published, our cross-functional team led by Jodi Caro, our General Counsel, Chief Risk & Compliance Officer, got to work asking for feedback from investors, brand partners, associates, experts and more. They didn’t hold back, and we incorporated much of what we heard into this year’s report.

Notably, you’ll see more data, more disclosure and more information on topics like cybersecurity risks, Board governance relative to ESG and our approach to environmental impacts. The report is easier to navigate, including an ESG Fact Sheet to help you quickly locate the data and disclosures that interest you most.

Finally, what is the one thing you want everyone who reads this report to take away?

We are passionate about making a positive impact on the world through the power of beauty, but we know we aren’t perfect. This journey will take discipline and commitment from all. While we are proud of our ESG achievements to date, we know we cannot be complacent. At Ulta Beauty we also know we are stronger when we work together, and we look forward to continuing this important work together with our associates, partners and so many others who can help us make a difference for our world. I hope you continue to join us on our journey as we continue to unlock beautiful possibilities.
Leaving a positive legacy for our world

ESG at Ulta Beauty

ESG has long been an Ulta Beauty priority and is embedded in all aspects of our overall strategic planning. In 2021, we evolved our longer-term business strategy and ESG approach to better reflect the evolving role that beauty will play in people’s lives today and tomorrow.

Ulta Beauty strategic framework

- **Drive breakthrough and disruptive growth through an expanded definition of** ALL THINGS BEAUTY
- **Evolve the omnichannel experience through connected physical and digital ecosystems** ALL IN YOUR WORLD
- **Expand and deepen our presence across the beauty journey as the HEART OF THE BEAUTY COMMUNITY**
- **Drive OPERATIONAL EXCELLENCE AND OPTIMIZATION**
- **Protect and cultivate our WORLD-CLASS CULTURE AND TALENT**
- **Expand our ENVIRONMENTAL AND SOCIAL IMPACT**

Ulta Beauty Guiding ESG Principles

- **WE USE THE POWER OF BEAUTY FOR GOOD**
  We embrace our opportunity as a leader to drive positive impact through beauty

- **WE PURSUE ESG AS A VALUE DRIVER**
  ESG drives business value as part of our core strategy

- **WE TAKE A TARGETED APPROACH**
  We focus on the areas in which we can make the biggest impact

- **WE BALANCE LEADING AND LEARNING**
  We collaborate with others to address shared challenges

- **WE STAY TRUE TO WHO WE ARE**
  Our ESG approach reflects our unique culture, mission, and values
Ulta Beauty commitments at-a-glance

Through active management of ESG focus areas, Ulta Beauty is continuing its work to leave a positive legacy for our world. Commitments in multiple areas of ESG hold us accountable for progress.

**CHAMPIONING DIVERSITY**

In early 2021, we announced five broad commitments to create a more inclusive world for our guests, associates, brand partners and communities. Specific goals that map to these commitments include:

- **$20 M** allocated to media investments across endemic and multicultural platforms to create more personal connections with Latine, Black and other communities
- **100%** of field, distribution center and corporate associates required to participate in Stronger Together Leadership Training
- **2x** more Black-owned brands in our assortment by the end of 2021
- **$4 M** dedicated to marketing support of Black-owned brands
- **$2 M** invested in mandatory quarterly in-store training for all store and salon associates to reinforce inclusivity and address unconscious bias

**REDUCING EMISSIONS**

Committed to set science-based emissions reduction targets with the Science Based Targets initiative

- **2x** renewable energy credits commitment in 2022

**SUSTAINABLE PACKAGING**

50% of packaging sold at Ulta Beauty will be recyclable, refillable or made from recycled or bio-sourced materials by 2025

**Environment**

- **Product**
- **People**
- **Community**
- **Supplemental Data**
Delivering value for our stakeholders

Corporate governance

Our Board is composed of independent directors who bring a wide variety of expertise and leadership to help guide our CEO and our management team. In 2021, we announced the appointment of Dave Kimbell as the successor to CEO Mary Dillon and executed a transition plan designed to ensure strategic and leadership continuity as we move into our next chapter of growth. Since being named CEO of Ulta Beauty in 2013, Mary Dillon developed and nurtured our inclusive culture, built an exceptional leadership team, drove significant business growth and more than tripled Ulta Beauty’s market capitalization. We are thankful for her commitment and leadership. Following a thorough succession planning process, in June of 2021, Mary transitioned to the role of Executive Chair of our Board of Directors and plans to serve until June of 2022. Dave Kimbell, former President of Ulta Beauty, became CEO in June of 2021 and serves on the Board of Directors.

In February, 2022 as part of our continuous Board refreshment efforts, we welcomed Gisel Ruiz and Kelly Garcia to our Board of Directors. Ms. Ruiz and Mr. Garcia bring extensive operating and functional expertise as well as governance and risk management experience to our Board.

Board diversity
13 directors
54% (7) women
46% (6) men
31% (4) racially diverse
8% (1) LGBTQ+
46% (6) joined within last five years

As of February 16, 2022
Board oversight

Ulta Beauty’s Board of Directors and Executive Team have overall oversight and accountability for ESG within the organization. The Board has three committees, each of which touches ESG issues in its own way:

The Nominating & Corporate Governance Committee is responsible for developing a diverse Board, and periodically reviews company policies, practices and risks regarding ESG, including risk oversight by each committee as well as the full Board.

The Compensation Committee oversees human capital risks and periodically reviews the company’s diversity, equity and inclusion (DEI) policies and practices.

The Audit Committee discusses policies and practices related to cyber risks including information security and also oversees enterprise risk assessments and risk management.

In addition to the oversight our committees provide, our Board provides oversight of environmental and climate risks as part of its oversight of our business operations and impact. Our Board discusses and provides guidance on ESG topics multiple times throughout the year. On a quarterly, biannual or annual basis, as appropriate, the Board reviews topics including:

- Cybersecurity and technology scorecard
- DEI and other human capital statistics
- Updates on DEI policies and practices
- Updates on Board diversity and Board succession planning
- Updates on leadership succession planning
- Comprehensive ESG program updates including all pillars
- Comprehensive cybersecurity updates
- IR shareholder engagement updates (also reported quarterly on ESG Dashboard)
- Review of ESG Report
- Enterprise Risk Assessment and risk policy updates including insurance
- Ethics and compliance update

Our General Counsel, Chief Risk & Compliance Officer is the executive sponsor of our ESG program and works with a cross-functional team of experts, including representatives from:

- Human Resources
- Store Operations
- Growth and Development/Energy Management
- Finance and Accounting
- Supply Chain and Procurement
- Marketing
- Legal, Risk and Governance
- Corporate Strategy

This team drives ESG strategy across the four pillars and governance. In addition, we have many other associates across the company who are passionate about ESG and contribute in different ways and we welcome feedback from the investor community as well.
Risk management

We assess and actively manage risks as part of our business operations. Our Board provides guidance and oversight on enterprise risk management (ERM) activities and processes across the company. To ensure understanding of the risks we face as an enterprise, the Board receives regular management updates on our business operations, financial results and strategy. Our leadership team also keeps the Board informed about emerging or evolving risks as they arise. The Board then discusses and provides guidance with respect to risks impacting our business.

As part of our ERM strategy, we proactively seek input from associates. We take a practical approach that incorporates the input of associates at all levels of the company, with special emphasis on the in-store and distribution center associates who know our guests and operations best. We are increasingly using technology to improve our approach, such as facilitating live voting and real-time data analysis of results. In addition to sharing ERM results with our Board and leadership, we also share feedback with participating associates, who appreciate knowing their input is making a difference.

In 2021 we made several adjustments to our ERM risk assessment:
- Used a fully virtual platform for the first time
- Conducted a pre-survey of leaders that yielded additional insights about risk

Enterprise Risk Management

Why is ERM important?
- Supports a strong system of internal control
- Helps us manage risks and seize opportunities
- Complies with regulatory guidance

What does Ulta Beauty's ERM team do?
- Facilitates discussions about risk
- Gathers information and data on emerging risks
- Shares findings to inform Board and management decision-making

How do they engage?
- Risk assessment workshops
- Executive and Board presentations
- Regular check-ins with executive team

learn more

about our business and governance on our Investor Relations web page.
Unleashing the power of data

Data stewardship

For Ulta Beauty, data is a source of both great opportunity and great responsibility. Using insights from guest data helps us personalize our offerings and develop products that guests love.

Our customer analytics group uses data to:
- Drive demand via targeted marketing
- Develop merchandise insights and strategies
- Support member recognition through our loyalty program
- Provide guest insights to drive business objectives across our company

We safeguard this data by monitoring and complying with privacy and consumer protection laws. While we do not sell guest data, we share aggregated and anonymized data with our brand partners and third-party vendors to enhance our business.

We manage data security and privacy at the highest levels. Our Board of Directors has always actively engaged in oversight of cybersecurity, and it is part of the charter of our Audit Committee. Our CEO keeps the Board informed on cybersecurity and privacy matters via monthly reporting, regular reports to the Audit Committee and full Board discussions throughout the year.

Understanding the increased prevalence of ransomware attacks on companies of all sizes, we have strengthened our data protection capabilities through investments and training. Working with third parties, we developed a heatmap of cyber risks to help us understand our areas for improvement.

SecurityScorecard: A(93/100) Rating
Evaluation of cybersecurity risk
As of February 2022
In 2021, our entire Executive Team, including our CEO, also participated in an incident simulation exercise designed to test our readiness to respond effectively to a cyberattack. We shared what we learned from this exercise with our Board and are using those learnings to help us further mitigate risk.

