

THE ESTÉE LAUDER COMPANIES INC.

BEAUTY  
*INSPIRED,*  
VALUES  
*DRIVEN*

OUR FISCAL 2022 SOCIAL IMPACT  
AND SUSTAINABILITY REPORT

# TABLE OF CONTENTS

02	ABOUT THIS REPORT
04	ABOUT THE ESTÉE LAUDER COMPANIES INC.
06	LEADERSHIP LETTERS
10	PROGRESS ON OUR GOALS AND COMMITMENTS
14	OUR COMMITMENT TO SOCIAL IMPACT & SUSTAINABILITY

## *SOCIAL IMPACT*

22	EMPLOYEE EXPERIENCE
38	INCLUSION, DIVERSITY & EQUITY
52	SOCIAL INVESTMENTS

## *SUSTAINABILITY*

66	CLIMATE AND ENVIRONMENT
84	SOURCING
94	PRODUCT FORMULATION
104	PACKAGING
114	METRICS
125	GRI / SASB / TCFD INDEXES
136	INDEPENDENT ASSURANCE STATEMENTS



# ABOUT THIS REPORT

This report provides information about the social impact and sustainability activities and performance for The Estée Lauder Companies Inc. (referred to herein as the “Company,” “ELC,” or “we”). The content covers our priority focus areas. Unless otherwise noted, this report covers activities during our fiscal 2022 (i.e., July 1, 2021, through June 30, 2022) and includes data for most facilities we own (or lease) and operate. This report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core option. This report is also aligned to the recommendations outlined by the Task Force for Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The GRI, SASB, and TCFD indices for this report can be found on pages 125-135.

Certain environmental and social metrics have been subjected to independent limited assurance. Please see PricewaterhouseCoopers LLP’s Report on page 136.

Read more about our social impact and sustainability initiatives at: <https://www.elcompanies.com/en/our-commitments>. [↗](#)

Please see our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 for other information including our business performance. [↗](#)

#### CAUTIONARY NOTE

This report contains information about our social impact and sustainability goals, targets, initiatives, commitments, and activities. These efforts involve certain risks and uncertainties, such as changes in our business (e.g., acquisitions, divestitures, or new manufacturing or distribution locations), the standards by which achievement is measured, the assumptions underlying a particular goal, and our ability to accurately report particular information. Actual results could differ materially from our stated goals or the results we expect. Changing circumstances, including evolving expectations for social impact and sustainability generally or to specific focus areas, changes in standards or the way progress or achievement is measured, may lead to adjustments in, or the discontinuation of, our pursuit of certain goals, commitments, or initiatives. Moreover, the standards by which social impact and sustainability efforts and related matters are measured are developing and evolving, and certain areas are based on assumptions. The standards and assumptions could change over time. The selection by management of alternative acceptable measurements could have resulted in materially different amounts or metrics reported herein. In addition, statements made about our Company, business, or efforts may not apply to all business units (e.g., ones that were more recently acquired).

This report may use certain terms that SASB, GRI, or others refer to as “material” in connection with certain social impact and sustainability matters. Used in this context, however, these terms are distinct from, and should not be confused with, the terms “material” and “materiality” as defined by, or construed in accordance with, securities or other laws and regulations. Therefore, matters considered to be material for purposes of this report may not be considered material in the context of our financial statements, reports with the U.S. Securities and Exchange Commission (“SEC”), or our other public statements, and the inclusion of information in this report is not an indication that such information is necessarily material to the Company in those contexts.

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our social impact and sustainability goals, targets, initiatives, commitments, and activities, as well as our future operations and long-term strategy. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, we cannot assure that actual results or outcomes will not differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and involve a number of known and unknown risks, uncertainties, and other important factors such as those described above and in our recent SEC filings including in “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022, and in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We assume no responsibility to update the information contained in this report or to continue to report any information.



# ABOUT

## THE ESTÉE LAUDER COMPANIES INC.

WE ARE THE GLOBAL LEADER IN PRESTIGE BEAUTY—DELIGHTING CONSUMERS WITH HIGH-QUALITY PRODUCTS AND EXPERIENCES.

We manufacture, market, and sell quality makeup, skin care, fragrance, and hair care products, with a well-diversified portfolio of distinctive brands whose products are sold in approximately 150 countries and territories. Infused throughout our organization is a passion for creativity and innovation—a desire to push the boundaries and invent the unexpected as we continue the bold work of our founder, Mrs. Estée Lauder.



## SELECT FISCAL 2022 RECOGNITIONS AND AWARDS

*Forbes*

2021 World's Top Female Friendly Companies



*Human Rights Campaign*

2022 Best Place to Work for LGBTQ+ Equality



*Bloomberg*

2022 Gender-Equality Index

*Forbes*

2022 America's Best Employers for Diversity

*Seramount*

2022 Top Companies for Executive Women

*Glassdoor*

Best Places to Work 2022

*CDP*

2021 Climate A List



*Dow Jones Sustainability Index (DJSI)*

North America

*3BL Media*

2022 100 Best Corporate Citizens

*Newsweek*

2022 America's Most Responsible Companies

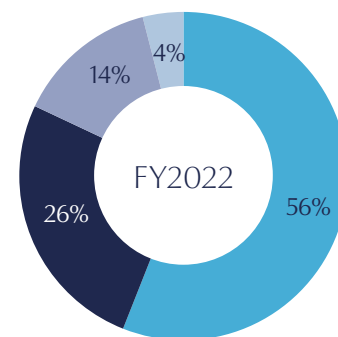
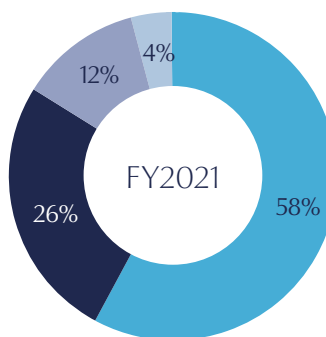
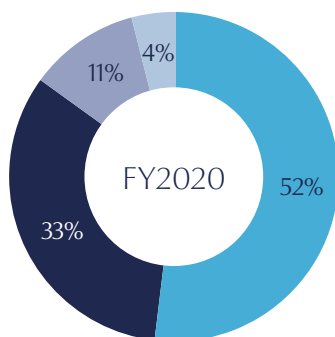


## FISCAL 2022 NET SALES

\$17.74B

## NET SALES BY PRODUCT CATEGORY (Percentage of Net Sales)

- SKIN CARE
- MAKEUP
- FRAGRANCE
- HAIR CARE
- OTHER



## NET SALES BY GEOGRAPHIC REGION\* (Percentage of Net Sales)

26%  
THE AMERICAS

43%  
EUROPE, THE MIDDLE EAST & AFRICA

31%  
ASIA-PACIFIC

\*The net sales from the Company's travel retail business are included in the Europe, the Middle East & Africa region, with the exception of net sales of Dr.Jart+ in the travel retail channel that are reflected in Korea in the Asia/Pacific region. Operating income attributable to the travel retail sales included in Europe, the Middle East & Africa is included in that region and in The Americas.





## *LETTER FROM WILLIAM P. LAUDER & FABRIZIO FREDA*

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Dear Stakeholders,

In fiscal 2022, we continued to be confronted by a world facing rapidly accelerating challenges—challenges that require collective action from the global community. The compounding nature of urgent issues like climate change, the COVID-19 pandemic, and geopolitical conflicts are only exacerbating existing disparities across race, class, age, and gender. We recognize our role as a global company operating amid this changing landscape and know that now, more than ever before, we have a responsibility to help drive the progress needed to meet the moment.

At The Estée Lauder Companies, we see social impact and sustainability as key to not only managing our business for the long term, but also helping to improve the resilience of our broader global communities. We continue to put social impact and sustainability at the forefront because we want to continue to deliver long-term value well into the future. We also know that addressing complex environmental and social issues requires constant innovation and a transformational mindset—the kind that is ingrained in the founding values of our organization and which has guided our Company over the past 75 years. In order to be part of finding solutions to global challenges, we cannot move forward with business as usual. Instead, we must transform to keep up with the world as it transforms too.

### *Integrating social impact and sustainability into our business*

We're pursuing thoughtful strategies to meet our social impact and sustainability goals and commitments, which complement our efforts to make our Company more equitable and resilient for the future. As we continue to embed social impact and sustainability throughout our operations, we're focusing on areas that are most important to our business and our stakeholders. These include climate, packaging, sourcing, green chemistry and ingredient transparency, women's advancement, racial equity, and social impact.

Strong oversight of our work is critical to our success, which is why we've put in place a robust social impact and sustainability strategy overseen by the Nominating & ESG Committee of our Board of Directors. Additionally, our newly established ESG Management Committee focuses on internal oversight of social impact and sustainability initiatives, helping drive greater horizontal integration and accelerate progress toward our objectives.

### *Embracing our culture to deliver on our commitments*

Our employees around the world are the heart of our organization. We are dedicated to cultivating leaders within our organization who can help our business and our industry tackle challenges of increasing complexity. When it comes to building a workforce for tomorrow, we will continue to evolve and expand as the Company progresses and invest in our talent to lead from every chair and help us move the Company forward. That's why programs such as Open Doors and our CEO Reverse Mentor Program are critical to our efforts. Investments in our people are investments in our future.

We are committed to listening and learning from our employees and applying their insights to co-create a culture that is inclusive and respectful. We also remain humbled by the way our employees take care of one another. Nowhere is this more evident than through the ELC Cares Employees Relief Fund, which was created in response to employees' increasing desire to support one another in times of need, and which celebrated its two-year anniversary in fiscal 2022. Since its inception, more than \$10 million has been distributed to current and former ELC employees globally, with donations coming from the Company, the Lauder family, employee donations, and related Company matches.

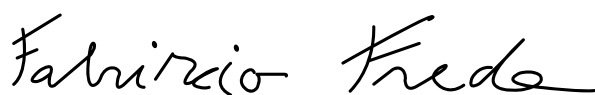
### *The road ahead*

While we are proud to showcase the strides we've made over the last fiscal year, we are also continuing to raise our ambitions. As we continue to transform our business, we are integrating our learnings to identify gaps and needs and to deliver structural and programmatic solutions to help improve ourselves and, where possible, the world around us.

Social impact and sustainability isn't a destination for us—it's a journey. One where we hope to bring our employees, partners, and peers along with us so that together we can contribute to the health of our planet and promote greater equity, inclusion, and opportunity for people around the world.



*WILLIAM P. LAUDER*  
Executive Chairman  
The Estée Lauder Companies Inc.



*FABRIZIO FREDA*  
President and Chief Executive Officer  
The Estée Lauder Companies Inc.





Dear Stakeholders,

On behalf of The Estée Lauder Companies, I'm proud share our fiscal 2022 report, which highlights the advancements we've made over the past fiscal year towards the Company's social impact and sustainability strategy, programs, and goals.

Integrating social impact and sustainability throughout our business is a strategic imperative. Our goals and targets not only offer us the ability to track progress and hold ourselves accountable, but also affirm our commitment to our stakeholders and reflect a deep awareness of our responsibility to contribute positively for them.

To meet our ambition to lead in climate, green chemistry and ingredient transparency, women's advancement, racial equity, and social impact, our goals and commitments alone aren't enough. They need to be coupled with action and a strategy on how to get there—one that takes a holistic approach to solving issues of ever-increasing complexity. While this report details our progress thus far, we'll also keep pushing to raise the bar on how a global beauty company can be part of the solution and help meet the moment of what our consumers, our planet, and the future of our business demand.

## ADVANCING ON OUR COMMITMENTS

### *Setting high environmental ambitions*

For the past three years, we have achieved carbon neutrality across our Scope 1 and Scope 2 emissions and sourced 100% renewable electricity globally for our direct operations. In fiscal 2022, our ongoing efforts were recognized in the CDP's climate A List for the second consecutive year. These achievements can be attributed to our deep commitment to climate action and transparency around our environmental impact.

In fiscal 2022, we announced a new goal to transition 100% of our global corporate vehicle fleet to electric by the end of calendar year 2030. Setting this goal allowed us to become the first company in prestige beauty to join the Climate Group's EV100 initiative, which brings together companies who are committed to accelerating the transition to electric vehicles. We also furthered our efforts to reduce the environmental impacts of our supply chain, becoming the first beauty company to join Supplier Leadership on Climate Transition, a brand consortium created to accelerate action throughout the supply chain towards Net Zero GHG emissions. We recognize a significant portion of our environmental impacts occurs beyond our own operations, and we are pursuing strategies to understand and help reduce these impacts.

### *Innovating for a reimagined world*

Innovation in product development and formulation is a powerful catalyst for growth across our brand portfolio and as an accelerator of our sustainability strategy. Specifically, our Green Chemistry program allows us to quantitatively evaluate ingredients and formulas through the lenses of human health, ecosystem health, and the environment. We are proud that in fiscal 2022, our peer-reviewed manuscript, “*Applying Green Chemistry to Raw Material Selection and Product Formulation at The Estée Lauder Companies*,” was published in *Green Chemistry*, the Royal Society of Chemistry’s journal. Through this publication we transparently shared our Green Score methodology, data sources, and unique framework. In making our approach publicly available, we hope to encourage additional innovation across the consumer products industry.

Similarly, our approach to packaging design incorporates findings from materials and ecosystems, including process improvements, supplier collaborations, alternative materials, and identification of ways to better listen to and engage our consumers. Through this work, we are able to simultaneously support moving the needle on environmental progress across the beauty industry, while also advancing our Company’s progress towards achieving our packaging and plastic-reduction goals.

### *Partnering for social impact*

Driving social impact, especially as focused on women’s advancement and empowerment, continues to be a differentiator for The Estée Lauder Companies—both for our own employees and the communities where we live, work, and source. In fiscal 2022, in response to an increased demand for more developmental opportunities, we launched the Open Doors initiative, designed to develop and invest in the next generation of female leaders across our organization. We embarked on an exciting collaboration with National Youth Poet Laureate, Amanda Gorman, through the WRITING CHANGE initiative, a three-year, \$3 million commitment to advance literacy among girls and women. We were also an inaugural corporate donor to Co-Impact’s Gender Fund, with a multi-year commitment of \$15 million through The ELC Charitable Foundation. Beyond our offices, manufacturing sites, and stores, we support projects, such as the HERproject in Ghana to empower women in the shea butter supply chain through workplace-based interventions on health, financial inclusion, and gender equality.

This work joins our legacy of supporting groundbreaking social investment programs, including The Estée Lauder Companies’ Breast Cancer Campaign (The Campaign). As our largest corporate social impact program, The Campaign, together with The ELC Charitable Foundation, has funded more than \$118 million for lifesaving global research, education, and medical services. Our Company remains the largest corporate donor to BCRF, funding research grants to eradicate breast cancer in seven countries across the globe.

As we continue to push the limits of what we can achieve in the years to come, I am humbled by the opportunities yet to be realized. Together with our employees worldwide, we’ll continue to use our influence to inspire further action to help define a new chapter for the industry—one where innovation, partnership, and accountability help contribute to the health of our planet, support inclusion and equity, and put people at the heart of our work.

Thank you, as always, for your tremendous support.

Sincerely,



NANCY MAHON  
Senior Vice President, Global Corporate Citizenship and Sustainability  
The Estée Lauder Companies Inc.








# PROGRESS ON OUR GOALS AND COMMITMENTS

## SOCIAL IMPACT & SUSTAINABILITY GOALS AND PROGRESS

Our goals are an important part of our strategy to embed social impact and sustainability into business operations. Below is progress towards our goals as of June 30, 2022. Please see metrics tables (pages 114-124) for year-over-year goal progress.

 TARGET MET  ON TRACK  OFF TRACK

GOAL <sup>1</sup>	FY22 METRIC	TARGET	NOTES	STATUS	
<b>SUSTAINABILITY</b>					
<i>Climate and Energy</i>	Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2018 base year. <sup>2</sup>	54% reduction Scope 1 and 2	50% reduction (fiscal 2030 target)	In fiscal 2022, we continued to make progress towards our 2030 target through a portfolio of climate solutions. See pp. 68-78 for details.	
	Reduce Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and business travel 60% per unit revenue by 2030 from a 2018 base year. <sup>3</sup>	3% increase per unit revenue (fiscal 2021)	60% per unit revenue (fiscal 2030 target)	We set this target in fiscal 2021 and have begun to identify and implement emissions reduction programs in partnership with key stakeholders; see pp. 78-79 for details. Increase in fiscal 2021 upstream transportation and distribution emissions is likely due to significant increases in global shipping and logistics costs, as per spend-based calculation methodology.	
	By 2030, 100% of our global corporate fleet vehicles will transition to electric.	New goal	100%		New goal
	Since fiscal 2020, we have achieved carbon neutrality <sup>4</sup> across our Scope 1 and Scope 2 emissions and sourced 100% renewable electricity globally for our direct operations each year <sup>5</sup> —commitments that we met again in fiscal 2022 and intend to maintain moving forward.				
<i>Water</i>	By 2025, we are committed to reducing our water withdrawal from our direct manufacturing sites by 20%, from a fiscal 2019 baseline, focusing on our high and extremely high water-stressed sites. <sup>6</sup>	13% reduction in water withdrawal	20% reduction in water withdrawal		New goal 
	<i>Sourcing</i>	As part of our continuous efforts to address issues that may exist within complex supply chains, by 2025 we will have identified sensitive ingredient supply chains and developed robust biodiversity and social action plans for them.	In fiscal 2022, we continued to strengthen and implement biodiversity and social action plans for priority ingredients, and to embed related programs and partnerships across our operations (please see pp. 84-93 for details).		

1. "By 20XX" means by the end of calendar year 20XX, unless otherwise noted.
2. Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements. By 2030 means by the end of fiscal year 2030.
3. Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons CO<sub>2</sub> equivalents / net sales in million USD). By 2030 means by the end of fiscal year 2030. Excludes brands acquired by ELC during or after fiscal 2020 and other acquisitions made prior thereto that have not yet been integrated into the relevant ELC systems.
4. In fiscal 2023, ELC updated its language to use "carbon neutral" instead of "Net Zero" when referring to its efforts to eliminate carbon emissions from its operations. The change is in response to an update from the Science Based Targets initiative (SBTi), which issued guidance on a common definition of Net Zero. While still considered carbon neutral, ELC's practices do not meet the SBTi's revised definition of Net Zero. ELC recognizes that climate-related standards and best practices may continue to evolve over time and we may choose to adjust our definition of carbon neutrality accordingly in the future.
5. Electricity consumption for all global activities with ELC operational control. Renewable electricity consumption reflects on-site generation, off-site generation (utility contracts), Energy Attribute Certificates (EACs), and a Virtual Power Purchase Agreement (VPPA).
6. Reduction is from a fiscal 2019 baseline of 1.5 million cubic meters water withdrawal at ELC-operated manufacturing sites. Excludes brands acquired by ELC during or after fiscal 2020 and any manufacturing sites that are not fully operational within the target timeline.

GOAL <sup>1</sup>	FY22 METRIC	TARGET	NOTES	STATUS	
<b>SUSTAINABILITY (continued)</b>					
<i>Sourcing</i>	By 2025, at least 90% of our palm-based ingredients <sup>7</sup> (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.	92% (calendar year 2021)	90%	100% of our palm-based ingredients <sup>7</sup> are certified under one of RSPO's four certification types: Mass Balance, Identity Preserved, Segregated, or Book & Claim.	
	By 2025, at least 95% of our palm-based ingredients <sup>7</sup> (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.	92% (calendar year 2021)	95%	We have achieved our original goal of 90% palm-based ingredients <sup>7</sup> certified from RSPO physical supply chains (Mass Balance, Identity Preserved, or Segregated) ahead of schedule and have set a more ambitious target (95%).	New goal
<i>Packaging</i> <sup>8</sup>	By 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled, or recoverable.	63%	75-100%		
	By 2025, increase the amount of post-consumer recycled (PCR) material in our packaging to 25% or more.	17%	≥ 25%		
	Our ambition is to use responsibly sourced paper products whenever possible with a goal to have 100% of our forest-based fiber cartons FSC certified by 2025.	95%	100%		
	By 2030, reduce the amount of virgin petroleum content in our plastic packaging to 50% or less.	87%	≤ 50%		
<i>Ingredient Transparency</i>	We will develop a glossary of key ingredients that includes descriptions of the ingredients' purpose and will make this information available online by 2025.	Thirteen of our brands—Aveda, Bobbi Brown, Bumble and bumble, Clinique, Estée Lauder, Editions de Parfums Frédéric Malle, GlamGlow, La Mer, M·A·C, Origins, Smashbox, Le Labo, and Darphin—have posted glossaries of key ingredients on their websites.			
<b>SOCIAL INVESTMENTS</b>					
	Each brand will focus on and support at least one social or environmental cause by 2025.	100%	100%	We have achieved this goal ahead of schedule in fiscal 2022, with each brand <sup>9</sup> providing support to at least one social or environmental cause.	
<b>EMPLOYEE ENGAGEMENT</b>					
<i>Employee Safety</i>	We will drive safety to continue decreasing the total incident rate <sup>10</sup> to ensure continued world-class-leading levels, with a goal of 0.15 by 2025.	0.20	0.15	Our fiscal 2021 total incident rate was 0.18. We are taking several steps to identify and eliminate risk across our operations (please see Implementing a Risk-based Approach on page 35 for details).	
<i>Employee Volunteerism &amp; Giving</i>	By 2025, we will engage 50% of eligible employees in regional, brand, or local volunteerism and giving programs such as ELC Good Works, The Breast Cancer Campaign, and the M·A·C Global Volunteer program.	19% <sup>11</sup>	50%	We have transitioned our volunteerism and giving goal to a new scope that more accurately captures the increased impact of employee engagement as ELC expands the reach of our social impact and sustainability engagement program globally.	Transitioned to new goal
	By 2025, we will engage and mobilize employees to contribute a total of \$25 million, by completing actions such as donating or volunteering, to nonprofits through ELC's social impact and sustainability engagement program, since its launch in 2015.	\$17.7 million <sup>12</sup>	\$25 million	The previous goal unintentionally established a disincentive to program expansion. Specifically, as we added new markets and programs, the total universe of eligible employees grew. This negatively impacted percent engagement figures even as the absolute number of participating employees increased.	New goal
			The new goal maintains our initial ambition and intent to engage as many employees as possible. It also enables us to adapt to new ways of driving engagement and offering diverse, inclusive programs. See page 32 for details.		

7. Excludes palm-based ingredients not directly procured by ELC, such as those procured by Third-Party Manufacturers (TPMs) and certain acquired brands not yet fully integrated into the relevant ELC systems.

8. Product packaging is defined as any item to be used for the containment, protection, handling, and presentation of products and delivery to ELC's distribution centers that is included on the bill of materials. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see [Management Assertion](#).

9. For purposes of this metric the number of brands is 23, and for purposes of this goal, social causes supported by DECIEM are attributed to the DECIEM brands (The Ordinary and NIOD).

10. Total incident rate is the number of OSHA recordable incidents per 100 workers. Excludes brands acquired by ELC during or after fiscal 2020.

11. Metric reflects information self-reported to ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. During fiscal 2022, the platform was available to eligible employees in 19 markets globally. Eligible employees are those who meet certain criteria, which varies by market, and have access to the platform. Excludes brands acquired by ELC during or after fiscal 2020.






12. Metric includes total cumulative ELC employee donations and amount matched, inclusive of volunteer rewards and Missions rewards, by ELC since the launch of the ELC Good Works platform in November 2015.

# PROGRESS TOWARD ACHIEVEMENT OF OUR RACIAL EQUITY AND GENDER EQUALITY COMMITMENTS

(AS OF JUNE 30, 2022)







Read more about our *Racial Equity and Gender Equality* commitments on pages 38-51 and refer to our *Two-year Update on Our Commitment to Racial Equity*. [🔗](#)

 TARGET MET  ON TRACK

COMMITMENT	FY22 PROGRESS <sup>1</sup>	STATUS
RACIAL EQUITY		
<i>Listening and Learning</i>	<p>We are committed to fostering a stronger internal culture of advocacy and inclusion to help employees share their voices, be heard, and collectively affect change.</p> <ul style="list-style-type: none"> <li>Increased Unconscious Bias trainings in the United States to reach 94% of corporate employees, 100% of Supply Chain employees, and 61% of point-of-sale employees.</li> <li>Held employee listening sessions hosted by the Inclusion, Diversity, and Equity Center of Excellence, and the Equity and Engagement Center of Excellence.</li> </ul>	
<i>Talent and Opportunity</i>	<p>We are working to ensure we are providing more equitable access to professional development and advancement for our Black employees in the United States and to hold ourselves accountable for creating a workforce that is more representative and responsive to people of all backgrounds.</p> <ul style="list-style-type: none"> <li>Increased the hiring of Black candidates to 18.8% of U.S. new hires, an increase over 14.2% in fiscal 2021. This includes increasing Black representation at the Director-and-above level from 4.4% in fiscal 2021 to 5.0% in fiscal 2022.</li> <li>Launched the second cohort of the From Every Chair Program; 23% of the first From Every Chair Program participants received promotions within the year, with 13% experiencing career mobility.</li> <li>Surpassed our goal of doubling our hires from Historically Black Colleges and Universities (HBCUs) and doubled our spend with minority-owned recruiting firms.</li> </ul>	
<i>Representation</i>	<p>We are working to ensure that the end-to-end creative process accurately and consistently represents the Black experience, engages Black professionals, and that our products meet the needs of our Black consumers.</p> <ul style="list-style-type: none"> <li>Developed Racial Equity Scorecards and activation plans for multiple brands along with implementing monthly collaboration sessions to help support authentic execution.</li> <li>Continued to accelerate our product and commercial innovation relevancy across categories including development of a Black Skin taskforce and Skincare Charters.</li> </ul>	
<i>Suppliers</i>	<p>We commit to at least double the amount we spend with Black-owned businesses over the next three years.</p> <ul style="list-style-type: none"> <li>Spent \$43 million with Black-owned businesses in fiscal 2022—more than double the baseline fiscal 2020 spend of \$20 million.</li> </ul>	
<i>Investing in Change</i>	<p>We seek to meaningfully support external organizations and nonprofits advancing racial and social justice and addressing disparities.</p> <ul style="list-style-type: none"> <li>Distributed nearly \$12.2 million<sup>2</sup> to support nonprofits advancing racial and social justice, achieving more than double our 2020 pledge to invest \$10 million over a three-year period.</li> </ul>	

1. Information related to brands acquired during or after fiscal 2020 (Have&Be and DECIEM) is excluded from fiscal 2022 progress metrics.  
 2. Funds distributed by The Estée Lauder Companies Inc., its brands, and the Lauder family, including through The Estée Lauder Companies Charitable Foundation and the Company's matching of employee gifts from June 1, 2020, through June 30, 2022.



