



S E P H O R A

# ASSOCIATE HANDBOOK

SEPHORA DISTRIBUTION CENTERS

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## **WELCOME!**

Welcome to SEPHORA! You have joined an organization that is proud of its place as the most innovative retailer of luxury cosmetics and fragrance products. SEPHORA has gained a highly prestigious level of achievement within Europe and the United States and is regarded as the top beauty retailer in its class. We are very pleased to have been asked by the LVMH Group to assume the responsibility for expanding of the SEPHORA concept outside Europe with the focus on the Americas. SEPHORA holds the promise of growth and success through innovation, creativity, and dedication to our Associates and clients.

In our quest to remain the “cutting-edge” leader in beauty merchandising and service, our values will be the forefront of every decision made to enhance and improve the SEPHORA concept and shopping experience. Our courage to be creative and innovative allows our clients and Associates to experience a spirit of freedom and fun in our stores. We know that your passion for servicing the SEPHORA client and sharing your industry expertise will promote the success of our business, in which we all share. With our values in mind, we hope to hire, develop and retain Associates who have leading expertise in beauty so that SEPHORA can be the Beauty Authority to its clients in all the markets in which we do business.

Our values dictate and guide the manner in which we approach our clients, Associates, brands and the communities in which we do business. It is important that you practice these values and that you help us to live up to these high standards at all times. We promise you a dynamic and exciting experience as we have the courage to be different. Please be sure to review all of the materials in this handbook to understand our expectations of you.

We look forward to working with you as a member of the SEPHORA team and appreciate your contribution to develop and maintain the level and reputation of excellence for SEPHORA.

Again, welcome to SEPHORA!

## ABOUT SEPHORA

### Company Background

SEPHORA is a leader in global prestige retail, teaching and inspiring clients to play in a world of beauty. Owned by LVMH Moët Hennessy Louis Vuitton, the world's leading luxury goods group, SEPHORA has earned its reputation as a beauty trailblazer with its expertise, innovation, and entrepreneurial spirit.

At SEPHORA, beauty is in our DNA. Our revolutionary beauty-retail concept, founded in France by Dominique Mandonnaud in 1970, is defined by its unique, open-sell environment with an ever-increasing assortment of products from carefully curated brands, featuring indie darlings, emerging favorites, trusted classics, and SEPHORA's own, SEPHORA COLLECTION. Today, SEPHORA is not only the leading retailer of perfume and cosmetics stores in France, but also a powerful beauty presence in countries around the world thanks to its unparalleled assortment of prestige products in every category, unbiased service from experts, interactive shopping environment, and innovation.

SEPHORA believes every stroke, swipe and dab reveals possibility, and we share our client's love for the confidence that our products, services, and expertise brings to their life every day. In every store, clients unlock their beauty potential at our Beauty, Skincare and Fragrance Studios through intuitive technology and guidance from the most knowledgeable and professional team of product consultants in the beauty industry.

### Our Purpose: Inspiring Fearlessness

At SEPHORA, we believe beauty is for each person to define and ours to celebrate. Together, we support and encourage bold choices in beauty – and in life. Our purpose is to **inspire fearlessness**.

### Our Values

At SEPHORA we live, breathe and act by our values: Passion, Innovation, Expertise, Balance, Respect for All, Teamwork, and Initiative.

### Our Philosophy

At SEPHORA, we believe that our Associates are the most important factor in our success. We maintain this relationship by providing our Associates with the necessary training to excel at their jobs and by treating all Associates with dignity and respect.

## HANDBOOK PURPOSE

The Associate Handbook is provided to answer questions commonly posed by Associates and summarizes personnel policies, benefits, and work rules.

This Handbook will be reviewed as part of New Hire Orientation, in addition all Associates are responsible for reviewing the handbook and familiarizing themselves with its contents.

Associates who may have a question about the handbook or any other concerns that are not answered by this handbook, should contact their Supervisor or Human Resources for further explanation.

No supervisor, manager, or representative of SEPHORA, other than the Chief Executive Officer of SEPHORA (or some other high ranking executive), has the authority to enter into any agreement regarding the duration of your employment or the circumstances under which your employment may be terminated or to otherwise make any agreement contrary to the foregoing at-will employment relationship. Any such agreement must be in writing and signed by the Chief Executive Officer of SEPHORA. This constitutes the entire agreement between Associates and SEPHORA with respect to the duration of or the terms and conditions under which your employment may be terminated and supersedes any prior or contemporaneous agreements, representations or understandings on this subject.

## **FACILITIES**

### **Hours**

The distribution centers run various shifts throughout the day, seven days a week. This may require overtime and peak season schedules.

For daily schedule updates contact the Associate Hotline for a recorded message.

### **Security & Parking**

The SEPHORA Distribution Centers have private parking lots available to Associates. There is also street-side parking where available. All parking is at the Associates' own risk and subject to SEPHORA policies.

At SEPHORA, safety is a priority, please remember to drive safely in the designated parking areas and abide by the posted speed limits and signs.

Associates must enter and exit the building through designated entrances. For security purposes, Associates may not leave the premises during working hours without their supervisor's permission except during their lunch break however, SEPHORA does offer designated outside break areas.

Should you witness or become victim of theft involving SEPHORA or personal property or become aware a person, or persons who are involved in a possible theft situation, please report the incident immediately to your supervisor. Alternatively, messages may be left using the employee anonymous tip line (iCare). This line is available to report unusual, work related, incidents as well.

### **Visitors**

SEPHORA provides entrances specific for visitors to come on site and follow proper check in process. Visitors are issued a visitor badge and an Associate should escort them through the building.

SEPHORA's Distribution Centers prohibit personal visitors in the warehouse area. We understand that unforeseen events occur from time to time and that someone outside SEPHORA may need to contact you at work. Should this happen, the visitor may request Security to have a message delivered.

Please see phone number card handed out during orientation for all important numbers that are referred to throughout this book.

## **EMPLOYMENT PRACTICES**

### **Communication**

SEPHORA is committed to providing a work environment that encourages and practices open communication between Associates and management. We encourage Associates to work through their direct supervisor to resolve issues first. If the issue is not resolved, we encourage the use of the Open Door Policy where Associates are free to see any member of management to resolve issues. Management strives to deal with each Associate directly in an atmosphere of trust, understanding, respect and professionalism. To the degree that is appropriate, we will attempt to create this environment by: keeping you informed of issues concerning each Associate, department and SEPHORA, listening to Associate concerns and suggestions and being responsive to them, providing feedback regarding your performance and contributions, both informally and through the formal performance review program.

Associates of SEPHORA play an important role in creating this atmosphere by: communicating promptly with management when problems arise (either with direct supervisor or the next level of management) treating fellow Associates, clients, vendors and suppliers with respect complying with SEPHORA policies and procedures and conducting oneself in a responsible and professional manner.

### **Orientation**

During the first days of employment, Human Resources will conduct an orientation program to familiarize each Associate with SEPHORA; process new hire documents and conduct orientation. The first 90 days of employment will be considered a Provisional Period during which time we will monitor such things as attendance, productivity,

adherence to policies, etc. Successful completion of the Provisional Period in no way alters an Associate's at-will employment relationship with SEPHORA. Supervisors will work closely with each Associate to ensure a successful career at SEPHORA.

### **Equal Opportunity Employer**

SEPHORA is committed to the principles upon which equal employment laws are based. Employment decisions are based on qualifications, merit and competence and are made without regard to race, color, sex, religion, age, national origin, marital status, sexual orientation or disability, genetic makeup, veteran status and all other categories protected by federal, state or local laws, ordinances or regulations.

This policy applies to all Associates, applicants for employment and all aspects of the employment relationship including recruitment, hiring, promotion, transfer, discipline, training, compensation, benefits and any other Associate programs. An important element of SEPHORA'S commitment is that all Associates adhere to the practice and spirit of the law and report any perceived violations of this policy to management.

### **Associates with Disabilities**

SEPHORA complies with the Americans with Disabilities Act and all state and local laws regarding individuals with disabilities. We are committed to:

- Treating Associates who have a qualifying disability in a nondiscriminatory manner and with dignity, respect and compassion
- Keeping all medical information confidential
- Providing applicants and Associates with a qualifying disability with reasonable accommodations.

Associates with a qualifying disability may make a request for reasonable accommodation to Human Resources. In deciding whether to make a reasonable accommodation, SEPHORA will consider various factors including its cost, its impact on the ability of other Associates to perform their duties and SEPHORA's ability to conduct business.

### **Non Harassment**

SEPHORA is committed to providing a work environment free of unlawful harassment. SEPHORA policy prohibits sexual harassment, and harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation, genetic makeup, veteran status and all other categories protected by federal, state or local laws, ordinances or regulations. All such harassment is unlawful. The SEPHORA anti-harassment policy applies to all persons involved in the operation of SEPHORA and prohibits unlawful harassment by any Associate of SEPHORA, including supervisors and co-workers.

Prohibited unlawful harassment includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments;
- Visual conduct such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings or gestures;
- Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;
- Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- Retaliation for having reported or threatened to report harassment.

In the event of harassment, Associates are strongly encouraged to provide a written complaint to their SEPHORA Supervisor, the Operations Director or Human Resources as soon as possible after the incident. The complaint should include details of the incident or incidents, names of the individuals involved and names of any witnesses. Supervisors will refer all harassment complaints to the Human Resources representative or Operations Director as.