Ulta Beauty’s General Counsel, Chief Risk & Compliance Officer also serves as our Chief Privacy Officer and works closely with our internal data stewardship team, including our VP of IT Risk Management, Data Enterprise Officer and our IT Risk Management team, to ensure we take a holistic approach to caring for guest, associate and financial as well as other proprietary data.

Security

All Ulta Beauty associates have a role as stewards of company data, and it’s essential that we educate them on how to keep data safe. As part of our annual Code of Business Conduct training, we train associates on:

- How to keep devices and data safe in public places
- How to avoid security threats and phishing scams
- How to maintain a secure workplace
- Everyday practices that help maintain the security of corporate digital devices, data and systems

Our security approach also includes multiple layers of defense and testing of controls. Examples of how we test our data security controls include IT-led phishing campaigns to test associates’ knowledge of avoiding phishing scams, and third-party-led network penetration testing done to test the security and robustness of our systems controls.

Oversight and enablement

Our Security and Network Operations Center constantly and proactively monitors our network and application landscape for threats and anomalies. We have established processes for sharing data and performing third-party risk assessment. Other recent improvements include disaster recovery planning and testing.
Operating a responsible business
Ethics & compliance

The Ulta Beauty Code of Business Conduct helps us work ethically and transparently in support of our mission, vision and values. All associates, officers and members of our Board of Directors are expected to act in accordance with the Code of Business Conduct. It is included in new hire materials for all associates, who must read and acknowledge this policy each year.

In addition, all store managers and above in the field, distribution center managers, corporate associates and members of the Board of Directors take an annual training course on the Code of Conduct.

We encourage associates to speak up to report any violations of the Code of Business Conduct. There are several ways to report a concern:
- Speaking with one’s own manager or another manager
- Speaking to a Human Resources Business Partner
- Contacting the We Care! Let’s Talk line, by email or phone
- Calling our third-party Ethics Hotline anonymously by phone or reporting online
- Contacting our Chief Compliance Officer

Our policy on political contributions

Policy on Political Contributions: Our Code of Business Conduct lets associates know that while we respect their right to be engaged in personal political activities, they have a responsibility to do so on their own time with their own resources. Ulta Beauty does not contribute directly or indirectly to political parties, candidates or campaigns, or religious affiliations.
Our Ethics Hotline is managed by Human Resources, and our General Counsel, Chief Risk & Compliance Officer also reviews all concerns. Ulta Beauty’s Board receives formal updates on ethics and compliance matters once per year. Each quarter, a cross-functional team comprised of representatives from HR, Loss Prevention, Internal Audit and Legal, Risk & Governance Services meets to discuss reporting trends and share the status of investigations and outcomes.

Trends we identified in 2021 included:
- No increase in Ethics Hotline complaints
- No degradation in compliance, despite continued operational challenges and an ongoing remote work environment for corporate associates
- Decrease in reports related to employee relations and wage and hour issues, likely due to the transfer of call volume to our HR Service Center

**Ulta Compliance Network**

We continually strive to improve our approach to compliance through the Ulta Compliance Network (UCN), a group of associates who regularly focus on compliance. The group meets quarterly and provides a way for associates to share best practices, discuss challenges and identify useful tools or resources, such as our recently developed Compliance Dashboard. In 2021, our CEO, CIO and CHRO each joined the UCN to discuss their perspectives on and commitment to compliance as well as to take questions directly from UCN members.
People

We champion inclusion and opportunity in beauty for all. And we want all associates to feel that they belong at Ulta Beauty and can be their true, authentic selves.

2021 Highlights

Bold new commitments

Our Diversity, Equity & Inclusion (DEI) commitments focus on brand amplification and support; assortment growth; and fair, equitable, and unbiased guest and associate experiences.

77% score on associate engagement survey, five points higher than industry benchmark.*

* 2021 Voice of the Associate Survey through Glint Inc.

Growth at every level

Development programs for all associates, including new programs on critical thinking and inclusive conversations, provide opportunities to grow.
Diversity, Equity & Inclusion
Changing how the world sees beauty

Ulta Beauty has long prioritized DEI efforts within our business strategy, mission and values. These values are in our DNA as we work to ensure all guest experiences are inclusive, every associate feels they belong and are connected to and reflected at Ulta Beauty.

In the past years, we have significantly matured our DEI efforts.

We embed DEI throughout Ulta Beauty via Project Embrace, our cross-functional approach to ensure teams remain energized and motivated to lead in this critical space, integrating DEI into all that we do. Launched in 2020, the project is chaired by our CEO and includes more than 60 associates who drive and execute our plans.

Internally, we work to foster an inclusive, bias-free workplace for our 40,000+ associates. Externally, we’ve committed to focusing on brand amplification, assortment growth and equitable guest and associate experiences. To create meaningful change, Ulta Beauty is committed to:

- Amplifying underrepresented voices
- Curating and nurturing a diverse assortment
- Creating exciting, welcoming guest experiences
- Fostering equitable associate experiences

1 in 3 Black women feel discriminated against by the beauty industry*

$25 M in DEI investments spent in 2021

$50 M committed toward 2022 DEI investments

*Ulta Beauty Black Consumer Research - Pepper Miller, 2018
Creating an inclusive workplace for associates

An inclusive, bias-free and equitable workplace enables all associates to be celebrated for who they are and to reach their full potential. In 2021, we transformed associate experiences through behavioral inclusion in our recruiting, training and education efforts. Those efforts tangibly came to life in ways such as:

- **Inclusive Recruitment Strategies:** Standardized the number of interviewers and interview questions asked in screenings to create a consistent experience for all candidates; ensured at least two diverse individuals are considered for corporate roles where gender or ethnicity are underrepresented in director and above roles.
- **Created and Launched Our Inaugural Diversity Week:** Dedicated time to celebrate intersectionality and types of diversity that aren’t formally recognized at other parts of the year, such as intergenerational diversity and disability awareness.
- **Introduced Stronger Together:** A 21-day challenge for associates to build personal habits through everyday inclusive actions.
- **Invested $2 Million in Inclusion in Action:** Mandatory quarterly in-store training for all store and salon associates and leaders on topics including unconscious bias, creating equitable shopping experiences and building trust and empathy.
- **Established Diverse Leaders Program:** Leadership-led program to empower, inspire and educate high-potential diverse associates.

**DEI Recognition**

- Forbes’ Best Employers for Women
- Forbes’ Best Employers for Diversity
- DiversityInc 2021 Noteworthy Company for Diversity

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**Diversity at Ulta Beauty**

As of January 29, 2022

**Ulta Beauty Associates**

- Men: 10%
- Women: 90%
- White: 51%
- Racially diverse: 49%

**In 2021:**

- **39%** diverse hires across all corporate associates
- **50%** diverse hires at the director level and above
- Ulta Beauty leadership (director level and above) consists of
  - **65%** women
  - **25%** people of color

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leaving a positive legacy for our world
Today, Ulta Beauty is proud that 25% of leadership (director level and above) are people of color, and we believe that we can improve even further. We actively assess data, recruiting and promotional processes to build the infrastructure, platforms and processes needed to set goals and hold ourselves accountable to increasing representation in management. In 2022 and beyond, we will keep a focus on inclusive leadership as well as behavioral and structural inclusion as we nurture our culture and ensure all associates can reach their full potential. We remain committed to retaining, developing and attracting diverse talent. This year, we will:

- Reimagine the Diverse Leaders Development Program to double the number of associates and include expanded external partner expertise, dedicated trainings as well as CEO and executive mentorship for future company leaders.
- Significantly invest in incremental efforts to support our diverse slate recruitment efforts.
- Continue to acknowledge and celebrate lived experiences with always-on DEI internal programming that includes dedicated workshops, panels, keynote speakers and educational programming for key moments such as Pride Month, Black History Month and Asian Pacific American Heritage Month, among others.

Closely intertwined with associate experiences are the guest experiences that come to life daily in our stores and online. Guest-centricity is core to Ulta Beauty’s success. We continue to invest in the communities we serve and our trainings to prioritize inclusivity with every guest engagement.

- New this year, the Ulta Beauty Charitable Foundation will donate $2 million to BIPOC and LGBTQ+-focused nonprofits with volunteering and education opportunities for associates.
- Inclusion in Action, the quarterly, in-store training launched in 2021 to reinforce inclusivity and address unconscious bias, will now be mandatory for distribution center and corporate associates in addition to a second year of curriculum for salon and store associates. This accounts for a $2.5 million investment, in addition to the existing company trainings, and will result in a minimum 3.5 hours of required DEI training for all associates.
- Textured hair and shade-matching education trainings will be further enriched across every Ulta Beauty salon.
Beyond our workforce, Ulta Beauty can influence our industry and world with meaningful DEI efforts. As a retailer offering goods and services that shape trends and deliver beauty for all, we recognize our responsibility to be part of the conversation around who is represented in beauty and who has a seat at the table.

**Amplifying underrepresented voices**

We recognize the importance of elevating, celebrating and consistently supporting the influence underrepresented voices bring to the beauty industry. To celebrate these changemakers externally, this year we will:

- Dedicate approximately $25 million in media investments with multicultural platforms to nurture personal connections with Latine, Black and other multicultural beauty enthusiasts. Notably, 10% of this investment will be directly spent with Black- and Latine-owned media outlets, outpacing media industry benchmarks. This reflects a $5 million increase from 2021.
- Build upon our widely proclaimed MUSE platform that launched in 2021 to magnify, uplift, support and empower Black voices in beauty. As part of last year’s programming, we revealed the MUSE 100, a celebration of 100 Black changemakers in beauty who received $10K grants to further their impact.
- Invest $8.5 million to brand marketing support for Black-owned, Black-founded and Black-led brands within the company’s assortment, more than doubling last year’s investment to reflect the retailers’ expanded Black-owned assortment.