COMMITMENT	FY22 PROGRESS <sup>1</sup>	STATUS
<b>GENDER EQUALITY</b>		
<i>Opportunity</i>	Achieve global pay equity by 2023.	Globally, it is expected that women will earn 98.9% in fiscal 2023 of what comparably positioned men earn (as compared to 98.7% in fiscal 2022). 
	Increase spend with women-owned businesses to \$150 million (per fiscal year) by fiscal 2025.	Spent \$118 million with women-owned businesses in fiscal 2022. 
<i>Leadership</i>	Achieve gender parity for women in senior leadership positions (SVP+) globally by 2025.	45% of Global SVP positions and above are held by women. 
	Expand leadership development programs.	We launched the Open Doors Collection—ELC’s signature women’s leadership program—with five test-and-learn pilots. <ul style="list-style-type: none"> <li>• We held three Intensive training sessions, bringing together women from North America, UK &amp; Ireland, and EMEA to deliver skills and support to advance in their careers.</li> <li>• We graduated one Women’s Leadership Intensive cohort.</li> <li>• We held quarterly events with hundreds of attendees.</li> </ul> 
<i>Health and Education</i>	Sustain position as #1 global corporate donor to The Breast Cancer Research Foundation® (BCRF).	ELC remains the largest corporate donor to BCRF, funding research grants to eradicate breast cancer in seven countries across the globe. 
	Launch and expand select philanthropic partnerships in health & education.	<ul style="list-style-type: none"> <li>• As the inaugural corporate donor to Co-Impact’s Gender Fund with a multi-year commitment of \$15 million over five years through The ELC Charitable Foundation, we helped to launch an initial set of 15 grants to support programs in 13 countries. The Fund is focused on achieving systems change for gender equality and women’s leadership.</li> <li>• Through a collaboration with National Youth Poet Laureate Amanda Gorman, ELC committed to supporting WRITING CHANGE, a three-year, \$3 million initiative to support grassroots organizations dedicated to advancing literacy as a pathway to equality, access, and social change, through the power of young voices.</li> </ul> 

# OUR COMMITMENT TO SOCIAL IMPACT & SUSTAINABILITY



On-site solar and pollinator garden at Melville, New York site.

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THE ESTÉE LAUDER COMPANIES IS THE LEADING GLOBAL HOUSE OF PRESTIGE BEAUTY. AS A *BEAUTY INSPIRED, VALUES DRIVEN* BUSINESS, WE VALUE AND PROMOTE INCLUSION, DIVERSITY, AND EQUITY, AND SEEK TO EMBED SUSTAINABILITY DEEPLY WITHIN OUR BUSINESS.



# MANAGING FOR THE LONG TERM

We manage our business for the long term, with a lens of patient capital. Our Company was founded more than 75 years ago by Estée and Joseph Lauder, and since our initial public offering in 1995, we have been a publicly traded, family-controlled company that benefits from both the Lauder family's demonstrated dedication and our employees' commitment to our continuing success.

Our Company's strategic approach helps set our direction by regularly looking out 10 years into the future to inform our continuous transformation—in order to best position us for long-term, sustainable growth. Social impact and sustainability forms one of the Company's key strategic pillars. Our three-year Corporate Strategy sharpens our focus on our social impact and sustainability initiatives while amplifying our environmental, social, and governance (ESG) impact.

Our social impact and sustainability initiatives help drive innovation, growth, and efficiency across the business and within our brand portfolio. Our social impact and sustainability goals are designed to link to value creation while serving as a catalyst to continually transform our business to embrace and act upon future opportunities.

## AN INTEGRATED APPROACH TO ESG MANAGEMENT

We continually refine the way we manage ESG integration, recognizing the importance of further embedding social impact and sustainability into our business. These efforts include the establishment of an ESG management committee, chaired by our Chief Financial Officer and our Chief Human Resources Officer, with oversight from our Vice Chairman on social matters. The ESG management committee focuses on internal oversight of social impact and sustainability initiatives, helping to accelerate progress across the business.

Our recent internal initiatives help drive greater horizontal integration of ESG across the business, through close partnerships among senior leaders from Finance; Global Communications and Public Affairs; Global Corporate Citizenship and Sustainability (GCCS); Human Resources; Inclusion, Diversity & Equity; Legal; Research & Development; and Supply Chain, as well as representatives across brands, regions, channels, and other functions. The Nominating and ESG Committee of our Board of Directors receives regular updates on these and other initiatives.



Travel Retail La Mer Store in Lagardere Sanya downtown, China.

## EMBEDDING SOCIAL IMPACT & SUSTAINABILITY ACROSS BRANDS, REGIONS, AND FUNCTIONS

The GCCS function is responsible for managing corporate-wide sustainability and social investment initiatives, as well as ESG reporting. The function is led by the Senior Vice President (SVP) of GCCS, who reports to our Executive Chairman and our President and CEO. The SVP directs a dedicated team that supports corporate, brand- and region-led sustainability strategies and commitments. Our regional teams incorporate global best practices and translate enterprise-level targets and initiatives for local impact. As we continue the work of embedding social impact and sustainability initiatives, we are leveraging regional leads to work directly with the corporate team.

The brands in our well-diversified portfolio have embraced our commitment to ESG, and we encourage them to develop their own unique social impact and sustainability strategies as relevant to their consumers and brand promise.

We incorporate sustainability practices, methodologies, and design in our brands, regions, functions, and channels. We believe that by integrating these practices across the product life cycle, we can drive environmental performance and add value for our brands.



## CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION

Our Board of Directors (the “Board”) has developed corporate governance practices to help it fulfill its responsibilities to stockholders to provide general direction and oversight of the management of the Company’s business and affairs. Our Board is led by our Executive Chairman, who is a member of the Lauder family. In addition, we have an independent director who serves as our Presiding Director. A majority of the directors on our Board are independent. As of the end of fiscal 2022 (i.e., as of June 30, 2022), there were 16 directors on our Board, comprising: (i) our CEO; (ii) 11 non-employee directors (10 of them independent); and (iii) four directors who are members of the Lauder family, including our Executive Chairman. In July 2022 (fiscal 2023), the Company announced that (i) a new director (a non-employee director who is independent) joined our Board effective July 11, 2022 and (ii) a current director (a non-employee director who is independent) will retire from the Board effective November 17, 2022.

The Board has established the following standing Board committees: the Nominating and ESG Committee; the Compensation Committee, which includes the Stock Plan Subcommittee; and the Audit Committee. *For more information about our Board and committees, please visit the Governance section on our website.* [🔗](#)

Our Nominating and ESG Committee has oversight responsibility for our Company’s environmental, social, and governance activities and practices, including citizenship and sustainability matters. The ESG management committee provides updates at Nominating and ESG Committee meetings on topics such as climate, social impact and sustainability, progress toward goals, and other related matters. Periodic updates are also provided to the Board on these matters.

Our Compensation Committee establishes and approves compensation plans and arrangements with respect to the Company’s executive officers and administers the Company’s executive annual incentive plan. The Stock Plan Subcommittee has authority over decisions regarding awards to executive officers under the Company’s share incentive plan. Our compensation program is designed to attract and retain world-class talent and to motivate achievement of both our long-term and short-term goals. We believe that the design and governance of our compensation program supports the business strategy and the overall goal to continue sustainable growth of net sales, profitability, and return on invested capital on a long-term basis.

Given our history, ownership structure, and strategy, we follow principles of long-term stewardship and patient capital, and our compensation approach reflects and supports this. Consistent with our culture and our compensation philosophy and objectives, our combination of compensation elements is intended to help drive and promote strong, balanced, and sustainable corporate performance.

We evaluate the performance of our employees, including our executives, under ESG goals holistically, within the framework of our corporate strategy, as an input into compensation decisions. In particular, we incorporate specific goals tied to the Company’s broader social impact and sustainability strategy into the business goals for top executives, and compensation decisions are made based on their achievement. For example, such business goals were included in the fiscal 2022 Executive Annual Incentive Plan program and were used as an input into determining fiscal 2022 equity grants. The fiscal 2022 business goals for top executives encompassed multiple strategic focus areas concerning social impact and sustainability matters. Specifically, the fiscal 2022 business goals for certain executives incorporate inclusion, diversity, and equity matters; support enterprise-wide talent initiatives; and progress in connection with Company sustainability objectives.

*Additional information on our governance practices and information about executive compensation matters can be found in our 2022 Proxy Statement.* [🔗](#)

# OPERATING RESPONSIBLY



## ETHICS AND INTEGRITY

We promote a culture of uncompromising ethics and integrity and expect our employees and business partners to conduct business in compliance with applicable laws and regulations and with the ethical standards and policies set forth in our *Code of Conduct* [🔗](#) (“Code”) and *Supplier Code of Conduct*. [🔗](#)

Newly hired employees are required to sign an acknowledgement that they have received, read, and will comply with the Code. In addition, annually, employees above certain levels are required to complete Ethics and Anti-Bribery and Corruption trainings and acknowledge the Code. From time to time, we conduct trainings on the Code for groups of our employees.

Employees globally are expected to raise questions or concerns about conduct that may be inconsistent with the law, the Code, or other policies to their supervisor, Human Resources contact, the Global Ethics team, and through The Estée Lauder Companies’ Integrity Helpline. Employees can communicate and report suspected violations confidentially and anonymously, where permitted by law. Employees can raise questions or concerns by calling the toll-free number, visiting the Integrity Helpline website, or sending a text message (text communication available in North America only).

Questions or concerns related to questionable accounting, internal controls, or auditing matters can also be raised directly to the Audit Committee of the Board of Directors. We have standard operating procedures to manage reports to ensure consistent investigation and response procedures across incident types and reporting channels. Serious violations are reviewed by the Company’s Ethics and Compliance Committee, which oversees implementation of the Code.

The Ethics and Compliance Committee reports to the Audit Committee on a regular basis regarding the effectiveness of our Global Ethics Program. The Company’s Internal Audit function periodically reviews business unit operations using a risk-based audit plan. Internal Audit regularly assesses the effectiveness of the Company’s Ethics and Anti-Bribery and Corruption programs through routine and targeted audits of business functions and/or sales affiliates.

## OUR VIEW ON HUMAN RIGHTS

As we approach human rights in our operations and across our value chain, we aspire to foster respect for people and the environment and to be a positive influence in every community in which we operate and from which we source. We have policies, processes, training, and systems in place to identify, assess, monitor, and mitigate or eliminate actual or potential human rights impacts. Our approach to respect human rights across our global operations and supply chain recognizes the following international protocols:

- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights

Our Code of Conduct outlines our expectations for promoting a respectful workplace, engaging in ethical business practices, and operating in a socially responsible and fair manner. We require our employees, business partners, service providers, and suppliers to operate in compliance with applicable laws, including, but not limited to, employment laws pertaining to child labor, minimum wage, overtime compensation, hiring, and occupational safety.

Our Supplier Code of Conduct sets forth the basic requirements we expect of suppliers, including vendors, service providers, independent contractors, and consultants, as a condition of doing business with our Company. It is based on internationally recognized standards, including the Universal Declaration of Human Rights and International Labor Organization’s Conventions.

***Our human rights policy is available on the ELC corporate website.*** [🔗](#)

*Read more about our Supplier Code of Conduct on page 85.*



## DATA PRIVACY AND CYBERSECURITY

Consistent with our core value of respect for every individual, the Company is committed to respecting the privacy and protecting the security of our employees and consumers. Our cybersecurity and privacy programs are governed at the highest levels of the organization, including an executive-level cross-functional steering committee and the Audit Committee.

In addition to privacy laws applicable to our global operations, we maintain privacy policies and standards and follow a set of global Privacy Principles for the processing of personal data: (1) collect and use data purposefully, (2) provide notice and choice, (3) safeguard personal data, and (4) maintain data integrity. Details of these Privacy Principles can be found in our *Code of Conduct*. [🔗](#)

Our cybersecurity program works hand in hand with our privacy program to mitigate risk from current and potential cyber-driven threats, safeguarding the Company's data, networks, and systems. Our cybersecurity function has fit-for-purpose tools, controls, and capabilities based on best practices. This blended capability strategy is a mix of internal and external resources, supported by robust processes, policies, and technologies including protective technologies, access controls, proactive services, active defense, and security resilience.

Our numerous information security policies cover topics such as acceptable use of information technology, training and awareness, regulatory compliance, disaster recovery, third-party risk management, and incident response. We have dedicated resources to monitor for and respond to incidents—including a 24/7 Security Operations Center—and several ways for employees to easily report suspicious events. In the event of a data breach, our policy requires that we notify data subjects in accordance with applicable law.

To promote compliance and awareness, employees are trained on privacy and cybersecurity requirements and best practices on a periodic basis. Other awareness and education activities occur throughout the year such as data privacy day events, cybersecurity video blogs, and accompanying newsletters.



## PRIORITY FOCUS AREAS FOR SOCIAL IMPACT & SUSTAINABILITY

As part of our strategic planning process, we continually evaluate areas of risk and opportunity for our business. In fiscal 2021, we completed a comprehensive, data-driven analysis to define, validate, and prioritize our social impact and sustainability focus areas. As part of this assessment, we considered the emphasis placed on certain ESG topics across global regulatory, corporate disclosure, and media environments, and we also evaluated stakeholder interest in such topics through research and direct engagement. We considered the relevance of these topics to our business strategy and objectives; importance to key stakeholders; and potential impact on the environment, society, and economy.

In fiscal 2022, we leveraged ongoing stakeholder engagement, benchmarking, and evaluation of policy and regulatory developments to revisit our analysis. Even as our priority focus areas remained constant, we observed deeper interest in topics such as biodiversity, human rights, and cybersecurity and data privacy. We also recognize and appreciate stakeholders' increased focus on climate, as well as continued attention on inclusion, diversity, and equity, and employee health, safety, and well-being.

Our priority focus areas are reflected in our corporate goals and commitments and are integrated into our strategic planning, risk management, and reporting processes. We map our priority focus areas to related Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals.

PRIORITY FOCUS AREAS	GRI STANDARDS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
CLIMATE CHANGE AND GHGS	GRI 305: Emissions GRI 201: Climate Risk	SDG #13–Climate Action
PRODUCT QUALITY AND SAFETY <i>(including ingredient transparency)</i>	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	SDG #12–Responsible Consumption and Production
PRODUCT AND PACKAGING DESIGN <i>(including green chemistry)</i>	GRI 301: Materials	SDG #12–Responsible Consumption and Production SDG #15–Life on Land
INCLUSION, DIVERSITY & EQUITY	GRI 401: Employment GRI 405: Diversity and Equal Opportunity	SDG #5–Gender Equality SDG #10–Reduced Inequalities
EMPLOYEE HEALTH AND SAFETY	GRI 403: Occupational Health and Safety	SDG #3–Good Health and Well-Being
SOURCING	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	SDG #12–Responsible Consumption and Production SDG #15–Life on Land
TRANSPARENCY	GRI 102: General Disclosures	SDG #12–Responsible Consumption and Production
CONSUMER SOCIAL IMPACT AND SUSTAINABILITY NEEDS	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	SDG #12–Responsible Consumption and Production
COMMUNITY ENGAGEMENT <i>(including social investments)</i>	GRI 201: Community Investments	SDG #3–Good Health and Well-Being SDG #5–Gender Equality SDG #10–Reduced Inequalities SDG #13–Climate Action

## OUR COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a voluntary framework of 17 global goals and targets meant to accelerate advancement toward a more sustainable world. Since they were issued in 2015, they have become a common touchstone for governments, the private sector, and civil society in tracking sustainability progress. As reflected in the chart above, we primarily focus on the six SDGs most aligned to our priority focus areas. We have highlighted examples of our work in these areas across this report, as denoted by the relevant SDG icon.

 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><i>SDG3. GOOD HEALTH AND WELL-BEING:</i> Ensure healthy lives and promote well-being for all.</p>
 <p><b>5</b> GENDER EQUALITY</p>	<p><i>SDG5. GENDER EQUALITY:</i> Achieve gender equality and empower all women and girls.</p>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p><i>SDG10. REDUCED INEQUALITIES:</i> Reduce inequality within and among countries.</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><i>SDG12. RESPONSIBLE CONSUMPTION AND PRODUCTION:</i> Ensure sustainable consumption and production patterns.</p>
 <p><b>13</b> CLIMATE ACTION</p>	<p><i>SDG13. CLIMATE ACTION:</i> Take urgent action to combat climate change and its impacts.</p>
 <p><b>15</b> LIFE ON LAND</p>	<p><i>SDG15. LIFE ON LAND:</i> Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>

## STAKEHOLDER ENGAGEMENT

We seek to build productive relationships with our key stakeholders, including consumers, investors, employees, retailers, nongovernmental organizations (NGOs), suppliers, policymakers, regulators, and local communities. These relationships depend on active engagement and meaningful dialogue to strengthen bonds, expand trust, and develop areas of mutual interest and opportunity for advancement.

The types of stakeholder engagements and topics discussed concerning social impact and sustainability matters vary. For example, we engage with our employees in various ways, in person and remotely, including: direct interaction with managers or through Human Resources business partners; our Company’s intranet; social media; town halls, special presentations, and learning events; and employee engagement and pulse surveys. Topics covered during employee engagement include inclusion, diversity, and equity; benefits; learning and development; and work-life structure.

## THE IMPORTANCE OF SOCIAL IMPACT & SUSTAINABILITY TO OUR EMPLOYEES

In January 2022, we conducted a Pulse Survey of a random sampling of global corporate employees to gain feedback on employee sentiment around social impact and sustainability (SI&S). Of the 1,550 responding employees:

- 90% of employees feel more connected and motivated in their job when the Company values and prioritizes SI&S initiatives.
- 85% rate social impact as extremely or very important, with Inclusion and Diversity ranking as the most important topic (96%).
- 83% of employees say that our Company's SI&S commitments and achievements were impactful on their decision to stay at the Company.
- 75% of employees rate sustainability topics as extremely or very important, with Climate and Energy ranking as the most important environmental focus area (91%).

Survey responses are informing our employee communications, education, and engagement strategies, including the ongoing global expansion of access to the ELC Good Works giving and volunteerism platform.

Our consumer engagements include: direct interaction online and in-store settings; consumer feedback portals, including Consumer Care; satisfaction surveys; and social media and influencer channels. Consumer interest in social impact and sustainability includes product information; ingredient transparency; sourcing practices and biodiversity; climate action; and animal testing.

We have a comprehensive, strategic investor relations program to help communicate with the investment community about our Company's performance and corporate values, as well as to educate current and prospective investors and the sell-side analyst community about our business strategies and social impact and sustainability commitments and initiatives. In fiscal 2022, we conducted significant ESG-oriented investor outreach, participating in numerous one-on-one calls and external events and conferences. We also gathered feedback through our annual ESG investor perception study and continue to work to integrate insights and recommendations into our social impact and sustainability strategy and disclosure.







SOCIAL IMPACT

# *EMPLOYEE EXPERIENCE*

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Our long-standing guiding principles of respect for the individual, uncompromising ethics and integrity, generosity of spirit, and fearless persistence underpin the employee experience at The Estée Lauder Companies. We are invested in providing a workplace that is safe, collaborative, inclusive, compassionate, and motivating, where our employees can thrive while helping to drive our business forward.

# SUPPORTING OUR EMPLOYEES

We are committed to supporting our employees in their professional and personal lives as they navigate an increasingly complex and dynamic world. We aim to provide resources that allow employees to choose the benefits and development opportunities that are right for them, no matter their region or role.

An engaged workforce is one that feels heard. Our ongoing dialogue with our employees has revealed a number of concerns, including impacts of the continuing COVID-19 pandemic, geopolitical complexities and turmoil, overall safety and well-being, and matters related to new ways of working in a hybrid environment. We continue to assess and adjust our practices and policies to optimize their impact in our evolving workplace.

## HELPING OUR ELC COMMUNITY IN TIMES OF CRISIS

In fiscal 2022, we further expanded the ELC Cares Employee Relief Fund (ELC Cares Fund). Initially created to support employees impacted by COVID-19, the ELC Cares Fund now provides immediate and critical financial relief to eligible employees globally who are impacted by catastrophic events or personal hardship, such as natural disasters, geopolitical matters, and the continuing impacts of COVID-19. Please see page 61 to learn more about the ELC Cares Fund.

Additionally, we help maximize employee contributions to the ELC Cares Fund through our global charitable matching gifts and volunteerism program, ELC Good Works.



## EMPLOYEE ENGAGEMENT SURVEY

In February 2022, we deployed a global Baseline Engagement Survey to full-time and part-time eligible\* employees across our corporate, manufacturing and distribution, and retail locations. The survey was designed to help us better understand overall employee engagement and well-being, including the impact on engagement since 2019 from ongoing global events, and to inform how we can best support our employees in the future.

Overall engagement remained strong, with more than 31,000 global employees participating. Survey responses illustrated key strengths, including:

- Clarity of our mission and vision: Our efforts to provide a clear vision for the future means our employees have a strong understanding of both the Company's and their department's goals and objectives.
- Commitment to high performance and quality: Our employees continue to embody our Company's High-Performance Leadership Competencies, remain committed to doing high-quality work, and continuously strive to improve performance and accomplish their department's goals.
- Collaboration between teams: Our employees' agility and flexibility to adapt to shifts in new ways of working, as well as increased access to tools and resources, resulted in greater collaboration between teams to accomplish department goals.
- Support for diversity: Our dedication to fostering a culture in which diverse backgrounds and perspectives are critical to our success.

We will continue to prioritize action around work-life balance, recognition of high performance, and employee growth and development based on the needs expressed by our employees in the survey.



## MANAGING THE CONTINUED IMPACTS OF COVID-19

As the COVID-19 pandemic continues to impact our global society, we are working to keep our employees and consumers safe while effectively driving our business forward. Over the past two years, the Company has created, implemented, and revised in real time extensive global protocols focused on health and safety, including as related to remote working and technology; in-office and travel protocols, manufacturing and distribution, and retail environments.

Our actions are informed by the continued guidance of our Medical Advisory Board. Convened at the start of the pandemic, the board is comprised of leading physicians with expertise across a variety of disciplines, including mental health. In fiscal 2022, we welcomed a clinical psychologist to the Medical Advisory Board to enhance our focus on employees' mental health.

To further reinforce the Company's commitment to employee health and well-being, the Company appointed a new Corporate Medical Director in June 2022. The Corporate Medical Director leads the Medical Advisory Board and partners closely with our Global Benefits; Environment, Health and Safety; and Global Crisis Leadership teams.

Our protocols have enabled a safe workplace for employees working in person, such as in our factories; research and development labs; stores; and distribution centers. In fiscal 2022, we maintained measures such as enhanced ventilation systems in our manufacturing and distribution sites. Our cleaning, sanitation, and hygiene protocols; social/physical distancing guidelines; and tailored approach to mask requirements have remained part of our standard operating procedures.

We continued to approach office reopenings worldwide in a conservative, thoughtful, and responsible way. In each region, we aligned with local government guidelines while prioritizing the health and well-being of our employees. Our focus remains on safety, flexibility, and work-life harmonization.

**3** GOOD HEALTH AND WELL-BEING



### INCREASING ACCESS TO MENTAL HEALTH RESOURCES

We support employees' emotional and mental well-being and offer a wide array of resources including:

#### *WORK LIFE CONNECTIONS:*

Our Work Life Connections program provides employees and members of their households with confidential resources, individual counseling, and crisis services. Additionally, support for everyday challenges includes short-term counseling, mental health crisis support, and lifestyle coaching. Confidential support is available 24/7, 365 days a year.

#### *UNMIND:*

Unmind is an app available to U.S. and U.K. & Ireland full-time regular and part-time regular employees. The app offers bite-sized, interactive tools to proactive care for mental well-being. It also provides access to meditations, webinars, and breathing exercises to help employees and their loved ones reduce stress.

In fiscal 2022, we also hosted a variety of educational sessions with our Kindred ERG (available in the United States and United Kingdom), rolled out a new mental health ally program, and appointed a clinical psychologist to our Medical Advisory Board.







A Jo Malone London employee serves a consumer at counter.

## EMPLOYEE COMPENSATION AND BENEFITS

We offer compelling and competitive compensation and benefit packages to attract, motivate, and retain world-class talent, and we are committed to fair and equitable pay across the organization. Benefit packages may include pension and post-retirement benefit plans, health and wellness benefits, flexible working arrangements, parental (maternal and paternal) leave, adoption assistance, and education-related benefits. These benefits vary by country. Employee compensation is based on specific circumstances, including role and experience, geographic location, and performance. In addition to base pay, we offer annual incentive awards and equity awards for employees at certain job grades.

Family-related benefits for eligible U.S. and U.K. & Ireland-based employees include 20 weeks of paid parental leave, which exceeds the legally required minimum for these jurisdictions. Eligible U.S. employees can also access a back-to-work flexibility program, and an assistance program to reimburse employees for up to \$10,000 of qualified expenses related to the adoption of a child—regardless of an employee’s gender, marital status, or sexual orientation. Education-related benefits for eligible U.S. employees include a student loan contribution program, offering up to \$100 per month toward eligible loans with a lifetime maximum of \$10,000, and a tuition-reimbursement program, which offers reimbursement for preapproved academic courses.

In fiscal 2022, the Company launched additional family-support and emotional well-being programs in several countries, and we continue to broaden our mental health-related offerings. As our global employees continue to navigate challenges and changes to our world, we continue to provide and refine our diverse portfolio of benefit programs to support them across the various stages of their lives.



# LEARNING AND DEVELOPMENT

Our world-class talent is what enables us to build world-class brands. We invest in attracting and retaining the best talent by providing multiple opportunities for development and growth.

## CREATING A LEARNING CULTURE

We offer an enriching array of educational offerings to inspire our talent. These programs help create a stimulating, inclusive environment where employees from all backgrounds and levels of the Company can gain the skills they need to do their best work. We seek to help our employees expand both core and advanced competencies, while creating value and long-term growth for our Company.

We offer a mix of online learning, virtual instructor-led trainings, and, where appropriate, classroom and project experiences, while providing a suite of mentoring opportunities. We also know that on-the-job training and peer-to-peer knowledge sharing rounds out the learning landscape and helps accelerate our employees' success.

Our learning and development offerings are carefully curated to fulfill key business objectives. Areas that we have deemed critical to employee success include: inclusion, diversity, and equity; data and analytics; digital fluency; advanced marketing capability; accelerated omnichannel retail capability; sustainability behaviors; and people leadership.

### LEARNING BY THE NUMBERS

#### *E-COMMERCE ESSENTIALS:*

This customized curriculum builds broad-based digital skills and e-commerce knowledge across our organization to keep us at pace with the evolving expectations and behaviors of global consumers. More than

**8,000** employees globally have taken the online program.

#### *BEAUTY INSPIRED, VALUES DRIVEN INTERACTIVE LEARNING GUIDE:*

This guide to the Company's social impact and sustainability initiatives provides an immersive and self-directed experience, while highlighting ways for employees to get personally involved. Since its launch in December 2020,

**5,000** employees have accessed the guide, which is available in 32 languages.

#### *DIGITAL ACUMEN:*

More than

**30,000** employees have been trained on digital skills globally as we continue to lean into the accelerating importance of digital acumen across our organization.

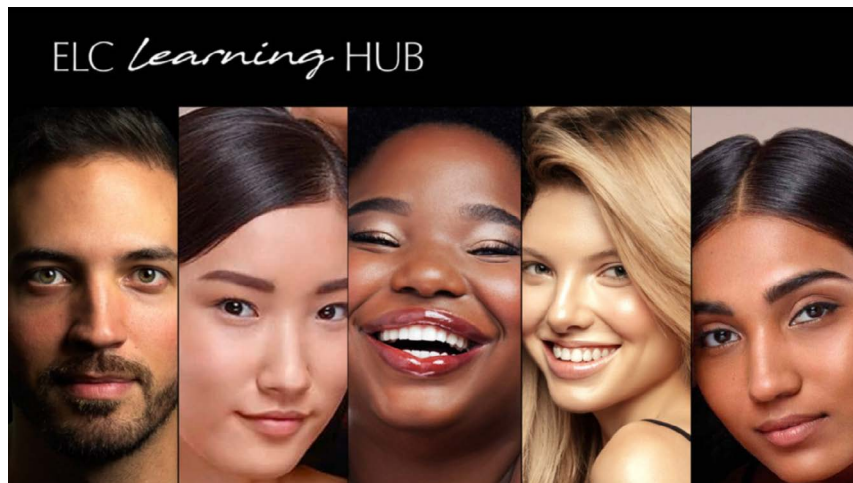


## THE LEARNING EXPERIENCE

We are democratizing learning and development by providing our employees with easy access to high-quality educational opportunities.