SEPHORA will immediately undertake an effective, thorough and objective investigation of the harassment allegations.

If SEPHORA determines that unlawful harassment has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any Associate determined by SEPHORA to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including termination. A SEPHORA representative will advise all parties concerned of the results of the investigation. SEPHORA does not prohibit retaliation in any case of harassment.

SEPHORA encourages all Associates to report any incidents of harassment immediately to ensure quick resolution.

SEPHORA complies with Federal Equal Employment Opportunity Commission and in California, the California Department of Fair Employment and Housing, and in other states, the equivalent state agencies, investigate and prosecute complaints of prohibited harassment in employment.

### **Fraternization**

Additional conflicts may arise from dating other Associates. SEPHORA prefers to keep personal issues out of the SEPHORA business environment. Intra-team dating involving a direct reporting relationship is prohibited. In the event of a direct reporting relationship, it is the responsibility of either involved Associate to inform management or HR so the proper accommodation can be made. Failure to do so can result in termination of employment.

### **Smoking**

SEPHORA is committed to providing a safe, healthy and comfortable work environment and is pleased to provide a smoke-free, tobacco-free workplace for all our Associates. Smoking or smokeless tobacco products are not permitted anywhere inside the Distribution Centers. SEPHORA provides designated smoking areas for break and lunch time

### **Inclement Weather**

In the event of inclement weather, Associates should use their best judgement when driving to or from SEPHORA. Announcements regarding building closure, delayed opening or closing early will be relayed on SEPHORA's Associate hotline or mass communication tool(s). Associates are responsible for calling in to receive updates.

### **Working from Home**

SEPHORA does not allow Associates to work from home as production, fulfillment and operations are tied to working onsite.

## **STANDARDS OF CONDUCT**

SEPHORA believes that every Associate desires to make a positive contribution to SEPHORA. There are times, however, when an Associate may exhibit conduct that impairs the achievement of SEPHORA's goals and, therefore, may result in corrective action. At SEPHORA's sole discretion, an Associate may be coached, counseled or disciplined, up to and including termination, for engaging in misconduct.

Associates are expected to use good judgment with respect to their conduct in the workplace. The following conduct is prohibited and will not be tolerated. This list is not intended to be all-inclusive. It is illustrative of the type of conduct that SEPHORA considers unsafe, unprofessional, inappropriate or otherwise harmful to oneself and/or SEPHORA's operations. However, nothing in this policy is intended to or should be construed to alter the at-will relationship maintained by SEPHORA with its Associates and is not intended to establish any express or implied contractual rights for Associates.

The following violations are serious violations and may subject an Associate to corrective action, up to and including immediate termination:

- Fighting, bodily assault, provoking a fight or argument during working hours or on SEPHORA premises.
- Using abusive language at any time on SEPHORA premises. Using profane, obscene, or abusive language.



- Dishonesty in any form, including falsification of documents or providing misleading information. Falsification of employment records, employment information or any other SEPHORA records, or obtaining employment on the basis of false or misleading information, regardless of when it is discovered.
- Recording the work time of another Associate or allowing any other Associate to record your work time, or allowing falsification of any time card, either you're own or another Associates.
- Carrying firearms or any other dangerous weapons on SEPHORA premises at any time in accordance with local laws.
- Being under the influence of, possessing, or using illegal drugs or alcohol, while on duty. Possession of controlled substances, intoxication or being under the influence of intoxicants or controlled substances.
- Insubordination, including but not limited to failure or refusal to follow the instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management.
- Poor performance of work duties, failure to meet job requirements or standards, or lack of due care when performing assigned duties.
- Violation of the Employee Discount policy and/or procedures.
- Engaging in certain types of criminal conduct.
- Violation, misuse or disregard of any safety, health, security or SEPHORA policy, rule, procedure, or guideline.
- Theft, deliberate or careless, damage or destruction of any SEPHORA property or the property of any Associate, client or brand. Damage, loss, or destruction of property belonging to SEPHORA, customers, or other Associates due to willful, reckless, careless, or negligent acts.
- Removing any product testers, samples, unauthorized gratis or damaged merchandise from SEPHORA premises without management approval.
- Dishonesty, theft, embezzlement or aiding and abetting such conduct, including taking salvage merchandise or merchandise with no retail value.
- Unauthorized use of SEPHORA equipment, time, materials, or facilities.
- Failure to notify Human Resources in a timely fashion when unable to report to work.
- Unreported absence of two (2) consecutive scheduled workdays.
- Leaving work or work area without authorization prior to the end of the actual workday or otherwise failing to observe applicable work schedules, including rest and meal periods.
- Failure to cooperate with request to work overtime according to business need or working overtime without prior authorization.
- Gambling during work hours or on SEPHORA premises.
- Failure to cooperate with an internal investigation.
- Unauthorized possession or use of SEPHORA confidential/proprietary information.
- Disclosing business information of a confidential, sensitive, or proprietary nature to unauthorized persons, or any action that might cause a financial loss to SEPHORA.
- Threatening, harassing, intimidating, or coercing others, or interfering with the performance of others.
- Malicious, capricious or careless actions toward Associates, clients or SEPHORA or its property.
- Unlawful harassment or discrimination.

- Violation of the attendance policy.
- Violation of the dress code policy.
- Sleeping, loafing, or malingering on the job.
- Excessive use of telephone for making or accepting personal calls and/or violation of the Personal Business during Working Hours policy.
- Other conduct that may be in conflict with or adversely affect work performance, safety, or business operations.
- Any other behavior that SEPHORA considers inappropriate and unprofessional

## PERSONNEL RECORDS

Keeping records up-to-date is important for payroll, emergency and insurance purposes. The Human Resources Department should be notified promptly of changes to:

- Address and telephone number
- Marital Status (for benefit purposes)
- Name
- Beneficiaries or dependents listed in your medical, insurance policy, or retirement plan, if applicable.
- Persons to notify in case of an emergency.

In addition, immediate Supervisors must have a current telephone number for all Associates.

## SOCIAL MEDIA

SEPHORA recognizes that social media is an important and popular method of self-expression and communication. Associates who use social media are expected to use common sense and exercise good judgment at all times. This policy is designed to provide guidance regarding what is required when using social media for personal or business reasons.

For purposes of this policy, “social media” includes personal websites and all forms of on-line community activities, such as on-line social networks, message boards, conversation pages, and chat rooms. For instance, social media applies to activities.

*Please see Appendix for Social Media policy.*

## DRESS GUIDELINES

SEPHORA maintains a neat and casual dress code. It is every Associate’s responsibility to dress properly, and the supervisor/manager’s responsibility to educate and enforce appropriate casual warehouse attire. Associates who are inappropriately dressed for work will be asked to punch out and return to work in proper attire. The attendance policy will apply for these situations and incidents may incur.

Shoes should be sturdy and fully cover the foot for maximum protection. If you are an equipment operator footwear must have a full leather upper with high density rubber sole.

*Please see Appendix for Dress Guidelines policy.*

## BULLETIN BOARDS

Bulletin Boards are used to communicate information about SEPHORA policies and events, as well as information about certain Associate rights under state and federal laws. Please do not post or remove any material from the bulletin boards without the approval of Human Resources.

## **JOB POSTINGS**

The job-posting program at the Distribution Centers is intended to inform all Associates of positions that are available for which they may qualify. Most local openings are posted. SEPHORA reserves the right not to post positions.

To be eligible to apply for a posted opening, Associates must meet the position's requirements, have a satisfactory attendance and performance record, and have completed at least 6 months in your current job. Some positions may require sponsorship from a current Manager or Supervisor as noted to be considered for such opportunity and the correct process must be followed.

The requirement regarding time completed in the present position can be modified based on candidate availability and approval by your Supervisor and Human Resources.

## **CONCURRENT EMPLOYMENT**

Associates may maintain concurrent employment outside SEPHORA as long as employment does not lead to a conflict of interest – such as employment with a direct competitor or supplier – and does not create a conflict in scheduling.

## **PERSONAL BUSINESS DURING WORK HOURS**

Due to the nature of our business, personal visits during your work hours are prohibited. Likewise, personal telephone calls are discouraged. You may make personal telephone calls during your scheduled breaks and in cases of emergencies as discussed with your supervisor.

Personal mail should be directed to your home and not to SEPHORA. Fax machines and computers are not to be used for personal business.

*Please see the Appendix for the Cell Phone policy.*

## **INTERNAL THEFT**

At SEPHORA, we take theft very seriously. Therefore, it is the responsibility of every Associate to report suspected internal theft. Loss Prevention will investigate allegations of internal dishonesty completely confidentially. SEPHORA offers a program that incentivizes Associates providing information that leads to a closed internal apprehension. In such cases, Associates may be eligible for an award administered through a third party ethics reporting company.