**Curating and nurturing a diverse assortment**

In 2021, Ulta Beauty proudly joined the Fifteen Percent Pledge. This year, we will continue building upon our work to help diverse leaders, founders and entrepreneurs thrive in the beauty industry with the following efforts:

- We will launch a Brand Partner Accelerator Program focused on early-stage BIPOC beauty brands. Ulta Beauty will provide time, resources and mentorship to educate, inspire and support accelerator participants with brand development for retail readiness.
- To offer founders of color greater access, capital and expertise, the company will invest $5 million in New Voices, a venture capital firm that partners with and invests in entrepreneurs of color to drive scalable, sustainable businesses and create generational wealth. As the VC’s beauty retail partner, Ulta Beauty will provide priority access to shelf space, merchandising and marketing support.
- The company will allocate $3.5 million to in-store merchandising support so guests can more readily find the Black-owned, Black-founded and Black-led brands within the Ulta Beauty assortment.

With a formalized internal governance in place across the enterprise, Ulta Beauty is committed to progress and will share updates as we continue to build upon our diversity, equity and inclusion efforts. Additionally, Tracee Ellis Ross will continue in her role as our external DEI advisor. We take great pride in these efforts and will continue to prioritize them and remain accountable to all of our guests, associates and the communities we serve.

"Since announcing our 2021 commitments, we have made significant strides to amplify our DEI efforts, internally and externally—and we know the work is far from complete. The beauty category is emotional, personal and deeply connected. Our dedication to this work ensures those attributes remain at the heart of the beauty community, giving way to welcoming, equal experiences for every Ulta Beauty associate, guest and partner.”

Dave Kimbell
Chief Executive Officer
Creating a great place to work

Culture at Ulta Beauty

Our culture has seen us through the challenges of the pandemic. We strive to make Ulta Beauty a great place to work by leading with heart—caring for each other in everything we do and demonstrating integrity, authenticity and inclusivity in our daily actions. We continue to be grounded in our mission, vision and values, as well as our rally cry of “Bigger, Better, Together”:

- **Bigger**—Building on our strong core with a disruptive and innovative mindset, using break-through and creative thinking to drive sustainable growth.
- **Better**—Driving operational excellence and efficiency that allow us to grow
- **Together**—We are one Ulta Beauty focused on our culture and values to drive results.

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**Mission**

Every day, we use the power of beauty to bring to life the possibilities that lie within each of us—inspiring every guest and enabling each associate to build a fulfilling career.

**Vision**

To be the most loved beauty destination of our guests and the most admired retailer by our Ulta Beauty associates, communities, partners and investors.

**Values**

- givewow experiences
- improvealways
- win together
- love what you do own you do
- do what's right
- champion diversity

leaving a positive legacy for our world
This focus has guided us as we transition to new leadership, including a new CEO, Dave Kimbell. We also welcomed Kecia Steelman, previously our Chief Store Operations Officer, as Chief Operating Officer. Store and DC operations report to Kecia and she is a champion of our winning culture.

While the COVID-19 pandemic presented challenges for some of the in-person visits and events that would typically be scheduled, it also provided a new way for our executive leaders to connect with more associates and more often than ever! Dave, Kecia and their leadership teams were thrilled to be able to accommodate more regularly-scheduled touchpoints with teams across the country without the constraints of travel and to allow a larger number of attendees at various events, including town halls and DEI focus groups, throughout the year with the new virtual capabilities.

Our commitment to open and honest communication has been central to the positive work environment at Ulta Beauty, especially for our store associates and field leaders who feel empowered to share feedback with confidence knowing it will be truly heard by their corporate partners and our leadership team.”

Kecia Steelman
Chief Operating Officer

Two-way communication remains a hallmark of how we understand and strengthen the Ulta Beauty culture. We regularly conduct an associate engagement survey to take the pulse of associates’ satisfaction with their roles, their leaders and the company as a whole.

Overall, we saw a very high favorability score, with areas of strength including a sense among associates that the work they do matters and they can be their true selves at work. Areas for further development included barriers to execution for our corporate group and associate well-being for our field groups. We have plans in place to address each of these findings.

One way Ulta Beauty attracts and retains associates is through our benefits offerings. We support work-life balance with benefits like tuition reimbursement and flexible scheduling. While businesses in many industries have experienced workforce shortages, we are proud and fortunate to be in a fun and appealing sector—with a team that is passionate about all things beauty.
Building fulfilling careers

Ulta Beauty offers inspiring career paths for professionals at every level, with leadership development programs that prepare promising future leaders for new levels of responsibility. In fact, across the company, the majority of our promotions are internal. Here are a few of the ways we provide associates with knowledge and help develop their skills along their career journeys.

Orientation
Onboarding takes a variety of forms across our stores, distribution centers and corporate office. All new associates get an introduction to Ulta Beauty's mission, vision and values.

Individual development plans
Associates can work toward the career goals they choose and use a learning management system that houses training on role-specific skills, interpersonal skills and more.

Ongoing training
Continuous learning includes opportunities to learn about new product lines, enhance sales skills or discover ways to make all store guests feel welcome.

The Way We Work
This new development series helps corporate associates work smarter and better together, empowering them with knowledge and skills such as critical thinking, navigating conflict and engaging in inclusive conversations.

Field leadership conference
This program typically brings together thousands of general managers to connect and build their skills. For the first time, the conference was all-virtual in 2021.

Director Leadership Development program
This program enables director-level talent to contribute to our culture and business results. It empowers participants to lead with both their head and their heart, keeping Ulta Beauty's mission, vision and values in mind.

Diverse Leaders program
Through this program, now in its second year, Ulta Beauty officers mentor high-potential senior managers and directors, with a specific focus on diverse talent.

Mentorship program
We introduced a mentoring program in 2020 through which Ulta Beauty leaders mentor more junior associates. The program focuses on self-awareness, driving business results, agility and people development and is chaired by our CEO.
Our associates’ well-being, inside and outside of work, is one of our highest priorities. Ulta Beauty protects associates’ safety and offers a suite of benefits that affirms and supports all that associates contribute every day.

Ulta Beauty associates work not only in retail stores, but also in distribution centers and corporate offices. Our recordable injury rates are below industry averages for both the retail and distribution center sectors. Across all locations, associates receive instruction on how to keep themselves and guests safe. Many associates receive training that is specific to their roles. For example, all store managers receive hazardous waste training, and salon professionals are trained in the safe handling of chemicals. In distribution centers, all associates who implement hazardous waste programs receive training. Each of these training programs meets or exceeds applicable state and federal regulatory standards. Ulta Beauty received no fines or penalties from the Occupational Safety and Health Administration (OSHA) in 2021.

Caring for associates’ well-being takes many forms, including:

- Comprehensive health care plans for eligible associates
- An Associate Assistance Program that connects associates with online resources, meditation tools and access to one-on-one counseling
- Financial wellness planning and guidance
- Health apps and educational resources for soon-to-be parents
- Annual memberships to a meditation tool for corporate associates
- Training on wellness, mindfulness and inclusion through a new partnership
Product

We empower guests to make more informed and sustainable product choices.

2021 Highlights

60% of beauty consumers buy or want to buy clean beauty products.*

Omnichannel education
New signage at the brand level in Ulta Beauty stores indicates brands certified by Conscious Beauty at Ulta Beauty™. Online, guests can filter at the SKU level.

270 brands certified to one or more of the Conscious Beauty at Ulta Beauty™ pillars.

As of January 29, 2022

Less single-use plastic thanks to Ulta Beauty Collection’s embrace of post-consumer recycled content.

*Source: Ulta Beauty proprietary research 2019
Since our founding more than 30 years ago, Ulta Beauty has envisioned being the premier destination for beauty lovers. In 2021, we refreshed our strategic framework to one that is emotionally connected and culturally relevant for today’s consumers. Fulfilling that aim today requires that we not only offer “All Things Beauty, All in Your World, At the Heart of the Beauty Community”—but that we also offer new ways to access our products, such as “buy online, pickup in store”, two-hour pickup and a pilot of same-day-delivery. It also means that we serve and celebrate all beauty enthusiasts.

Our product assortment in stores and at ulta.com reflects the diversity of our guests. We are continually growing our assortment to appeal to Black and Latine beauty enthusiasts, who have not always been well served by the beauty industry. To serve and empower all guests with the power of beauty, we engage in conversations with almost 10,000 beauty enthusiasts through polls, surveys and online discussions.

The Wellness Shop
Given the growing focus on self-care in all aspects of life, it’s no surprise that 65% of consumers see the beauty category as being significantly connected to wellness. In response to this trend of “beauty as wellness,” Ulta Beauty launched The Wellness Shop in select stores and online. The Shop offers a curated assortment of products across five categories:

- Everyday care
- Supplements and ingestibles
- Relax and renew
- Down there care
- Spa at home

1'Ulta Next Better proprietary consumer research as of June 2021.
Engaging with brand partners and vendors

Hundreds of brand partnerships make our breadth of products possible. We work with both large beauty brands that have well-established supply chain infrastructures, and up-and-coming brands that may need extra guidance. The visibility of the Ulta Beauty brand provides a platform for other brands to succeed. The SPARKED at Ulta Beauty program, which features a rotation of emerging brands throughout the year, enables emerging brands with inspiring stories to showcase their products in a larger setting.

We provide suppliers with our Ulta Vendor Standards, which outline our expectations for ethical business conduct, worker safety, environmental protection and products. Our supplier relations team onboards new brands and vendors, using webinars and other tools to educate them on how to succeed with us, and, for diverse-owned vendors, how to earn diverse supplier certification. We expect vendors to not only abide by our standards, but also pass them along to their own vendors engaged in the production of goods or services that we ultimately purchase.