### *THE ELC LEARNING HUB*

The ELC Learning Hub is our central digital training and education destination. This personalized, interactive online learning tool offers more than 18,000 learning experiences and is accessible to our global workforce, including office, retail, and manufacturing employees, and is currently available in 30+ languages.



In fiscal 2022, we enhanced the user experience of this flagship learning site with improvements to platform functionality and a refreshed design. The ELC Learning Hub now incorporates a new section, “Learning from Every Chair,” where employees can access: The Chairman’s Corner, a rich assortment of virtual educational resources developed and curated by Executive Chairman William P. Lauder; High-Performance Leadership Competencies courses as taught by Fabrizio Freda, President and CEO; and a direct link to ELC Grow, our Talent Marketplace platform recently launched in the United States.

Our Brand Education teams continue to advance our High-Touch capabilities by creating new innovative digital learning content. The teams leverage emerging delivery mechanisms and best-in-class learning platforms such as ELC Academy, a new e-learning platform piloted in France and Italy that is geared towards the multi-brand retail seller, to train point-of-sale employees globally on products, services, and artistry.

We also partner with external content providers. Since beginning our partnership with LinkedIn Learning in 2018, more than 14,000 employees have activated LinkedIn Learning accounts and are engaging with the learning platform’s extensive suite of educational offerings.

### WEBBY AWARD WINNER: THE ELC LEARNING HUB

The ELC Learning Hub was recognized for excellence in fiscal 2022 with a Webby Award in the category of Apps and Software—HR and Employee Experience. This award honors platforms that customize the employee experience. The ELC Learning Hub was singled out as one of the best in the world in its category, placing it among the top 12% of the more than 14,000 entries. Webby Awards are presented by the International Academy of Digital Arts and Sciences.

## REINFORCING ELC’S INCLUSIVE CULTURE THROUGH LEARNING

We strive to foster a culture that celebrates the importance of inclusion, diversity, and equity. We provide learning opportunities that address bias, promote a sense of belonging, and remove barriers so our employees can reach their full potential. For example, in fiscal 2022, we:

- Increased Unconscious Bias trainings to reach 94% of corporate employees, 100% of Supply Chain employees, and 61% of point-of-sale employees in the United States
- Launched Inclusive Leadership, Psychological Safety, Allyship, and Anti-Racism trainings
- Sent a cohort of Black employees to the Executive Leadership Council’s Symposium, a professional-development conference for high-performing corporate managers and leaders, and we continue to examine additional external opportunities to engage, develop, reward, and retain our Black talent.

*Learn more about our ID&E education and training programs on page 45.*







## LEADERSHIP DEVELOPMENT

We are invested in developing the leaders of tomorrow. We understand the value of rising talent and offer robust resources to support our high performers so they can drive growth and inspire us toward greater success. We continue to be responsive to the needs of our diverse workforce and are committed to providing equitable access to professional development and advancement opportunities. This fiscal year, our signature women's leadership program, Open Doors, was made available to employees around the world as the Open Doors Collection on the ELC Learning Hub—broadening the impact of this critical skills-building program.

*Read more about the Open Doors program on page 50.*

### THE ESTÉE LAUDER COMPANIES WINS GALLUP STRENGTHS-BASED CULTURE AWARD

In fiscal 2022, our Company was recognized by Gallup for having a workplace culture that celebrates the strengths of leaders, managers, and employees; an approach consistently articulated by our Executive Chairman, William P. Lauder, and our President and CEO, Fabrizio Freda. The Gallup Strengths-Based Culture Award identifies organizations that drive performance by helping employees focus on what they do best, maximizing the potential within teams, and integrating strengths-based development into their mission, vision, and values.

## HIGH-PERFORMANCE LEADERSHIP COMPETENCIES

We have developed a set of High-Performance Leadership Competencies (HPLCs), which are used in performance evaluations to set individual goals and guide employees in leveraging their strengths throughout their career journeys. These competencies provide the framework to build the skills, knowledge, and behaviors that enable us to embody the “Lead from Every Chair” philosophy of our President and CEO, Fabrizio Freda. Leading from every chair means every member of the Company, no matter role or position, is an agent of progress and positive change.



### CEO RISING TALENT HUB

It is the long-held belief of our President and CEO, Fabrizio Freda, that leadership comes from every chair, and that there is immense value in engaging with the voices of our rising talent around the globe. To create greater access and awareness of the range of resources available to young talent, we created the CEO Rising Talent Hub on the ELC Learning Hub. The Hub is a central destination for opportunities including executive level mentorship, internships, and The CEO Global Presidential Program, as well as access to LinkedIn Learning courses and Employee Resource Groups.

## PERFORMANCE AND DEVELOPMENT PLANS

Our Performance and Development Plan (PDP) is a critical component of our employee development process. This corporate-wide tool covers office-based employees across brands, regions, functions, and channels. It allows employees and managers to set goals, have ongoing coaching conversations, and review performance at the end of each year.

We have expanded Digital PDP to additional brands and affiliates and reached more than 16,800 employees in Fiscal 2022. We continue to modernize the digital tool with enhancements to improve the user experience.



### ELC GROW TALENT MARKETPLACE MAKES ITS DEBUT

In fiscal 2022, we launched ELC Grow—an exciting new addition to our professional development offerings. This internal talent marketplace is intended to drive connectivity across our Company and help employees navigate their career growth. Currently available to U.S.-based corporate employees (with expected expanded access in the future), the AI-powered technology of ELC Grow matches employees with career opportunities, while simultaneously providing leaders with visibility to find internal candidates for both job and project openings.

## PEOPLE LEADERSHIP PROGRAM

In fiscal 2022, we expanded a new, immersive learning journey, the People Leadership Program. This innovative, five-month program is designed to provide our high-performance leaders with the strengths-based skills and inclusive mindset needed for success. More than 350 vice presidents and executive directors across the Company have taken part in the program, expanding their competencies in areas such as inclusive leadership, accountability, connectedness, agile leadership, influence, and confidence.





ELC employees enjoy an event hosted by the Network of Black Leaders and Executives (NOBLE).

## EXPANDING OPPORTUNITIES FOR DIVERSE TALENT

We believe success in a global marketplace is driven by an inclusive and diverse workforce. We hold ourselves accountable to creating a talent base that is more representative of the global consumers we serve and more responsive to people of all backgrounds.

Our Commitment to Racial Equity serves as a building block to our approach to equity for all employees, regardless of race, gender, identity, culture—in short—the qualities that make our employees unique. Our aim is to better understand the barriers to success and advancement, and together, identify where we as a company are part of creating those barriers, and take on the responsibility to break them down, and build a future of equity for all of our employees.

As aligned to our Commitment to Racial Equity, we increased Black representation overall in fiscal 2022. We will continue our efforts to support increased representation on our teams across senior leadership, brands, and product development to ensure that our operations and products better reflect our multicultural society. We've created programs and exposure for our Black employees to advance and accelerate career mobility and support employees at every stage of development.

Among our achievements in fiscal 2022, we:

- Increased the hiring of Black candidates to 18.8% of U.S. new hires versus 14.2% in fiscal 2021
- Surpassed our goal of doubling our hires from Historically Black Colleges and Universities (HBCUs) from a fiscal 2020 baseline
- Launched the Business Industry Accelerator Program as part of She's Howard: Own Your Power, with Howard University, to help increase the pipeline for Black talent with career coaching, professional training, and self-empowering mentorship opportunities
- Launched Let's Talk Beauty: The Estée Lauder Companies x National Alumnae Association of Spelman College, to connect with Spelman Alumnae through intentional conversations, panel discussions, and networking opportunities to provide career coaching and insights into the beauty industry
- Created a program with Florida A&M University led by the Company's Travel Retail team, offering 10-week summer internships with teams in New York City and Miami along with approximately 40 merit scholarships of \$10,000 over five years
- Hosted events with HBCU20x20, a platform that provides companies with the opportunity to engage with HBCU students across the United States.

*Learn more about our Commitment to Racial Equity on pages 46-47 and read our Two-Year Update on Our Commitment to Racial Equity.* [🔗](#)





# OUR SIGNATURE LEADERSHIP PROGRAMS

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## CEO GLOBAL PRESIDENTIAL PROGRAM

The CEO Global Presidential Program is a bespoke, High-Touch global rotation program that is part of the CEO Rising Talent Hub in alignment with our key focus area of generational diversity. The CEO Global Presidential Program supports strategic priorities within our brands, regions, functions, and channels. The program recruits a diverse group of highly talented recent graduates (BA/BS or MA/MS/MBA) and develops them through a series of curated on-the-job learning experiences, strengths-based coaching, mentorship, professional development sessions, and exposure to senior leaders during an 18- to 24-month period. The program currently includes approximately 75 participants from across the globe.

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## CEO GLOBAL REVERSE MENTOR PROGRAM

Since 2015, the CEO Global Reverse Mentor Program has been empowering the rising talent of The Estée Lauder Companies to have a voice of impact and influence. This program plays a critical role in supporting career development as a part of our ID&E strategy across brands, regions, channels, and functions, and specifically supports the promotion of generational diversity. The program allows young talent within the Company to exchange valuable insights, perspectives, and share trends with our most senior leaders while providing a development opportunity to understand leaders' priority topics. There are currently 680+ Reverse Mentor participants and 350+ Senior Leadership participants across 40+ programs globally.

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## THE ELC X WHARTON: KNOWLEDGE FOR ACTION VIRTUAL SERIES

Our Executive Chairman, William P. Lauder, is committed to bringing innovative thinking and learning resources to our employees. Under his leadership, the ELC x Wharton Virtual Series was created during the pandemic to bring the best of The Wharton School of the University of Pennsylvania to our employees and enable them to have greater access to top-tier Wharton faculty. In fiscal 2022, more than 6,500 employees attended across 16 sessions from every part of the global enterprise.



The Estée Lauder Companies promotes a culture of continuous learning, demonstrated by our decades-long partnership with The Wharton School of the University of Pennsylvania.



Employees participating in a volunteer event at Corona Park in Queens, New York.

## EMPLOYEE VOLUNTEERISM AND GIVING

Our employees are committed to supporting causes close to their hearts. We honor and celebrate their generosity of spirit and goodwill and work to amplify their collective impact by providing tools and resources that further drive their efforts.

### PROGRESS TOWARD OUR GOALS

**GOAL:**

*By 2025, we will engage and mobilize employees to contribute a total of \$25 million, by completing actions such as donating or volunteering, to nonprofits through ELC's social impact and sustainability engagement program, since its launch in 2015.*

At the close of fiscal 2022, a cumulative total of \$17.7 million has been collectively donated from employees' social impact and sustainability actions since the program launch in 2015.\*

\*Metric reflects information self-reported to ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. During fiscal 2022, the platform was available to eligible employees in 19 markets globally. Eligible employees are those who meet certain criteria, which varies by market, and have access to the platform. Excludes brands acquired by ELC during or after fiscal 2020. Metric includes total cumulative ELC employee donations and amount matched, inclusive of volunteer rewards and Missions rewards, by ELC since the launch of the ELC Good Works platform in November 2015.



## AMPLIFYING EMPLOYEES' GOOD WORKS

ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, provides diverse, inclusive, and personalized employee initiatives, such as Volunteer Time Off, virtual team volunteer opportunities, and Company matching campaigns to enhance the employee experience and empower employees. ELC Good Works is now available in 19 markets globally, including all regions where the Company operates.

These initiatives help meet demonstrated employee interest: Our January 2022 Pulse Survey of a random sampling of global corporate employees revealed that 78% of the 1,550 respondents would like to participate in more social impact and sustainability activities.

## ELC GOOD WORKS CHAMPIONS

The ELC Good Works Champions program harnesses the passion and energy of our employees to lead and amplify Company-wide volunteer events and to drive employee engagement in specific and locally relevant social impact initiatives. In fiscal 2022, the program expanded to include Champions in Australia, France, India, Panama, and the United Kingdom, in addition to the United States. During this year's Volunteer Week (April 18–22, 2022), ELC Good Works Champions spearheaded our collective impact through 39 events globally. Some of the activities our employees participated in included recording audio books for hospitalized children, designing digital posters advocating for sustainability in food systems, and creating flashcards highlighting the culture and heritage of Indigenous communities around the world.

## VOLUNTEER TIME OFF

We encourage employees to stay involved in their communities and in the causes that matter most to them. Our Volunteer Time Off (VTO) program allows eligible\* U.S.-based employees to receive paid time off for individual volunteerism with their favorite nonprofits during standard work hours and to receive \$20/volunteer hour to donate to the nonprofit of their choice.

Through our partnership with an external vendor that specializes in creating virtual volunteer programs, employees can schedule individual or team-based virtual volunteer projects. Our employees now have even greater flexibility when it comes to giving their time to causes they're passionate about.



Employees managing woodlands in Stave Hill Ecology Park, London.

## COMMUNITY IMPACT GRANT

Through our Community Impact Grant, we support our employees' passions and amplify the ways they are collectively making a difference. The Community Impact Grant allows our Employee Resource Groups (ERGs) the unique opportunity to direct corporate social investments and commit volunteer hours to the nonprofits that align with the mission and values of the ERGs. ELC had 11 ERGs in the United States participate in the program in fiscal 2022.





Executive Chairman, William P. Lauder visits a distribution facility in Toronto, Canada.

## HEALTH & SAFETY

We are focused on providing a healthy and safe workplace for our employees. We are committed to strengthening our safety culture through continuous improvement and innovation and seek to be an industry leader with regard to workplace safety.

### PROGRESS TOWARD OUR GOALS

#### GOAL:

*We will drive safety to continue decreasing the total incident rate\* to ensure continued world-class-leading levels, with a goal of 0.15 by the end of calendar year 2025.*

We had a total incident rate of 0.20 in fiscal 2022, an increase from 0.18 in fiscal 2021. We are taking several steps to identify and eliminate risk across our operations (please see the Implementing a Risk-Based Approach section).

\*Total incident rate is the number of OSHA recordable incidents per 100 workers. Excludes brands acquired by ELC during or after fiscal 2020.

## OUR MANAGEMENT APPROACH

We have rigorous safety policies and practices in place and reinforce our safety messages through consistent communication and engagement with employees. As we strive to reach our ultimate goal of zero workplace incidents, we promote a proactive and collaborative approach to safety and compliance.

The Executive Vice President, Global Supply Chain establishes our environmental, health, and safety philosophy and directs the activities of the Global Environment, Health, and Safety (EHS) department, which is responsible for driving program development and implementation throughout the Company through partnerships with brands, regions, and functions. Facility Managers, Executive Directors, and Subsidiary Vice Presidents are responsible for program execution and implementation.

Our safety program is fully integrated into our environmental management system, which in turn has been certified to ISO 14001 standards at our manufacturing sites\*\*. As part of maintaining our certification, we continuously improve our environmental and safety management and performance. We conduct internal ISO compliance audits at our manufacturing sites approximately once every two years. Our manufacturing sites are also audited by our third-party registrar, as is our global EHS office, to maintain our conformance to ISO 14001 standard and maintain our certification. We additionally conduct internal EHS compliance audits, which occur at each facility approximately once every two years. New facilities that are the result of acquisitions are assessed for risk, and plans are made to integrate those operations within our existing safety policies and protocols.

As part of our Environmental and Safety Management System, we have a process in place to investigate and report workplace incidents, including injuries, property damage, spills, and near misses. The Environmental and Safety Management System also defines criteria for serious accidents and incidents that could result in a high-consequence injury. We comply with legal requirements with regard to whistleblower protections around employees' rights to remove themselves from, and report on, what they believe are unsafe conditions.

Safety incident reports are entered into a central reporting system where a detailed root-cause analysis is documented, and corrective actions are identified and tracked to completion. We also have a process where safety alerts and best practices are issued globally for sites to take preventative actions.

In June 2022, we updated our EHS Policy Statement, which highlights our commitment to maintain a safe and healthy workplace for all employees, contractors, and visitors and to protect the environment and the communities in which we operate. [Read our EHS Policy Statement.](#)



## IMPLEMENTING A RISK-BASED APPROACH

We continue to improve our safety program to help eliminate risk within our operations. In fiscal 2022, we took a number of actions in line with our safety priorities and in response to the increase in the total incident rate.

To enhance the foundations of our incident reporting, we more clearly defined serious incidents and potentially serious incidents. We expanded our requirements for potentially serious incident reporting across our value chain, supply chain, and R&D, and updated our reporting systems to better capture this information. In addition, we enhanced our root-cause analysis and corrective action tracking process.

- **Hazard Risk Mapping:** We launched a hazard risk map project within our manufacturing facilities and select distribution centers. To identify potential risks, these sites performed a Hazard Risk Assessment, which is a formal process for identifying health and safety risks that employees could encounter so that these risks can be eliminated or minimized. As a result, Hazard Risk Assessment (HRA)/Safety Maps were completed for each area of a facility by employees that have subject matter expertise over lines, equipment, and related tasks. Areas for potentially high-risk and extremely high-risk functions were identified, as were areas of concern and opportunities for improvement. By identifying and addressing risks, we can prevent incidents and injuries. HRAs allow us to educate and train employees on the safety risks in their areas and engage them in improvement efforts.
- **Gap Assessment:** We undertook a gap assessment of our management system against ISO 45001, which is an international standard for health and safety at work. We are also in the process of reviewing and updating our global standards as we strive to align with the provisions of ISO 45001.
- **Culture Survey:** In response to an increase in our total incident rate in fiscal 2022, we completed a culture survey at our manufacturing, distribution, and R&D sites. The results of this survey will be used to further inform our safety programs.

## ENGAGING EMPLOYEES IN PRIORITIZING SAFETY

We seek to engage our employees to be part of advancing and promoting safety and encourage them to take proactive measures to ensure safety protocols are followed across our sites, including manufacturing, distribution, R&D, retail, and office locations. Throughout the year, our global EHS teams run campaigns to further reinforce safety priorities.

Our Behavior Based Safety (BBS) program reinforces our actively caring safety culture through employee-led initiatives and communications around best practices. In fiscal 2022, we had 42 BBS Steering Teams across 25 facilities in 11 countries. These teams supported more than 3,700 employees, completed more than 41,290 BBS observations, and developed and implemented more than 525 projects to improve safety and increase awareness for safe behaviors at their sites.

### SAFETY CAMPAIGNS PROMOTE ACTIVE CARING

Our global EHS teams run campaigns throughout the year to highlight specific safety initiatives for employees. Examples include:

- For Safety Month in June 2022, we celebrated 30 years of commitment to the environment, health, and safety of our people and the planet and encouraged our employees to tell us why safety matters to them. Employees from all areas of the business shared a caring moment, safety tip, or recognized a “Safety Star” on their team.
- In January 2022, we ran a safety contest, asking our employees “What Matters Most” to them and why they were committed to staying safe. We received hundreds of submissions and selected a set of winners in Mexico, Canada, the United States, Belgium, and Brazil.





William P. Lauder, Executive Chairman, and Jane Hertzmark Hudis, Executive Group President, visit ELC's Blaine, Minnesota, facility as part of a global employee gratitude tour.

## HEALTH AND SAFETY TRAINING

We work to keep our workforce up-to-date on safety policies, procedures, and expectations. In fiscal 2022, we refreshed the BBS Management Awareness Training and BBS Employee Awareness Training. At the end of fiscal 2022, 2,702 employees completed the refresher training and 178 managers attended online training sessions.

We also rolled out the BBS Hazard Identification Training for BBS Steering Team Members in fiscal 2022. Individual training modules were developed to highlight the most common at-risk behaviors to look for in each work area. Worksheets are available for seven different work areas: assembly, distribution, maintenance, material supply, production, quality assurance, and tech services. These modules provide dedicated observers with a better understanding of the expected safe behavior and coaching opportunities, should an at-risk behavior be observed.

In response to feedback from the BBS survey conducted in fiscal 2021, we developed an Employee Recognition campaign to highlight our employees' commitment to safety. Many sites celebrated employee safety success in fiscal 2022, while continuing to adhere to current safety protocols.

### IN FISCAL 2022:

#### ***ZERO RECORDABLE ACCIDENTS:***

Achieved zero recordable accidents across many of our facilities, including 1 manufacturing site, 17 distribution centers, and 6 research and development (R&D) sites

#### ***2021 NATIONAL SAFETY COUNCIL AWARDS:***

Received 99 National Safety Awards in three categories, across 31 supply chain and R&D facilities and 18 global brand operations, with some facilities receiving multiple awards

#### ***TRAINED 16,410 EMPLOYEES:***

Trained 16,410 employees on various safety topics including ergonomic awareness, lab safety, and introduction to safety leadership

#### ***IDENTIFYING UNSAFE CONDITIONS:***

Received 5,916 Take Action! cards identifying unsafe conditions or near-miss events

3 GOOD HEALTH  
AND WELL-BEING





## RETAIL SAFETY UPDATES

In fiscal 2022, we recognized North American free-standing stores that met and exceeded a collection of safety metrics over a designated time period through an awards program. The Safety Crown and Retail Partner Safety Gems award winners were awarded for exceeding safety metrics over a given time period. Retail Partner Safety Gems were honored for completing EHS training courses and ensuring their employees at the counter completed theirs as well.

In addition, we continued to prioritize the health and safety of our retail employees around the globe:

- Conducted risk assessments in stores in Brazil, Colombia, Mexico, Taiwan (China), Hong Kong SAR of China, United States, Canada, Spain, Italy, France, Romania, Turkey, Denmark, Germany, and Belgium
- Made virtual ergonomic education sessions and assessments available globally to employees working from their homes, in offices, in the field and at point-of-service
- Created and delivered monthly tip sheets to Global Retail employees highlighting safety topics such as fire preparedness, ladder and step stool safety, and avoidance of “struck by” injuries.



Travel Retail Jo Malone London store in Hainan, China.

SOCIAL IMPACT

# *INCLUSION, DIVERSITY & EQUITY*

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Our ambition is to be the most inclusive and diverse beauty company in the world—and to be both the employer of choice for diverse talent and the brand of choice for our global consumers.

We feel a strategic imperative to cultivate and maintain a culture of inclusion and belonging, and continue to expand our commitments and programmatic efforts to drive equity across our organization globally. We strive to create an industry-leading organizational culture where inclusive behaviors and equitable practices are embedded globally across our business and enterprise.



# OUR MANAGEMENT APPROACH

Our Global Chief Inclusion, Diversity & Equity (ID&E) Officer oversees the Global ID&E Center of Excellence (COE) and leads our efforts to create a working environment that respects, values, and celebrates all identities. This role, established in 2005, reports to the Company’s Executive Chairman, William P. Lauder. Our Global Diversity Council, formed in 2006, is composed of a select group of our most senior leaders and co-chaired by our Executive Chairman and our President and CEO. The council meets quarterly and guides the execution of the ID&E strategy.

The Global ID&E team works closely with brands, regions, affiliates, and functions. Each region has an ID&E regional council, while affiliates, brands, and functions have task forces or ID&E champions. This governance structure enables the development of inclusive environments and drives locally relevant diversity initiatives for our workforce and consumers.

## DIVERSITY ACROSS OUR COMPANY (AS OF JUNE 30, 2022)

**81%**  
of our global workforce was female

**50%**  
of our U.S. workforce was Black, Indigenous, and People of Color (BIPOC)

**57%**  
of corporate VP and above positions were held by women

**44%**  
of our Board of Directors were women



Members of the Women’s Leadership Network (WLN), ELC’s largest Employee Resource Group with Vice Chairman, Sara Moss.



To enhance global coordination of ID&E programs and initiatives across brands, regions, affiliates, and functions, the Global ID&E COE created the ID&E Coordinating Council in 2021. The Council shares best practices and identifies opportunities for collaboration, with the aim of accelerating progress on ID&E objectives while also better representing and understanding different cultures and backgrounds across the organization.

Additionally, and now in its second year, The Inclusive Beauty Advisory Board (IBAB) brings together diverse, high-performing individuals across roles, ethnicities, and genders in business projects that support an inclusive perspective in the beauty space. Sponsored by the Global Chief ID&E Officer and the Senior Vice President, Local & Cultural Innovation, the IBAB's key focus areas are to champion diversity, professional development opportunities, and provide exposure to business initiatives across the enterprise. Employees from across the business—including field and artistry—can apply for IBAB membership. IBAB currently operates in North America and the U.K. & Ireland.

Our Equity and Engagement Center of Excellence (COE) is led by our Senior Vice President, Equity and Engagement, reporting to our Executive Vice President of Human Resources. This function is tasked with the development and implementation of long-term, business-integrated strategies to achieve equity across our organization and ensure a pathway to further opportunity and advancement for all employees. The focus of the Equity and Engagement COE is on deep engagement, career advancement, development programs, hiring practices, and ensuring that we meet and sustain our commitments to diverse and underrepresented populations within our Company, such as our already-established commitments to Racial Equity and Gender Equality.

Overseeing our strategy and commitments to the advancement of women, and maintaining oversight of our specific commitments to Gender Equality is the Vice Chairman of The Estée Lauder Companies, who oversees social matters as part of the ESG management committee and serves as a senior advisor to the Board of Directors, executive management, and the Lauder family. The Vice Chairman developed our flagship, global Women's Advancement program, Open Doors; is the co-executive sponsor of the Women's Leadership Network (WLN); and works collaboratively with the Chief Human Resources Officer and Executive Vice President of Finance and Chief Financial Officer along with other senior leaders across the organization to drive the Company's Women's Leadership Initiatives and Gender Equality goals.

## ADDRESSING CHALLENGES ON OUR JOURNEY

The work of embedding our ID&E values requires consistent effort and ongoing accountability. This is particularly true when we face challenges, both external and internal, that impact our progress and our employees' sense of well-being. For example, we know that the continuing effects of the pandemic and the increase in hate crimes in the United States have contributed to a degree of unease for some in our workforce, including concerns around commuting on public transportation to our corporate offices in the United States. We are committed to the health and safety of our employees, and we continue to stand with them in denouncing acts of violence, hate, and discrimination.

We have also learned that to accomplish any of our goals, we must have accountability at the leadership level that mirrors the accountability demanded of our employees. Accordingly, we have created a task force to advance our culture of belonging with primary focus on development and acknowledgment of leadership accountability at all levels of the organization. Additionally, we grew leadership education and training programming around behavior, psychological safety, and training on how to have courageous conversations with employees at all levels.

*Read more about our Commitment to Racial Equity on pages 46-47.*



Employees enjoying activities celebrating U.S return to office.

# THE BEAUTY OF BELONGING

We believe in the beauty of belonging. Inclusion, diversity, and equity are what drive our boundless creativity and innovation and allow our employees to grow, lead, and flourish. Respect for the individual, and for their passions, perspectives, and experiences, propels us forward. We welcome and celebrate each person’s unique strengths and talents, regardless of geography, age, culture, race/ethnicity, gender, gender identity and expression, sexual orientation, religion, physical and mental abilities, or socioeconomic status. We further strive to amplify representation of our diverse consumers across the world and the communities we serve.

## ID&E RECOGNITION

- Our CEO, Fabrizio Freda, was named among Comparably’s “Best CEOs for Women” in 2022.
- Received a score of 100 on the Human Rights Campaign Foundation’s 2022 Corporate Equality Index for the eighth consecutive year.
- Forbes’ 2021 America’s Best Employers for Diversity for the fourth year in a row.
- Included in Seramount’s 100 Best Companies (2021); Top Companies for Executive Women (2022); and Best Companies for Multicultural Women (2022). Our Network of Black Leaders and Executives (NOBLE) Employee Resource Group (ERG) in North America also received an “Above and Beyond Award” from Seramount in the “Social Justice” category in recognition of outstanding contributions by NOBLE.
- Named to Bloomberg’s 2022 Gender-Equality Index (GEI) for the fifth year in a row.
- Named to Comparably’s “Best Global Culture” and “Best Places to Work in New York” list, ranking #10 out of 50 companies on the Best Global Culture list, and #19 out of 50 companies for Comparably’s Best Places to Work in New York list.