## **CONFLICT OF INTEREST AND CONFIDENTIALITY**

SEPHORA recognizes and respects each Associate's right to engage in outside financial, business or other activities, provided that such activities do not impair, interfere or conflict with the conscientious performance of SEPHORA duties, do not involve the misuse of SEPHORA's influence, facilities, or other resources, and do not discredit SEPHORA's good name. All Associates must avoid any actual or perceived business activities, investments, interests or associations that interfere with their independent exercise of judgment in SEPHORA's best interest. Much of our success at SEPHORA depends on trade secrets and confidential and proprietary information. All Associates have a common interest in ensuring that confidential information is not misused either accidentally or intentionally. All newly hired Associates will have the policy explained at an orientation, and will complete a Confidentiality agreement. Periodically, all Associates will review and sign a current statement.

### **Acceptance of Gifts**

To maintain a good relationship between SEPHORA and its business partners with, SEPHORA does not allow Associates to accept gifts of more than \$100 from vendors, suppliers or clients, or any other person doing business with SEPHORA or any of its affiliates, or as an enticement to do business with SEPHORA.

*Please see the Appendix for the Conflict of Interest and Confidentiality policy.*

## **CORRECTIVE ACTION**

At SEPHORA, all employees are expected to meet performance standards and behave appropriately in the workplace. At times, when other methods such as coaching and performance action have not been successful, managers may choose to utilize the corrective action policy.

The corrective action policy provides various options to managers addressing performance or behavior issues. The intent of corrective action is to improve performance and change certain behaviors. Circumstances differ considerably, therefore, the company may use any of the corrective action steps listed below and is not required to follow any set sequence. For example, if circumstances warrant, the Company may terminate employment without prior warning and or without prior corrective action of any kind.

In the event an Associate requires improvement in their job performance or behavior, their manager will work together with the Associate to improve through an informal coaching process. In the event the Associate does not improve their performance or behavior in a particular behavioral category and an additional incident occurs within a rolling 12-month period from issuance, the Associate will advance to the next level as outlined below.

Behavior leading to corrective action will be addressed in one of the following three categories:

- Safety / Violation of Company Policy or Procedure
- Performance
- Attendance

The levels of corrective action are guidelines to assist Associates in improving behavior or performance:

- Documented Verbal Warning
- Documented Final Warning
- Documented Written Warning
- Termination

## **RELATIONS WITH U.S. CUSTOMS**

SEPHORA will in some instances do business in airports. SEPHORA values good relations with U.S. Customs and it is the policy to comply fully with all U.S. Customs Rules and Regulations. Associates may not implement any procedures which differ from those approved by U.S. Customs, without prior approval of U.S. Customs. Associates should report any instruction from a U.S. Customs official that appears to change or alter a current SEPHORA procedure.

## **COMMUNICATIONS SYSTEMS**

All electronic and telephone communications systems and all the communications and information transmitted by, received from or stored in these systems are the property of SEPHORA. All software and equipment should be used solely for job-related purposes.

To ensure that use of these communications systems is consistent with SEPHORA business interest, an authorized SEPHORA representative may monitor usage from time to time.

## **E-MAIL AND INTERNET USAGE**

SEPHORA provides access to the internet and makes extensive use of e-mail in its business. It is expected that both will be used primarily for business related purposes and in accordance with the highest legal and ethical standards.

*Please see the Appendix for the Internet Usage and E-Mail policy.*

## **WORKPLACE SEARCHES**

All offices, desks, lockers and other office furniture, SEPHORA-purchased computers, voice mail, email, and other files, whether hard copy or electronic, including any and all information created with, received by or contained on

SEPHORA-owned electronic media are SEPHORA property. These resources are provided for work-related use only during your employment with SEPHORA. For legitimate business reasons, SEPHORA may conduct reasonable searches of these areas or items at any time. Personal effects and bags will be subject to regular inspection and search when leaving the workplace. Automobiles parked on SEPHORA property are subject to search at any time.

For security reasons, Associates should not leave personal belongings of value in the workplace. Associates terminating from SEPHORA should remove any personal items at the time they leave SEPHORA. Personal items left in the workplace are subject to disposal if not claimed at the time of an Associate's termination from employment. A request for inspection does not necessarily imply an accusation of wrongdoing. Failure to cooperate or consent may result in discipline, up to and including termination.

## SOLICITATION AND DISTRIBUTION

To help ensure efficient operations and to protect Associates and our clients from unnecessary intrusions, SEPHORA has rules regarding solicitation and the distribution of printed materials. This includes materials including but not limited to lotteries, raffles, charitable or labor organizations.

Soliciting or distributing literature on SEPHORA premises during working time is prohibited. Distribution of literature is prohibited in work areas at all times. Work time includes the work of both the Associate doing the soliciting or distribution and the Associate to whom it is directed. Non-work areas include, for example, areas such as the lunchroom, restrooms and parking lot.

## DEPARTURE

SEPHORA hopes each Associate enjoys their time as part of the team, however, SEPHORA asks that in the event of another job opportunity, Associates provide their Supervisor with two (2) weeks' notice of departure.

## ATTENDANCE GUIDELINES

Within Logistics, Associate attendance is critical to the productivity and efficiency of the operation. When time away from work is needed, Associates are encouraged to schedule that time off in advance whenever possible. We also recognize, however, that unplanned circumstances may periodically prevent an Associate from coming to work for the duration or a portion of his/her assigned shift. Therefore, Logistics Associates are allotted a certain number of points for an identified period of time for unplanned scheduling needs.

A point system has been established for Associates to manage their unplanned scheduling needs. This policy is intended to create a system of accountability while at the same time rewarding Associates that manage their time and attendance more effectively.

The following situations are examples of **excused time off** and will not be counted for purposes of this policy:

- Scheduled PTO, company recognized holidays
- Voluntary or Mandatory Time Off offered by the company (VTO)
- Any other absences protected or mandated by local, state and/or federal laws
- Absences / Missed time related to an approved leave of absence including but not limited to;
  - Family Medical Leave (FMLA)
  - Medical Leave
  - Military Leave
  - Time off due to an approved Bereavement Leave
  - Jury Duty
  - Time off due to a work related injury

*Please see the Appendix for the Attendance policy.*

# SAFETY IN THE WORKPLACE

## Safety Guidelines

The purpose of this policy is to ensure that SEPHORA provides the safest work environment possible. Distribution Centers have established principles that support and drive safe behaviors:

- Safety is everyone's responsibility
- We care for each other
- Nothing we do is worth getting hurt for

At times, it is necessary to address unsafe practices in the workplace. Therefore, guidelines have been established to address any violations of SEPHORA's Safety Policies and Procedures. Whenever possible, corrective action for safety violations will be progressive in nature. Generally safety behaviors can be categorized using the following colors to provide a common language to recognize and correct behaviors:

## Green Behavior

Behavior is observed that contributes to a safe work environment. Common responses to these behaviors may warrant recognition from leadership or peer for showing safety initiative. Examples of behaviors that can be considered safe are below, but are not limited to:

- Cleaning as you go
- Using proper lifting techniques
- Informing a fellow Associate of an unsafe or safe behavior and partnering with them to correct
- Honking MHE equipment horn at intersections or near others

## Yellow Behavior

Issued when at risk behavior with a greater probability and severity of injury are observed. A remedial action plan to correct the behavior, including possible training or retraining steps, may be offered to you at this time. Corrective action may progress if the issue is not resolved or additional issues occur. Examples of violations that may result in a Yellow Warning include, but are not limited to:

- Pattern of demonstrated unsafe behaviors over time
- Blocking fire exits or electrical panels with product or equipment
- Improper / unsafe stacking of pallets or product at low height

## Orange Behavior

Issued where there is evidence or willful disregard for an employee's own or another's safety. A more detailed action plan will include additional steps and plans to correct the behavior, which may include possible training or retraining steps. Corrective action may progress if the issue is not resolved or additional issues occur. Examples of violations that may result in an Orange Warning include, but are not limited to:

- Pattern of demonstrated unsafe behaviors over time
- Inappropriate use of approved tools such as ladders
- Not following pedestrian and MHE safe operating rules

## Red Behavior

Issued when any action occurs that places an Associate's life in imminent danger or those that are likely to cause major bodily injury due to their negligent behavior. Associate "Gross Negligence" and/or Associate actions that display blatant disregard for safety or company property. This behavior can be subject to an individual's to immediate termination. Examples of violations that may result in a Final Written Warning/Termination include, but are not limited to:

- Pattern of demonstrated unsafe behaviors over time

- Failure to report accident / injury by end of current shift
- Reaching into equipment or machinery that is not de-energized, locked out/tagged out
- Not adhering to all lockout/tag out procedures, signs and warning labels
- Sitting, standing, jumping over, climb on, over or under, or leaning on powered conveyor systems regardless of if they are in motion or not.
- Altering/modifying equipment operating controls. Including but not limited to: taping down safety switches, operating controls or switches.
- Not properly wearing fall protection and securely tying-off in accordance with regulation; never alter or modify safety harnesses, lanyard, or other fall protection equipment.
- Performing high voltage work without proper authorization. Only certified/authorized electricians are allowed to perform high voltage work.
- Utilizing electronic devices such as cell/smart phones, earphones/buds, headsets and/or gaming devices while operating MHE equipment. Using includes talking, texting, taking pictures, facetimeing, accessing email or internet and digital file sharing.

All accidents and / or injuries must be reported by the end of the shift to ensure a proper investigation is completed to prevent future instances and potential risks as well as provide any necessary medical attention.