Vendors who develop Ulta Beauty Collection® products sign a manufacturing agreement as well as a social compliance agreement. In addition, factory inspections and third-party audits are conducted to evaluate work practices as appropriate.

Ulta Beauty offerings

PRODUCTS
- Cosmetics
- Fragrance
- Haircare
- Skincare
- Bath and body products
- Salon styling tools

SALON SERVICES
- Hair cut, color, treatment and styling
- Lash applications
- Makeup
- Brow and wax services
- Ear piercing
In 2021, we conducted research to strengthen the position of Ulta Beauty Collection® and position the brand for future growth. Gen Z and younger Millennials are open to an emotional connection to the brand and are interested in products that are easy to use, and they provide guidance on new trends. We are developing new products and communication strategies with these insights in mind. For example, we are creating makeup and skincare designed for younger consumers and available in a diverse range of skin tones. Knowing that younger generations especially value our Conscious Beauty at Ulta Beauty™ pillars, we are emphasizing clean ingredients, vegan products and our PETA-certified, cruelty-free portfolio.

Ulta Beauty Collection® is also working toward alignment to the Sustainable Packaging pillar of Conscious Beauty at Ulta Beauty™. We have already transitioned to 100% post-consumer recycled (PCR) bottles and jars for the line’s bath products. In 2021, we evolved our approach to ensure we are assessing progress in a measurable, repeatable and credible way. Instead of measuring simply the number of products that incorporate sustainable packaging, we are transitioning to a volume-based approach that will allow us to determine how much plastic is being reduced overall. Working with a third-party consultant, we are gathering information on which plastic reduction opportunities will have the greatest impact.
It has been more than a year since we launched Conscious Beauty at Ulta Beauty™, our holistic approach to educate, guide and simplify the landscape of clean ingredients, ethical practices and environmental benefits for Ulta Beauty guests. Our research indicates that consumers, particularly younger consumers, are interested in products that are safer for the planet and that are free from substances of concern.

While there is clear consumer demand for cleaner products, in the past, there was no broadly agreed-upon definition of what clean beauty really meant. Nor has there been a good way to evaluate clean ingredients alongside other priorities, such as animal welfare or environmental sustainability.

Conscious Beauty at Ulta Beauty™ helps to demystify this complexity, allowing guests to choose the beauty products that meet their needs and align to their personal values.

- **Certification by brands:** Brands are certified to the Conscious Beauty at Ulta Beauty™ pillars through an online portal powered by ClearForMe, a leader in the clean beauty space that manages the most comprehensive ingredient database on the market.

- **SKU level information for guests:** Guests can discover certified brands through filtering of products at the SKU level on the Conscious Beauty™ website.

- **In-store signage:** In-store, we use signage to indicate participating brands.
The five pillars of Conscious Beauty at Ulta Beauty™

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Description</th>
<th>Example</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLEAN INGREDIENTS</td>
<td>Brands whose products exclude parabens, phthalates and other ingredients on our Made Without List, which was developed with consideration for the human and environmental health impact of ingredients. We continue to monitor the landscape of trusted ingredients and ingredients of concern and will evolve the Made Without List over time.</td>
<td><img src="image" alt="Aloe Vera" /></td>
<td>Brands whose products exclude parabens, phthalates and other ingredients on our Made Without List, which was developed with consideration for the human and environmental health impact of ingredients. We continue to monitor the landscape of trusted ingredients and ingredients of concern and will evolve the Made Without List over time.</td>
</tr>
<tr>
<td>CRUELTY FREE</td>
<td>Brands that do not conduct animal testing. Our definition is tied to existing cruelty-free certifications, including PETA, Leaping Bunny or Choose Cruelty Free.</td>
<td><img src="image" alt="Cruelty Free" /></td>
<td>Brands that do not conduct animal testing. Our definition is tied to existing cruelty-free certifications, including PETA, Leaping Bunny or Choose Cruelty Free.</td>
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<tr>
<td>VEGAN</td>
<td>While cruelty-free refers to testing, vegan refers to ingredients. Vegan products are free of animal products, animal byproducts and animal derivatives.</td>
<td><img src="image" alt="Vegan" /></td>
<td>While cruelty-free refers to testing, vegan refers to ingredients. Vegan products are free of animal products, animal byproducts and animal derivatives.</td>
</tr>
<tr>
<td>SUSTAINABLE PACKAGING</td>
<td>To qualify for our Sustainable Packaging pillar, at least 50% of a brand’s product packaging must be made from recycled or biosourced materials or be recyclable or refillable. We continue to incorporate How2Recycle labels to provide clear guidance on how best to recycle products at end of use.</td>
<td><img src="image" alt="Sustainable Packaging" /></td>
<td>To qualify for our Sustainable Packaging pillar, at least 50% of a brand’s product packaging must be made from recycled or biosourced materials or be recyclable or refillable. We continue to incorporate How2Recycle labels to provide clear guidance on how best to recycle products at end of use.</td>
</tr>
<tr>
<td>POSITIVE IMPACT</td>
<td>Beauty brands give back in so many ways. While we do not certify brands for their alignment with this pillar, we are proud to use our platform to highlight brands whose philanthropic efforts are critical to their DNA.</td>
<td><img src="image" alt="Positive Impact" /></td>
<td>Beauty brands give back in so many ways. While we do not certify brands for their alignment with this pillar, we are proud to use our platform to highlight brands whose philanthropic efforts are critical to their DNA.</td>
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All Ulta Beauty Collection® products are certified to this pillar, and brands can certify their products at the SKU level.

Our entire Ulta Beauty Collection® line of products was recently certified cruelty-free by PETA.

We are in the process of certifying Ulta Beauty Collection® products as vegan at the SKU level.

Internally, we are making progress toward our goal by transitioning to 100% PCR bottles and jars for Ulta Beauty Collection® everyday bath products and 30% PCR for cosmetic compact lids.

leaving a positive legacy for our world
Resonating with guests

As of January 29, 2022, 270 brands are participating in the Conscious Beauty at Ulta Beauty™ program. Pillar certification seems to increase guest interest: the more pillars that a brand is certified for, the stronger its performance as compared to past years.

The platform continues to evolve. A consumer insight survey, conducted in 2021, will allow us to further refine Conscious Beauty at Ulta Beauty™ to meet guests’ needs and expectations. We will also evolve the platform with the guidance of the Conscious Beauty Advisory Council. The Council brings together a diverse set of leaders at the forefront of clean beauty, product development, packaging sustainability and brand leadership who act as trusted advisors.

Progress on sustainable packaging

By 2025, 50% of packaging sold at Ulta Beauty will be recyclable, refillable or made from recycled or bio-sourced materials. This goal includes both Ulta Beauty Collection® and other brands sold.

Celebrating brands’ positive impact

The Positive Impact pillar of Conscious Beauty at Ulta Beauty™ allows us to celebrate brands with giving back at their core. One such brand is Lake & Skye, a fragrance brand that plants a tree for every order it receives. Lake & Skye also uses packaging that is Forest Stewardship Council-certified.

Embracing innovation

Ulta Beauty continues to explore ways to reduce packaging use. For example, we recently concluded a 6-month pilot with Loop, a reusable packaging pioneer owned by TerraCycle®. We launched a microsite through which guests could place orders for products packaged in reusable containers. When guests were finished using the product, they returned the containers, which were then cleaned and refilled to be used again. We are currently analyzing the results of this pilot and determining our path forward.
Environment

We strive to protect the beauty of our natural environment.

2021 Highlights

Formal commitment
To setting an emissions reduction target in accordance with the terms of the Science Based Targets initiative (SBTi)

2x
Doubling renewable energy credits in 2021 and doubling them again in 2022

$1.6 M
Invested in energy management system retrofits

14,800
tons of waste diverted from landfill
Ulta Beauty strives to operate in an environmentally responsible manner. We have been implementing sustainability initiatives in our stores, distribution centers and corporate offices for years. At the same time, we recognize that the vast majority of our emissions occur outside of our direct footprint.

Today, our retail stores are the focus of our energy reduction efforts. Our Corporate Energy & Sustainability Team focuses on managing energy use and conserving resources across millions of square feet of real estate. The average Ulta Beauty store is approximately 10,000 square feet, with roughly 950 square feet devoted to full-service salon space.

Like many other companies, we face the challenge of minimizing our environmental footprint as our business grows. At the same time, some of the sustainability challenges we face are uniquely tied to our business model—a comprehensive beauty destination with a full-service salon in close proximity to shopping areas. Here are a few of the factors we consider as we manage our stores’ footprint:

- Maintaining safe indoor air for all customers even while hairsprays, dyes and other products are in use in our salons
- Using adequate and energy-efficient lighting to help all of our products look their best
- Managing in-store temperatures, considering changing weather, open-concept store designs and guests who may have wet hair or have removed layers for salon treatments
- Making efficient use of water needed for our salon services
Reducing our carbon impact

Energy & emissions

Approximately 99% of our stores make use of an energy management system (EMS), which helps us actively conserve energy while saving on annual operating costs. EMS technology has changed over time, creating additional opportunities for efficiency, which is why we spent $1.6 million in 2021 on EMS retrofits. These systems offer the following benefits:

- Temperature control
- Lighting management during and outside of retail hours
- Early detection of malfunctioning equipment
- Shifting or reducing electricity usage during peak periods, helping to stabilize the electric grid and lowering our utility bills
- Advanced analytics, including fault detection, diagnostics and optimization

**Energy consumption**

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
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</thead>
<tbody>
<tr>
<td>-3.1</td>
<td>-1.7</td>
<td>-0.9</td>
<td>-45.7</td>
<td>+31.9</td>
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</table>

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<thead>
<tr>
<th>Year-over-Year +/-</th>
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*Electricity consumption in comparable stores. This compares annual electricity consumption against the same store's prior performance (i.e., increased consumption from additional store openings is removed from this comparison).*  

*Decrease primarily due to temporary store closures and reduced operating hours due to COVID-19.*  

*Data through October. Increase primarily due to restoration of store operations under slightly reduced hours.*

**Protecting people and the environment**

The pandemic posed additional complexity for managing the efficiency of our stores. With decreased foot traffic during store closures in 2020, we had less need for cooling and dehumidification. Now that stores and salons have fully re-opened, we have lowered cooling setpoints, increasing comfort for masked associates and guests. Based on CDC recommendations, we have also upgraded our air filters and increased our fresh air intake, which will increase our HVAC load. As we continue to open new stores and adapt to life with COVID-19, we will seek out efficient technology and apply best practices for continuous improvement.