### THE BEAUTY OF SOLIDARITY: GLOBAL ID&E WEEK

In April 2022, we celebrated Global ID&E Week with the theme of The Beauty of Solidarity: Rising Together. The Company's ELC Good Works program double-matched eligible employee donations to select nonprofit partners during this week. Highlights of the week included: The U.K. & Ireland ID&E Awards; a presentation on The Beauty of Solidarity in the LATAM region; A Families at Work ERG presentation on Leading with Inclusion and Empathy for Optimal Work-Life Balance; and the wELCome ERG's exploration of how to build solidarity with the LGBTQIA+ community within the workplace. The Kindred (disability and mental health) ERG also used the opportunity to kick off Mental Health Awareness Month, opening conversations with Company leaders on mental health and well-being.

In total, six days of events were held with 13 global main stage events, representing six regions and more than 30 affiliates with the participation of more than 3,600 employees.



### HONORING ASIAN PACIFIC AMERICAN HERITAGE MONTH

In celebration of Asian Pacific American Heritage Month in May 2022, the Asian Affinity Group (AAG) ERG held programs and events around the theme of "Belonging" in support of the Asian American and Pacific Islander (AAPI) community. By honoring the history, legacy, and contributions of the AAPI community, AAG empowered our colleagues to become allies to help create a just and equitable society. As part of our commitment to stand with the Asian community, the Company's ELC Good Works program double-matched eligible employee donations made to Asian Americans For Equality (AAFE).

### HISPANIC ASSOCIATION CORPORATE RESPONSIBILITY CORPORATE INCLUSION INDEX (CII)

The Estée Lauder Companies is proud to be included in the 2021 Hispanic Association on Corporate Responsibility Corporate Inclusion Index (HACR CII), as one of 41 participating Fortune 100 companies. The HACR CII is a survey that measures Hispanic inclusion in corporate America in the areas of employment, procurement, philanthropy, and governance.



Members of the Hispanic Connections (HiC) Employee Resource Group celebrating Hispanic Heritage Month.



## CELEBRATING BLACK HISTORY MONTH

In partnership with our NOBLE ERG in the United States, we honored Black History Month with programming that explored the individual and collective journeys that have shaped Black America today.

### *THE JOURNEY TO FREEDOM:*

Stories of Courage, Culture, and Impact. A celebration of the pioneers of the African American civil rights movement.

### *THE JOURNEY THROUGH CULTURE:*

The Evolution of Black Music and Media. An exploration of the myriad ways Black art has driven and inspired culture in America and across the globe.

### *THE JOURNEY THROUGH BEAUTY:*

Focus on Black Hair. An in-depth look at the ways Black hair has defined individual and cultural identity, served as a symbol of resistance, and challenged Eurocentric standards of femininity and beauty.

### *THE JOURNEY HOME:*

Africa and the Black Diaspora. An examination of the Black Diaspora—including African Americans, Africans, Afro Caribbeans, and Afro Latinos—that captures the spirit of modern Black movements around the world.



Members of the Network of Black Leaders and Executives (NOBLE) Employee Resource Group celebrating Black History Month.

10 REDUCED INEQUALITIES



## IN SUPPORT OF DISABILITY INCLUSION

Our commitment to an inclusive workplace extends to disability inclusion. In fiscal 2022, we announced our membership in the Valuable 500, a global collective of CEOs and companies committed to disability inclusion.

Additionally, our President and CEO Fabrizio Freda joined Disability:IN's 100 CEOs Now on Board to Advance Disability Inclusion. Disability:IN seeks to help companies benchmark their disability inclusion progress through the Disability Equality Index (DEI). We continue to work to create safe spaces for colleagues to talk openly about disability and mental health in the workplace, and demonstrate leadership in the disability inclusion field through philanthropy, external engagement, and supplier diversity initiatives.



Members of the Women's Leadership Network (WLN) Employee Resource Group, celebrating Women's History Month.

# EMPLOYEE RESOURCE GROUPS

Our ERGs help foster a work environment where employees can feel a sense of belonging and empowerment, support, networking, and community-building opportunities. They allow our employees to expand business results by fostering collaboration on creative approaches to business ideas. Our ERGs and their global chapters are inclusive and open for all employees to join, inspired by the belief that “you don’t have to be to belong.”

In fiscal 2022, we continued to see increased participation in ERGs, with 44 active ERGs worldwide in 35 countries and membership of more than 7,000 employees globally. To enhance the effectiveness of current benefit programs in meeting the needs of diverse employees, we formed the Benefits x ERG Council. This council works to make benefit programs more inclusive of employees and family structures; fosters a culture of awareness and understanding of diverse points of view through open dialogue with employees regarding benefit programs; and provides educational opportunities on program offerings to increase employee engagement.

## ERG HIGHLIGHTS

In honor of Women’s History Month, the Women’s Leadership Network (WLN) reached a milestone when it launched new chapters across Europe, the Middle East and Africa (EMEA), covering affiliates such as Germany, the Balkans, South and Sub-Saharan Africa, and India. In doing so, WLN extended its mission to support, encourage, inspire, and engage women across the Company. WLN is a community of employees focused on providing women at the Company the tools, resources, and network they need to succeed. Founded in 2017, WLN has grown from fewer than 400 members to more than 2,500 members globally.

The WISE (Wisdom, Innovation & Spirit of ELC) ERG launched in the United States in fiscal 2022 with the aim to cultivate a new platform to celebrate and destigmatize aging. The WISE ERG seeks to elevate the power of the 45+ Ageless consumers, providing counsel to brands on how to authentically engage the ageless consumer while highlighting personal and professional development opportunities for our ageless employees.

We celebrated the launch of the first ERG for the Black community in the LATAM region—NOBLE Brazil. NOBLE is a community of Black professional leaders from all levels across the organization that come together to share unique perspectives and experiences, while supporting our Company’s ID&E initiatives.

We also continued the global expansion of the wELCome ERG with a launch in the EMEA region and are planning additional global chapters for fiscal 2023. wELCome’s mission is to make our Company the top choice in prestige beauty for the LGBTQIA+ consumer, a genuine ally to the LGBTQIA+ community, and an employer of choice for LGBTQIA+ talent.



# ID&E EDUCATION AND TRAINING

Our training programs are designed to raise awareness, inform, and educate our workforce on important ID&E topics through a mix of in-person and digital training.

## INCLUSIVE LEADERSHIP

This highly interactive seminar focuses on three competencies: promoting a sense of belonging, enhancing cross-difference competency, and helping team members reach their full potential. Launched in fiscal 2022, more than 500 employees participated across the North America, APAC, EMEA, and the U.K. & Ireland regions.

## IDENTIFYING AND DISRUPTING UNCONSCIOUS BIAS

This workshop tackles the way we unknowingly develop and perpetuate false and unfair stereotypes. In fiscal 2022, we expanded unconscious bias training for full-time and part-time regular employees globally.

## HIGH-TOUCH INCLUSION:

How We Work Together and Why It Matters

Our foundational training course focuses on enhancing self-awareness and valuing different perspectives. Since its inception in fiscal 2014, thousands of employees from more than 41 countries have participated in High-Touch Inclusion.

## CROSS-CULTURAL COMPETENCY PROGRAM

This cultural awareness training helps employees enhance and develop cultural agility, recognize different cultural work styles and customs, and work more effectively with counterparts in other countries. Rolled out as a pilot in fiscal 2022, we plan to formally launch this program in fiscal 2023.

## ANTI-RACISM

This workshop explores the dimensions of anti-racism and challenges employees to identify how one consciously or unconsciously contributes to systemic racism.

## WE LOVE RETAIL

Store and counter managers globally have access to the introductory ID&E module in 16 different languages as part of the We Love Retail program, our flagship onboarding program for retail managers globally.





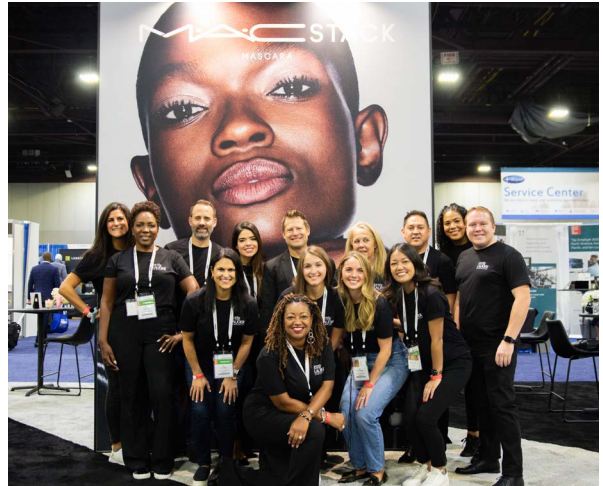
# RACIAL EQUITY



The Estée Lauder Companies has long held inclusion and diversity among our core values. In 2020, we pledged to more fully understand the systemic issues surrounding race, identity, and representation and, as a Company, dedicated ourselves to being part of the solution for the long term by making a series of commitments to our Black employees and consumers in the United States. These commitments include five pillars that serve as the foundation for our forward-looking and global approach to inclusion, equity, and engagement for all employees: Listening and Learning, Talent and Opportunity, Representation, Suppliers, and Investing in Change.

*See the Our Commitment to Racial Equity table on page 12 to learn more about our progress.*

*Read our Two-Year Update on Our Commitment to Racial Equity.* [🔗](#)



The Global Talent Acquisition team participating in the National Black MBA Association's 44th Annual Conference and Expo: A Promise Kept in Atlanta, Georgia.

## LISTENING AND LEARNING

We are committed to fostering a stronger internal culture of advocacy and inclusion to help employees share their voices, be heard, and collectively affect change.

- The challenges and successes of this past year have shown that to accomplish any of our goals, accountability at the leadership level must mirror the accountability demanded of employees at every level. In fiscal 2022, we created a task force to advance our culture of belonging with a primary focus on development and acknowledgment of leadership accountability at all levels of the organization. We grew leadership education and training programming around behavior, psychological safety, and training on how to have courageous conversations with employees at all levels.
- Through our continued employee listening sessions, we are creating spaces for employees to share at their individual comfort level. We have begun to work on building an insights capability to ensure feedback from employees influences all areas of commitment strategy.

## TALENT AND OPPORTUNITY

We are working to ensure we are providing more equitable access to professional development and advancement for our Black employees in the United States and hold ourselves accountable for creating a workforce that is more representative and responsive to people of all backgrounds.

- While we increased Black representation overall within our organization in fiscal 2022, we are working to expand this progress as reflected across senior leadership, brands, and product development teams to ensure that our operations and products better reflect our multicultural society. We've created programs and exposure for our Black employees to advance and accelerate career mobility and support employees at every stage of development.
- In fiscal 2022, we continued to focus on retention of our Black employees by expanding internal talent development and engagement opportunities; placing additional safeguards around talent reviews to eliminate bias; and expanding and building on our recruitment strategy for Black talent. We also accelerated partnerships with talent recruitment firms; deepened relationships with external partners including The Executive Leadership Council and Black Enterprise; and continued to assess the growth, development, and career trajectory of Black talent to first promote from within the Company versus external hires.

## REPRESENTATION

We are working to ensure that the end-to-end creative process accurately and consistently represents the Black experience, engages Black professionals, and that our products meet the needs of our Black consumers.

- We are committed to expanding representation and diverse voices in every facet of creation, from concept to counter. While we have laid the foundation for ensuring our makeup brands meet the needs of the Black consumer, we must accelerate efforts on further embedding this framework across our brands and categories for planning and execution.
- We continue to differentiate ourselves by evolving our creative end-to-end process to represent the Black experience accurately and consistently, and support brand development of authentic, consumer-inspired campaigns that highlight products with claims and benefits that meet the needs of our Black consumers. We also continue to ensure we have Black talent in consumer-facing decisions—including product development, creative, education, and social campaigns—to reflect the needs of Black consumers authentically.

*For more information on Representation, please see pages 97-99.*

## SUPPLIERS

We are committed to leveraging our power to support Black-owned businesses, including by increasing spend on sourcing ingredients, packaging materials, and supplies from Black-owned businesses.

- We have made strong progress towards increasing the diversity of our supplier base. With the establishment of our new dedicated resource focused on supplier diversity, we will continue to build on the momentum to achieve our goal of doubling spend on sourcing ingredients, packaging materials, and supplies from Black-owned businesses by the end of 2023.
- Our brands will continue to work with diverse suppliers on long-term opportunities and expand the use of Black-owned suppliers across various procurement categories as well as marketing, advertising, and creative agencies.

*For more information on Supplier Diversity, please see page 86.*

## INVESTING IN CHANGE

We seek to meaningfully support external organizations and nonprofits advocating for systemic changes and racial and social justice.

- We will continue to invest in meaningful partnerships with social and racial justice organizations. Additionally, we will continue the evolution of The Estée Lauder Companies Charitable Foundation’s (ELCCF) mission, with equity at its center.
- By the end of fiscal year 2022, ELC, its brands, the ELCCF, and the Lauder family distributed nearly \$12.2 million to support external organizations and nonprofits advancing racial and social justice and addressing disparities. This marked the early achievement of the three-year goal we announced at the end of fiscal 2020 to invest \$10 million over a three-year period.

*For more information on Social Investments, please see pages 52-65.*

NOBLE  
**JUNETEENTH**  
 CELEBRATE FREEDOM

### HONORING JUNETEENTH

In 2020, we established Juneteenth as a permanent annual Company holiday in the United States as part of the Company’s Commitment to Racial Equity and to commemorate the end of slavery in the United States. In observance of Juneteenth in 2022, we provided opportunities for employees to participate in events to listen, learn, reflect, and act as we work collectively toward long-term, sustainable change at the Company and beyond.

# GENDER EQUALITY



## OUR STRATEGY TO ADVANCE GENDER EQUALITY

Inspired by our visionary founder, Mrs. Estée Lauder, we continue to work to advance women both within our Company and around the world. Through the United Nations Foundation's Five for 5 Initiative, we have made a series of commitments to gender equality that align with UN Sustainable Development Goal 5. These commitments are part of our Opening Doors: Women's Advancement and Gender Equality Strategy, which honors our history and shapes the future by addressing equality of opportunity, equality of leadership, and equality of access to health and education.

Knowing that women and girls disproportionately bear the negative impacts of global crises, including job loss, unequal caregiving responsibilities, interrupted education and access to health and social services, we feel a collective sense of urgency around our commitments to gender equality. True to our founder, and with the strong support of our employees, leaders, and partners, we continue our support for women and girls globally, aiming toward gender equality across all races and sectors.



Vice Chairman Sara Moss, Executive Vice President and Chief Financial Officer Tracey Travis, and Executive Group President Jane Hertzmark Hudis speak with the Women's Leadership Network.

*“ Empowering women anywhere empowers women everywhere. ”*

SARA MOSS  
Vice Chairman, The Estée Lauder Companies

Our Company was represented at the 2021 Generation Equality Forum, an organization led by UN Women and co-hosted by the governments of France and Mexico, which seeks to accelerate equality, leadership, and opportunity for women and girls worldwide.



## EQUALITY OF OPPORTUNITY

We believe all genders should have equal access to opportunity. As a company comprised of 81% women, we set goals to achieve gender pay equity globally by 2023 and increase representation of women from underrepresented groups across our regions and affiliate.

Pay equity continues to be a critical area of focus in our talent and rewards programs and processes, in order to support fair and equitable pay decisions and career development opportunities. This includes conducting rigorous and objective pay equity assessments as a core component of our annual compensation reviews. In fiscal 2022, we refreshed our pay equity analysis focusing on our non-Point-of-Sale population globally based on gender, and for our U.S. workforce, based on race. As part of this study, we conducted an in-depth statistical analysis of employee compensation, based on like-for-like jobs, considering factors such as grade, experience, time in role, location, and performance, among others.

Results from the fiscal 2022 review continue to show strong progress on gender pay equity. Globally, it is expected that women will earn 98.9% in fiscal 2023 of what comparably positioned men earn (as compared to 98.7% in fiscal 2022). We are on course to achieve effective gender pay parity within our global workforce and are fully committed to this goal. In the United States, we continue to have effective pay parity between White and both Black and LatinX employees, as well as for non-White employees collectively.

We continue to address any existing pay gaps in a way that focuses on identified sources of pay differences and protects against their re-emergence over time. We are analyzing the root causes of pay differentials and are further enhancing our career and talent development programs to target equity in career opportunities.

We are accelerating our efforts to increase representation of women from underrepresented groups in all regions and affiliates. We also continue to support women-owned businesses, with a new goal to significantly increase women-owned supplier spend to \$150 million by the end of calendar year 2025.

Additionally, we are investing in our diverse talent pool through career advancement, development programs, hiring practices, enhanced talent management, and with expanded flexible work principles that acknowledge the realities of caregiving and attention to well-being as opportunities to support diverse needs of individuals in their personal and professional growth.





# Introducing the *OPEN DOORS* COLLECTION

Embrace Your Infinite Possibilities

## EQUALITY OF LEADERSHIP

We believe that all genders should have equal access to positions of leadership within our organization. We are aiming to reach gender parity for women in senior leadership positions—Senior Vice President (SVP) and above—worldwide by 2025 and to expand leadership development programs to give employees the tools and support they need for success. In fiscal 2022, we made significant progress toward these aims: 57% of global Vice President (VP) positions and above and 45% of global SVP positions and above are held by women. Additionally, for the first time in our history, a woman is the Presiding Director of our Board. All of our Global Innovation Centers are led by women; half of our six regions are led by women (up from 20% in fiscal 2021); and 54% of our affiliates are led by women (up from 48% in fiscal 2021).

We continue to expand our leadership programs, which are focused on helping women in our organization build the skills and competencies that foster advancement.

### OPEN DOORS WOMEN'S LEADERSHIP PROGRAM

Over the past year, Open Doors—which is quickly becoming our Company's signature women's leadership program—launched three Intensives, bringing together women from three regions to deliver skills and support to advance in their careers. Results include exceptional retention of participants in the first two groups over 18 months following their Intensive. In addition, Open Doors Intensive participants have realized a significant increase in promotions and career mobility within 18 months of their Open Doors graduation.

In July 2021, we further extended the leadership development scope with the launch of the Open Doors Collection, an interactive, self-guided, curated program that employees can access virtually to grow their leadership skills. In just the first year, pilots in brands, regions, and functions tested and learned about how employees could best learn together through facilitated sessions and experiential practice.

Open Doors builds confidence, courage, and community, and continues to develop the next generation of leaders.





## EQUALITY OF ACCESS TO HEALTH AND EDUCATION

We believe that all people around the world deserve access to health, education, and economic participation. We are also committed to giving women and girls access to the proper tools and skills needed to become successful and to create lasting change. For example, we continue to be the leader in supporting research through the Breast Cancer Research Foundation®. We are also driving cross-sector progress and collaborating with others to address health and education disparities (learn more on pages 52-65).



Strides toward gender equality solely within our own company are not enough, especially as resources in critical areas such as health and education diminish globally. As we scale up within our Company, we also partner with individuals and organizations who share our commitment to advancing women and girls of all races and economic backgrounds to level the playing field for every global citizen. We will continue to work to build lifelong leaders confident in their unique ability to reach their full potential to create a lasting, positive impact.

We are using our platform and our voice to connect with and empower the next generation of women leaders. In September 2021, author and activist Amanda Gorman became our first Estée Lauder Companies and EL Brand Ambassador, and co-creator of literacy effort WRITING CHANGE, to fund organizations that are advancing literacy as a pathway for women and girls (learn more on page 59). We also partnered with global spokesmodel and Estée Lauder Brand Ambassador Karlie Kloss, to help support Kode w/ Klossy coding camps for young women and non-binary individuals ages 13-18.



The Breast Cancer Campaign proudly supports researchers through the Breast Cancer Research Foundation® (BCRF). Pictured is grant recipient, Jill Bargonetti, PhD, a BCRF Investigator.



SOCIAL IMPACT

# *SOCIAL INVESTMENTS*

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We leverage our resources, time, and talent to establish transformative partnerships with organizations that create positive social impact. Our social investments are grounded in our Company values and align to our business goals.



# OUR MANAGEMENT APPROACH

We are committed to helping support people and communities—from funding breast cancer research and working to improve opportunities for women and girls, to responding to global health and societal crises.

During fiscal 2022, we expanded our Social Impact focus with the goal of complementing our commitment to gender equality, racial equity, environmental sustainability with the well-being of the communities where we live, work, and source. This included an expansion of our investments in women’s leadership and girls’ education and enhancing efforts to promote positive health and environmental outcomes in our communities. Additionally, we continued the evolution of The Estée Lauder Companies Charitable Foundation’s (ELCCF) mission with new partnerships that take an intersectional approach to addressing equity.

We make financial, product, matching, and in-kind donations across our Company, our brands, and through ELCCF. ELCCF is governed by a Board of Directors, which is composed of senior Company leaders and independent directors.



The Estée Lauder Companies’ iconic brands support our mission to create a breast cancer-free world and raise funds for the Breast Cancer Research Foundation® (BCRF).

Our employees are passionate about contributing to the causes they care about. We amplify their efforts by providing opportunities for them to donate and volunteer their time.

*Read more about Employee Volunteerism and Giving on pages 32-33.*



# THE BREAST CANCER CAMPAIGN

## COMING TOGETHER TO HELP END BREAST CANCER FOR ALL

Since 1992, The Estée Lauder Companies' Breast Cancer Campaign (The Campaign) has leveraged the power of our portfolio of brands, engaged our passionate employees, and supported dedicated partners and organizations to positively impact the global breast cancer community. In fiscal 2022, The Campaign remained steadfast in its commitments to tirelessly raise awareness, drive progress, and ultimately help find a cure for this disease through the support of research, education, and medical services. As our Company's largest corporate social impact program, The Campaign behind the Pink Ribbon continues to inspire people everywhere in its mission to help create a breast-cancer-free world for all.




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## THE CAMPAIGN AROUND THE WORLD

Through The Campaign, we support 60+ organizations worldwide, including the following initiatives:

- **SHANGHAI:** Through a partnership with the Shanghai Charity Foundation (Minhang District Office), we set up a breast cancer prevention and treatment program. This initiative aims to raise awareness of breast cancer through online education and offline activations, as well as to provide financial support to patients in need during treatment and recovery.
- **FRANCE, ITALY:** We provided critical funding for scientific research awards in France through Ruban Rose; in Italy, we support a three-year fellowship through the AIRC Foundation for Cancer Research.
- **MEXICO:** Through Fundación de Cáncer de Mama (FUCAM) in Mexico, we provide funding to support comprehensive treatments for breast cancer patients and strategic education and advocacy programs on breast health to the public.
- **MIDDLE EAST:** In the Middle East, we support Brest Friends, the first breast cancer support group in Dubai dedicated to promoting early detection, and support women's advancement in the medical field within UAE.
- **SINGAPORE:** In Singapore, we raised funds that have contributed to the creation of a specialized area, the Positive Image Room, in Singapore's first Breast Cancer Center. This area is a safe space where patients can access resources to make them feel more comfortable while undergoing treatment.
- **U.K. & IRELAND:** In the U.K. & Ireland, we continued to support London's first-ever specialist breast cancer support center, Future Dreams House, offering free personalized services, addressing the emotional and physical side-effects of treatment. We remain focused on the relationship between intersectionality and disparities in breast cancer care as well as providing accessible education on early detection.





## OUR IMPACT

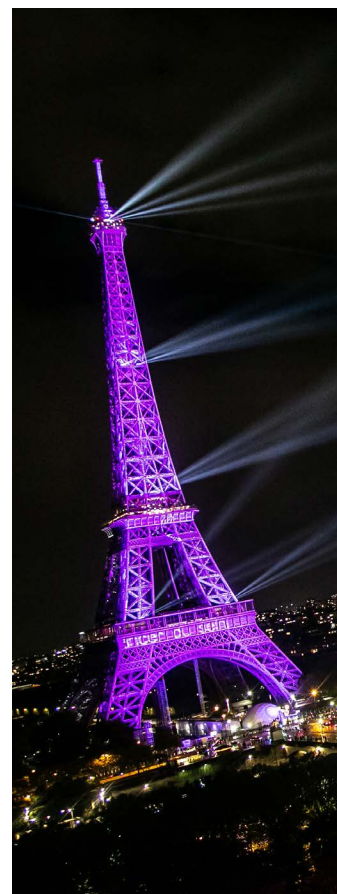
Together, The Campaign and ELCCF have funded more than \$118 million for lifesaving global research, education, and medical services with more than \$93 million supporting research through The Breast Cancer Research Foundation® (BCRF). BCRF was founded by the late Evelyn H. Lauder in 1993 and is dedicated to advancing the world's most promising research to eradicate breast cancer. The Estée Lauder Companies is the largest corporate donor to BCRF, funding research grants and BCRF investigators in seven countries across the globe.

The Campaign supports a multitude of efforts that help bring us closer to our mission. Through the funding of medical research and fellowships worldwide, as well as aiding in identifying and addressing disparities that exist across the entire breast cancer landscape, The Campaign is helping to make crucial advancements. By supporting medical resources and services that include the building and updating of various cancer care centers, providing access to mammograms or screenings for vulnerable groups and funding counseling services, The Campaign is creating a lasting positive impact in the lives of people with breast cancer and all of those touched by this disease. Early detection and education are instrumental in saving lives, which is why The Campaign helps to advance conversations on the importance of breast health by facilitating discussions with the breast cancer community, medical experts, and key opinion leaders.



### IN FISCAL 2022, THE CAMPAIGN:

- Mobilized employees to support 60+ organizations globally
- Secured the participation of 19 brands
- Reinforced the Company's commitment to racial equity with the Company and the Lauder Family donating \$1 million over two years towards research to help eliminate breast cancer disparities
- Distributed millions of Pink Ribbons worldwide
- Illuminated global buildings, monuments, and landmarks in glowing pink lights to raise awareness of breast health, including the Empire State Building in New York City and the Eiffel Tower in Paris, France
- Advanced a digital-first strategy by launching: a global Breast Cancer Campaign website in six languages; a global hub on our internal employee website; a checkout donation option on ELC Beauty Perks (our online store for employees); and social media activations, including a virtual Pink Ribbon Instagram filter and a TikTok campaign
- Drove digital online U.S. Sale-a-Bration sales through ELC Beauty Perks, raising \$220,000+ while reducing waste from excess product.



The Eiffel Tower illuminated during Breast Cancer Awareness month, Paris, France.



# ADVANCING OPPORTUNITIES FOR WOMEN AND GIRLS

5 GENDER EQUALITY



We have a long-standing commitment to support women and girls to achieve their highest potential. Through our social impact investments, we aim to improve girls' access to quality education, expand young women's leadership capabilities, and support women's advancement and health initiatives.

For example, since 2016, ELCCF has supported girls' education programs globally that are focused on providing girls the skills they need to bring about lasting change for themselves, their families, and their communities. We continue to deepen our commitment to girls' education as well as to support the continuum of young women's leadership and life skills. We are committed to placing equity at the center of our work, supporting BIPOC (Black, Indigenous, and people of color) leadership and funding programs that address acute disparities.



Students from The Young Women's Leadership Schools, a longstanding partner of The Estée Lauder Companies Charitable Foundation.

## CO-IMPACT

Co-Impact is a global philanthropic collaborative supporting initiatives to make systems and societies more just and inclusive so people can live fulfilling lives. As the inaugural corporate donor to Co-Impact’s Gender Fund with a multi-year ELCCF commitment of \$15 million over five years, we have joined and are helping to catalyze a strong and growing pool of funding partners contributing to the Fund’s goal of raising and deploying \$1 billion.

The Gender Fund officially launched in March 2022 with an initial set of 15 grants to support programs in 13 countries. The Fund is focused on achieving systems change for gender equality, with an emphasis on elevating women’s power, agency, and leadership at all levels. By working across stakeholders, the Co-Impact model seeks to transform health, education, and economic systems to achieve equitable and inclusive impact at scale in countries across the Global South.