### **Aggravating or Mitigating Circumstances**

Normal disciplinary action may be increased or decreased in severity if there are aggravating or mitigating circumstances. Examples include, but are not limited to: gross negligence, horseplay, intent to harm, or violation of a specific management directive. Aggravating or mitigating circumstances may be considered when they are based on clear and specific facts. Variations should be made when management is convinced that the violation is necessary to promote consistency.

## **COMPENSATION PRACTICES & SCHEDULING**

The SEPHORA incentive and pay programs are designed to attract, retain, motivate and reward a highly-qualified workforce. The goal of these programs is to ensure external competitiveness, internal equity and reward for individual performance and contributions.

### **Pay Classifications**

#### **Non-Exempt Associates**

The overtime provisions of the applicable wage/hour laws cover non-exempt Associates. These Associates are entitled to overtime pay for work in excess of 40 hours in a week, unless state/local law has different requirements, or current SEPHORA policy exceeds any legal requirement. Associates should consult with their Supervisor or Human Resources department regarding overtime pay.

Associates are also classified according to the number of hours to be worked in a week and whether the position is a regular or a temporary one. SEPHORA has two categories of Associates under this set of classifications.

- **Regular:** A Regular Associate is not hired for a temporary or predefined period of time. Eligibility for Associate benefits is based on the number of hours worked, SEPHORA policy and state or local requirements. Regular Associates may be classified as full-time or part-time.
- **Seasonal:** Seasonal Associates are hired for a temporary period of time. Seasonal Associates may work a full-time, part-time, or on-call schedule. Unless specified by applicable law, Seasonal Associates are not eligible for health and welfare benefits.

### **Exempt Associates**

These employees include salaried employees who are classified by SEPHORA as exempt from the overtime provisions of the Federal Fair Labor Standards Act and applicable state wage/hour laws. They do NOT receive overtime pay for hours worked in excess of forty (40) in a week, except where as provisioned by law.

### **Pay Schedule**

SEPHORA is on a bi-weekly pay schedule with 26 pay dates per year. The pay period consists of two weeks that run Monday thru Sunday. Pay dates are every other Friday following the end of a pay period. You may choose to have your paycheck automatically deposited to your bank. If you do not select this option, your paychecks will be deposited on a Pay Card for you to utilize. You may view your paychecks online. Please see Human Resources for details.

### **Overtime Pay**

Except where provisioned by law, only non-exempt, hourly, Associates qualify for overtime pay. Please note that all overtime must be approved in advance by your supervisor and that working overtime without approval may result in corrective action, up to and including termination. Calculation of overtime is based on the workweek schedule. Your supervisor or Human Resources department will provide you with overtime provisions for your position and shift.

### **Merit Pay Increases**

Generally, merit reviews are conducted annually. A combination of factors, including performance rating, salary position in a salary range and SEPHORA's overall performance may determine any merit increase. Please be informed that merit increases are not guaranteed and are awarded at SEPHORA's discretion.

### **Shift Differential**

A shift differential may be paid to non-exempt Associates for all hours worked during eligible shifts, schedules, and/or roles. Please see HR or your Supervisor for details.

### **Variable Compensation Plans**

Another component of SEPHORA's total compensation philosophy is the use of variable compensation (incentive awards) to recognize individual and organizational successes. Variable compensation and incentives are designed to reward achievement of individual and SEPHORA objectives. The goal is to provide a total compensation package above market for superior performance based on our financial results.

SEPHORA'S strategy is to align individual performance objectives with its overall objectives and financial goals. A variety of variable compensation and incentive programs are designed to target SEPHORA'S business objectives and distinct Associate populations, in line with their level of impact on business results.

Supervisors are responsible for discussing the details of any differential shift pay and the incentive plan, which may be applicable to your position. All bonus or incentive plans are subject to modification or termination by SEPHORA at its discretion and at any time.

### **Payroll Deductions**

Mandatory deductions include, but may not be limited to:

- Social Security (FICA)
- Medicare
- Federal Income Tax
- State and County Income Taxes (where applicable)
- Other deductions mandated by law
- State Disability Insurance (SDI) where required by law

Optional deductions authorized by you may include:

- Medical/ Dental Insurance
- 401k Plan



- Supplemental Life Insurance
- Flexible Spending Accounts

## Recording of Time Worked

It is necessary to maintain accurate and complete records of your time worked. Associates are responsible for clocking in and out to record time worked responsible for recording your time worked, including breaks and lunch times. Overtime must be pre-approved by your supervisor.

Associates will not be required or permitted to work any period of time before or after scheduled starting or end of shift for the purpose of making up time lost due to tardiness, unauthorized absence, authorized absence or any other reason, except with the prior approval of their Supervisor. Supervisors will schedule meal and rest periods. Associates should observe assigned working hours and the time allotted for meal and rest periods. Failure to follow the above guidelines on the recording of time worked or falsifying time records could result in corrective action up to and including immediate termination of employment.

## TIME OFF

SEPHORA offers a competitive holiday/paid time off schedule. Associates are encouraged to take time off. SEPHORA also understands the occasional need for personal leaves of absence and may make accommodations.

### Paid Time-Off Policy (PTO)

The Paid Time-Off policy combines both sick and vacation time into one category – Paid Time-Off (PTO) for Associates. PTO benefits are provided in recognition that rest and relaxation away from work is invaluable.

SEPHORA recognizes that Associates may require flexibility in managing their time off for vacations, personal and family illness and other lifestyle issues. Time requested under the PTO policy can be taken in hour increments. With the PTO policy, you can use your accrued time-off as needed. Please refer to the attendance policy for information about unscheduled PTO.

Associates should give their Supervisor advance notice of their need to take PTO for vacations or for appointments.

Associates accrue PTO based on the following schedule depending upon the number of hours worked:

| Years of Service | Factor per Hour Worked | Annual Full Time        |                              |
|------------------|------------------------|-------------------------|------------------------------|
|                  |                        | Equivalent (Days/Hours) | Maximum Accrual (Days/Hours) |
| <2               | 0.0462                 | 12/96                   | 18/144                       |
| =2<3             | 0.0577                 | 15/120                  | 22.5/180                     |
| =3<5             | 0.0692                 | 18/144                  | 27/216                       |
| =5<10            | 0.0808                 | 21/168                  | 31.5/252                     |
| =10<20           | 0.0923                 | 24/192                  | 36.0/288                     |
| =20+             | 0.1038                 | 27/216                  | 40.5/324                     |

The following pay will be used to calculate PTO:

- Regular Hours worked
- Bereavement
- PTO Hours Taken
- Holiday Pay
- Jury Duty
- Voluntary Time Off
- Regular Retro Hours
- Military Duty

SEPHORA's Distribution Center recognizes 10 holidays during the course of a calendar year. They include:

- New Year's Day
- Martin Luther King, Jr.'s Birthday
- Memorial Day
- July Fourth
- Labor Day
- Thanksgiving Day
- Christmas Eve Day
- Christmas Day
- 2 floating days each year *to be used prior to November 1<sup>st</sup>*

All regular Associates are eligible for Holiday Pay when the holiday falls on a day that they are regularly scheduled to work.

Non-exempt Associates who must work on a paid holiday will be paid at 1½ time their regular rate for all hours worked in addition to the holiday pay, not to exceed 8 hours. A paid holiday (during which no work is performed) is not considered time worked for the purposes of computing overtime. Associates who are not eligible for holiday pay will be paid their regular pay rate for any hours worked on a SEPHORA holiday.

Associates are not eligible to use the Floating Holidays until successful completion of their Provisional Period. You must work the entire scheduled shift before and after a holiday, unless scheduled for pre-approved PTO, in order to receive pay for the holiday.

### **Leave of Absence**

Associates may request a leave of absence for various reasons, including long-term illnesses, emergencies and family situations that may arise. Leaves of absence are unpaid, unless covered by disability insurance. Accrued and unused PTO time will be used during any unpaid leave; however PTO does not accrue during a leave of absence. Associates, who are covered by health insurance when going out on a leave of absence, may keep their coverage by making arrangements to continue your monthly contribution.

Depending on business and staffing needs, SEPHORA may offer opportunities to permanently change schedules on a limited basis.

### **Military Leave**

Employees who enter service or who are members of the Armed Forces Reserve or National Guard and are required to report to duty/training will receive a military leave of absence as provided by law. Associates should present their Supervisor with a copy of service papers as soon as possible. Though not required by law, SEPHORA will also make up the difference between your regular pay with SEPHORA and military pay during the absence, up to a maximum of two weeks provided submittal of military pay stubs to SEPHORA. Paid time is prorated based on the average hours worked during the previous 2 pay periods.

### **Emergency/Personal Leave**

Associates may request a personal emergency leave without pay after being employed by SEPHORA for at least 90 days on an as need basis. Requests should be submitted in writing to either a Supervisor or to a member of the HR team.

### **Family and Medical Leave**

Associates who have more than twelve (12) months of service with SEPHORA and have worked at least 1,250 hours in the twelve (12) month period before the leave is to begin may have a right to unpaid family care or medical leave under the Family and Medical Leave Act. This leave may be up to twelve (12) work weeks in a twelve (12) month period for the birth, adoption, or foster care placement of a child or for serious health condition or that of your child, self, parent or spouse.