- **$5.5 M** investment in lighting upgrades for *100* stores
- **509 MWh** estimated savings of energy per year

Projected investments for 2022.
Efficient equipment

Updates to in-store lighting and HVAC have been another focus of our investments over the past year. In 2021, these initiatives included:

- Upgrading compact fluorescent bulbs to LEDs in 100 Ulta Beauty stores
- Installing LEDs in all new store construction
- Continuing to use 100% LED lighting at our corporate headquarters in Bolingbrook, Illinois
- Equipping all new stores with HVAC units that exceed industry efficiency standards
- Identifying opportunities for early retirement of aging and inefficient equipment at existing stores on an annual basis.

During the past year, we replaced HVAC equipment at 17 stores and completed variable frequency drive retrofits at an additional 16 stores. In 2022, we expect to upgrade an additional 100 stores and one distribution center to LED lighting, remodel 12 stores and retrofit HVAC systems at 50 stores.

Embracing clean energy

Ulta Beauty is a proud user of renewable energy, and our efforts have earned us recognition as a Green Power Partner by the U.S. Environmental Protection Agency (EPA). The Green Power Partnership is a voluntary program that encourages organizations to use green power to reduce the environmental impacts associated with conventional electricity use.

We continued to purchase renewable energy credits (RECs) from a wind farm in McCullough County, Texas, and have made additional investments in residential solar projects that offer tax credits to homeowners.

Sustainability in our supply chain

Reducing the overall energy and emissions impact of our business goes beyond what happens in our stores. It extends to indirect emissions categories such as the transportation and distribution of our products.

Ulta Beauty is exploring ways to reduce the carbon emissions associated with the packaging, handling and transport of our products, such as consolidating shipments and using EPA SmartWay-certified carriers. We are preparing to conduct due diligence with our brand partners and other vendors to better understand their emissions. Better understanding these emissions sources will allow us to set a Scope 3 emissions reduction goal.

Renewable Energy Highlights

22,640 MWh
wind energy purchased through renewable energy credits in 2020

16% of company annual electricity usage met through renewable energy credits in 2021, double the percentage that was met in 2020. We expect our usage of renewable energy credits to double again in 2022.

Participation
in a community solar program, with 13 stores and a distribution center enrolled for a 100% renewable match.
Understanding Ulta Beauty’s emissions

Greenhouse gas emissions are organized according to three “scopes.” While Scope 3 emissions make up the largest percentage of our footprint, Scope 1 and 2 emissions are more within our control. We take a distinct approach to managing each of these emissions scopes, and our forthcoming science-based target will cover Scope 1, 2 and 3 emissions.

**SCOPES 1 & 2**

**DEFINITION**
Emissions directly from our operations (Scope 1) or from the electricity we purchase (Scope 2)

**PORTION OF OUR FOOTPRINT**
5%

**HOW WE MANAGE**
- Upgrading HVAC systems in our stores
- Using state-of-the-art energy management systems
- Installing energy-efficient lighting
- Purchasing renewable energy

**SCOPE 3**

**DEFINITION**
All indirect emissions in our value chain, both upstream (among our suppliers) and downstream (during transportation, product use and end of life)

**PORTION OF OUR FOOTPRINT**
95%

**HOW WE MANAGE**
- Consolidating shipments
- Using SmartWay-certified carriers for shipping
- Conducting research on the emissions impact of in-store vs. e-commerce orders

Within our Scope 3 footprint, currently, 96% of our emissions result from four out of 10 categories:

**SCOPE 3: UPSTREAM**

**PURCHASED GOODS & SERVICES**
2019: 50% | 2020: 46%

Emissions involved in creating the products we carry, as well as activities such as marketing and professional services

**TRANSPORTATION & DISTRIBUTION**
2019: 3% | 2020: 8%

The shipping of products from distribution centers to Ulta Beauty stores

**SCOPE 3: DOWNSTREAM**

**USE OF SOLD PRODUCTS**
2019: 23% | 2020: 27%

The emissions resulting from customers using Ulta Beauty products, such as hair styling tools that require electricity to operate and hairspray products that contain propellant gases that are GHGs

**TRANSPORTATION & DISTRIBUTION**
2019: 18% | 2020: 15%

Customers traveling to and from Ulta Beauty retail stores

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1. “Limited” means not all scope 3 categories are included. Our decreased Scope 1 and 2 emissions in 2020 were due in part to store closures during the pandemic. This data has not been assured.
2. Organizational Carbon Footprint FY20 by EcoAct
3. Organizational Carbon Footprint FY19 by EcoAct
Maintaining the beauty of our environment

Water & waste

We are continually looking for new ways to reduce our impact as our business grows. Beyond improving the sustainability of our products through Conscious Beauty at Ulta Beauty™, we recognize our responsibility to conserve water and minimize waste where possible.

Making water go further

While retailing is generally not a water-intensive business, our demand has increased in recent years as our salon services have grown. We continue to seek ways to manage our stores’ water footprint, such as by transitioning from traditional to instant water heaters that reduce water use and gas consumption. In 2021, we completed proactive water heater replacements at 48 stores, seven of which received units equipped with ultra-low nitrogen oxide burners. Ulta Beauty also engages a vendor that proactively identifies potential leaks or malfunctioning equipment by comparing water consumption year over year, enabling us to identify issues and make repairs quickly.

Sending less to landfill

All Ulta Beauty stores can dispose of general waste and recycle cardboard. While plastic recycling capabilities vary across the country, 110 stores are currently participating in a single-stream recycling pilot that allows them to recycle certain types of plastic. We estimate that about 48% of our waste is diverted for recycling, and in 2020, our stores and distribution centers recycled more than 12,348 tons of cardboard and plastic shrink wrap.

A unique waste stream we must manage is beauty products that, for a variety of reasons, cannot be sold and must be disposed. Certain products are considered hazardous waste, due to the possibility of chemicals mixing and potentially creating a harmful substance. Ulta Beauty complies with all local, state and federal environmental laws for the responsible management of these materials. Items that are regulated as hazardous waste are not sent to a landfill. In 2020, stores and distribution centers diverted 2,292,946 pounds of hazardous waste from landfills.

As part of our focus on sustainable packaging in our Conscious Beauty at Ulta Beauty™ program, we are exploring new ways to decrease our demand for materials—and by extension, the waste we generate. We recently joined 13 other leading retailers as the Beauty Sector Lead Partner in the Consortium to Reinvent the Retail Bag. The Consortium, through its Beyond the Bag Initiative, will identify, test and implement solutions that more sustainably serve the purpose of the single-use plastic retail bag. Ulta Beauty will provide our beauty retail perspective with Consortium partners as they determine which solutions to implement in 2022 and beyond.

Tons of waste diverted from landfill

(In Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>14.4</td>
<td>17.7</td>
<td>11.6</td>
<td>14.8</td>
</tr>
</tbody>
</table>

1 Waste management reporting and distribution center self-reporting.
Community

We improve the lives of women and families in our communities.

2021 Highlights

$5.35 M +
donated to the Breast Cancer Research Foundation in 2021

Using our expertise for impact

Many Ulta Beauty leaders serve on nonprofit boards of directors. In 2021, we focused on placing diverse leaders with local nonprofits in the Chicago area.

$2.4 M
raised for Save the Children, which helped them provide 800,000 meals to families in need

121
grants provided through the Associate Relief Fund to associates facing financial hardship following unforeseen events

leaving a positive legacy for our world
In 2021, the Ulta Beauty Charitable Foundation (UBCF) continued our strong support of our three national partners. We support each partner in different ways, which may include monetary and in-kind donations, Board leadership and volunteer service. UBCF has its own board made up of Ulta Beauty executives who help set policy and direction for the Foundation. For the first time in 2022, UBCF will donate $2 million to BIPOC and LGBTQ+-focused nonprofits, while offering volunteering and education opportunities for associates.

**BREAST CANCER RESEARCH FOUNDATION**
- Increased our donations from the previous year to $5.35 million+, for a cumulative total of $42 million since 2009
- Set a goal to fund 1 million hours of breast cancer research by 2024, equivalent to $50 million in funding
- Held our second Beauty on the Move, a virtual fitness event that raised funds and encouraged associates to stay healthy
- Currently fund 19 researchers across three countries, two of whom recently published results of the first large, multicenter study to improve the accuracy of breast cancer risk assessment by identifying gene mutations for women without a family history of the disease

**SAVE THE CHILDREN**
- Doubled our fundraising compared to 2020, raising $2.4 million to help feed families and keep children learning in the U.S.
- Purchased over 2,000 books celebrating diversity, which were distributed to children learning from home during the pandemic
- Provided free haircuts, treatments and skin services to Save the Children employees as a token of our appreciation for all they do to care for our underserved communities
- Allocated funding to buy supplies in India during the COVID-19 surge there

**DRESS FOR SUCCESS**
- Donated nearly $1 million since 2017 to help women achieve economic independence
- Held virtual career coaching and mentoring sessions where we connected clients with job openings at Ulta Beauty, as well as provided general interviewing and job search advice
- Provided Board leadership through our Senior Vice President of Store Operations, Kelly Cusick-Dropchinski

As of mid-December 2021, we issued 121 grants to associates specifically for emergency shelter, insurance deductibles and other immediate needs as a result of unforeseen situations.
Supporting diverse communities near and far
Hometown giving and new partners

While UBCF remains focused on supporting women and families, we are increasingly broadening our support to include organizations fighting for racial equality and that serve BIPOC and LGBTQ+ communities. Racism, homophobia and other forms of discrimination affect millions of women and young people, and we recognize the need for an intersectional approach.