## GRANTMAKERS FOR GIRLS OF COLOR

Through our partnership with Grantmakers for Girls of Color (G4GC), we are building on our existing commitments to advance both girls’ education and racial equity. ELCCF supports G4GC’s Black Girl Freedom Fund, the organization’s largest initiative and part of its #1Billion4BlackGirls campaign, a 10-year initiative dedicated to supporting the brain trust, health, innovation, safety, education, artistic visions, research, and joy of Black girls and their families. G4GC’s mission is to mobilize resources to support organizing work led by girls and gender-expansive youth of color in the United States.



## THE YOUNG WOMEN’S LEADERSHIP SCHOOLS

Operated by Student Leadership Network (SL Network), The Young Women’s Leadership Schools (TYWLS) are a network of public secondary schools in New York City serving girls and gender-expansive youth of color who are often the first in their families to attend college. A longtime Company and ELCCF partner, TYWLS supports the development of the “whole girl” in four core areas: college and career awareness, STEM, health and wellness, and leadership development.

ELCCF has provided continued support for SL Network’s CollegeBound Initiative (CBI), a program that empowers students to realize their higher education and career potential by maximizing their college awareness, access, and financial aid awards. ELCCF supports CBI programs at TYWLS of East Harlem; TYWLS of Brooklyn; TYWLS of Astoria; TYWLS of Queens and the Girl’s Academic Leadership Academy of Los Angeles (GALA), an affiliate school of SL Network. In addition, ELCCF supports mental health programming at TYWLS of the Bronx, in response to the effects of COVID-19.



**Student Leadership  
Network**



## THE BOBBI BROWN PRETTY POWERFUL FUND

The Bobbi Brown Pretty Powerful Fund supports nonprofit organizations working to empower women and girls through education. Since launching in 2019, the Fund has provided nearly \$1.5 million in grants to global gender equality organizations. Since joining forces with She's the First, the Fund has committed more than \$1 million to girls' education programs in more than 42 countries focused on supporting mentorship programs, leadership summits, coalition-building campus chapter gatherings, girl-centric digital resources, and community engagement.

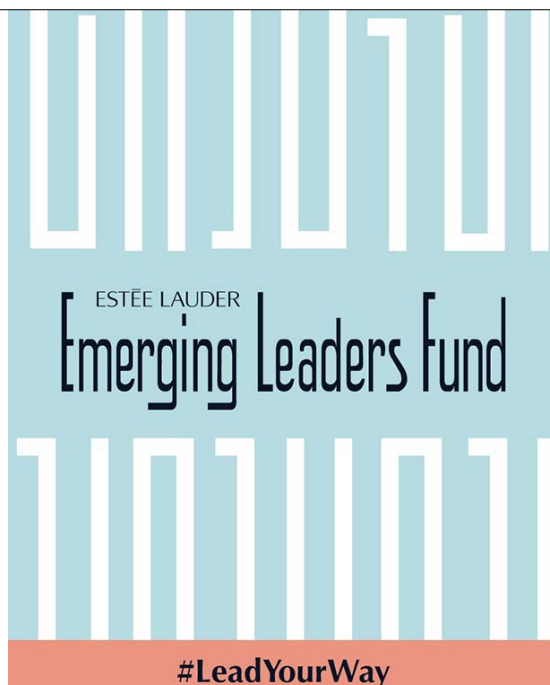
To drive awareness of the Pretty Powerful Fund's mission and to amplify impact, Bobbi Brown features an ongoing donation program at online checkout in support of She's the First and has developed an augmented reality filter to further engage the brand's global social audience.



## ESTÉE LAUDER EMERGING LEADERS FUND

In fiscal 2022, the Estée Lauder brand announced the launch of the Estée Lauder Emerging Leaders (ELEL) Fund. The ELEL Fund's mission is to redefine leadership by supporting a new generation of emerging women leaders and challenging gender stereotypes. The Fund will support global organizations that provide opportunities for leadership development, cultivate supportive communities, and advocate for emerging leaders who have a daring vision for change.

The ELEL Fund announced their inaugural program partner as Vital Voices Global Partnership in May 2022. With the shared mission of advancing women and redefining leadership, the ELEL Fund and Vital Voices will build VV Visionaries, a custom online and offline leadership development program for emerging women leaders globally who want to create positive social impact in their communities and beyond.



# WRITING CHANGE INITIATIVE



“  
*I am so thrilled that the work of these worthy organizations can continue to reach more communities through WRITING CHANGE. Representation in literacy matters. For youth, literacy is a pathway to social expression that leads to progress. I truly believe that words lead to actions that can change the world.*  
”

AMANDA GORMAN  
Estée Lauder Global Changemaker



## FIRST-YEAR GRANTEES FOR WRITING CHANGE INITIATIVE LAUNCHED IN PARTNERSHIP WITH THE ESTÉE LAUDER COMPANIES' GLOBAL CHANGEMAKER, AMANDA GORMAN

The Estée Lauder Companies is committed to nurturing the leaders of tomorrow—trailblazers who embody the challenger spirit of our founder, Mrs. Estée Lauder. In fiscal 2022, The Estée Lauder Companies and the Estée Lauder brand announced a three-year partnership with Amanda Gorman, activist, award-winning writer, and the youngest inaugural poet in U.S. history.

As part of this unique partnership, The Estée Lauder Companies is contributing \$3 million over three years to support WRITING CHANGE, a marquee initiative to advance literacy as a pathway to equality, access, and social change. In February 2022, the first-year grant recipients for WRITING CHANGE were selected based on their proven ability to maximize impact for youth, families, and diverse communities. [Read more about our first-year grantees.](#)

WRITING CHANGE First-Year Recipients include:





# INVESTING IN COMMUNITIES

We are committed to making a positive impact in communities where we live, work, and source. To this end, we have expanded our social investments to support programs at the intersection of environmental sustainability and social impact, including investing in communities around our supply chain in geographies where we source key ingredients.

Fiscal 2022 continued to present significant global challenges, from ongoing COVID-19 disruptions, to the invasion of Ukraine, to natural disasters exacerbated by the accelerating impacts of climate change. In addition to causing individual and societal harm, these events widened gender gaps and economic and racial equity disparities. Despite the magnitude of these challenges, we believe that our Company can help to inspire broader innovative, collaborative, and equitable solutions as we focus our community investments on disaster relief, health, and the environment.



Kaleka's Mosaik Initiative project site, supported through The Estée Lauder Companies Charitable Foundation's participation in the ASD Impact Fund. The landscape project focuses on community-based restoration, conservation of natural forests, livelihood development, and RSPO certification of smallholder farmers in Indonesia.



## DISASTER RELIEF

In response to the invasion of Ukraine, we quickly activated various channels to provide wide-ranging emergency relief in support of our employees and impacted communities. These include:

- Relief grants to Ukraine-based employees through the ELC Cares Employee Relief Fund
- A \$1 million commitment from ELCCF to nonprofit organizations providing vital humanitarian relief and social services to women, children, and families in and around Ukraine, including: International Committee of the Red Cross, Save the Children, USA for UNHCR (United Nations High Commission for Refugees), International Rescue Committee, UNICEF (United Nations Children’s Fund), and Global Fund for Children
- Brand support of partner NGOs working in the region to provide relief and services to people and families during conflict, with \$550,000 in total donated
- More than 100,000 products (shampoos, hand creams, moisturizers, etc.) distributed to Ukrainian refugees
- A double match for employee giving through ELC Good Works to select disaster relief nonprofits.

## EXPANDING THE ELC CARES EMPLOYEE RELIEF FUND

Since its inception in April 2020, the ELC Cares Fund has provided more than \$10.6 million in funding and more than 18,500 grants to support our employees globally—an incredible testament to the camaraderie, care, and family values that define our Company culture. The ELC Cares Fund, initially created to support employees impacted by COVID-19, now provides immediate and critical financial relief to eligible employees globally\* who have been impacted by catastrophic disasters (including COVID-19), personal disasters, and personal hardships.

The ELC Cares Fund is powered by generous donations from the Company, the Lauder family, as well as employee donations and related Company matches. In fiscal year 2022, more employees donated to the ELC Cares Fund than to any other nonprofit globally. For eligible employees\*\* who wish to contribute, The Estée Lauder Companies provides a year-round, double-match on donations made to the ELC Cares Fund.



\*Eligible employees consist of ELC employees who are managers and below and not equity eligible at time of application. Excludes Freelance and On-Call employees, employees under notice, employees on leave absence, U.S.-based employees on furlough, and employees based in Lebanon, Russia, and Ukraine (except for a one-time emergency grant in March 2022).

\*\*Eligible employees include equivalent of active and qualifying full-time regular and part-time regular employees globally, excluding nonintegrated brand employees. Not available in India, Lebanon, Russia, UAE, and Ukraine.

### SUPPORTING CHILDREN IN MICA COMMUNITIES

Since 2005, we have partnered with the Kailash Satyarthi Children’s Foundation (KSCF) to help address child labor in the mica-mining industry. KSCF works to help eliminate child labor in India by partnering with local communities to develop proactive and sustainable solutions, including the creation of Bal Mitra Grams or Child Friendly Villages. Through June 2022, we have supported the establishment of more than 290 Child Friendly Villages working to empower youth and address social problems.

## HEALTH

In addition to supporting our corporate Breast Cancer Campaign, our brands champion issues that matter to them and to their consumers. For example, their innovative campaigns have resulted in significant impacts in addressing HIV/AIDS and mental illness and progress toward improved outcomes for women and girls and the LGBTQIA+ community.

### M·A·C VIVA GLAM

M·A·C VIVA GLAM was created at the height of the AIDS epidemic in 1994 to make a meaningful difference in the lives of people living with and affected by HIV/AIDS. Through this trailblazing campaign, 100% of the selling price of all VIVA GLAM lipsticks goes to organizations and programs aimed at creating healthy futures and equal rights for women, girls, and the LGBTQIA+ communities while maintaining its decades-long support for those living with HIV/AIDS. To date, the campaign has raised more than \$500 million and funded 1,800 organizations around the globe.

For the iconic giveback program's 27th anniversary on World AIDS Day in December 2021, M·A·C VIVA GLAM teamed up with the Keith Haring Foundation to launch three special-edition VIVA GLAM lipsticks in the late artist's signature primary color palette. Additionally, to honor National Youth HIV/AIDS Awareness Day in April, M·A·C VIVA GLAM partnered with the Keith Haring Foundation to create its first-ever NFT collection. Proceeds from the initial sales of the NFTs were donated to the M·A·C VIVA GLAM fund for programs to benefit youth impacted by HIV/AIDS.

In honor of Mother's Day 2022, M·A·C VIVA GLAM announced a \$1.5 million donation to UNICEF to support the organization's work with mothers and children, as well as members of the LGBTQIA+ community globally. This two-year grant expands and enhances HIV treatment programs for vulnerable communities in Brazil, Ethiopia, South Africa, and the Middle East and North Africa region. M·A·C has supported UNICEF since 2003, donating a total of nearly \$15 million to UNICEF's HIV/AIDS relief efforts through VIVA GLAM.

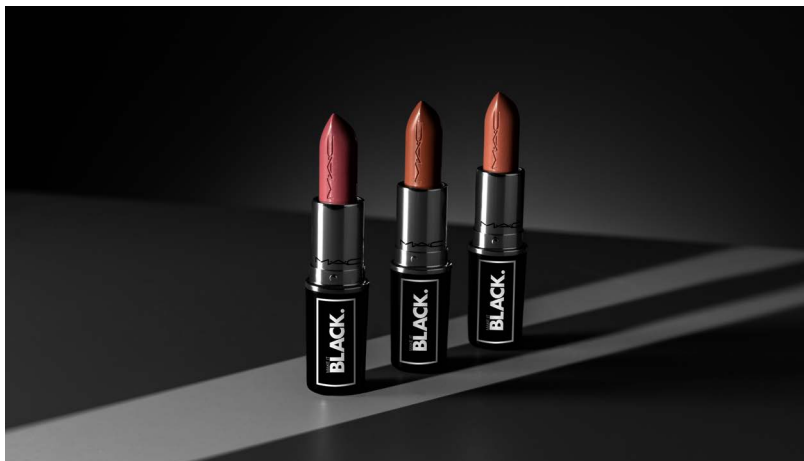
**3** GOOD HEALTH AND WELL-BEING



M·A·C employees and friends of the brand participating in the AIDS Walk New York.

### MAKE IT BLACK WITH M·A·C

M·A·C North America was proud to team up with the Make It BLACK campaign to celebrate the beauty of being Black and to support the next generation of Black founders with a donation to the Pull Up for Change Small Business Impact Fund. In honor of the initiative, three best-selling shades of Lustreglass Sheer-Shine Lipsticks were dressed in special-edition Make It BLACK packaging for a limited-time.





## JO MALONE LONDON

Since 2012, Jo Malone London has been committed to helping to stamp out the stigma surrounding mental health, proudly supporting inspirational charities. The brand has donated more than \$3 million to mental health charities globally to date through their Charity Home Candle collection. Charity Home Candles are available in the United Kingdom, Ireland, and the United States, with efforts underway to further scale the initiative.

For each Charity Home Candle sold, at least 70% of the retail price (minus tax) goes directly to supporting leading mental health organizations and charities to help individuals and families affected by mental health challenges. Jo Malone London is committed to championing all stages and aspects of mental health support, from awareness and prevention to treatment.

## PROGRESS TOWARD OUR GOALS

**GOAL:**  
*Each brand\* will focus on and support at least one social or environmental cause by 2025.*

We achieved this goal ahead of schedule in fiscal 2022, with each brand\* providing support to at least one social or environmental cause.

\*For purposes of this metric, the number of brands is 23; and for purposes of this goal, social causes supported by DECIEM are attributed to the DECIEM brands (The Ordinary and NIOD).



We are honored to announce Adwoa Aboah as the new Jo Malone London Global Ambassador. As a mental health activist and the founder of a nonprofit organization dedicated to the mental health and well-being of women and young girls globally, Gurls Talk, she embodies Jo Malone London's values of kindness, optimism, and courage. Adwoa will help to bring to the forefront the mental health awareness work the brand has been supporting for the past decade.

## ENVIRONMENT

The success of our business is linked to the health and well-being of people and the environment. Protecting our planet also means uplifting the communities responsible for the care and keeping of its most precious resources. Our social investments and brand engagement efforts in this area seek to strengthen the communities where we operate, while amplifying our work to help protect the planet and raise awareness about important environmental issues.

### PARTNERING FOR EARTH MONTH

This past Earth Month, we celebrated the efforts of ELCCF’s nonprofit partners around the world who are leading critical work to help advance equitable climate solutions for both people and planet.



Through ELCCF’s partnership with *Conservation International*, we’re helping to sequester carbon and mitigate global climate change by supporting Indigenous women and their communities to conserve forests and biodiversity across the Amazon in Bolivia, Colombia, Ecuador, and Peru. This partnership will support nine Indigenous women fellows in the first year of the program, which aims to foster women’s leadership in areas that are essential for forest conservation, climate security, biodiversity, and indigenous culture. The fellows are helping to conserve more than 550,000 hectares of irreplaceable high-carbon forests and biodiversity in the Amazon, sequestering 20 million tons of irrecoverable carbon.

Through ELCCF’s partnership with *Plastics for Change*, we are working to enhance livelihoods for waste collectors in India, the majority of whom are women, while diverting plastics from the ocean. With ELCCF’s support, Plastics for Change has created independent plastic collection sites to reinforce fair-trade principles and enable greater transparency, accountability, and social change for women and marginalized communities involved in plastic collection. This partnership supports the collection of up to 1.3 million pounds of plastic annually and will help to increase the social and economic opportunity for approximately 1,000 people.



Conservation International



Plastics for Change



LA MER

La Mer is committed to supporting ocean conservation efforts around the world. To date, La Mer has helped support the protection of more than 16 million square miles of marine habitats. Through the La Mer Blue Heart Oceans Fund, the brand supports organizations that are dedicated to marine habitat restoration and youth education around ocean conservation, inspiring young people to be change agents in their local communities.

The La Mer Blue Heart Oceans Fund supports the work of GreenWave, an innovative nonprofit that partners with fishermen, Indigenous groups, and other under-resourced coastal communities to create regenerative ocean farms, with a focus on cultivating native kelp species, to restore ocean ecosystems, mitigate climate change, and create jobs. This year, the Fund is supporting the Shinnecock Kelp Farmers cooperative to help create regenerative kelp farm and hatchery pilots off the coast of New York. Additionally, through its support of EarthEcho International, the Fund mobilizes youth environmental leaders and supports the OceanEcho 30x30 initiative, which focuses on youth-led action to protect and preserve ocean biodiversity.



ORIGINS

Origins has been dedicated to helping safeguard the health of forests and combat environmental degradation for more than 10 years. To support this effort, the brand collaborates with environmental nonprofit organizations, such as One Tree Planted, to support tree-planting efforts benefiting local communities and addressing the impact of climate change. Through these partnerships, Origins Green the Planet has helped enable the planting of and caring for more than 2.3 million trees since 2009 in projects spanning Asia, Europe, and North America. In fiscal 2022, Origins' tree-planting efforts focused on major cities and urban areas throughout the United States with low tree equity scores (i.e., a lack of tree canopy).



AVEDA

Aveda is committed to raising awareness and funds to help provide access to clean water globally and help protect clean water locally through its signature annual giving campaign, Aveda Earth Month. Since 1999, Aveda has raised more than \$69 million for hundreds of local and global environmental organizations providing clean water to more than 1.5 million people and protecting thousands of local watersheds.

In fiscal 2022, Aveda and its passionate network of salons, spas, educational institutes, employees, and customers raised nearly \$2 million. These funds are expected to provide an additional 31,000 people with clean water in Aveda's sourcing communities in India, Nepal, and Madagascar through the brand's partnership with nonprofit charity: water, and continue to support Aveda's local nonprofit partners who are protecting clean water in the communities where we work and live.





SUSTAINABILITY

# *CLIMATE AND ENVIRONMENT*

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Our efforts to reduce our environmental impacts span our operations and extend throughout our value chain. We focus on addressing climate change through targets to help reduce greenhouse gas (GHG) emissions, and implement strategies to help minimize waste generation and disposal and water use. We seek innovative solutions to gain efficiencies and reduce impact at various stages of our products' life cycles.





# OUR MANAGEMENT APPROACH

Our Global Supply Chain function, which includes the Environment, Health, and Safety (EHS) team, is responsible for managing energy use and GHG emissions, implementing waste-reduction and recycling efforts, and reducing water use across our Company-owned sites. In addition, our Global Corporate Citizenship and Sustainability (GCCS) function helps manage and advise on aspects of our environmental strategy. Our *EHS Policy Statement* [🔗](#) codifies our overall approach to reducing environmental impacts.

To help us progress towards our science-based emissions-reduction targets (SBTs), in fiscal 2022, we established a cross-functional group to develop and implement a sustainability strategy specific to our manufacturing sites, research and development centers, and distribution centers. In addition, we piloted and plan to more broadly implement a new process to define and estimate sustainability opportunities and impacts of major capital projects within our supply chain during the development stage.

Our manufacturing sites\* have been externally certified to ISO 14001, a voluntary standard to drive improvement, since 2000. As part of maintaining our certification, we continuously enhance our environmental and safety management by annually setting objectives and targets to improve performance. We also assess our suppliers across a range of environmental performance criteria.

## REIMAGINING OUR SUPPLY CHAIN

In fiscal 2022, ELC became a founding member of Zero100, an education and research initiative that aims “to rethink the production, distribution, and consumption of physical goods around the world” by exploring the next generation of manufacturing design that incorporates technology through the lens of sustainability. As part of Zero100, we’re collaborating to reimagine the future of supply chains, as supported by content and learning programs underpinned by data-driven research and peer networking.



ELC's Nancy Mahon, Senior Vice President, Global Corporate Citizenship & Sustainability, Roberto Canevari, Executive Vice President of Global Supply Chain, and Jane Lauder, Executive Vice President, Enterprise Marketing & Chief Data Officer discuss how data and technology are powering the future of sustainability in supply chain during a Zero100 event.

# CLIMATE ACTION



Together with our employees, consumers, and suppliers, we support the transition to a low-carbon economy by reducing our carbon footprint and investing in green energy solutions. Since fiscal 2020, we have achieved carbon neutrality\* and sourced 100% renewable electricity globally for our direct operations each year\*\*—commitments that we met again in fiscal 2022 and intend to maintain moving forward.



ELC signed a virtual power purchasing agreement (VPPA) for 22 megawatts (MW) of wind power from the Ponderosa wind farm in Oklahoma.

\*In fiscal 2023, ELC updated its language to use “carbon neutral” instead of “Net Zero” when referring to its efforts to eliminate carbon emissions from its operations. The change is in response to an update from the Science Based Targets initiative (SBTi), which issued guidance on a common definition of Net Zero. While still considered carbon neutral, ELC’s practices do not meet the SBTi’s revised definition of Net Zero. ELC recognizes that climate-related standards and best practices may continue to evolve over time, and we may choose to adjust our definition of carbon neutrality accordingly in the future.

\*\*Electricity consumption for all global activities with ELC operational control. Renewable electricity consumption reflects on-site generation, off-site generation (utility contracts), Energy Attribute Certificates (EACs), and a Virtual Power Purchase Agreement (VPPA).



## COLLABORATING ON CLIMATE ACTION

We believe that collaboration and meaningful dialogue are key to driving the near-term actions required to achieve the goals of the Paris Agreement. As a participant at the 26th UN Climate Change Conference of the Parties 2021 (COP26), we partnered with nonprofit organization the Climate Group to host a roundtable discussion on how to scale climate solutions to address global supply chain (Scope 3) footprints.

The roundtable—titled *Shifting Systems – Supply Chains: Leading Scope 3 Emissions Collaboration*—brought together leaders from across industries to explore collective opportunities to address value chain impacts. Following the roundtable, ELC and the Climate Group published a report highlighting recommended actions that could transform supply chains towards a Net-Zero future. [Read the report.](#)

In the United States, the Company co-signed—along with other major employers, innovators, and manufacturers—a letter to the U.S. Congress calling on members to swiftly come to an agreement on and pass an economic infrastructure package centered on fiscally-responsible clean energy investments to help accelerate the transition to affordable clean energy. [Read the letter.](#)

## CLIMATE TRANSITION PLAN

Our Climate Transition Plan articulates our planned actions and approaches to reduce both operational emissions within our control (Scope 1 and 2) and extended value chain emissions (Scope 3). Collectively, these actions and approaches lay out a roadmap for ELC’s climate transition. [Download the Climate Transition Plan here.](#)



We were proud to sponsor Climate Week NYC for the fifth consecutive year (September 2021).



In fiscal 2022, ELC was named to the CDP Climate A List for the second consecutive year.



Solar panels at Aveda's Blaine campus in Minnesota, United States.

## OUR RESPONSE TO CLIMATE CHANGE

The Task Force on Climate-related Financial Disclosures (TCFD) helps companies develop voluntary climate-related financial risk disclosures for use by investors, lenders, insurers, and other stakeholders. We have aligned to certain TCFD recommendations with information included in this chapter, the metrics tables on pages 121-122, our [Climate Transition Plan](#), and our [annual response to the CDP Climate questionnaire](#).

### PROGRESS TOWARD OUR GOALS

#### GOALS:

*Reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2018 base year.\**

In fiscal 2022, we achieved a 54% reduction in Scope 1 and 2 GHG emissions through a portfolio of climate solutions including on-site renewables, energy efficiency projects, green utility contracts, and renewable energy credits.

*Reduce Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and business travel by 60% per unit revenue over the same time frame.\*\**

In fiscal 2021, Scope 3 GHG emissions from goal-related Scope 3 categories increased 3% per unit revenue. The increase in fiscal 2021 upstream transportation and distribution emissions is likely due to significant increases in global shipping and logistics costs, as per spend-based calculation methodology. We have begun to identify and implement emissions reduction programs in partnership with key stakeholders.

\*Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements. By 2030 means by the end of fiscal year 2030.

\*\*Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons CO<sub>2</sub> equivalents / Net sales in Million USD). By 2030 means by the end of fiscal year 2030. Excludes brands acquired by ELC during or after fiscal 2020 and other acquisitions made prior thereto that have not yet been integrated into the relevant ELC systems.



## GOVERNANCE

We drive climate action from the highest levels of our organization. Climate strategy, initiatives, and progress towards goals are reviewed at regular meetings of the Nominating and ESG Committee of the Board of Directors. Furthermore, the creation of SBTs was management-led, and the targets were approved by our Executive Chairman and our CEO.

The *Climate Action Steering Committee* comprises senior leaders from various functions who are members of our Executive Leadership Team (ELT) or report to members of the ELT. The committee is responsible for assessing and managing climate-related risks and opportunities. In addition, the committee evaluates where we can best apply our capital to advance the Company's climate goals.

The *Climate Action Management Committee* is responsible for implementing and operationalizing initiatives needed to achieve our SBTs. This committee includes various management-level employees who oversee special projects and partnerships, the development of internal policies and communications strategies, and engagement with brands and regions. The committee periodically reports to the Climate Action Steering Committee.

## STRATEGY

Our climate action strategy guides our decision-making process and enables us to respond thoughtfully to challenges and opportunities. The strategy focuses on three pillars, aligned to our SBTs:

- **Operational Sustainability** We address impacts related to our own direct operations (Scope 1 and 2 emissions) and the indirect emissions (Scope 3) from transportation and distribution of our products. Initiatives related to these areas are meant to drive emissions reductions and cost savings for the Company. To address Scope 1 and 2 emissions, we pursue energy efficiency and on-site/off-site renewable energy. For transportation and distribution-related emissions (Scope 3), we are focusing on improving data quality to enable better decision-making and maximize efficiency. *Please see pages 78-79 for more information.*
- **Supplier Engagement** To address carbon impacts beyond our own direct operations (Scope 3), we are working to implement integrated solutions and foster joint value creation with suppliers. In fiscal 2022, we were the first beauty company to join Supplier Leadership on Climate Transition (Supplier LoCT). *Please see page 78 for more information.*
- **Product Innovation** We continue to embed sustainability across our product development process, including as driven by the integration of our Green Score tool into all formulation efforts. *Please see our Product Formulation chapter on pages 94-103 and our Packaging chapter on pages 104-113 for more information.*



In fiscal 2022, we launched working groups for each of these pillars to help establish the work streams necessary for us to achieve our goals. In addition, we began a strategic partnership with an external sustainability consultancy to help us establish a three- to five-year road map of projects for each of our SBT pillars.



On-site solar at ELC's Distribution Center in Galgenen, Switzerland.

## FUNDING SUSTAINABILITY PROJECTS

The EHS function funds projects that seek to make incremental sustainability improvements. In fiscal 2022, we funded 17 projects, including the installation of:

- additional solar panels for our existing solar array at our Lachen, Switzerland, manufacturing facility;
- electric vehicle (EV) chargers and processing efficiency improvements at locations in the United Kingdom; and
- leak-detection equipment for air compressors.

Our climate action capital budget allows business units the opportunity to apply for additional funding for capital projects to support the Company's carbon-reduction objectives. The Climate Action Steering Committee approves funding requests based on criteria including expected impact, timeliness, return, creation of reputational benefit, and risk minimization.

## RISK MANAGEMENT

We embed risk management into existing practices and business operations throughout our Enterprise Risk Management process. Corporate risks, including climate-related risks, are identified and addressed through a consistent and disciplined approach that is integrated within our strategic planning process.

In fiscal 2022, we conducted a climate scenario analysis to further inform and evolve our risk management process with regard to climate. The analysis was conducted using a range of plausible climate scenarios to evaluate physical and transition risks.