Unpaid leaves under the Family and Medical Leave Act contain a guarantee of reinstatement to the same or to a comparable position at the end of the leave, subject to any defense allowed under the law. If possible, Associates must provide at least thirty (30) days advance notice for foreseeable events (such as the expected birth of a child

or a planned medical treatment for yourself or a family member). For events which are unforeseeable, notify Human Resources as soon as possible. Failure to comply with these notice rules is grounds for, and may result in, deferral of the requested leave until you comply with this notice policy.

SEPHORA requires certification from health care provider before allowing leave for pregnancy or serious health condition or certification from the health care provider of children, parent, or spouse who has a serious health condition before allowing Associates to take leave to take care of that family member. When medically necessary, leave may be taken on an intermittent or a reduced work.

Associates who are taking a leave for the birth, adoption or foster care placement of a child, the basic minimum duration of the leave is two weeks and you must conclude the leave within one year of the birth or placement for adoption or foster care. Taking a family care or pregnancy disability leave may impact benefits and your seniority date. For more information regarding your eligibility for a leave and/or the impact of the leave on your seniority and benefits, please contact your Supervisor.

### **Bereavement Leave**

Associates receive up to 5 days off with pay upon the death of an immediate family member. For purposes of this policy, immediate family member includes: spouse, domestic partner, parents, legal guardian, siblings, children, grandparents, and current in-laws (brother, sister, mother, father, son, or daughter). Pay is normal hours worked at the regular rate of pay.

### **Jury Duty and Voting**

SEPHORA pays Associates for normal scheduled working hours when called for jury duty. This policy applies only to scheduled work days. To be paid, Associates must submit satisfactory evidence of service on a jury. Associates who are released from jury selection or jury duty after a partial day are expected to return to work for the remainder of the day. Associates should notify their Supervisor of the need for time off for jury duty as soon as notice or summons from the court is received. Laws regarding paid/unpaid time off for voting vary by state. Please see the Human Resources Department for details.

### **Domestic Violence Leave**

Associates who are victims of domestic violence are eligible for unpaid leave. Associates may request leave if they are involved in a judicial action, such as obtaining restraining orders, appearing in court to obtain relief to ensure health, safety or welfare, or that of a child. Where possible, please provide the department Supervisor or Human Resources with advance notice. SEPHORA will, to the extent allowed by law, maintain the confidentiality of an Associate requesting leave under this provision.

## **ASSOCIATE BENEFITS**

SEPHORA offers a comprehensive insurance, retirement and personal benefits package. Unless otherwise specified, Associates will be eligible to participate in these plans if you are working 24 or more hours per week and are regularly scheduled to do so.

### **Benefits/Medical/Vision/Dental**

- Prescription Drug
- Flexible Spending Account
- Short and Long-Term Disability
- Basic Life Insurance
- Supplement Life Insurance
- Dependent Life Insurance
- Business Travel Accident Life Insurance
- Accidental Death & Dismemberment Insurance
- Retirement Plan

Additional information about these benefits is contained in the Benefits and Retirement Plan Summary Descriptions which can be found at <http://www.sephoraBenIQ.com>. The description of SEPHORA benefits above does not supersede any of the formal benefit policies, rules or contracts.

## Employee Assistance Program

SEPHORA offers an Employee Assistance Program (EAP) to regular full-time Associates and their eligible dependents to provide confidential and professional assistance to you if you are facing personal problems such as:

- Emotional and personal conflicts
- Depression
- Family and relationship concerns
- Questions about drug/alcohol use
- Managing stress and change
- Divorce or separation
- Grief

This program is free of charge by calling a toll free number directly. Participation is entirely voluntary and completely confidential. For more details, please see Human Resources.

## Worker's Compensation

SEPHORA carries insurance to cover the cost of work-related injury or illness. Benefits help pay for medical treatment and part of any income lost while recovering. Specific benefits are prescribed by law depending on the circumstances of each case. To be assured of maximum coverage, work related accidents and illnesses must be reported immediately to your supervisor and the Human Resources Department.

## Associate Discount

Associates are entitled to discounts on merchandise in U.S. SEPHORA stores and SEPHORA.com. To access these discounts please complete an Associate Discount Authorization Form which can be obtained from Human Resources. The amount of merchandise that may be purchased is limited. Associate may use discount to purchase items for themselves or as bona fide gifts. Associates must their own funds to purchase merchandise and discount purchases may not be made if you will be reimbursed for all or any part of the cost. Violation of the employee discount rules may result in disciplinary action, up to and including termination. **Purchases made at a store will require your Associate ID number and a picture ID.** Associate returns/exchanges or refunds must be accompanied by the original sales receipt. Associates cannot use a merchandise credit if issued at date of hire or any time during employment.

*Please see the Appendix for the Discount policy.*

## Matching Gift Program

SEPHORA supports the communities in which we are located by encouraging and assisting Associate involvement in education and community services. SEPHORA's Matching Gift Program will match SEPHORA funds with an individual Associate's contribution to a qualified nonprofit organization up to a maximum of \$7,500 each year. You are eligible for this program after 90 days of employment.

## Service Awards

SEPHORA appreciates and values each Associate's length of service with SEPHORA and recognizes this through our Service Awards Programs. We observe each five-year milestone, up to 30 years of service, by presenting a gift.

## Educational Assistance

For all Associates who have completed six months of service, educational assistance is available for approved education programs to further career development and job effectiveness. SEPHORA will reimburse up to a maximum of \$5,250 per year on tuition and books for work-related study or degree programs that have been approved in advance. Associates on an active written warning or above anytime between the application and disbursement process may be disqualified as they will not be considered to be meeting job expectations.

## **CLOSING WORDS**

This Handbook is intended to provide all SEPHORA Associates with a broad overview of SEPHORA policies and procedures. It is not intended to be a substitute for the full and complete statement of SEPHORA policies, which can be found on the employee intranet and/or by contacting Human Resources. This handbook is subject to change at any time, with or without notice to the employee. Please see Human Resources or a member of the Operations leadership team with questions. Further details on any of the policies in this Handbook, can be answered by Human Resources or members of the Operations Team.

WELCOME TO SEPHORA!

# **HANDBOOK APPENDIX**

# CONFIDENTIALITY AGREEMENT

## Policy Statement

Associates should avoid activities, investments, interests or associations that may create an actual or apparent conflict of interest between the individual and SEPHORA. SEPHORA maintains the highest degree of integrity, honesty and fair dealing in all of its affairs and expects its employees to conduct themselves with those same high standards. It is SEPHORA's expectation, therefore, that its Associate avoid relations and activities that may create a conflict between the personal interests of the individual and the best interests of SEPHORA. If an Associate or a member of his/her immediate family is involved in, or may become involved in, an activity that may create a conflict of interest with SEPHORA, he or she must discuss the matter with the General Counsel of SEPHORA. Any waiver of a conflict of interest between an employee and SEPHORA must be in writing and signed by the General Counsel of SEPHORA of the employee seeking the waiver. This policy applies to all SEPHORA Associates, temporary workers, and independent contractors who perform work on SEPHORA premises. This policy replaces all prior SEPHORA policies covering this subject matter.

## Guide to Compliance

It is impossible to anticipate every situation in which a possible conflict of interest between an Associates personal interests and SEPHORA may arise. The following examples illustrate the types of business relationships or situations in which the potential for a conflict of interest is particularly inherent and should be avoided.

### Business Interests

It is a violation of this policy for an employee or a member of their immediate family to:

- Own, either directly or indirectly, or have any interest in, work for, or act in an advisory or management capacity or receive compensation from any competitor, supplier or vendor of goods and services to SEPHORA, or customer which has or is seeking to have business dealings with SEPHORA.
- An Associate may however, have an interest in a competitor, supplier or vendor of goods or services to SEPHORA or customer to the extent that such interest constitutes less than 1% of the outstanding securities of a publicly held corporation;
- Buy, sell or lease any kind of property, facilities or equipment from or to SEPHORA, or to any organization or individual that is seeking to become a contractor, supplier, or customer of SEPHORA;
- Buy, sell or lease any kind of property, facilities or equipment from or to SEPHORA, or to any organization or individual that is seeking to become a contractor, supplier or customer of SEPHORA
- Take any business opportunity that would be available to SEPHORA by suppressing information, by preemptive action, or by disapproving the corporate opportunity;
- Take any action, in a personal or professional capacity that could be reasonably deemed to compromise SEPHORA's good will, reputation or ethical standard.

### Gifts & Entertainment

Associates may not accept from any competitor, supplier of goods or services, vendor, customer or other organization or individual doing or seeking to do business with SEPHORA any of the following:

- Commissions, rebates, kickbacks, prizes, shares of profit, or cash.
- A gift that would create the perception of a conflict of interest. Generally, a gift that has a retail value of no more than US \$100 and is the only gift made to the Associate during any calendar year by the same person, vendor, supplier or competitor may be retained by the employee. In some cases, upon the approval of the General Counsel, gifts of greater value may be accepted on behalf of SEPHORA only if they are donated to SEPHORA and/or shared with other employees.

**Loan or advances**

Goods or services at no cost or unreasonably low prices.

Excessive, extravagant, or frequent entertainment or travel. For example, employees should not accept from any vendor, supplier, etc., meals or entertainment that would create the appearance of an obligation to the host.

**Disclosure**

Associates must disclose to their supervisor any actions of their own or their immediate family that may create a conflict of interest with SEPHORA.