We are doing this by:
- Surveying our community partners to better understand their DEI commitments and strategies
- Increasing our investments in groups that work with underserved communities, such as Big Brothers Big Sisters Chicago and Metropolitan Family Services
- Matching Ulta Beauty leaders, many of whom are diverse, with seats on nonprofit boards

Recent collaborations include:
- **Step Up, a partner focused on empowering teen girls to pursue their dreams of success through mentorship programs.** We supported Step Up’s Black Girls’ Town Hall and Latine Town Hall, each of which was a facilitated conversation designed to create safe and brave spaces for teens to connect, share and learn from thought leaders of color on “Freeing the Magic” and “Leaders without Limits.” Ulta Beauty provided financial support, product donations and associates who volunteered as speakers and mentors to small groups of attendees at these inaugural events.
- **Communities In Schools (CIS),** a group that addresses inequities in education by providing social-emotional support, school supplies, enrichment opportunities, access to health services and mentoring. Jodi Caro, General Counsel, Chief Risk & Compliance Officer (who served on the CIS board for 11 years and now serves on the organization’s Leadership Council); and Rob Sorum, Regional Vice President, participated in a virtual discussion with CIS Senior Director Elizabeth Mejia to learn more about CIS’s efforts and actions associates can take to support students.
- **Skills for Chicagoland’s Future, which helps unemployed job-seekers re-enter the workforce.** Ulta Beauty hired 39 candidates through the program in 2021, and 192 hires since Jeff Childs, Ulta Beauty CHRO, joined the board in 2015.

Setting an example through Big Brothers Big Sisters

One of Ulta Beauty’s longtime local partners is Big Brothers Big Sisters of Metropolitan Chicago (BBBSChi). Our CEO, Dave Kimbell, a former “Big” himself, now serves on the organization’s board. Across the company, many associates volunteer as mentors, including Jackie Dinvaut, Senior Manager of Store Development.

Five years ago, Dinvaut and her husband signed up to be mentors, and were matched with a pair of brothers. “When we read Immanuel and Barron’s bios, we felt a connection,” Dinvaut says. “We have become a part of each other’s families. We have celebrated wins on the baseball field, bought school supplies, dried tears when they lost their older sister, celebrated the progress made in the classroom, helped with homework, helped with interview prep for their first job; the list goes on.”

Dinvaut recently participated in a BBBSChi virtual happy hour, sponsored by Ulta Beauty, where she shared her story and encouraged people from diverse backgrounds to become Bigs. “If you are considering becoming a Big, be prepared to give your whole self to your Little,” Dinvaut says. “But once they feel safe to give you the love and trust back, the rewards are endless.”

leaving a **positive** legacy for our world
Giving the gift of beauty
Product donations in communities

Our efforts to donate product to our community partners continued in 2021. For example, to date, we have donated more than 65 pallets of product to GLAM4GOOD and Project Glimmer to bring beauty essentials and smiles to women and girls across the country.

As a token of appreciation for the healthcare community, our Fresno Distribution Center packed and distributed 10,000 goodie bags for workers at the Community Health System in California. A goal for next year is to bring more transparency to our in-kind giving and its impact on communities.

Beyond ongoing partnerships with community organizations, Ulta Beauty associates may also support causes they care about by requesting a charity basket. Charity baskets contain an assortment of Ulta Beauty products and may be donated to nonprofit fundraisers or charity auctions—extending our reach and allowing us to give back in a uniquely Ulta Beauty way.

Encouraging civic engagement

The right to vote is fundamental to advancing a more equitable society. Our partnership with business coalition Time to Vote demonstrates our commitment to this basic right. Ulta Beauty encourages associates to vote by providing time off to cast votes and providing non-partisan resources on voter registration, candidate information and how to vote. We communicate with associates about the importance of civic involvement at key moments in time like National Voter Registration Day.¹

You might not think that a little orange bag full of product is meaningful, but it is. It’s recognition.”

Carla Milton
SVP, Chief Human Resources Officer at Community Health System, an organization that received product donations from Ulta Beauty

¹ Our Code of Conduct respects the right of associates to engage in political activity, however we prohibit the use of corporate funds for political contributions.
Supplemental Data
## Sustainability Accounting Standards Board (SASB) Index

### ACCOUNTING METRICS

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE/COMMENT</th>
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<tbody>
<tr>
<td><strong>ENERGY MANAGEMENT</strong></td>
<td>(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>CG-MR-130a.1</td>
<td>(1) Environment &gt; Energy &amp; Emissions &gt; Energy Consumption FY17-21</td>
</tr>
<tr>
<td></td>
<td>Description of approach to identifying and addressing data security risks</td>
<td>Discussion and analysis</td>
<td>n/a</td>
<td>CG-MR-230a.1</td>
<td>Introduction &gt; Corporate Governance &gt; Board Oversight; Data Stewardship</td>
</tr>
<tr>
<td><strong>DATA SECURITY</strong></td>
<td>(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected</td>
<td>Quantitative</td>
<td>Number, Percentage (%)</td>
<td>CG-MR-230a.2</td>
<td>Ulta Beauty experienced no data breaches in the past year and has not had a data breach since the company's founding in 1990.</td>
</tr>
</tbody>
</table>

---

**ACCOUNTING METRIC CATEGORY**: Environment > Energy & Emissions > Energy Consumption FY17-21

**ACCOUNTING METRIC UNIT OF MEASURE**: Gigajoules (GJ), Percentage (%)

**ACCOUNTING METRIC CODE**: CG-MR-130a.1

**ACCOUNTING METRIC RESPONSE/COMMENT**:

- (1) Environment > Energy & Emissions > Energy Consumption FY17-21
- (2) 84%
- (3) 16%

---

**ACCOUNTING METRIC CATEGORY**: Introduction > Corporate Governance > Board Oversight; Data Stewardship

**ACCOUNTING METRIC UNIT OF MEASURE**: n/a

**ACCOUNTING METRIC CODE**: CG-MR-230a.1

**ACCOUNTING METRIC RESPONSE/COMMENT**:

- Introduction > Corporate Governance > Board Oversight; Data Stewardship

---

**ACCOUNTING METRIC CATEGORY**: Number, Percentage (%)

**ACCOUNTING METRIC CODE**: CG-MR-230a.2

**ACCOUNTING METRIC RESPONSE/COMMENT**:

- Ulta Beauty experienced no data breaches in the past year and has not had a data breach since the company's founding in 1990.
## Sustainability Accounting Standards Board (SASB) Index

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE/COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>LABOR PRACTICES</td>
<td>(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region</td>
<td>Quantitative</td>
<td>Reporting currency, Percentage (%)</td>
<td>CG-MR-310a.1</td>
<td>(1) The median hourly wage of in-store, full-time regular employees (excluding seasonal, temporary and commissioned employees as determined by employment class) as of January 29, 2022, was $19.86. (2) Percentage of in-store employees earning minimum wage, by region</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Region Total Associates Associates Above Minimum Wage Total % Above Minimum Wage within Region Total % at Minimum Wage within Region</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sales Ops–Southwest Sales Ops–MidAtlantic Sales Ops–Pacific Northwest Sales Ops–Northeast Sales Ops–Central West Sales Ops–Central East Sales Ops–California Sales Ops–South Sales Ops–Mid East Grand Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,905 4,843 3,816 4,008 2,885 4,170 4,934 4,670 3,653 37,884 4,787 4,335 3,575 3,275 2,707 3,600 4,880 4,128 3,620 34,907</td>
</tr>
<tr>
<td></td>
<td>(1) Voluntary and (2) involuntary turnover rate for in-store employees</td>
<td>Quantitative</td>
<td>Rate</td>
<td>CG-MR-310a.2</td>
<td>Full-time regular employees (excluding seasonal, temporary and commissioned employees as determined by employment class) as of January 29, 2022. Annualized Turnover—All Types: 44.1% Annualized Turnover—Voluntary: 39.0%</td>
</tr>
<tr>
<td></td>
<td>Total amount of monetary losses as a result of legal proceedings associated with labor law violations</td>
<td>Quantitative</td>
<td>Reporting currency</td>
<td>CG-MR-310a.3</td>
<td>No material monetary losses have resulted from legal proceedings associated with labor law violations in 2021.</td>
</tr>
</tbody>
</table>
# Sustainability Accounting Standards Board (SASB) Index

## ACCOUNTING METRICS

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE/COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORKFORCE DIVERSITY &amp; INCLUSION</td>
<td>Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>CG-MR-330a.1</td>
<td>(1) Management Director-Level Associates: 75% white 25% racially diverse 67% women 33% men Executive Team: 67% women 33% men Ulta Beauty Leadership (director-level associates and above): 65% women 25% racially diverse (2) All other employees Ulta Associates (below director level): 91% women 9% men 49% racially diverse See Supplemental Data &gt; Appendix for EEO-1 information for regular managerial and non-managerial employees in operations</td>
</tr>
<tr>
<td></td>
<td>Total amount of monetary losses as a result of legal proceedings associated with employment discrimination</td>
<td>Quantitative</td>
<td>Reporting currency</td>
<td>CG-MR-330a.2</td>
<td>No material monetary losses have resulted from legal proceedings associated with employment discrimination in 2021.</td>
</tr>
</tbody>
</table>
# Sustainability Accounting Standards Board (SASB) Index