- **PHYSICAL RISK SCENARIOS:** Physical risks were evaluated using a worst-case high-emissions scenario where global temperature rises by about 3.7°C by 2100. Acute and chronic impacts were considered for 23 manufacturing, distribution, and innovation sites using a time horizon of 2050.
- **TRANSITION RISK SCENARIOS:** Transition risks were evaluated using three IEA World Energy Outlook scenarios: the Stated Policies Scenario (STEPS), the Sustainable Development Scenario (SDS), and the Net Zero Emissions by 2050 scenario (NZE). Medium- and long-term time horizons of 2030 and 2050 were used to evaluate the relative impact of identified transition risks.

The climate scenario analysis identified both physical and transition risks that could impact our Company. While physical risks and transition risks can occur simultaneously, their level of impact varies across scenarios.

For more information, please refer to our [Climate Transition Plan](#) and response to the [CDP Climate questionnaire](#).

## METRICS

We have set SBTs for our direct operations and value chain to reduce our GHGs, and have received validation of these targets by the Science Based Targets Initiative (SBTi). Our Scope 1 and 2 targets are aligned with a 1.5°C pathway. Please see pages 121-122 for GHG and energy metrics.

## DIRECT OPERATIONS (SCOPE 1 AND 2 EMISSIONS)

We continue to apply a portfolio approach to reducing GHGs, including the use of on-site renewables, energy-efficiency projects, green utility contracts, and renewable energy credits. In addition, we invest in carbon offsets to address residual emissions from our direct operations. Our priority is to reduce our operational carbon footprint by deploying high-quality solutions and investing in projects to bring additional renewable energy solutions to our manufacturing, distribution centers, innovation, and other operational sites.

Additionally, we've identified that our global corporate fleet accounts for approximately 35% of our Scope 1 emissions. We have set a new electric vehicle (EV) goal to address this opportunity to make progress towards our SBTs. As part of this commitment, we have also become the first in prestige beauty to join the Climate Group's EV100 initiative, which brings together companies committed to accelerating the transition to electric vehicles.



### NEW GOAL

In fiscal 2022, we established a new goal that by the end of calendar year 2030, 100% of our global corporate fleet vehicles will transition to electric.





Installation of LED lighting is helping drive reductions in energy usage through efficient lighting, daylighting controls, and occupancy sensors.

## OUR FOCUS ON ENERGY EFFICIENCY

### Facilities and Offices

We implement various energy-saving initiatives at our facilities. These include energy-reduction projects, such as lighting retrofits, air flow and temperature-management systems, occupancy sensors, and equipment upgrades to decrease overall energy use and carbon emissions.

In fiscal 2022, we continued to enhance our energy data collection practices by initiating an engagement with an energy management services (EMS) provider in our Europe, Middle East, and Africa (EMEA) region. The vendor will provide automated data collection for Scope 2 emissions via utility invoices for more than 500 sites in the region, as well as risk management advice for energy sourcing, including green power purchasing. Monthly data reporting will facilitate the modeling of trends and anomalies to identify hot spots and sites that require action. The relationship with the EMS provider in EMEA follows on existing third-party energy management agreements covering North America, the United Kingdom, and Ireland.

### Retail Locations

In fiscal 2022, ELC partnered with the New York State Energy Research and Development Authority (NYSERDA) to conduct energy studies at select retail locations in the New York metropolitan area.

The studies identified several Energy Conservation Measures (ECMs)—opportunities to reduce energy usage, associated GHG emissions, and that provide cost savings.

### Distribution Centers

In fiscal 2022, we developed a guide for Sustainability Practices in Distribution Centers. The guide provides our distribution centers with examples of best practices for energy conservation, green purchasing, sustainable freight transport, and waste reduction.



The Ponderosa Wind farm in Oklahoma.

## RENEWABLE ENERGY PORTFOLIO

Our renewable energy portfolio reflects a variety of renewable technologies and approaches, including ground-mounted and rooftop solar and our Virtual Power Purchase Agreement (VPPA) for wind energy. In Europe, we buy renewable electricity for our facilities directly from the energy utility. We also purchase Energy Attribute Certificates to offset emissions from electricity use.

### Wind Energy

ELC was the first prestige beauty company to execute a VPPA in November 2020, for 22 megawatts (MW) of wind power from the Ponderosa wind farm in Oklahoma. This arrangement represents ELC's largest renewable energy initiative in our portfolio to date. The Ponderosa wind farm generated more than 95,000 megawatt hours (MWh) of power in fiscal 2022.

### On-Site Solar Power

Installing solar technology is a key component of our strategy. For our owned and operated sites, we focus our solar installations on facilities that have the most potential for productive output. We consider factors such as the size of the facility's rooftops or its positioning near vacant land. As of the end of fiscal 2022, our total solar capacity was 5.9 MW. During the fiscal year, we generated more than 5,661 MWh of solar energy.



## Our Largest On-Site Solar Projects



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### GALGENEN, SWITZERLAND

- Rooftop on the main distribution center structure
- Generated 1,263 MWh of solar power in fiscal 2022
- Produced more than 3,270 MWh of clean electricity since it was activated in 2020



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### MELVILLE, NEW YORK, UNITED STATES

- Six-acre ground-mounted solar array
- Generated 1,660 MWh of solar power in fiscal 2022
- Produced more than 3,900 MWh of clean electricity since it was activated in May 2020



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### PETERSFIELD, UNITED KINGDOM

- On-site solar system
- Generated 817 MWh of solar in fiscal 2022
- Produced more than 4,069 MWh of clean electricity since it was activated in October 2017



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### BLAINE, MINNESOTA, UNITED STATES

- Aveda manufacturing facility's 3.6-acre solar array
- Generated 1,270 MWh in fiscal 2022
- Produced more than 3,202 MWh of clean electricity since it was activated in May 2020



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### HILLMOUNT, CANADA

- 1,600-panel rooftop solar array
- Installation produces 651 MWh of solar electricity annually, accounting for 10% of the plant's demand
- Produced more than 896 MWh of clean electricity since it was activated in 2021

## ADOPTING SUSTAINABILITY PRACTICES IN OUR BUILDINGS

We have developed green building standards for our spaces. These standards serve as a road map to help new construction and major renovations incorporate sustainability principles into their design. The standards set the baseline for practices covering energy, water, waste, and indoor air quality. We have also developed sustainability practices for existing spaces. In fiscal 2022, we developed leasing guidelines to help us select leased locations that align to our sustainability values.

Our management-led Green Building Committee meets quarterly to make certification decisions for new spaces. These certifications include LEED (Leadership in Energy and Environmental Design) and WELL (a certification standard for ensuring the health and well-being of a building's occupants). In fiscal 2022, we achieved two more LEED Certifications, with our China Shanghai JKC 10th Floor office and our new Budapest One office both earning LEED-Silver status. These certifications bring our total LEED certifications to four. We also achieved our first WELL certification at our office location at One SoHo Square in New York City. In addition, we currently have 11 LEED and WELL projects in the pipeline, and we are developing and piloting sustainability and health checklists for new spaces not pursuing LEED or WELL certification.

We have appointed sustainability champions within our largest offices and formally incorporated this responsibility into their personal development plans. Champions partner with key stakeholders at their local offices to implement sustainability best practices and to engage fellow employees in sustainability efforts. In fiscal 2022, there were 85 champions representing more than 62 offices worldwide, and 11 of these offices have implemented 100% of our core sustainability practices.



Newly renovated ELC office spaces integrate sustainability throughout.





ELC's first Asia/Pacific (APAC)-based manufacturing plant and engineering innovation center in the Ibaraki Prefecture in Japan.

#### STATE-OF-THE-ART FACILITY IN JAPAN WILL HELP DRIVE IMPROVED SUSTAINABILITY

We are building our first Asia/Pacific (APAC)-based manufacturing plant and engineering innovation center in the Ibaraki Prefecture in Japan. The new facility aims to serve as a blueprint for further strengthening our manufacturing capabilities around the world.

The plant—epitomizing ELC's "Factory of the Future"—features advanced technologies and engineering capabilities. This includes controls to monitor and manage our utilities services, including artificial intelligence analytics to help our engineers optimize our plant facility operations. The new plant will enable us to manufacture products closer to customers in Asia, providing strategic benefits including speed, agility, and reduced emissions due to transportation.





## RETAIL DESIGN AND OPERATIONS

Our products are sold globally through our retail spaces and those of our retailers. We maintain a set of Sustainability Practices for Retail Spaces to help brands, regions, functions, and channels deploy best practices for store design, visual merchandising, and operations. These practices are focused on reducing waste and energy and water usage, and using alternative materials when designing stores and visual merchandising. In fiscal 2022, we formed an internal Retail Sustainability Leadership Council to further drive sustainability efforts in retail spaces.

Thoughtful materials selection is a key priority to design and outfit stores, counters, and visual merchandising. We focus on replacing virgin materials with recycled, bio-based sources and on using Forest Stewardship Council (FSC)-certified cardboard, paper, and woods where possible. We also consider end-of-life when designing fixtures and visual merchandising, with an emphasis on modular design, easy disassembly, and prioritization of recyclable materials.

To support our designers' selection of furniture and finishes for retail spaces, we have developed a robust material scoring framework. Scores are based on criteria such as material composition, third-party certifications, and end-of-life considerations. We have scored our largest brands and are working with them to identify alternate materials where appropriate.

## EXTENDED VALUE CHAIN (SCOPE 3 EMISSIONS)

A significant portion of our climate impact extends beyond the boundaries of our own operations. We are taking steps to understand and manage these impacts.

In fiscal 2022, we were the first beauty company to join Supplier Leadership on Climate Transition (Supplier LoCT), a brand consortium created to accelerate action throughout the supply chain towards Net Zero GHG emissions. The consortium provides an online climate training program to suppliers to support them in their journey of developing a GHG footprint, setting an SBT, adopting GHG-abatement measures, and disclosing progress. We invited more than 40 of our suppliers to this program and others have joined through relationships with other companies. Overall, the Supplier LoCT has seen more than 400 suppliers participate.



### CDP Supply Chain

We invite suppliers to participate in the CDP Supply Chain questionnaire to encourage accountability and action for emissions reductions, identify areas of opportunity and collaboration, and to gather data to help us calculate our Scope 3 footprint. We have participated in CDP Supply Chain for two years, and in fiscal 2022, we invited suppliers to respond to CDP's forests and water questionnaires in addition to the climate questionnaire. Across all three programs, we invited more than 300 suppliers to respond, and held two webinars to support suppliers in completing the questionnaires.

### REPURPOSING FURNITURE, FIXTURES, AND EQUIPMENT

In fiscal 2022, we launched a pilot program to reuse furniture, fixtures, and equipment in retail stores throughout EMEA. Through an internally developed app, designers upload and browse through fixtures, furniture, and equipment that are no longer needed in one space for use in another space. The app provides a description of the items and contact information.

### BAMBOO APPLICATORS

At many M·A·C stores, consumers can test our products using bamboo applicators instead of those made from virgin plastic. These applicators are designed to use FSC-certified bamboo and will help reduce the use of single-use plastics.

### SPOTLIGHT ON ESTÉE LAUDER

In fiscal 2022, our Retail Design Development Center North America group collaborated with suppliers and manufacturers to create recyclable in-store displays for the Estée Lauder brand. The displays use trays and displays made from paperboard, recyclable PET, and recyclable pulp instead of vacuum-formed plastic trays and acrylic displays. In addition, the brand has transitioned away from foam core—a nonrecyclable plastic-based material—to 100% paper-based materials in its "gift-with-purchase" displays. These units, used at about 1,000 counters across the United States, contain at least 37% recycled content and are curbside recyclable at end of life.

In fiscal 2022, ELC was named to CDP's 2021 Supplier Engagement Leaderboard, placing us among the top 8% of companies disclosing information through the CDP Climate Questionnaire.



## Our Online Sustainability Strategy

Our products are sold globally through our websites and those of our retailers, as well as third-party platforms. In the past three fiscal years, our online business has grown significantly, and we have continued to invest to support this growth. We have also strengthened and refocused our online sustainability strategy.

We seek to offset emissions associated with transportation for sales made on select brand sites. Following Aveda's successful carbon-neutral shipping program in the United States, we expanded the program to an additional 16 ELC brands and into international markets. This program supports projects including clean cookstoves, forestry management, hydrologic ceramic water filters, and renewable wind projects.

In fiscal 2022, Aveda launched a carbon calculator pilot for online purchases in the United States. To inspire consumers to select shipping methods with lower GHG emissions, the tool calculates the estimated carbon footprint of shipping orders based on each delivery option (ground, two-day, or overnight) and presents the information at checkout.

We also joined the Responsible Luxury Initiative, which provides a platform for luxury companies to discuss, explore, and develop collaborative solutions for emerging sustainability issues in their value chains. Participation should help us gain industry insights into transportation and distribution opportunities for e-commerce and ways to reduce emissions.

*Read more about our efforts to reduce packaging waste associated with shipping on pages 109-111.*

## Sustainability in Travel Retail

Our Travel Retail team covers the world of duty-free environments, including airports, downtown locations, airlines, cruises, and border shops. In line with our Company-wide sustainability goals, our internal Travel Retail goals cover emissions, waste, and energy. We are making good progress toward our Travel Retail packaging and store design goals, with 34% of Travel Retail SKUs shrink-wrap free and 94% of Travel Retail cartons using Forest Stewardship Council (FSC)-certified cardboard in fiscal 2022. At Changi Airport in Singapore, all visual merchandising elements were certified recycled acrylic. We also used FSC-certified wood for store fixtures, transitioned light boxes to fabric, and used certified-efficient lighting.



Travel Retail Clinique store in Sanya Haitang Bay, Hainan, China.



### GALGENEN DISTRIBUTION CENTER DEDICATED TO THE TRAVEL RETAIL CHANNEL

In fiscal 2022, we opened a new, state-of-the-art, 300,000-square-foot distribution center located in Galgenen, Switzerland, to serve the global Travel Retail channel. In addition to supporting growth in Travel Retail, the distribution center will help advance the sustainability of our global manufacturing and distribution network through environmental design and renewable energy efforts.

The building's design is based on the newest standards to reduce energy and water consumption. It features LED lighting, an energy-efficient HVAC system, and the roof's solar panels generate 1,600 kilowatts at peak performance (kWp). The facility uses utility generated district heat from biomass, including recovered wood waste, to heat the building. A comprehensive waste management system has been implemented to separate out recyclables, which will be transported via electric trucks for recycling.





## WASTE

We follow a common waste-minimization hierarchy—prevent, reduce, reuse (including donation, where appropriate), and recycle—and look for opportunities to share best practices at our manufacturing, distribution, and innovation sites. If we cannot reuse or recycle waste, it is converted to energy by licensed power plants or by co-processing at cement kilns. We manage electronic waste in accordance with our Company policies that are based on applicable environmental regulations for recycling.

In fiscal 2022, we assessed our facilities to better understand the types of waste we generate and where the highest waste generation occurs. The assessment also identified opportunities to help reduce climate impacts associated with raw material use and waste generation. We plan to further develop specific actions to reduce the use of impactful materials such as component trays, wood pallets, corrugate, and empty material containers. Our new guide for Sustainability Practices in Distribution Centers also includes a variety of core practices and additional ambitions to reduce waste, increase reuse, and recycle unavoidable waste.

In fiscal 2022, we again achieved zero industrial waste-to-landfill for 100% of our global manufacturing, distribution, and innovation sites.\*

\*Excludes brand sites acquired by ELC during or after fiscal 2020.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



### REDUCING WASTE GLOBALLY

- In Bogotá, Colombia, the distribution center team uses reusable tote containers to deliver products to stores rather than using cardboard boxes. Cardboard boxes still in use are repurposed as dunnage (material placed in packages to keep merchandise safe). These packaging practices are supported by electric vehicle deliveries that eliminate tailpipe emissions.
- At our Lachen, Switzerland manufacturing facility, a new automated process to collect and shred cardboard boxes was installed to reduce contamination of the cardboard, making it more efficient to manage and recycle. The equipment became operational in early fiscal 2023.



## REDUCING PLASTIC PALLET WRAP

At our manufacturing and distribution facilities, we wrap pallets containing boxes in stretch wrap film for shipment. The film is low-density polyethylene and, based on the location of the facility, there is not always a viable recycling option.

Through a partnership with one of our suppliers, in fiscal 2022 we introduced an innovative film that is designed to stretch further, enabling our distribution centers and manufacturing facilities to reduce stretch wrap usage by at least 19%. We have introduced the solution to sites throughout North America and are determining the feasibility of expanding it to global manufacturing sites in fiscal 2023.

## REDUCING EXCESS PRODUCT WASTE

We aim to forecast consumer demand as accurately as possible to best serve our consumers while optimizing our manufacturing operations and minimizing waste. However, we still need to dispose of excess products or components if they remain unsold after a period of time or are past their useful lives.

In fiscal 2022, we developed a cross-functional team to focus on implementing sustainability solutions for waste management with our waste vendors and to develop best practices for reusing, donating, and recycling excess materials. The team focused on product donations, as well as options for collateral and component material reuse and repurposing.

For the past decade, we have also worked with g2 Revolution, an organization that takes difficult-to-recycle items and finds new ways to reuse them. Most of our freestanding stores in the United States\* transfer their unsold products and testers to g2 Revolution, which then uses them as ingredients to make other products. In fiscal 2022, we diverted 13,000 pounds of waste.

### THE ESTÉE LAUDER COMPANIES JOINS PEERS IN EXPLORING CIRCULAR ALTERNATIVES TO STRETCH WRAP

- In fiscal 2022, we completed a collaboration with the Ellen MacArthur Foundation (EMF) exploring circular alternatives to low-density polyethylene stretch wrap. The project, conducted in partnership with 10 other companies, culminated in the fiscal 2022 publication of a white paper detailing the findings from three pilot projects, one each for reusable, recyclable, and compostable solutions.
- The project found that “there is no ‘one-size-fits-all’ circular solution that can replace existing stretch wrap, due to the unique requirements of products, supply chain, geography, and use case.” EMF concluded that alternatives should still be implemented based on the specific use and geography of the facilities, and that companies should prioritize reduction and reuse of stretch wrap where possible.



## WATER

We use water as an ingredient to make our products, as well as for cleaning and cooling manufacturing equipment. In addition, our R&D and Quality teams rely on water to perform testing, in analyses, and to develop new products. Access to high-quality water is essential to our business, and we are committed to reducing our impact on local water resources through implementation of our water stewardship strategy.

Our current strategy prioritizes our largest manufacturing facilities in water-stressed regions and is supported by an increased focus on efficiency and implementation of best practices for water management and capital projects. We pay close attention to facilities in water-stressed areas, implementing measures to help manage our supply and use water responsibly. For example, in fiscal 2022, we implemented a well water bypass project at our Melville manufacturing facility, which is located in a water-stressed region. By investing in this capital project to optimize our groundwater-fed HVAC cooling system, we are reducing groundwater withdrawal from the Magothy Aquifer. Furthermore, our green building standards have water-efficiency requirements that all new facilities are expected to meet. For sites pursuing LEED certification, indoor and outdoor water-use reduction is required.





Our water stewardship strategy is in alignment with guidance developed by the Alliance for Water Stewardship (AWS), an international organization committed to the sustainability of water resources. We are currently gathering data to understand shared water challenges where we operate via annual water-risk assessments and Source Water Vulnerability Assessments.

In fiscal 2022, we updated our water-risk assessment to cover the majority of ELC sites,\* identifying locations that are subject to business risks such as water stress, water quality issues, drought, and flooding. The assessment is helping us to enhance our water stewardship efforts to reduce our exposure to identified risks.

#### NEW GOAL

In fiscal 2022, we established a new goal to reduce our water withdrawal from our direct manufacturing sites by 20% by the end of calendar year 2025 (from a fiscal 2019 baseline), focusing on our high and extremely high water-stressed sites.\*

\*Reduction is from a fiscal 2019 baseline of 1.5 million cubic meters water withdrawal at ELC operated manufacturing sites. Excludes brands acquired by ELC during or after fiscal 2020 and any manufacturing sites that are not fully operational within the target timeline.

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#### SOURCE WATER VULNERABILITY ASSESSMENTS

In fiscal 2022, we conducted Source Water Vulnerability Assessments (SVAs) at two of our manufacturing sites: Oevel, Belgium, and Whitman Laboratories, United Kingdom. The SVAs examined the physical, regulatory, and social components of the local water supply and identified potential vulnerabilities within the local watersheds. We also evaluated our dependency on water at the sites and the associated indirect costs related to the movement, treatment, and heating of water.

The assessments highlighted opportunities to address water-related business risks by introducing water-saving initiatives and technologies. The SVAs also identified local water-related stakeholders for us to engage, activities for us to keep a pulse on watershed conditions and water governance, as well as potential projects and partnerships for community-based actions. We plan to conduct SVAs at two additional manufacturing sites in fiscal 2023.

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#### CDP WATER

We participate annually in the CDP Water initiative. Each year, we disclose our water impacts through our CDP Water response, and in fiscal 2022, we invited select suppliers to also disclose their water impacts for the first time. For the second consecutive year, we achieved an A- score for our water disclosure, recognizing water stewardship initiatives across the business. These efforts included strengthening water accounting methodologies, improving water-related risk responses, developing an internal water stewardship statement to guide best practices, as well as Source Water Vulnerability Assessments to mitigate regional water risks.

*Read more about our approach to water management in our CDP Water response.* [🔗](#)

## SUSTAINABILITY

# *SOURCING*

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As part of our strategy to source responsibly, we have developed a deep understanding of the intricacies of our supply chain—from global and local market conditions affecting the availability of goods and services, to the biodiversity of ecosystems where our raw ingredients grow. We continue to deepen our approach through innovative partnerships and collaboration. We also maintain a strong focus on supplier inclusion and diversity, and engage suppliers on climate change priorities in support of our corporate goals and Racial Equity and Gender Equality commitments.



# OUR MANAGEMENT APPROACH

We work with our wide and diverse network of global suppliers to develop long-lasting and mutually beneficial relationships, with a common basis of shared values and commitment to operating responsibly and ethically. Our Responsible Sourcing team is part of our Global Procurement function and works closely with the Research and Development (R&D), Global Corporate Citizenship and Sustainability, Packaging, and Legal functions. The team establishes, implements, and monitors environmentally and socially responsible and ethical sourcing practices to align supplier performance with our goals and objectives. We collaborate with our brands, suppliers, industry groups, and peers to continuously advance our practices.

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## SUPPLIER DUE DILIGENCE

Our Supplier *Code of Conduct (the Code)* [📄](#) is the foundation of our program to source responsibly. It outlines our expectations for suppliers with respect to human rights, the rights of Indigenous peoples and local communities, as well as the workplace. The Code is organized into three sections:

- Engage in lawful and ethical business practices
- Promote a respectful, fair, and diverse workplace
- Provide a safe, healthy workplace and protect the environment and community

It covers areas including Confidentiality and Privacy, Fair Competition, Child Labor, and Forced Labor, among others. To meet the needs of our diverse and global network of suppliers, the Code is available in several languages. In addition to the Code, our Supplier Sustainability Guidelines provide suppliers with practical actions they can take to manage the environmental and social impacts of their own operations.

We require suppliers to acknowledge the Code, and currently, suppliers representing more than 95% of our direct spend have done so. Direct suppliers are those that provide raw materials, ingredients, packaging, and Third-Party Manufacturing to the Company.

*Download the Supplier Code of Conduct* [📄](#) *and Supplier Sustainability Guidelines.* [📄](#)

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## SUPPLIER EVALUATION AND MONITORING

We monitor our direct suppliers for adherence to the Code and pay careful attention to potential risks of noncompliance. We have also advanced our efforts to include our indirect supply chain in our monitoring. Our indirect supply chain is composed of suppliers who sell us goods and services not directly used in the manufacturing of our products.

We use EcoVadis, an online ratings service, to help us assess direct and indirect suppliers on environmental impact, labor and human rights, and ethical procurement practices. After rolling out the EcoVadis platform to indirect suppliers in fiscal 2021, we nearly doubled the number of indirect suppliers ranked by EcoVadis in fiscal 2022. Overall, in fiscal 2022, we increased the total number of direct and indirect suppliers ranked by EcoVadis to more than 1,000.

The EcoVadis tool ranks suppliers with numerical scores that reflect the maturity level of their sustainability programs, practices, and initiatives. We expect our direct strategic suppliers\* to achieve an “advanced” EcoVadis score and other direct suppliers to achieve at least a “satisfactory” score. We engage with direct suppliers to help them improve. More than 60% of strategic suppliers improved their EcoVadis scorecard performance from their previous assessment.

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## SUPPLIER RISK ASSESSMENTS

We take a risk-based approach to supplier due diligence. We conduct due diligence as part of new supplier qualifications and assess risk of existing direct and indirect suppliers annually. We risk-rank direct and indirect suppliers globally based on preestablished criteria, such as location of operations, type of goods or services being sourced, and potential impact to our business. Based on the risk ranking of the supplier, we conduct additional due diligence using third-party on-site audits or assessments, as appropriate. To help us determine country risk, we use a third-party provider that assesses each country based on its approaches to social impact and sustainability topics including environment, health and safety, social issues, corruption, and human rights risks.

\*Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities, proven value creation in one or multiple pillars, and highest level of collaborative partnership. These suppliers comprise more than half of ELC direct spend.



## SUPPLIER DIVERSITY

We are broadening our purchasing to support businesses owned by ethnic minorities, women, the LGBTQIA+ community, veterans, and people with disabilities, among other populations. Our objective is to help drive economic development and growth of diverse and small businesses in the supplier base.

Our Supplier Diversity program encompasses four strategic initiatives:

- **GLOBAL INFRASTRUCTURE**—Evolve global infrastructure to lead in inclusion, diversity, and equity (ID&E) where there is local relevance and certifying agencies. For example, in fiscal 2022, we introduced a Supplier Diversity program in the United Kingdom to support our enterprise supplier diversity goals. We partnered with Minority Supplier Development U.K. (MSDUK) to assess our supplier base to build a diversity profile, in order to establish a strategy to increase our spend with small and diverse businesses.
- **OPERATIONAL EXCELLENCE**—Identify, qualify, and help grow small and diverse suppliers across all categories. In fiscal 2022, we launched a new *Supplier Inclusion and Diversity registration portal* [🔗](#) where prospective diverse or small businesses can register to be included in our database of potential suppliers.
- **INTERNAL ENGAGEMENT**—Continue to embed ID&E throughout global ELC culture through educational and awareness-raising activities.
- **EXTERNAL LEADERSHIP**—Broaden external engagement to bring our values to life. Our membership in international, national, and local advocacy groups allows us to contribute to the social and economic advancement of diverse businesses. We are members of the National Minority Supplier Development Council, the Women’s Business Enterprise National Council, and WEConnect International. In fiscal 2022, we also joined Disability:IN, a network of over 400 corporations that expands opportunities for people with disabilities across enterprises worldwide, and MSDUK, the United Kingdom’s leading supplier diversity advocacy organization working for inclusion of ethnic minority businesses in corporate supply chains.



### FISCAL 2022 CERTIFIED DIVERSE SUPPLIER SPEND

**\$43M**

Spent \$43M with Black-owned businesses—a 115% increase from fiscal 2020 spend of \$20M—exceeding our goal of doubling spend with Black-owned suppliers

**\$118M**

Spent \$118M with women-owned businesses, making good progress toward our commitment to increasing spend with women-owned businesses to \$150 million by fiscal 2025

**\$402M**

Spent \$402M overall across all diverse and small suppliers





We manage the sourcing of sensitive ingredients thoughtfully with respect to social, environmental, and economic implications.