If it is found that a potential or actual conflict of interest exists, the disclosure will be referred to SEPHORA's General Counsel for interpretation and resolution. Resolution may include SEPHORA waiver of the conflict of interest or potential conflict, as may be determined on a case-by-case basis.



## ATTENDANCE POLICY

Within Logistics, Associate attendance is critical to the productivity and efficiency of the operation. When time away from work is needed, Associates are encouraged to schedule that time off in advance whenever possible. We also recognize, however, that unplanned circumstances may periodically prevent an Associate from coming to work for the duration or a portion of his/her assigned shift. Therefore, Logistics Associates are allotted a certain number of points for an identified period of time for unplanned scheduling needs.

A point system has been established for Associates to manage their unplanned scheduling needs. This policy is intended to create a system of accountability while at the same time rewarding Associates that manage their time and attendance more effectively.

The following situations are examples of **excused time off** and will not be counted for purposes of this policy:

- Scheduled PTO, company recognized holidays
- Voluntary or Mandatory Time Off offered by the company (VTO)
- Any other absences protected or mandated by local, state and/or federal laws
- Absences / Missed time related to an approved leave of absence including but not limited to;
  - Family Medical Leave (FMLA)
  - Medical Leave
  - Military Leave
  - Time off due to an approved Bereavement Leave
  - Jury Duty
  - Time off due to a work related injury

### Notification of Absence, Late Arrival or Early Departures

In the event an Associate is not able to work his/her full scheduled shift (i.e. late, early departure, or absence), it is required that the Associate notify the supervisor and/or the call out line as soon as possible prior to start time for absences and lateness. With early departure an Associate must inform the supervisor as soon possible prior to leaving.

### Unscheduled Time and Attendance

Each full-time Associate is allowed 23 points within a rolling 12 month period to be used for unforeseen absences (i.e. absences such as personal illness, inclement weather, traffic delays, childcare issues, auto breakdown, etc.) before being subject to termination. All unscheduled absences, late arrivals, and early departures will equate to a point value (either full or half day depending on hours missed) with the exception of excused time off (see above).

Available PTO does not excuse an Associate from a point and will be used to cover all unscheduled time off.

Points are tracked by rolling 12 month calendar. Verbal, Written and Final Warnings for attendance will stay active for the duration of the rolling 12 month period.

- **2 points:** Unscheduled absence that exceeds 50% of the scheduled shift
- **1 point:** Unscheduled absence that is less than 50% of the scheduled shift (late or early departure)

### No Call, No Show

Failure to report to work without notification to the established contact within 2 hours after the start of the shift is defined as a **“No Call, No Show”, and will result in 12 points per infraction**

- **12 points:** No Call - No Show

### Consecutive Absences

For absences of three or more consecutive full days that qualify as an unscheduled absence, each day will be counted as 2 points unless a doctor's note excusing the Associate from work is provided. If a doctor's note is provided, the absence will be combined and counted as 2 points for the entire absence.

The note must be received by HR no later than end of shift on the day Associate returned to work. In certain circumstances, Associates may be eligible for Short Term Disability and may contact their HR representative for more information.

### **Pre-approved Paid Time-Off (PTO)**

For planned PTO, the request and approval must take place no later than 24 hours before the start of the next scheduled shift and the Associate must have enough PTO available to fully cover the time off on the date the PTO is taken. PTO may be requested in hourly increments.

If an Associate does not have enough PTO hours to fully cover the pre- approved day off, the day will be counted as follows:

- **2 points:** pre-approved absence with more than 50% of scheduled shift not covered by PTO
- **1 point:** pre-approved absence with less than 50% of scheduled shift not covered by PTO

### **Extra Work Days**

When extra work days are scheduled, the extra days are considered part of the Associate's scheduled work week and the attendance guidelines apply. For example, if Associates are scheduled for a day that is normally an OFF day and the Associate calls out for that shift, this policy will be applied consistent with a regular work day. If an Associate has PTO scheduled on either side (or bracketed by both sides) of their regular scheduled time off and an extra work day is scheduled within that time period, that extra day is not considered a part of their schedule. Volunteer schedules will be planned and set by the immediate supervisor.

### **Examples of Point Usage (8 hour shift starts at 7am)**

- Associate calls before start of shift to report full day absent = **(2 points)**
- Associate calls before start of shift to report late arrival and shows up at 9:45am = **(1 point)**
- Associate calls before start of shift to report late arrival and shows up at 11:30am = **(2 points)**
- At start of shift, Associate informs supervisor they need to leave at 1:30pm for an appointment = **(1 point)**
- At 1<sup>st</sup> break, Associate informs supervisor of a personal emergency and must leave at 9am = **(2 points)**
- Associate was pre-approved for PTO day but has only 6 hours available on day of absence = **(1 point)**
- Associate was pre-approved for PTO day but has only 3 hours available on day of absence = **(2 points)**
- Associate is absent due to illness for 4 days and returns with a doctor's note = **(2 points)**
- Associate is absent due to illness for 3 days and returns without a doctor's note = **(6 points)**

**Please note:** Associates are responsible for monitoring the status of their points which can be validated in the timekeeping system and by Human Resources. Please allow up to a week for the attendance record to be updated in the system.

### **Corrective Action Process**

Corrective action will be issued within a rolling 12 month period according to the following point levels:

12 Points = **Verbal Warning**

20 Points = **Final Warning**

16 Points = **Written Warning**

24 Points = **Subject to Termination**

The corrective action process will be administered by your supervisor/manager. Associates are subject to termination at 24 points regardless of whether prior corrective action has been administered.

New hires are subject to termination when 8 points are used within the first 90 days of employment.

**Job Abandonment**

Associates who are absent 2 consecutive days without proper notification will be considered to have voluntarily resigned by job abandonment.

**Peak Season**

During this time, the company may be unable to approve full day requests for time off. In which case, all full day absences, either unscheduled or pre-planned will count as 2 points from November 1<sup>st</sup> through December 31<sup>st</sup> unless otherwise noted. Additionally, partial requests that are pre-approved and fully covered by PTO will result in 0 points. Unscheduled partial absences will be counted as stated in this policy.

## DRESS GUIDELINES

SEPHORA Logistics maintains a neat and casual dress code. The lists below serve as guidelines and are not “**all inclusive**.” It is every Associate’s responsibility to dress properly, and the supervisor’s responsibility to educate and enforce appropriate casual warehouse attire. This policy exists to address appropriate attire as well as ensuring a safe work environment. Loose fitting clothing and accessories pose a safety risk in the warehouse and is considered unacceptable attire.

- Pants must be free of all leg pockets and securely worn at the waistline at all times.
- Pocketed pants underneath a second pair of pants are not permitted.
- Shoes must cover the entire foot and be securely tied at all times.
- All pocket contents, including, but not limited to purses, bags, backpacks, briefcases, fanny packs, etc. are subject to inspection at any time by a member of the onsite Security, a Supervisor, Manager, and/or Human Resources

### Acceptable Attire

Examples of acceptable attire include, but may not be limited to:

#### Bottoms:

- Jeans, khakis, corduroys and other casual slacks
- Sweatpants
- Appropriate length skirts, dresses
- Appropriate length shorts
- Capri or cropped pants
- Workout pants

#### Tops:

- Short- or long-sleeve t-shirts, dress shirts or polos
- Sweatshirts, Sweaters and Fleece without hoods or pockets
- Knit or baseball caps

### Unacceptable Attire

Examples of unacceptable attire include, but may not be limited to:

#### Bottoms:

- Skirts, dresses, or shorts that are overly revealing or distracting
- Coats, jackets, or windbreakers with hoods or pockets
- Extra-long or oversized pants, shorts (that may get caught by passing equipment or conveyors)
- Halter, spaghetti, or tube tops (unless covered appropriately by shirt, blouse, etc.)

#### Tops:

- Stocking Caps
- Extra-long or oversized t-shirts (that may get caught by passing equipment or conveyors)

#### Miscellaneous:

- Do-rags or bandanas

- Flip flops, open-toed shoes, clogs or high heels
- Any clothing with holes, inappropriate words and/or images, exposed back or torso, excessively tight, sheer, or revealing are not permitted
- If an Associate is wearing clothing that is outside of the dress code, the Associate will be asked to return home, change the article(s) of clothing, and return. Attendance points may be given for the time the Associate is away from work. Please see the Attendance Policy in this handbook.

Careful personal hygiene practices should be observed. Employees are encouraged to use good judgement in regards to their personal appearance while at work.

We understand that much of the above is subjective and open to some interpretation. However, we expect SEPHORA Associates to use good judgement when choosing what to wear at work to promote a safe and harassment-free environment. Please see the Human Resources Manager or the Facility Director for interpretation and intent of the policy.

# SOCIAL MEDIA POLICY

## Purpose

SEPHORA recognizes that social media is an important and popular method of self-expression and communication. At the same time, if you use social media, you are expected to use common sense and exercise good judgment at all times. This policy is designed to provide you with guidance regarding what is required when using social media for personal or business reasons.