## Accounting Metrics

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE/COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCT SOURCING, PACKAGING &amp; MARKETING</td>
<td>Revenue from products third-party certified to environmental and/or social sustainability standards</td>
<td>Quantitative</td>
<td>Reporting currency</td>
<td>CG-MR-410a.1</td>
<td>Data unavailable for 2021. We are evaluating potential disclosure on this topic in the future.</td>
</tr>
<tr>
<td></td>
<td>Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products</td>
<td>Discussion and analysis</td>
<td>n/a</td>
<td>CG-MR-410a.2</td>
<td>We train associates who handle hazardous materials so they can do so safely and in compliance with applicable laws, rules and regulations. Additionally, we maintain safe indoor air for all customers even while hairsprays, dyes and other products are in use in our salons.</td>
</tr>
<tr>
<td></td>
<td>Discussion of strategies to reduce the environmental impact of packaging</td>
<td>Discussion and analysis</td>
<td>n/a</td>
<td>CG-MR-410a.3</td>
<td>Learn more about the Clean Ingredients pillar of our Conscious Beauty at Ulta Beauty™ program in the Product section of this report.</td>
</tr>
</tbody>
</table>

## Activity Metric

<table>
<thead>
<tr>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE/COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of: (1) retail locations and (2) distribution centers</td>
<td>Quantitative</td>
<td>Number</td>
<td>CG-MR-000.A</td>
<td>(1) 1,300+ stores (2) 6 distribution and fast fulfillment centers</td>
</tr>
<tr>
<td>Total area of: (1) retail space and (2) distribution centers</td>
<td>Quantitative</td>
<td>Square feet</td>
<td>CG-MR-000.B</td>
<td>(1) ~14M total store square feet (2) 3M square feet in distribution centers</td>
</tr>
</tbody>
</table>
## Task Force on Climate-Related Financial Disclosures (TCFD)

<table>
<thead>
<tr>
<th>DISCLOSURE FOCUS AREA</th>
<th>RECOMMENDED DISCLOSURE</th>
<th>RESPONSE/REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disclose the organization's governance around climate-related risks and opportunities.</td>
<td>a) Describe the board’s oversight of climate-related risks and opportunities.</td>
<td><a href="#">Introduction &gt; Corporate Governance &gt; Board Oversight</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="#">Supplemental Data &gt; ESG Program Structure</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="#">2021 Proxy Statement &gt; Corporate Governance &gt; Board Role in Risk Oversight, pgs. 4-5</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Our General Counsel, Chief Risk &amp; Compliance Officer, who reports to the Chief Executive Officer, is the executive sponsor of our ESG program and works with a cross-functional team of experts, including representatives from Growth and Development/Energy Management, Supply Chain and Procurement, Finance, Corporate Strategy, and Legal, Risk &amp; Governance.</td>
</tr>
<tr>
<td></td>
<td>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</td>
<td>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</td>
<td>Ulta Beauty is committed to reducing our energy use and GHG emissions, as evidenced by a $2M investment retrofitting our energy management system and a $5.5M investment in lighting upgrades across 100 stores. Additionally, we purchase renewable energy credits, which in 2021 offset 16% of the company’s FY21 electricity usage. As Scope 3 emissions represent 95% of our footprint, we are exploring ways to reduce these upstream and downstream emissions, such as consolidating shipments, using EPA SmartWay-certified carriers and preparing to conduct due diligence with brand partners and other vendors to better understand their emissions. From a product perspective, aspects of our Conscious Beauty at Ulta Beauty™ initiative contribute to a reduction of the use of natural resources and associated carbon emissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization’s businesses, strategy, and financial planning.</td>
<td>Ulta Beauty has not yet undertaken climate-related scenario analysis, but we anticipate conducting qualitative and/or quantitative analysis in the next two years.</td>
</tr>
</tbody>
</table>
# Task Force on Climate-Related Financial Disclosures (TCFD)

<table>
<thead>
<tr>
<th>DISCLOSURE FOCUS AREA</th>
<th>RECOMMENDED DISCLOSURE</th>
<th>RESPONSE/REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk Management</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Disclose how the organization identifies, assesses and manages climate-related risks. | a) Describe the organization's processes for identifying and assessing climate-related risks.  
b) Describe the organization's processes for managing climate-related risks.  
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | Introduction > Corporate Governance > Board Oversight, Risk Management  
2021 Proxy Statement > Corporate Governance > Board Role in Risk Oversight, pgs. 4-5 |
| **Metrics and Targets** |                        |                   |
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities. | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.  
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.  
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | Environment > Energy & Emissions  
Ulta Beauty has a formal commitment to set emissions reduction targets in accordance with the terms of the Science Based Targets initiative covering Scope 1, 2 and 3 emissions. |
Appendix

THE PERCENTAGE OF EACH GENDER CATEGORY FOR U.S. OPERATIONS
U.S. Operations, Regular Employees by Gender
(less seasonal and temporary employees) as of January 29, 2022

<table>
<thead>
<tr>
<th>GENDER</th>
<th>COUNT</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>33,973</td>
<td>94.1%</td>
</tr>
<tr>
<td>Male</td>
<td>2,120</td>
<td>5.9%</td>
</tr>
<tr>
<td>Unknown</td>
<td>1</td>
<td>0.0%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>36,094</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

STANDARD EEO-1 RACIAL AND ETHNIC GROUP CATEGORIES FOR U.S. OPERATIONS FOR MANAGEMENT
U.S. Operations, Regular Managerial Employees by Ethnicity & Gender
(less seasonal and temporary employees) as of January 29, 2022

<table>
<thead>
<tr>
<th>ETHNICITY</th>
<th>FEMALE</th>
<th></th>
<th>MALE</th>
<th></th>
<th>UNKNOWN</th>
<th></th>
<th>GRAND TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaskan Native</td>
<td>Count</td>
<td>Percentage</td>
<td>Count</td>
<td>Percentage</td>
<td>Count</td>
<td>Percentage</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>Asian</td>
<td>120</td>
<td>1.9%</td>
<td>16</td>
<td>3.3%</td>
<td></td>
<td></td>
<td>136</td>
<td>2.0%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>492</td>
<td>8.0%</td>
<td>44</td>
<td>9.1%</td>
<td></td>
<td></td>
<td>536</td>
<td>8.1%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>1,420</td>
<td>23.0%</td>
<td>138</td>
<td>28.6%</td>
<td></td>
<td></td>
<td>1,558</td>
<td>23.4%</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Island</td>
<td>20</td>
<td>0.3%</td>
<td>2</td>
<td>0.4%</td>
<td></td>
<td></td>
<td>22</td>
<td>0.3%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>212</td>
<td>3.4%</td>
<td>17</td>
<td>3.5%</td>
<td></td>
<td></td>
<td>229</td>
<td>3.4%</td>
</tr>
<tr>
<td>White</td>
<td>3,791</td>
<td>61.4%</td>
<td>258</td>
<td>53.5%</td>
<td>1</td>
<td>0.0%</td>
<td>4,050</td>
<td>60.9%</td>
</tr>
<tr>
<td>Unknown</td>
<td>51</td>
<td>0.8%</td>
<td>4</td>
<td>0.8%</td>
<td></td>
<td></td>
<td>55</td>
<td>0.8%</td>
</tr>
<tr>
<td>I do not wish to provide</td>
<td>16</td>
<td>0.3%</td>
<td>0</td>
<td>0.0%</td>
<td></td>
<td></td>
<td>16</td>
<td>0.2%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>6,172</td>
<td>92.7%</td>
<td>482</td>
<td>7.2%</td>
<td>1</td>
<td>0.0%</td>
<td>6,655</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
# Appendix

STANDARD EEO-1 RACIAL AND ETHNIC GROUP CATEGORIES FOR U.S. OPERATIONS FOR NON-MANAGEMENT

U.S. Operations, Regular Non-Managerial Employees by Ethnicity & Gender
(less seasonal and temporary employees) as of January 29, 2022

<table>
<thead>
<tr>
<th>ETHNICITY</th>
<th>FEMALE</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Percentage</td>
<td>Count</td>
<td>Percentage</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>American Indian/Alaskan Native</td>
<td>242</td>
<td>0.9%</td>
<td>20</td>
<td>0.1%</td>
<td>262</td>
<td>0.9%</td>
</tr>
<tr>
<td>Asian</td>
<td>935</td>
<td>3.4%</td>
<td>55</td>
<td>0.2%</td>
<td>990</td>
<td>3.4%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>3,065</td>
<td>11.0%</td>
<td>153</td>
<td>0.6%</td>
<td>3,218</td>
<td>10.9%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>7,983</td>
<td>28.7%</td>
<td>540</td>
<td>1.9%</td>
<td>8,523</td>
<td>29.0%</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Island</td>
<td>105</td>
<td>0.4%</td>
<td>16</td>
<td>0.1%</td>
<td>121</td>
<td>0.4%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>1,239</td>
<td>4.5%</td>
<td>80</td>
<td>0.3%</td>
<td>1,319</td>
<td>4.5%</td>
</tr>
<tr>
<td>White</td>
<td>13,861</td>
<td>49.9%</td>
<td>748</td>
<td>2.7%</td>
<td>14,609</td>
<td>49.6%</td>
</tr>
<tr>
<td>Unknown</td>
<td>316</td>
<td>1.1%</td>
<td>25</td>
<td>0.1%</td>
<td>341</td>
<td>1.2%</td>
</tr>
<tr>
<td>I do not wish to provide</td>
<td>55</td>
<td>0.2%</td>
<td>1</td>
<td>0.0%</td>
<td>56</td>
<td>0.2%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>27,801</td>
<td>94.4%</td>
<td>1,638</td>
<td>5.6%</td>
<td>29,439</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Ulta Beauty ESG Fact Sheet