## MANAGING SENSITIVE INGREDIENTS



We have a long history of sourcing raw materials from environments that are rich in biodiversity. We believe that protecting biodiversity yields not only environmental benefits, but also intersects with the creation of broader socioeconomic benefits, as tied to conditions in the communities and impacts on livelihoods where our ingredients are sourced.

We have developed biodiversity and social action plans for many sensitive ingredients, including Australian sandalwood, mica, palm, shea, and vanilla. While these plans vary depending on the ingredient, examples of actions we are taking include:

- Consolidating spend with strategic suppliers who promote best practices regarding biodiversity preservation and social impact programs
- Piloting proof-of-concept projects to promote traceability, while evaluating opportunities to scale up these projects for greater impact
- Implementing projects to positively impact sourcing communities and surrounding ecosystems (addressing social, environmental, and market challenges)
- Using certifications and other applicable third-party schemes
- Leveraging EcoVadis to continue to enable suppliers to improve their performance.

We recognize that the integrity of ecosystems is critical to our business success. We will continue to make efforts to advance biodiversity protection through our various policies, practices, and sustainability goals. Additionally, we plan to conduct an analysis of our value chain to identify significant risks to biodiversity as well as opportunities to address those risks.

### PROGRESS TOWARD OUR GOALS

**GOAL:**  
*As part of our continuous efforts to address issues that may exist within complex supply chains, by the end of calendar year 2025 we will have identified sensitive ingredient supply chains and developed robust biodiversity and social action plans for them.*

In fiscal 2022, we continued to strengthen and implement biodiversity and social action plans for priority ingredients, and to embed related programs and partnerships across our operations. To date, suppliers representing nearly 99% of our direct spend on sensitive ingredients have completed EcoVadis questionnaires. We reassessed more than 90 of these suppliers in fiscal 2022, with 69% improving their scores.



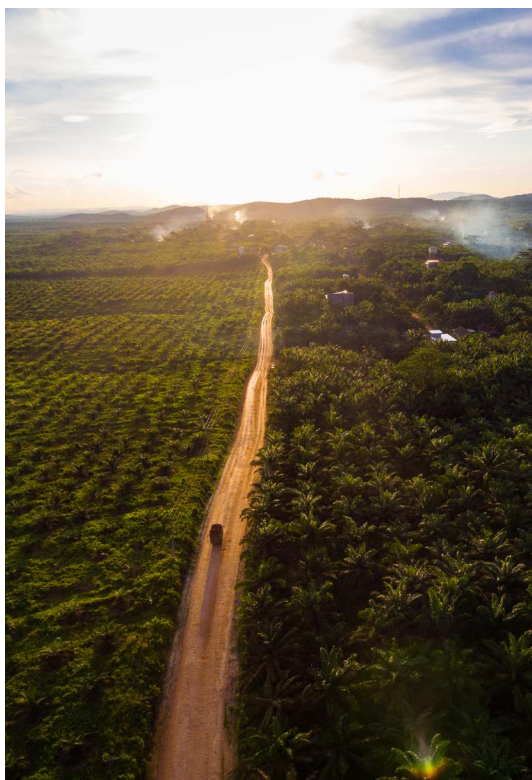
## SOURCING OF FOREST COMMODITIES

Our *No Deforestation, No Peat, No Exploitation (NDPE) Policy* [🔗](#) explicitly outlines our expectations for our raw material suppliers regarding no deforestation and no conversion. The policy is based on criteria from the Accountability Framework, a set of common norms and guidance for establishing, implementing, and monitoring ethical supply chain commitments in agriculture and forestry.

We have implemented a due diligence process to promote compliance with the policy, in addition to conducting key commodity supplier assessments. These assessments further inform commodity-specific action plans for specific ingredients. In fiscal 2022, we developed our *Timber Action Plan* [🔗](#) to address timber-based packaging material.

## USING TECHNOLOGY TO ENHANCE TRANSPARENCY AND TRACEABILITY

In recent years, blockchain has emerged as one of the ways we are leveraging technology to enhance transparency and traceability within our supply chain. The technology has helped us understand some of our most complicated and sensitive supply chains. For example, our Responsible Sourcing team and Aveda use blockchain technology to trace our Madagascan vanilla supply chain from harvest through production. Aveda also maintains a consumer-facing website that explains blockchain and why it matters to tracing vanilla. The website also shows the journey of its blockchain vanilla from Madagascar to France to Minnesota via a mapping tool.



### ADDRESSING PALM OIL

Palm oil derivatives refer to the final ingredients created from palm oil that are used in many of our formulations, such as surfactants, emulsifiers, and emollients. In calendar year 2021, we purchased approximately 5,100 metric tons of palm oil-based derivatives, which represent less than 0.01% of the world's annual production of palm oil-based derivatives. While this amount makes us a comparatively low-volume user of palm-based ingredients relative to other sectors, we are committed to taking concrete action with our suppliers to build sustainable and ethical palm supply chains.

Within our palm oil supply chain:

- 82% of our palm derivative volume is traceable to the mill level
- 30% of our palm derivative volume is traceable to the plantation level

Due to the complexity of palm oil supply chain sourcing, we participate in several initiatives to help us improve our understanding of our palm oil supply chain, and to mitigate related environmental and social impacts of our palm oil sourcing. This work is detailed through our *Palm Action Plan* [🔗](#) and throughout this section of our report.

In fiscal 2022, environmental nonprofit World Wildlife Fund (WWF) ranked ELC as “leading the way” in its 2021 Palm Oil Buyers Scorecard, placing us in the top 10% of organizations that WWF scores.

*Read more about palm oil on our website.* [🔗](#)



## PARTNERSHIPS AND INDUSTRY INITIATIVES

The ingredients we use in our products are also used by other manufacturers, each with their own complex supply chains and sourcing practices. We participate in industry initiatives to encourage the sharing of information and best practices in ingredient traceability and sourcing responsibly.

### ACTION FOR SUSTAINABLE DERIVATIVES

We are a founding member of Action for Sustainable Derivatives (ASD). This alliance of brands and suppliers aims to address sourcing challenges in complex derivatives supply chains by collaborating to harmonize approaches on transparency, risk monitoring, and evaluation. Through our membership in ASD, we are committed to establishing traceability to the point in the supply chain where suppliers can demonstrate that the ingredients meet our sourcing principles and collectively monitor and address grievances.

Additionally, through our ASD membership, we can leverage the dynamic monitoring of our traced supply chain through a shared grievance dashboard. Once a grievance is filed, the reports are reviewed and investigated. If substantiating evidence in support of a grievance is found, the grievance will be addressed through industry collaboration or through individual company action.

### SUSTAINABLE PALM INDEX

In fiscal 2022, we participated in the Sustainable Palm Index (SPI) with ASD. The Index is an annual evaluation scorecard for direct suppliers of palm oil and palm kernel derivatives. Through a questionnaire, evaluation, and feedback process, suppliers are rated based on their performance. As a collective tool leveraged by multiple ASD members, the SPI drives common expectations among palm suppliers. The SPI also highlights strengths and gaps among our palm suppliers, allowing us to target supplier engagement to improve performance.

The first SPI analysis included 20 of our palm suppliers, with half of them also receiving a similar request from other ASD members. These suppliers represent a significant percentage of our palm volume. For suppliers that had performance improvement opportunities or that did not respond, ASD provided feedback for improvement, and we requested the suppliers provide a concrete and time-bound action plan to address performance gaps. For those that did not respond, we conducted individual outreach to request their participation in the next round of analysis.

### ACTION FOR SUSTAINABLE DERIVATIVES (ASD) IMPACT FUND

In fiscal 2022, The Estée Lauder Charitable Foundation (ELCCF) became an initial funder of the ASD Impact Fund, helping to catalyze the development of ASD’s approach to collective support. Along with five other ASD members, the Impact Fund allows ELCCF and its funding partners to direct support to on-the-ground projects that address underlying issues influencing responsible practices in priority palm production landscapes.

With ELCCF and other donor support, ASD helped to expand Kaleka’s\* Mosaik Initiative, a program focused on finding ways to sustainably restore the landscape and drive economic growth, in two of the largest palm-producing districts in Central Kalimantan, Indonesia.

In partnership with Kaleka, the two districts are developing ways to restore forest ecosystems while protecting remaining forests. According to ASD, the Mosaik Initiative aims to:

Create a jurisdictional farmers association for agroforestry products, to increase product value and encourage local communities to protect and restore natural forests in their villages

Provide upfront financing and technical support for smallholders’ sustainable farming practices and Roundtable on Sustainable Palm Oil (RSPO) certification

Establish programs to align palm oil production with sustainability principles and criteria

The Kaleka Mosaik program fosters practices that recognize and help address the economic challenges that Indigenous smallholder farmers and their communities face. The initiative has helped support more than 580 individuals through farmer trainings on no burning, organic farming, natural pesticides, RSPO certifications, and the planting of seedlings of various species fulfilling ecological, economic, and socio-cultural functions.



## PROJECT LAMPUNG

We participate in Project Lampung in partnership with Solidaridad, a global NGO; BASF, a long-term supplier; the RSPO; Business Watch Indonesia; and the Indonesian Agency for Agricultural Extension, a local farmers association. The project seeks to build the capacity of 1,000 smallholder farmers in the Lampung Province of Indonesia to produce palm oil using sustainability practices and improve incomes and livelihoods.

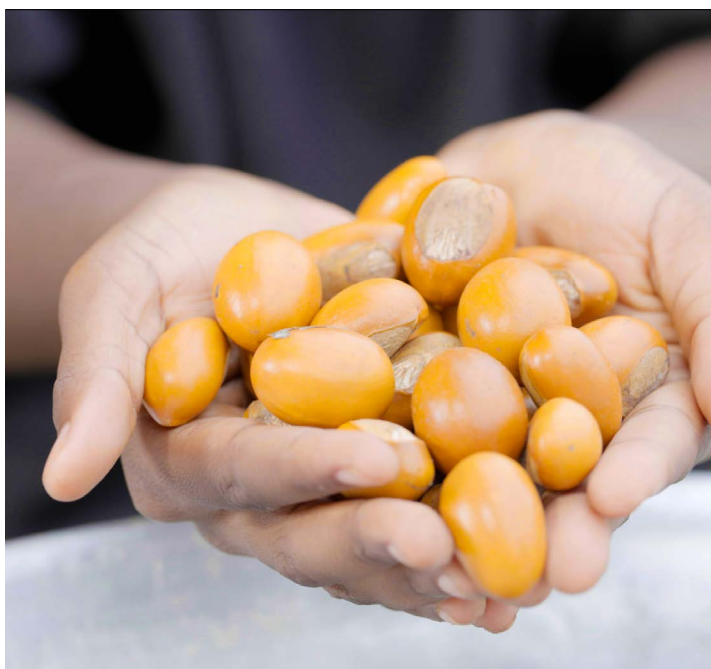
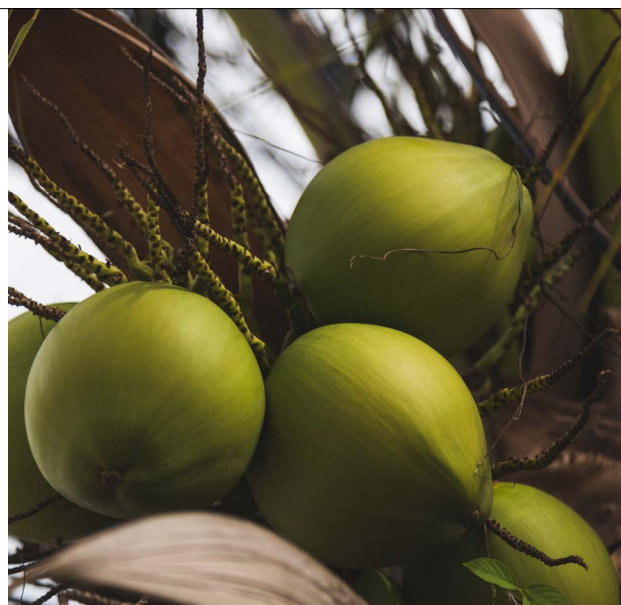
A key component of the project includes the development and training of farmers in good agricultural and best management practices that protect the environment and the health of workers. In fiscal 2022, our partners helped to train over 800 farmers on best management practices, and a portion are preparing to become RSPO certified.

### TRACEABILITY IN THE COCONUT SUPPLY CHAIN

Coconut oil is one of the technical alternatives to palm kernel oil due to its similar fatty acid profile. Along with other manufacturers, we have investigated substituting palm oil ingredients with coconut-derived ingredients. The coconut supply chain, however, also faces social and environmental challenges, including issues such as workers' safety and health, child labor, poor waste management, monoculture, and overuse of fertilizers and pesticides.

In fiscal 2022, we began a project with ASD to trace our coconut supply, including understanding key sourcing locations and suppliers. Using the results, we conducted a risk assessment and are working with other ASD members and NGOs to identify practical solutions that address social and environmental issues in key production locations.

We plan to develop a similar traceability exercise with soy.



### GLOBAL SHEA ALLIANCE

We are members of the Global Shea Alliance, a nonprofit industry association that promotes sustainability, quality practices, and standards for shea in food and cosmetics. Shea butter is an important ingredient in many of our products, used as a softening and moisturizing agent. Shea trees grow naturally in the wild in central Africa, and shea nuts are typically harvested by women. This industry collaboration helps us deliver positive impact related to our long-held commitments to both women and sustainability.



## HERproject

**5** GENDER  
EQUALITY


Women involved in certain parts of the supply chain in many countries may face challenges related to access to and control over resources, training, and education. BSR's HERproject is an innovative model that empowers women in the supply chain through workplace-based interventions on health, financial inclusion, and gender equality. In fiscal 2020, ELC became the first prestige beauty company to partner with BSR on HERproject, ushering the program into new manufacturing contexts.

Building on the success of our initial two-year programming at two of our packaging suppliers in China, in fiscal 2022, we continued our support of the program through a grant from ELCCF. Through ELCCF, we are helping to expand HERproject's reach in agriculture by implementing a program to support women working in the shea supply chain in Ghana. Drawing on HERproject's experience implementing training for women workers, a bespoke program was developed and piloted at two shea cooperative sites, with the aim to establish a scalable delivery model. This marks the first time a HERproject model has been designed for the ingredient side of the beauty supply chain.

Initial scoping research, including gathering feedback from shea communities, revealed that expanding financial inclusion was a key need and of interest to female shea nut collectors and processors. HERproject programming was then adapted to address these needs, and the fiscal 2022 pilot trained more than 1,000 women at two cooperative sites in financial planning, budgeting, money management, and talking about finances with family members. HERproject intends to assess the outcomes of the pilot to inform how it could be scaled in other cooperative sites within the shea supply chain, or into other beauty ingredient supply chains.

In fiscal 2022, ELCCF partnered with BSR to adapt and pilot HERrespect in the palm oil industry in Indonesia, collaborating with industry partners to address violence against women in the palm supply chain. HERrespect cultivates more equitable relationships and attitudes among women and men in global supply chains, with the aim to help prevent violence in the workplace and in intimate relationships. The lessons from this pilot will inform a plan to scale and expand the model in Indonesia.



ELCCF's bespoke HERproject model included the creation of a shed used to support additional trainings and nut gathering, helping to facilitate new ways for the women and their communities to gather.

# CERTIFICATIONS

Certifications are one of many tools that help us select suppliers, establish data-driven goals for ingredients sourcing, and track progress against those goals.

## ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)



We have been a member of RSPO since 2014. RSPO is the leading convening body that develops and sets the standards for palm oil sustainability and enables palm oil certification. We are also signatories to the RSPO's North American Sustainable Palm Oil Network (NASPON) Charter Agreement.

NASPON is a multi-stakeholder platform to collaborate, educate, inform, and build momentum to help North American companies make and deliver on commitments to source palm oil sustainably.

We strive to source our palm-based ingredients with respect for local communities and the environment. We do this by procuring ingredients from suppliers that can demonstrate adherence to the principles outlined in our Supplier Code of Conduct and No Deforestation, No Peat, No Exploitation (NDPE) Policy. We assess compliance with these policies through supplier performance, increased traceability, and third-party certification to RSPO's Principles and Criteria. We communicate our progress with respect to palm oil procurement on a yearly basis through the *Annual Communication of Progress (ACOP)* [🔗](#) in accordance with RSPO requirements.

In addition to engaging with our direct suppliers to support our time-bound goal for certified palm oil and its derivatives, we have communicated to our Third-Party Manufacturers (TPMs) our expectation that they use palm-based ingredients that are from an RSPO physically certified sustainable source (Mass Balanced, Segregated, or Identity Preserved).

## PROGRESS TOWARD OUR GOALS

### GOAL:

*By 2025, at least 90% of our palm-based ingredients\* (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.*

In fiscal 2022, we achieved our goal three years early, with 92% of our palm-based ingredients (palm oil and its derivatives) purchased in calendar year 2021 being certified sustainable from RSPO physical supply chains (Mass Balance, Identity Preserved, or Segregated). We have revised our goal to reflect our elevated ambition.

### NEW GOAL:

*By 2025, at least 95% of our palm-based ingredients\* (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.*

Given the complexity of the palm oil supply chain and limited supply of certified palm-based materials, we recognize that progress may be challenging and will require continued collaboration and engagement with our supply chain partners.

\*Excludes palm-based ingredients not directly procured by ELC, such as those procured by Third-Party Manufacturers (TPMs) and certain acquired brands not yet fully integrated into the relevant ELC systems.

### NEW BRAND CERTIFICATIONS

In fiscal 2022, Le Labo became a certified B Corp, a designation that a business is meeting high standards of verified performance, accountability, and transparency on a variety of factors, including sustainability and social impact.

In addition, TOM FORD BEAUTY was certified with Positive Luxury's Butterfly Mark, awarded to luxury businesses in recognition of their commitment to a creating positive impact on society and the planet.







Through the Kaleka Mosaik Initiative, ELCCF supports the education of smallholder farmers in RSPO certification techniques.

## PURCHASING INDEPENDENT SMALLHOLDER RSPO CREDITS

Independent smallholder RSPO credits provide farmers the means to participate in the global sustainable palm oil market. Purchasing smallholder credits gives farmers an opportunity to receive a premium for the sale of sustainable palm, which provides them with additional funds to further invest in their businesses and communities.

To support smallholder farmers, in calendar year 2021 we purchased RSPO Independent Smallholder credits to represent 8% of our annual palm volumes. Through these purchases, we supported groups containing nearly 250 independent smallholder palm oil farmers in Indonesia and Malaysia.



SUSTAINABILITY  
*PRODUCT  
FORMULATION*

As the global leader in prestige beauty, we seek to delight consumers with quality products while pioneering innovation in ingredient selection, formulations, and processes. We uphold high standards of safety and efficacy and offer an array of luxury personal care and makeup options to serve our diverse global consumers.





# OUR MANAGEMENT APPROACH

Consumers around the world trust our brands to deliver the best beauty performance and to do so safely. We are committed to formulating with people and the planet as our priorities, considering safety, performance, sustainability, green chemistry, and overall well-being throughout the product development process. We rely on the deep expertise of our scientists and researchers to bring our innovative products to market using advanced methods of development.

Our Research and Development (R&D) department is responsible for product formulation. Within R&D, our Product Formulation and Advanced Technologies teams oversee all facets of formulation including ingredient selection, formula design, and qualification. Our Global Product Stewardship team (formerly known as Product Safety and Regulatory Affairs) manages ingredient and product safety, including management of our Safety Review Process. Green chemistry is integrated into our formula design efforts with Product Formulation and Global Product Stewardship partnering closely to enable this work across our portfolio.



Chia Chen, Executive Director, R&D Research Sciences, researching new bioactives utilizing green chemistry principles.

# PRODUCT SAFETY PHILOSOPHY AND PROCESS

We evaluate each product for safety. We employ a sophisticated evaluation plan that incorporates a selection of relevant tools, including, for example, a suite of tests such as stability, consumer, and clinical tests, as well as ophthalmologist and dermatologist testing. Our integrated global R&D network constantly works to advance modern, scientific cosmetic testing methodologies.



Amanda Tirado, Scientist, R&D Jumpstart Makeup Innovation, discussing new mascara formulations with colleagues.

## SAFETY REVIEW PROCESS

When we consider using an ingredient, we evaluate it to be sure that it meets our safety standards and the requirements of governmental, regulatory, and scientific bodies around the world. If needed, experiments are conducted in state-of-the-art in vitro tests and/or computer-based models to further inform our understanding of the ingredient's safety profile.

This ingredient information guides us as we formulate our products. We then evaluate the formula itself to assure the safety of the full formula, while comparing it to similar formulas within our extensive database of clinical and safety data. Additional clinical and in vitro testing may also be conducted among volunteer panels to further confirm safety.

Once the cosmetic formula meets our safety-and-quality standards, it is further tested for compatibility with packaging, and then the finished product is placed on the market for our consumers to enjoy. We continuously monitor feedback from our consumers, allowing us to understand the impact of our products as they are being used.

We seek to advance best practices within the industry and enhance our collective knowledge of cosmetics and cosmetics ingredients.

- We are members of the Personal Care Products Council, which supports the work of the Cosmetic Ingredient Review.
- We support the International Cooperation on Cosmetics Regulation.
- We support legislative and regulatory efforts around the world to modernize and reform cosmetics regulation, including in the EU, United States, and Canada.

## ANIMAL TESTING

More than 30 years ago, The Estée Lauder Companies was one of the first cosmetics companies to eliminate animal testing as a method of determining product safety. Simply put, we don't test our products on animals, and we don't ask others to test for us. We acknowledge some of our brands are sold in countries where animal testing of certain cosmetics or cosmetic ingredients may be required by law.

We have worked globally to establish that product safety for cosmetics can be determined via nonanimal, modern, and scientific evaluation and methods—leveraging deep knowledge of toxicology, skin biology, historical and current data, and evaluations of cosmetic ingredients, while utilizing the most up-to-date scientific methodologies, in silico, in vitro, and clinical. More than 20 years ago, we began using synthetic skin technology to evaluate the effects of products on human skin and have been updating our methodologies ever since.

We believe it is our responsibility to contribute to the objective to end animal testing for cosmetics and are proud to work with organizations and policymakers advocating for practical solutions and acceptance of alternatives to cosmetic animal testing. For example, our collaboration with Cruelty Free International, established in 2019, underscores the importance of bringing cosmetics animal testing in product supply chains to a global end. We invest in industry consortia and nonprofits that champion a collaborative and effective approach.

As a further demonstration of our commitment, Aveda has received approval through the Cruelty Free International Leaping Bunny Programme. We look forward to continuing this journey.

*For more information on our Animal Testing policies, please visit our website. [🔗](#)*



# SERVING OUR DIVERSE CONSUMERS

## CULTURAL RELEVANCY

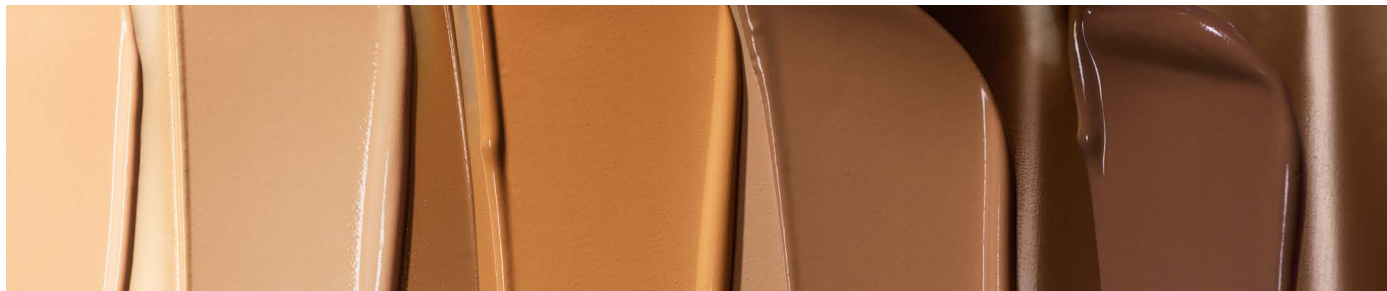
We strive to be the most inclusive and diverse beauty company in the world for our global consumers. Embracing diversity as a strategic driver sharpens our focus on cultural relevance and respect, and on how cultural norms and preferences impact our various consumers' beauty needs and desires. Being culturally relevant means ensuring that our products and messaging, as well as our in-store and online experiences connect with and reflect the preferences of our diverse consumers.

We are invested in making authentic connections between our consumers and our iconic brands. For example, in North America, our Integrated Relevancy Framework keeps us attuned to the multidimensional aspects of culture and consumer values. It helps us synthesize cultural relevancy learnings about our diverse consumers, spanning multiethnic, cultural, generational, and regional nuances. This framework includes internal publications to share insights and resources, educational panels, and North American brand-centric strategy workshops and incubators to drive commercial innovation and engagement.

Strengthening our cultural relevancy capabilities allows us to deliver differentiated products, services, and experiences to our discerning consumers around the world. For decades, our brands have recognized the connection between innovation and inclusivity, and we will continue to innovate to meet the needs of our broad global consumer base meaningfully and authentically.



Aveda's 2022 Summer campaign celebrating the brand's 100% vegan nutriplenish™ collection which offers nutrient-powered hair hydration for all hair types and textures—from fine and straight to curly and coily—with the product formula that's best for you.



## AN INCLUSIVE PORTFOLIO

We design and adapt our product portfolio to the diversity of skin and hair physiology, skin tone and types across skin care, hair care, and makeup for the most relevant and engaging selection of products.



At the 2021 Society of Cosmetic Chemists 75th Anniversary Scientific Meeting & Showcase, Lisa Napolione, Senior Vice President, Global Research & Development, delivered a keynote address on the future of beauty, remarking on the importance of cutting-edge discoveries in genetics, epigenetics, microbiomes, materials science, and systems biology. She also spoke of the need to create space for all consumers, emphasizing that the process doesn't end at diversity and inclusion in consumers reached, but also includes attracting a diverse pool of talent and driving equity in STEM education and professional development opportunities in the beauty industry.

### *Skin Care Formulation*

Clinique's Even Better Clinical Radical Dark Spot Corrector + Interrupter visibly helps correct discoloration and uneven skin tone, which is a key concern for melanin-rich skins. The brand conducted extensive testing on numerous skin types (Caucasian, Black/African American, Hispanic, Asian/Far Eastern) to ensure consumer-perceivable benefits in addition to clinical testing. This testing protocol enabled the brand to make and tailor highly culturally relevant claims in advertising and marketing communication across multiple regions where uneven skin tone is a concern.

Origins combined the power of nature with the best of science to create an all-inclusive upgrade to the brand's best-selling eye cream—Ginzing Vitamin C & Niacinamide Eye Cream to Brighten and Depuff. A comprehensive testing plan was executed to ensure skin across a full range of color was represented and that the product delivered superior dark circle results.

The Estée Lauder brand is committed to developing advanced skin care products that are effective across diverse ethnicities and skin tones. Advanced Night Repair is Estée Lauder's #1 serum and was extensively tested across ages, ethnicities, and skin tones in multiple countries to help ensure that Advanced Night Repair meets the key needs of a diverse range of consumers.





### Hair Care Formulation

**Bumble and bumble** continues to expand its offerings for all hair types, textures, and style preferences. When developing its Hairdresser's Invisible Oil Ultra Rich Collection, the brand conducted extensive testing on the full hair spectrum, inclusive of all types (coarse, medium, and fine) and patterns (4c-1a) as well as a variety of usage occasions to address hair and scalp concerns. This inclusive testing approach allows the brand to make claims that resonate with consumers and reflect the diversity of consumer hair routines—notably, that the products provide scalp-to-end nourishment, leaving hair hydrated for up to 72 hours.