For purposes of this policy, “social media” includes personal websites and all forms of on-line community activities, such as on-line social networks, message boards, conversation pages, and chat rooms. For instance, social media applies to activities on any of the following:

- Multi-media and social networking websites including, but not limited to, Facebook, Twitter, Pinterest, LinkedIn, MySpace, and YouTube
- Blogs, message boards, online forums
- Wikis such as Wikipedia and any other site where text can be posted

## Scope

These guidelines apply to all SEPHORA employees, contractors, agents and other SEPHORA Associates (collectively, “employees”) who participate in any form of social media. These guidelines also cover employees’ responsibilities and obligations while participating, outside their job function, in online social media activities in ways which post information about SEPHORA, the products at SEPHORA, the work they do at SEPHORA, SEPHORA’s business, fellow SEPHORA employees or former employees and anything else related to SEPHORA or the brands sold at SEPHORA.

## Guidelines

### Employees Are Responsible For All Social Media Postings.

Employees bear full responsibility for the opinions, statements or any other content they decide to post online. For example, an employee can be held personally liable for posting defamatory or obscene content, for posting copyrighted materials, or for improperly disclosing confidential, financial or proprietary information.

### Standards of Conduct & Employee Handbook

SEPHORA employees are obligated to be aware of and comply with any applicable provisions set forth in the SEPHORA Standards of Conduct, contained in this handbook. Social media may not violate any other applicable policy of SEPHORA, including those set forth in the Employee Handbook and Standards of Conduct. For instance, employees should not post content that violates SEPHORA’s policies against discrimination, retaliation and harassment. Employees also should not post non-public information about another’s employment, medical, financial or sexual history. All of SEPHORA’s other policies that might apply to use of social media remain in full force and effect.

*Please see the Standards of Conduct for more information.*

### Speak Only For Yourself

Any mention of SEPHORA or its products on any social media outlet, and any post related to SEPHORA’s business or industry, must be accompanied by a full disclosure of your relationship to SEPHORA, e.g.: “Hi, my name is \_\_\_\_ and I work for SEPHORA.” This disclosure must be made regardless of whether you are posting about SEPHORA as an official spokesperson or in your personal capacity. This disclosure is equally important for any agency, vendor, or third party who may be representing SEPHORA online, who should disclose that they “work with SEPHORA.”

Additionally, anytime you post about SEPHORA, or SEPHORA’s business or industry, even in a non-official capacity, readers may perceive the employee to be speaking on behalf of SEPHORA. Therefore, if you are not posting with permission as an official SEPHORA spokesperson, you should also add a disclaimer to the effect: “The views expressed are my own and do not necessarily represent the views of SEPHORA.”

### **Respect SEPHORA and Third Party Intellectual Property Rights**

Social media should not include SEPHORA logos, slogan, trademarks, or other intellectual property (nor the intellectual property of the brands sold by SEPHORA), without express written permission from SEPHORA. For instance, if you are engaging in social media, you may not use SEPHORA's name or logo in your identity (e.g. username, "handle" or screen name), nor may you speak as a representative of SEPHORA without express written permission.

### **Do Not Disclose Confidential Information**

Employees may not provide SEPHORA's confidential or proprietary information nor may employees share any confidential or proprietary information of brands sold by SEPHORA. Such confidential and proprietary information includes, but is not limited to, any information about SEPHORA's product launches, brands, expansion, clients, suppliers, marketing strategy, financials, operations, lawsuits, layoffs, or performance results, that has not already been made public.

### **Social Media Postings Should Always Be Truthful and Accurate**

When discussing SEPHORA online, employees should not make untrue or unsubstantiated claims about products, pricing, manufacturing, sales or any other attribute of products sold by SEPHORA. SEPHORA could be responsible for these comments in the same way it is responsible for all SEPHORA statements. This point is particularly important for official spokespeople, who must ensure that their posts are accurate and not misleading. Before making a specific claim or comment about SEPHORA products in social media, always verify information with SEPHORA management or SEPHORA-published materials.

### **General Guidelines**

Once you post it, you can't take it back. Online, an employee's personal and business personas are likely to intersect. Though SEPHORA respects the free speech rights of all employees, each employee should be keenly aware that other employees of SEPHORA and SEPHORA clients and accounts may have access to online content of employees. Keep in mind that information originally intended for family and friends can be forwarded to or viewed by other unintended audiences and that once posted, information may remain online and speak on behalf of such employees and, by association, SEPHORA long after such materials are published. Employees should avoid identifying and discussing others, including co-workers, suppliers, or friends, without express permission. Employees should be mindful that any derogatory, embarrassing or tawdry materials (e.g., party photos from a friend's mobile phone) may be viewed by an unintended audience.

SEPHORA believes that care and respect for employees and each other will always be at the heart of our operations and that we are passionately committed to teamwork. Employees are responsible for acting in a manner that is consistent with our SEPHORA practices. To that end, employees are expected to be courteous, respectful, and thoughtful about how other employees may be affected by postings. Incomplete, inaccurate, inappropriate, threatening, harassing or poorly worded postings may be harmful to other employees, damage employee relationships, and undermine SEPHORA's Values or violate SEPHORA policies, which may result in disciplinary action up to and including termination. Employees bear full responsibility for the material they post on personal blogs or other Social media.

### **Reservation of Rights**

SEPHORA reserves the right to suspend, modify, or withdraw this Social Media Policy, and you are responsible for regularly reviewing the terms of this Social Media Policy.

## CELL PHONE USE POLICY

SEPHORA prohibits the use of cell phones on the production floor. Cell phones may be kept in your car or locker and used at break or lunch times. Hourly Associates who carry cell phones in the warehouse area are subject to disciplinary action, unless it is within the scope of their job duties.

### **Exception to the Policy**

If you need to carry a cell phone in order to be contacted for an emergency (e.g. a relative's impending medical situation), you may request a cell phone pass from Human Resources. The cell phone pass will be issued for a specific period of time and must be displayed while carrying a cell phone in the distribution center.



# BEAUTY INSIDER (BI) ASSOCIATE DISCOUNT

## Eligibility

All SEPHORA Associates, SiJCP store Associates and LVMH Affiliate Associates will be eligible to enroll in Beauty Insider (BI) as of June 2009. Associates who join BI will be able to take advantage of some, but not all, BI privileges and rewards. Some restrictions do apply. Details are described below.

## Eligible BI Rewards for Associates

- Associates can accrue points for purchases
- Associates can participate in bonus points promotions
- Associates can receive BI emails
- Associates can fill out their beauty profile to receive personalized emails
- Associates will be eligible for the following BI offers:
- Deluxe sample redemption
- 500 Point Reward redemption
- Birthday gift redemption
- Associates can purchase all BI exclusive products
- Associates who cross the VIB threshold (currently \$350 per calendar year) will be flagged as VIB and will receive VIB marketing emails. However, they will not be eligible for any VIB program benefits or promotions.

## Restricted BI Rewards for Associates

Associates are not eligible for the following BI rewards:

- All promotions with % off or \$ off discounts including gift cards and vouchers
- Any free gift other than the birthday gift in store or online
- VIB program benefits and promotions

## Program Rules and Restrictions

In stores, Associates must tell Team Leadership/DIC that they are BI members (or present BI card) at the beginning of a purchase transaction.

- Associates cannot redeem any restricted BI rewards.
- Associates cannot transfer their restricted BI reward offers to anyone else.
- Any instances of transactions containing the SEPHORA Associates discount and a restricted BI promotion will be considered a violation of Company procedures.
- The Fraud Department will be monitoring reports of BI activity on Associates accounts.

Associates can register for BI in stores or online. In order to take advantage of the Associates discount and BI rewards, Associates should register for BI with the same email used to enroll in the Associates discount program. FSC Associates can sign up for BI online or in stores. Store Associates should register for BI via the POS registration screen.

If any SEPHORA Associates were part of BI prior to joining SEPHORA, they will be able to continue using their BI accounts within the parameters of the Beauty Insider for Associates Rules and Restrictions.

SiJCP staff can enroll in Beauty Insider online or through a POS registration screen in non-SiJCP stores.

## **Shopping**

**Associate shoppers in store:** All Associate shoppers must inform the DIC they are a BI member, or present their BI card, at the beginning of a purchase transaction.

**Associate shoppers online:** Associates shoppers should sign in online with the email address used to sign up for BI. Associates shoppers should continue entering the Associates Discount Code at checkout in order to receive their Associates discount. Associates are expected to comply with the rules and restrictions described in this document when shopping online.

## **Management Expectations**

Management is expected to oversee the implementation of this program and ensure all DIC's and Cashiers are adequately trained on in-store shopping procedures. The DICs are expected to enforce the rules and restrictions outlined in this document and ensure all cashiers understand the outlined rules and restrictions. Abuse of the rules and restrictions of this program should be reported to the Fraud Department at [fraud.department@sephora.com](mailto:fraud.department@sephora.com). Abuse of this program at any level will be considered a violation of Company procedures and could result in disciplinary action up to and including termination.

# INTERNET & EMAIL POLICY

## Purpose

SEPHORA provides access to electronic communication in the form of e-mail as an important means of communication between employees as well as communication with outside parties. The facilities to provide that access represent a considerable commitment of Company resources. This E-Mail Policy sets forth the Company's expectations for the use of e-mail.