REPORT SECTION

Ulta Beauty At-A-Glance

OUR FOOTPRINT (AS OF 1/29/2022)

<table>
<thead>
<tr>
<th>Store</th>
<th>1,300+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution centers</td>
<td>6</td>
</tr>
<tr>
<td>States</td>
<td>50</td>
</tr>
<tr>
<td>Associates</td>
<td>40,000+</td>
</tr>
</tbody>
</table>

ULTA BEAUTY COMMITMENTS AT-A-GLANCE

Sustainable Packaging Commitment: Percentage of packaging sold at Ulta Beauty that will be recyclable, refillable or made from recycled or bio-sourced materials by 2025

50%

Emissions Reduction Commitment: Committed to set science-based emissions reduction targets with the Science Based Targets initiative

2x renewable energy credits in 2022

Championing Diversity

- Dollars allocated to media investments across endemic and multicultural platforms to create more personal connections with Latine, Black and other communities
  $20 million
- Additional Black-owned brands in our assortment by the end of 2021
  2x
- Percentage of shelf space devoted to Black-owned businesses, through the Fifteen Percent Pledge
  15%
- Dollars dedicated to marketing support of Black-owned brands
  $4 million
- Dollars invested in quarterly in-store training for all store and salon associates to reinforce inclusivity and address unconscious bias
  $2 million
- Percentage of field, distribution center and corporate associates required to participate in Stronger Together Leadership Training
  100%

CORPORATE GOVERNANCE: BOARD DIVERSITY (AS OF 2/16/2022)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>54%</td>
</tr>
<tr>
<td>Men</td>
<td>46%</td>
</tr>
<tr>
<td>Identify as racially diverse</td>
<td>31%</td>
</tr>
<tr>
<td>Identify as LGBTQ+</td>
<td>8%</td>
</tr>
<tr>
<td>% of directors joined the Board within the past five years</td>
<td>46%</td>
</tr>
</tbody>
</table>
## Ulta Beauty ESG Fact Sheet

### REPORT SECTION | 2021

#### People
| % of diverse hires at the director level and above | 50% |
| Women elevated to management roles in the past five years | 6,200+ |

#### DIVERSITY & INCLUSION

- **Ulta Beauty Associates**
  - Women: 90%
  - Men: 10%

- **Executive Team**
  - Women: 67%
  - Men: 33%

- **Ulta Beauty Leadership (director level and above)**
  - Women: 65%
  - People of color: 25%

### 2022 Diversity, Equity and Inclusion Commitments (as of February 3, 2022)

**Commitment to Amplifying Underrepresented Voices**
- Dedicate approximately $25 million in media investments with multicultural platforms to nurture personal connections with Latine, Black and other multicultural beauty enthusiasts. 10% of this investment will be directly spent with Black- and Latine-owned media outlets, outpacing media industry benchmarks.
- Build upon our newly established and widely proclaimed MUSE platform with programming to magnify, uplift, support and empower Black voices in beauty.
- Invest $8.5 million to brand marketing support for Black-owned, Black-founded and Black-led brands within the company's assortment, more than doubling last year's investment to reflect Ulta Beauty's expanded Black-owned assortment.

**Commitment to Curating & Nurturing a Diverse Assortment**
- Launch a Brand Partner Accelerator Program focused on early-stage BIPOC beauty brands. Ulta Beauty will provide time, resources and mentorship to educate, inspire and support accelerator participants with brand development for retail readiness.
- Invest $5 million in New Voices, a venture capital firm that partners with and invests in entrepreneurs of color to drive scalable, sustainable businesses and create generational wealth. As the VC’s beauty retail partner, Ulta Beauty will provide priority access to shelf space, merchandising and marketing support.
- Allocate $3.5 million to in-store merchandising support so guests can more readily find the Black-owned, Black-founded and Black-led brands within the Ulta Beauty assortment.
Ulta Beauty ESG Fact Sheet

REPORT SECTION

Commitment to Guest Experiences

• The Ulta Beauty Charitable Foundation will donate $2 million to BIPOC and LGBTQ+-focused nonprofits with volunteering and education opportunities for associates.

• Inclusion in Action, the quarterly, in-store training launched in 2021 to reinforce inclusivity and address unconscious bias, will now be mandatory for distribution center and corporate associates in addition to a second year of curriculum for salon and store associates. This accounts for a $2.5 million investment in addition to the existing company trainings and will result in a minimum 3.5 hours of required DEI training for all associates.

• Textured hair and shade-matching education trainings will be further enriched across every Ulta Beauty salon.

Commitment to Associate Experiences

• The reimagined Diverse Leaders Development Program has doubled the number of associates and will include expanded external partner expertise, dedicated trainings as well as CEO and executive mentorship for high-potential, future company leaders.

• Ulta Beauty will continue to significantly invest in incremental efforts to support the company’s diverse slate recruitment efforts.

• Teams across the company will continue to acknowledge and celebrate lived experiences with always-on DEI internal programming with dedicated workshops, panels, keynote speakers and educational programming for key moments such as Diversity Week, Pride Month, Black History Month and Asian Pacific American Heritage Month, among others.

Products

<table>
<thead>
<tr>
<th>Products</th>
<th>25,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brands</td>
<td>600+</td>
</tr>
</tbody>
</table>

Certified to one or more of the Conscious Beauty at Ulta Beauty™ pillars

270

Ulta Beauty’s Sustainable Packaging Goal: % of packaging sold at Ulta Beauty will be recyclable, refillable or made from recycled or bio-sourced materials by 2025

50%

Community

<table>
<thead>
<tr>
<th>Dollars raised for Save the Children</th>
<th>$2.4 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars raised for Breast Cancer Research Foundation (cumulative since 2009)</td>
<td>$42 million+</td>
</tr>
</tbody>
</table>
Ulta Beauty ESG Fact Sheet

<table>
<thead>
<tr>
<th>REPORT SECTION</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars raised for Dress for Success (cumulative since 2017)</td>
<td>$1 million</td>
</tr>
<tr>
<td>Environment</td>
<td></td>
</tr>
<tr>
<td>EMISSIONS SCOPE: PORTION OF OUR FOOTPRINT</td>
<td></td>
</tr>
<tr>
<td>Scopes 1 &amp; 2</td>
<td>5%</td>
</tr>
<tr>
<td>Scope 3</td>
<td>95%</td>
</tr>
<tr>
<td>WASTE</td>
<td></td>
</tr>
<tr>
<td>Percentage of our waste diverted for recycling</td>
<td>48%</td>
</tr>
<tr>
<td>Tons of waste diverted from landfill (thousands)</td>
<td>14.8</td>
</tr>
<tr>
<td>Frameworks</td>
<td></td>
</tr>
<tr>
<td>Frameworks to which Ulta Beauty reports</td>
<td>SASB and TCFD</td>
</tr>
</tbody>
</table>
2021 Ulta Beauty Awards & Recognition

2021 Newsweek America’s Most Trusted Brands for 2022 Winner of “Most Trusted Cosmetics Brand”

2021 Beacon Awards—Winner of “Best Large Retailers” in the “Game-Changing Retailers” category

National Retail Federation Top 100 Retailers 2021 List #64

2021 Forbes The Best Employers for Women #15

2021 Forbes The Best Employers for Diversity #108

2021 DiversityInc Noteworthy Companies for Diversity

2021 Most Improved Retailer—Mind the Store

2021 CIO 100 Awards—Ulta Beauty IT Team

2021 Bloomberg Gender-Equality Index

Fast Company Most Innovative Retail Companies of 2021 #6

leaving a positive legacy for our world
ESG program structure

- **Board of Directors**
  - Responsible for overall ESG strategy and vision, alignment with enterprise priorities; provides guidance and support on decision making and prioritization

- **CEO**

- **Executive Team**

- **ESG Executive Sponsor**
  - Proactively engages and supports Pillar Owners and related cross-functional projects; builds function and disclosure foundation; provides ESG program recommendations to the Executive Team to ensure alignment with enterprise strategy/priorities

- **ESG Program Steering Lead**

- **Cross-Functional Owners/SMEs**
  - Drive and support ESG strategy within their pillars; provide cross-functional view; serve on Steering Committee and engage with external consultants; help allocate resources and funds, and determine scope of projects

- **ESG Pillars**
  - People
  - Product
  - Environment
  - Community

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Ulta Beauty ethics & compliance policies

Below is a list of our Ethics & Compliance and IT policies. You can find an overview of our Ethics & Compliance Policies in our Code of Business Conduct.

- Acceptable Use Policy
- Americans with Disabilities Act Policy
- Harassment and Discrimination Prevention Policy
- Confidentiality Policy
- Employment-At-Will Policy
- Ethics and Business in Business Transactions Policy
- Identity and Access Management Policy
- Relationships in the Workplace Policy
- Information Security Management Policy
- Insider Trading Policy
- IT Risk Management Policy
- Network Security Policy
- Official Government Inspections Policy and Procedure
- Open Door Policy
- Privacy Policy
- Records and Information Management Policy
- Ulta Beauty Gift & Gratis Policy
- Vendor Risk Management Policy
Thank you for your interest in Ulta Beauty. If you have any questions about this report, please contact our General Counsel, Chief Risk & Compliance Officer, Jodi Caro, at InvestorRelations@ulta.com