## Scope

For purposes of this policy, the Company includes SEPHORA USA, LLC and SEPHORA.com, Inc. This policy replaces all prior Company policies covering this subject matter. This policy applies to all Company employees and independent contractors who perform work on Company premises or use Company computers. Communications sent via Lotus Notes Desktop, Microsoft Outlook, any system accessed on or from Company premises or using Company computer equipment, and any mobile e-mail system established by the Company or through an outside on-line service provided by the Company are collectively referred to in this policy as "e-mail."

Email users who do not follow SEPHORA guidelines are subject to corrective action.

## Guidelines

### E-Mail Usage Philosophy

The Company expects you to use e-mail primarily for business-related purposes, i.e., to communicate with fellow employees, to communicate with customers, vendors and other outside parties and to obtain useful business information.

The Company holds itself and its employees to the highest legal and ethical standards in connection with e-mail usage. Therefore, we insist that you conduct yourself honestly and appropriately when utilizing e-mail, and respect the copyrights, software licensing rules, property rights, privacy, and prerogatives of others, just as you would in any other business dealings.

All existing Company policies apply to your use of e-mail, especially (but not exclusively) those that deal with misuse of Company resources, sexual harassment, information and data security, and confidentiality.

Security and integrity of the Company e-mail system is of the utmost importance to the protection of the Company's trade secrets and confidential information. Therefore, access to the system is strictly limited to Company employees. Outside consultants, legal counsel or vendors may be allowed access in certain limited circumstances, subject to the approval of the appropriate department head.

## Employee Responsibilities

E-mail users are required to adhere to the following:

- The Company's e-mail system and computing resources must not be used knowingly to violate any laws.
- The Company's e-mail system may not be used for knowingly transmitting, retrieving or storing any communications that are discriminatory or harassing in nature, derogatory to any individual or group, obscene, defamatory or threatening in nature, or for any purpose that is illegal or against Company policy or contrary to the Company's interest. Examples of the foregoing include off-color jokes, epithets, unwanted romantic advances, chain letters, betting, sexual innuendo and gossip.
- No employee may use the Company's e-mail system to send messages that may be considered sexual harassment. If an e-mail message is unwelcome and has the purpose or effect of unreasonably interfering with an employee's work performance, or if it creates an intimidating, hostile, or offensive work environment, it may constitute "sexual harassment."
- SEPHORA's e-mail system may not be used for solicitations, whether for religious or political purposes, personal causes, or other non-work related matters. This rule also applies to use of any of the Company's e-mail "bulletin boards."

- All software and/or files downloaded or obtained via e-mail into the Company network become the property of the Company. Any such files or software may be used only in ways that are consistent with the applicable license agreement.
- No employee may use e-mail to knowingly download or distribute pirated software or data.
- No e-mail message may be sent which attempts to hide the identity of the sender, or represent the sender as someone else or from another company.
- Employees are reminded that chats and newsgroups are public forums where it is inappropriate to reveal confidential company information, customer data, trade secrets and any other material covered by the Company's Confidentiality Policy.
- The Company's e-mail system is primarily for Company business use. Limited or incidental personal use of e-mail (sending or receiving) is acceptable, subject to all of the terms of this policy. Personal use of e-mail should be brief in duration and should not interfere with your job responsibilities.
- User passwords are required to gain access to the Company's e-mail system. Users should change their e-mail passwords regularly. You should not share your e-mail password with anyone, including other Company employees. The unauthorized use of another employee's password to gain access to that employee's messages or to send messages under that employee's name is prohibited.
- For security reasons, while any Company computer in the office is connected to the local area network ("LAN"), no dial-up facility, such as AOL or Charles Schwab, should be accessed other than through the LAN itself. The Help Desk is available for guidance in this regard. Alternatively, the LAN connection may be disconnected by unplugging it from the computer before accessing a dial-up facility. Accessing such a facility on a Company computer when you are at home or travelling does not present this problem.

### **Monitoring E-mail Use**

No employee should have an expectation of privacy as to his or her e-mail usage. The Company has systems in place that can monitor and record all e-mail messages.

The Company reserves the right to inspect the e-mail system and review all messages at any time without notice in order to ensure that e-mail services are being used in compliance with this Policy.

All e-mail messages are Company records and belong to the Company. The content of all e-mail messages may be disclosed without your permission.

### **Record Retention**

The Company's Record Retention Policy distinguishes among types of documents and establishes retention periods. It also mandates consistent, systematic destruction of records beyond these retention periods. E-mail communications are considered to be "documents" under the Record Retention Policy and therefore are subject to retention or destruction as set forth in that Policy.

E-mail on the Company network will be retained for a specific number of days determined by location. Messages remaining on the network for more than the pre-determined number of days will in most cases be automatically erased, unless archived prior to the erasure date.

Each employee is responsible for managing his or her own documents and back-ups within the framework of the Company Record Retention Policy and any department or regional management plan. This means you are responsible for copying any e-mail messages which you wish to preserve to your own or your department's archives.

## PERSONAL ITEMS GUIDELINES

The goal of the Personal Items Guidelines is to minimize opportunities for concealment of product. These guidelines also expedite loss prevention inspections and insure that only job essential items are carried onto the operations floor.

- All lunch containers, clear purses / bags and or any other containers or clothing are subject to inspection at any time without prior notice while the container or clothing is on SEPHORA property. Vehicles parked on SEPHORA property and lockers are also subject to the same inspection criteria.
- For security of personal items SEPHORA makes available a personal locker with company issued lock to all Associates requesting one. Lockers must be properly assigned and unauthorized locks will be removed. Sharing a locker is permissible but all names associated with that locker assignment must be registered on the official locker list.
- While in the operations area Associates should not carry food, beverage or other personal items in their pockets.
- It is also recommended that Associates not carry into the operations area any make-up type cosmetics as personal items in their clear purses / bags.
- All food, beverage and lunch containers, clear purses / bags taken in to the operations area through the main Associate gate are subject to a thorough loss prevention inspection as the container(s) exit the operations area at the same main Associate gate. All food, beverage and lunch containers, etc. must be empty of personal items and be prepared for loss prevention inspections by being free of trash and having all compartments and food / beverage containers open *before* reaching the main Associate gate for the loss prevention inspection.
- Clear purses / bags are limited to the size standard of an ordinary 1 gallon clear plastic (freezer type) storage bag. Personal preference of a clear purse / bag other than the 1 gallon clear plastic storage bag is permitted however the dimensions must on all sides be equal to or less than those of the standard 1 gallon clear plastic storage bag. Personal preference clear purses / bags must be completely clear without any opaque panels or designs that would obstruct clear view of the purse or bag's contents.
- The number of items permitted in a clear purse / bag are limited to 12 and these items should be work related, i.e., box cutters, pens or markers, calculators, log-in cards and note pads, etc. Lip balms, OTC meds, tissues, personal preference sanitary products and reading materials, etc. are permitted in clear purses / bags as long as these items do not exceed the 12 item limit or obstruct the view for loss and prevention inspection purpose
- Please do not store valuable personal items, i.e., wallets, coin purses, money, credit cards, jewelry, radios, cell phones, -iPods or prescriptions in clear plastic purses / bags, lunch containers, on picking carts or at work stations. Valuable items should either be left at home, secured in your vehicle or secured in company lockers. SEPHORA is not responsible for lost or stolen valuable items.
- In keeping with the "No food and water only" policy for the operations area there is a reasonable allowance for some candy or gum to be carried in the operations area. For the purposes of this Personal Items policy "candy" is strictly limited to small pieces (no more than 10 and these will be counted as 1 item) of individually-wrapped, hard candy only (hard candy type cough drops or throat lozenges are acceptable). Soft candies such as chocolates, candy bars, gummies, licorice and taffy, etc. are not permitted. Boxed or bagged candies such as Skittles and M&Ms, cookies, fruit roll-ups or bites, cereal bars, cakes, pretzels and chips, etc. are not permitted in the operations area.

## **PHOTO RELEASE AND EMPLOYEE BADGES**

### **Photo Release**

From time to time, SEPHORA may use pictures of Associates and/or their family, from company-sponsored events and on-site work activities. These pictures will not be released to any external parties, but are to be used for the sole purpose of highlighting work-related events and activities on internal company bulletin boards and via other internal company publications.

### **Badges**

Each Associate will be issued a badge identifying them as a SEPHORA Associate and is responsible for presenting and maintaining his or her own SEPHORA ID badge. As part of SEPHORA property, this badge must be surrendered to Management at request or in the event of termination or at-will departure.

Badges that are lost or damaged must be replaced for \$5.00 and can be paid in cash and Security, your Supervisor, and Human Resources should be notified as soon as possible. Associate are responsible for carrying and using the ID badge to clock in and out. Using another Associate's card to clock in or out for them may result in immediate termination.

## HANDBOOK ACKNOWLEDGEMENT

By signing this acknowledgment, I agree I have read and understand all personnel policies, work rules, and benefits presented in this handbook, except for the policy of at-will employment, are subject to modification at any time, with or without prior notice to Associates, to meet SEPHORA's needs. I understand SEPHORA is able to change or modify these policies at any time. This Handbook replaces all earlier SEPHORA Associate handbooks or manuals, and supersedes any and all memoranda or oral descriptions regarding previous policies and any aspect of my employment.

I agree that I am responsible for understanding the contents within.

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Associate Name

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Employee ID

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Department

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Associate Signature

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Date

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