**Aveda** strives to reach diverse consumers through product innovation and development. Recent product introductions include the brand's Botanical Repair Rich Treatment Masque and Nutriplenish Deep Moisture Treatment Masque, which contain extra plant butters to provide extra conditioning for textured hair needs. The recent relaunch of Smooth Infusion™ includes a specific product to address the styling needs of Black guests: the Perfectly Sleek Heat Styling Cream, created for silk press styling for very curly and coily hair, allowing natural hair texture to transform without altering its natural curl pattern.

In fiscal 2022, to celebrate Black History Month, Aveda created the Texture Series, a compilation of interactive digital content between artists and the community, where the brand explored diversity in hair care. The Texture Series celebrated self-expression in the Black community through the voices of African American artists in the Aveda network and explored the range of journeys of Black hair care.



### Skin Tone Color Palettes

Making products that are inclusive of different skin tones is a long-standing priority for our brands. In 1992, **Bobbi Brown Cosmetics** set a new standard for diversity in beauty with the launch of the Foundation Stick, created to enhance a variety of skin tones. The brand's continued focus on undertone—the colors beyond the surface that form everyone's unique skin color—has made Bobbi Brown Cosmetics a leader in offering inclusive shades.

In addition, making products inclusive of all skin tones has been a priority for **M·A·C** from its founding. **M·A·C** originally built its best-selling Studio Fix foundation more than 30 years ago to better support darker-skinned models who could not be matched properly backstage. It now includes more than 60 skin-true shades and is supported by an all-inclusive family of Studio Fix products including concealers, powders, and a new primer launched in September 2021.



### OUR COMMITMENT TO REPRESENTATION

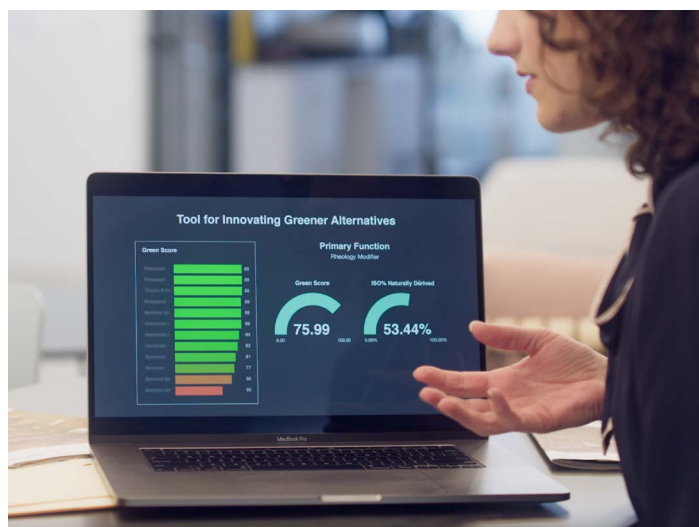
We are committed to expanding Black representation and diverse voices from concept to counter. As part of our Company's Commitment to Racial Equity, we have developed Racial Equity Scorecards and activation plans for our brands along with implementing monthly collaboration sessions to help support authentic execution. We have also created Black Skincare Charters for product innovation teams focused on increasing our shade representation capabilities.

## GREEN CHEMISTRY

At The Estée Lauder Companies, we have long understood the importance of green chemistry in embedding sustainability into product formulation. We have spent more than a decade collaborating with experts in the field, assessing our own internal capabilities, and developing tools to enable our teams to seamlessly leverage green chemistry in their daily work. We use green chemistry methods to score our ingredients, innovate across our ingredient portfolio, and design our products. Alongside these processes, we focus our efforts on our talent, continually training our chemists on green principles and practices as we strive for excellence in our green chemistry work.



Brandie Marotta, Director, R&D Product Formulation, Skincare developing formulations that meet both green chemistry standards and consumer expectations.



### GREEN SCORE PROGRAM TOOL



The Estée Lauder Companies' Green Score program is at the heart of our green chemistry philosophy. As part of this program, we developed a proprietary Green Score tool that provides a quantifiable method for our formulators to benchmark and inform their formulation choices based on the principles of green chemistry, specifically through the lenses of human health, ecosystem health, and the environment.

In fiscal 2022, a peer-reviewed manuscript, "Applying Green Chemistry to Raw Material Selection and Product Formulation at The Estée Lauder Companies," was published in *Green Chemistry*, [the Royal Society of Chemistry's journal](#).

By publicly sharing our methodology, data sources, and unique framework, we aim to encourage innovation through the lens of sustainability across the consumer products industry. The article was also selected by the journal's editors and referees as a 2022 HOT article.

We will continue to use the Green Score tool to inform our decision-making; communicate expectations with suppliers; and prioritize raw materials, product types, and product forms. The methodology is currently being leveraged by our formulation laboratories around the world to guide innovation and to assess new product launches for environmental endpoints while maintaining performance standards. Green Scores have already been calculated for all individual materials and formulations across our in-house skin care, hair care, and makeup portfolios.



## ENCOURAGING SUSTAINABILITY INNOVATION ACROSS THE INDUSTRY

In fiscal 2022, we participated in the National Beauty Science Institute's "Science & Sustainability Masterclass," held at the Royal Institution in the United Kingdom. Approximately 400 students and young professionals participated in the workshop, including a session with presenters from The Estée Lauder Companies discussing the latest science and technology driving innovation at the Company, such as approaches to balancing the efficacy and sustainability of our ingredients.

Additionally, the authors of the Green Score peer-reviewed manuscript hosted a symposium to discuss the Green Score and other green chemistry and sustainable design initiatives for personal care products at the ACS Green Chemistry Institute's 26th Annual Green Chemistry and Engineering Conference in June 2022. The conference is the longest-running global conference dedicated to green chemistry and engineering, and allowed our team to share details of the program with leading formulators from around the world.



## INTEGRATING GREEN CHEMISTRY ACROSS OUR TEAMS

All formulators throughout the organization have been trained to use the Green Score quantitative tool to assess the sustainability of their formulations in real time, so they can make educated choices about which ingredients to include. In fiscal 2022, we conducted our most thorough green chemistry training to date. More than 140 Aveda team members participated, including the brand's leadership team, to log more than 1,000 combined hours of training.

In addition to enterprise-wide trainings for ELC formulators, the Green Score program is integrated across our in-house product development process, providing visibility into the Green Score for new product launches. Our brands also reference the Green Score to help consumers understand our methodology. For example, La Mer referenced the improvements facilitated by this work in The Treatment Lotion in the product's launch materials, helping to increase public awareness of the process.

## SCIENTIFIC ADVISORY BOARD

The Green Score has also benefited from validation by our Green Chemistry Scientific Advisory Board. The scientific advisory board helps us benefit from, and contribute to, cutting-edge science from around the world. The board is composed of external experts from academia representing key global regions, including China, Europe, North America, and Latin America, and with a reputation of excellence in green chemistry. They meet annually to provide feedback on our green chemistry methodology, research, and strategy. The board is part of our overall commitment to rigorous scientific credentialing, which also encompasses publishing in peer-reviewed journals, partnering with universities, and filing for patents (where appropriate).

## GREEN CHEMISTRY AND OUR VALUE CHAIN

Our green chemistry work began with a focus on the formulations and ingredients over which we have direct control. Our approach has been to gain a thorough and strategic understanding of our own impacts before expanding to our suppliers, Third-Party Manufacturers, and newly acquired businesses. In fiscal 2022, we increased our efforts to broaden our ingredient scoring beyond our own portfolio. Specifically, we developed an approach for scoring fragrance, which is often supplied to us by our trusted partners. In fiscal 2022, we scored our fragrance palette, which includes more than 1,500 fragrance ingredients.

## ISO 16128: % NATURAL AND % NATURALLY DERIVED

The International Standards Organization (ISO) provides guidance for cosmetic formulators on how to calculate the percentage of natural and naturally derived ingredients in their products through the ISO 16128 standards. We have developed standard operating procedures to formulate using these standards. We have also developed a self-service formulation tool and training program for our formulators. In fiscal 2022, we newly scored over 1,100 raw materials against the ISO 16128 standard, bringing the total raw materials scored to approximately 4,900. This increase allowed us to establish scores for approximately 200 additional formulas in fiscal 2022, bringing the total number of formulas scored to more than 6,400.

# INGREDIENT TRANSPARENCY

Our ingredient palette is composed of thousands of materials. We support providing more information to our consumers about the ingredients in our products and are developing new ways to share ingredient information and ensure compliance with government transparency measures.

## INGREDIENT PHILOSOPHY

We publish information on our corporate website pertaining to ingredients we use in some of our products that are of interest to consumers, including: preservatives, phenoxyethanol, ethylenediaminetetraacetic acid (EDTA), and butylated hydroxytoluene (BHT). In fiscal 2022, we added information on methylchloroisothiazolinone/methylisothiazolinone (aka KATHON™), mineral oil, paraffin, petrolatum, polyethylene glycols (PEGs), polymers, and salicylic acid. We plan to continue to update our site with additional ingredients. Our brands use this information and may choose to further amplify our ingredient philosophy via their brand sites.

DECIEM’s “Everything Is Chemicals” campaign outlines the brand’s position that ensuring consumer safety is a regulatory requirement (not a form of marketing), and that avoiding a list of chemicals does not make a product inherently “clean.” Through an online position statement and accompanying video, the campaign highlights how the brand is working to bring science-backed evidence about chemicals used in beauty products to the forefront of consumer conversations.

*Please visit our [Ingredient Philosophy page](#) to learn more.* [🔗](#)

## PROGRESS TOWARD OUR GOALS

### GOAL:

*We will develop a glossary of key ingredients that includes descriptions of the ingredients’ purpose and will make this information available online by the end of calendar year 2025.*

We are committed to increased transparency about the ingredients in our products. In fiscal 2022, Darphin and Le Labo joined 11 other brands in publishing ingredient glossaries on their websites. Some brands have been continuously working to expand content provided in their ingredient glossaries. The glossaries enable consumers to learn more about key ingredients in the products they love, the reasons behind the uses of those ingredients, and their benefits.

- Aveda
- Bobbi Brown
- Bumble and bumble
- Clinique
- Darphin
- Editions de Parfums Frédéric Malle
- Estée Lauder
- GlamGlow
- La Mer
- Le Labo
- M·A·C
- Origins
- Smashbox



## CLEAN BEAUTY

At The Estée Lauder Companies, we are dedicated to helping our consumers make beauty choices that are right for them. We are committed to increased transparency about the ingredients in our products, and we strive to formulate our products with safe ingredients that create the best results.

There is no standard definition of clean beauty. Brands and retailers define clean beauty in many ways—for example, by what ingredients are and are not included in a formula. Some of our brands choose to formulate without certain ingredients as part of their clean-product positioning.





## ECOBEAUTYSCORE CONSORTIUM

In fiscal 2022, we joined the EcoBeautyScore Consortium. This global group of more than 30 cosmetics and personal care companies and industry associations was established to develop an industry-wide environmental impact assessment and scoring system for cosmetics products. Membership includes small and large companies and associations from four continents and is open to additional members.

The EcoBeautyScore approach is intended to provide consumers with clear, transparent, and comparable environmental impact information, based on a common science-based methodology. The work completed by the consortium will help address consumer demand for greater transparency about the environmental impact of cosmetics products across formulation, packaging, and use.

The members of the EcoBeautyScore Consortium have formed thematic working groups to focus on different elements of product transparency with the aim to provide a prototype environmental scoring system for a selection of product categories in the near future.

SUSTAINABILITY  
*PACKAGING*

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We aspire to lead the prestige beauty industry in developing and designing packaging solutions through the lens of sustainability, in order to progress toward the ultimate goal of a circular economy. By developing innovative alternatives to traditional materials, collaborating with others to advance solutions, and reducing plastics in our packaging, we believe we can enhance the High-Touch experience offered to our consumers.





# OUR MANAGEMENT APPROACH

We take an end-to-end approach to packaging innovation, with numerous teams sharing the responsibility to deliver on our packaging sustainability goals. The Global Packaging Function is accountable for executing packaging strategies and works with Environment, Health and Safety; Global Product Stewardship; Global Communications and Public Affairs; Legal; and Global Corporate Citizenship and Sustainability (GCCS) functions, as well as the marketing, creative, and procurement teams. From design and raw material identification, to establishing innovative collaborations (including with packaging and materials suppliers), and communicating through diverse marketing strategies, attention to packaging is vertically integrated through much of the enterprise.

We have established a dedicated Packaging Sustainability team within the Global Packaging Function. The team works with Global Supplier Relations, Materials Science, GCCS, and Packaging Development to lead initiatives and drive collaboration. The Packaging Sustainability team also promotes alignment between our brands and our corporate organization. Packaging Sustainability assists the brands, who are responsible for developing their own packaging goals and strategies to drive commercial value creation and corporate goal achievement.

Packaging developers function as sustainability champions and help brands stay up to date on the most recent and innovative design principles. They innovate through the lens of sustainability, including as part of our New Product Launch (NPL) process—integrating consideration of potential environmental impacts from the outset.

In recent years, our approach to packaging design has evolved to incorporate lessons from materials and ecosystems. This approach includes process improvements, supplier collaborations, alternative materials, and identification of ways to better listen to and engage our consumers. Our Materials Science team is crucial to this work as they seek to incorporate sustainability elements into the development of luxury packaging innovations.

We continue to invest in industry-leading collaborations as a critical component of our holistic approach to addressing the challenges related to complex packaging formats. This work helps to move the needle on environmental progress across the beauty industry. In fiscal 2021 and fiscal 2022, these joint efforts allowed the Company to leverage a broad range of packaging solutions including the use of advanced recycling, exploration of bio-based resins, and innovative uses of materials such as paper.

## PROGRESS TOWARD OUR GOALS

### GOALS:

*By the end of calendar year 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled, or recoverable.*

In fiscal 2022, 63% of our packaging by weight was either recyclable, refillable, reusable, recycled, or recoverable, an increase from 59% in fiscal 2021.

*We will increase the total percentage of post-consumer recycled (PCR) material in our packaging to 25% or more by the end of calendar year 2025.*

At the end of fiscal 2022, the amount of PCR material in our packaging was 17%, an increase from 15% at the end of fiscal 2021.

*Our ambition is to use responsibly sourced paper products whenever possible with a goal to have 100% of our forest-based fiber cartons Forest Stewardship Council (FSC) certified by 2025.*

In fiscal 2022, 95% of our forest-based fiber cartons were FSC certified, an increase from 89% in fiscal 2021.

*By the end of calendar year 2030, we will reduce the amount of virgin petroleum content in our plastic packaging to 50% or less.*

In fiscal 2022, our plastic packaging contained 87% virgin petroleum content.

\*Product packaging is defined as any item to be used for the containment, protection, handling and presentation of products and delivery to ELC's distribution centers that is included on the bill of materials. Excludes brands acquired by ELC during or after fiscal 2020.



### DRIVING INNOVATION IN LUXURY PACKAGING

We are implementing cutting-edge practices across our brand portfolio to deliver upon the High-Touch consumer experience associated with our prestige and luxury brands.

*The Estée Lauder brand transitioned the jars for its Revitalizing Supreme+ Moisturizer from plastic to glass, elevating the luxury feel consumers know and love. This initiative included the use of a life cycle assessment to validate the achievement of additional environmental improvements beyond recyclability. Not only did the brand's switch help reduce the use of thousands of pounds of plastic, but it also resulted in a reduction of at least 40% of associated emissions and energy consumption for the first year of shipments.*

*Clinique became the first prestige beauty brand to introduce provider Roctool's innovative sustainability technology on its iconic 200ml Clarifying Lotion bottles. Roctool's heat-and-cool technology provides significant enhancements to finishes without the need for additional decoration. The process helps reduce scrap or waste by 10%-15% while maintaining the high quality of the packaging material.*

## PACKAGING SUSTAINABILITY GUIDELINES

Our Packaging Sustainability Guidelines contain an overview of our approach, definitions, material selection guides, and FAQs. They outline our priorities, which include:

- Reducing and removing packaging where possible
- Designing for reuse and refillability
- Building in commonly recyclable components
- Increasing amounts of PCR material in packaging
- Replacing petroleum-based plastics with bioplastics (if the bioplastic can be recycled and does not contaminate traditional recycling streams).

Each year, we provide training on the Guidelines for our packaging developers, marketers, and procurement teams. Along with the Guidelines, we use other tools to develop responsible packaging. These include custom-developed methodologies to calculate the sustainability profile of various product-packaging formats and estimated associated GHG emissions, as well as third-party reviewed life-cycle assessments, as needed, to provide a holistic view of a package's impacts.

In fiscal 2022, we introduced a packaging sustainability calculator, a new tool that helps us collect information internally and from suppliers about our packaging. The calculator provides a comparable score for packaging concepts that brands are looking to develop and can be used to determine if the packaging will be aligned with our goals. We have conducted both formal and informal training sessions on the new calculator, targeting members of our Global Packaging team across brands and regions.





In fiscal 2022, several brands enhanced their communications with consumers regarding packaging sustainability via on-pack claims, social media interactions, websites, and diverse media publications. Examples included:

*CLINIQUE* developed an online glossary that helps raise consumer awareness of packaging sustainability-related terms. [Visit the website.](#)

*ORIGINS* developed the “Anatomy of Our Holiday Gift Boxes” graphic for Instagram, helping educate consumers about the sustainability improvements included in our holiday sets. [See the graphic here.](#)

*LAB SERIES* explained how its new products were redesigned through the lens of sustainability. [Visit the website.](#)



### THE AVEDA CHALLENGE

In addition to the corporate Packaging Sustainability Guidelines, Aveda has articulated additional principles that guide the brand’s packaging decisions. Dubbed “The Aveda Challenge,” the principles are:

- Reduce the size, weight, and production processes of packaging wherever possible
- Offer packaging that can be widely recycled whenever possible
- Use as much PCR content as commercially possible without affecting the efficacy of the product
- Challenge suppliers to innovate their packaging using a sustainability lens

# TRAINING

Training allows us to keep employees and suppliers up to date on packaging sustainability initiatives while capturing ideas and feedback to evolve our programs. In fiscal 2022, we increased the number of training sessions provided over fiscal 2021. We offered new trainings to help improve employees' understanding of current and emerging sustainability-related topics, including retailer demands for sustainability in packaging, consumer insights, packaging sustainability trends, and regulatory requirements in order to help brands implement and communicate packaging-related efforts.

In fiscal 2022, we required packaging developers to participate in a minimum of six hours of training, and embedded this requirement as part of their personal employee performance goals. Additionally, through the Sustainable Packaging Coalition (SPC), more than 230 employees completed virtual training programs via access to the organization's digital learning hub.





## SECONDARY AND TERTIARY PACKAGING

Secondary and tertiary packaging protects the integrity of our products while in transit. Our brands are pursuing initiatives to select more responsible options and to eliminate excess material and volume, helping improve sustainability while maintaining a luxurious experience throughout the consumer journey. We are also teaching suppliers about our efforts to create shipping packaging that has sustainability characteristics. Many vendors have increased the percentage of PCR content they use in their secondary and tertiary packaging, which subsequently helps us to make progress on our PCR goal.

Many of our brands in the United Kingdom ship orders in recyclable outer boxes, while additional protective shipping packaging is made with recyclable paper materials and/or 80% starch packaging. In the United States, some of our brands have switched from plastic to paper mailers that were redesigned to reduce packaging weight by 79% from the previous version and have begun using 100% recycled-content boxes.

Additionally, our brands are implementing initiatives to help minimize the impact of their packaging by exploring alternative models that can deliver a luxurious experience while encouraging circular behaviors like packaging reusability. For example, in the United States, Aveda piloted the Aveda Returnable Shipper Program, which uses returnable shippers for the brand's one-liter bottles. The shippers are produced with a minimum of 35% recycled content and can be reused up to 20 times.

## ADDRESSING PLASTIC USE

We are committed to tackling virgin plastic use and are working to minimize plastic waste. Our internal plastic guidelines help drive the reduction of virgin and nonrecyclable plastic in our packaging, products, offices, facilities, and retail spaces. Our guidelines include options such as pursuing alternatives to single-use virgin plastic packaging, replacing plastic applicators used in our retail stores with paper or wood versions, reducing plastic water bottles and cutlery in our spaces, and reducing virgin and nonrecyclable plastic used in our visual merchandising.

### PROVIDING CONSUMER CHOICE WITH REFILLABLES

Our consumers can help to reduce environmental impact through their purchasing decisions, including by buying products in refillable containers. As of the end of fiscal 2022, 10 brands offer refillable containers for products in their range, including Aerin, Aveda, Bobbi Brown, Estée Lauder, Jo Malone London, Kilian Paris, Lab Series, Le Labo, M·A·C, and Origins.



### ADDRESSING PLASTIC USE BEYOND OUR BUSINESS

We are working to address excessive plastic waste in the environment beyond our business through The Estée Lauder Companies Charitable Foundation (ELCCF). In fiscal 2022, ELCCF continued its support of Plastics for Change, a nonprofit whose mission is to support one million informal waste collectors by providing fair market access through its platform. Read more on page 64.

## USING PCR FOR PRODUCT PACKAGING

Aveda’s new Color Control tubes, bottles, and caps are made with 100% postconsumer recycled plastic, helping the brand save the equivalent of 4.5 million plastic water bottles.\*

\*Based on first year’s projected global production volume; average 500ml water bottle size.



## SUPPORTING THE FIRST WIDELY RECYCLABLE PAPER BOTTLE

In fiscal 2022, we became the first prestige beauty company to join the Pulpex partner consortium. Pulpex is a first-of-its-kind technology that creates bottles from wood pulp using FSC-certified renewable feedstocks from responsibly managed forests. The paper bottle, still in development, will be designed to be widely recyclable in standard waste streams.



## AVEDA INTRODUCES PAPER-BASED SACHETS

Through a partnership with Xela Pack, Aveda has introduced the prestige beauty industry’s first paper-based, locally recyclable sachet, launched initially in select countries in Europe. Production of this sachet resulted in a minimum 36% reduction in water consumption and 37% reduction in emissions compared to commonly used sachet packaging in the industry (as documented in a third-party-reviewed life-cycle assessment). Sachets present an exciting opportunity for Aveda to enhance its approach to improve on the consumer sampling and trial experience.





## HOLIDAY GIFT SET PACKAGING

Holiday gift sets encourage the spirit of giving, offering fun and unique—often limited-edition—packages that present products in a special way, at a special price, or in celebration of a special date.

In the past, being competitive in a saturated holiday market often resulted in differentiation via the use of unique decorations, bigger impression boxes, and multiple layers of packaging that gave the consumer elements of surprise and celebration. As a result of this trend, holiday gift set packaging presents an opportunity for our brands to innovate through the lens of sustainability. In recent years, we have developed tools and task forces to help brands celebrate the holidays while honoring our sustainability goals.

Our brands have collaborated internally and with suppliers to replace plastic packaging components in secondary boxes with paper alternatives. We have also worked with our suppliers to evaluate opportunities to create unique decorations that are designed through the lens of sustainability (e.g., designed-in recyclability or increased durability so consumers can reuse the packaging). Finally, our packaging teams have innovated to increase our use of packaging made from recycled content.

In fiscal 2022, Clinique used 100% recycled chipboard for gift-set packaging, eliminating approximately 60,000 pounds of plastic. Origins' holiday packaging also removed plastic components, eliminating approximately 29,800 pounds of plastic.



## ADVANCED RECYCLING

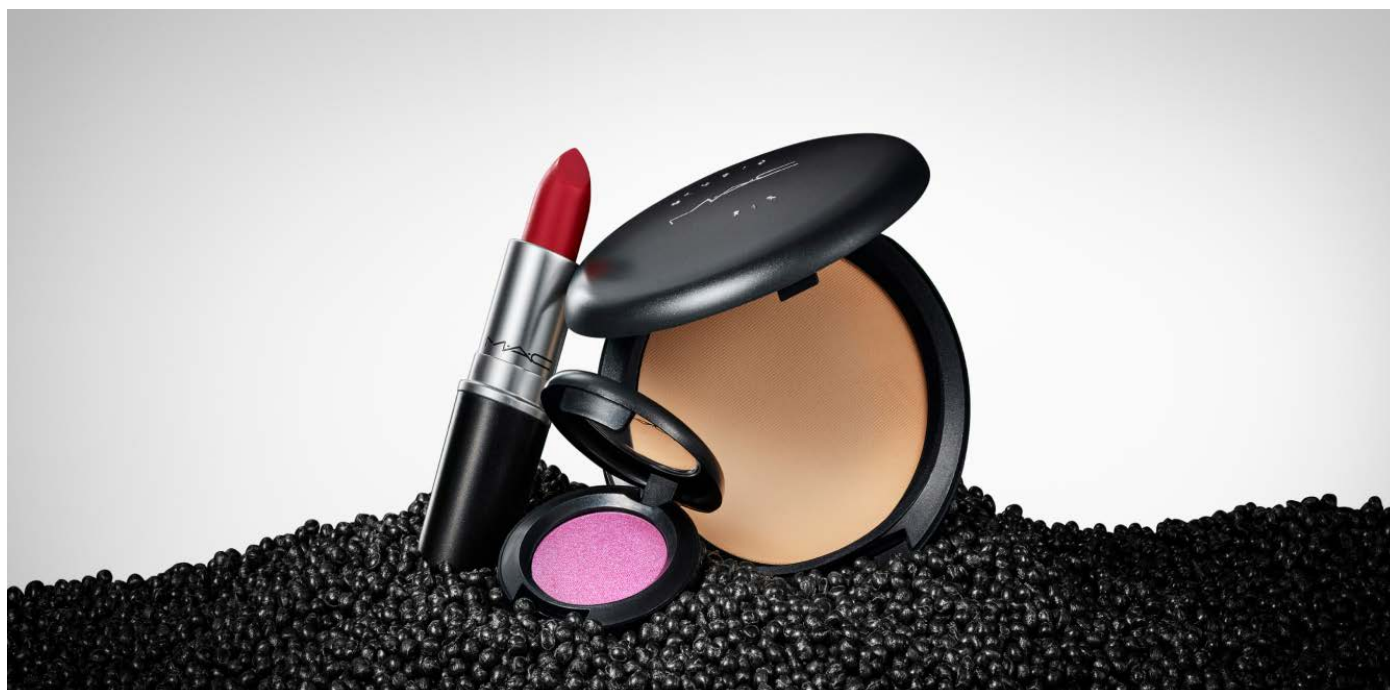
Advanced recycling returns hard-to-recycle plastic back to its basic chemical building blocks. This is important because traditional mechanical recycling streams for plastics are limited, and plastics can only be recycled a finite number of times. Once the plastic has been broken down to its molecular state through advanced recycling, it can be used to create high-performance plastics akin to a virgin material.

Our goal to reduce the amount of virgin petroleum content in our plastic packaging, as well as regulations around the world that target plastic reduction, further encourage our exploration of advanced recycling as a complementary solution to mechanical recycling. Our work with suppliers like SABIC, a global chemical industry leader, and Eastman, a specialty materials provider, have helped us incorporate advanced recycling technologies into PCR content used in our packages. Examples include packaging for products such as Clinique's Take The Day Off balm and Bobbi Brown's Extra Plump Lip Serum.



### CHEMICAL RECYCLING WITH THE UNIVERSITY OF WISCONSIN-MADISON

In fiscal 2022, we collaborated with the University of Wisconsin-Madison to develop a solvent-based chemical recycling process that breaks down plastic using less energy and results in fewer other environmental impacts. Although this work is still in its early stages, we have already found that the solvents are recoverable in the process, a key element to lowering the environmental impact of the process overall.



## PRODUCT TAKE BACK

We work with our brands to develop take back programs in select markets. These programs are subject to local recycling and waste handling laws and infrastructure and are highly complex in nature. In fiscal 2022, our brands, including Aveda, Bobbi Brown, and M·A·C, expanded their programs to new markets in Europe. We also enhanced training for employees involved in implementing take back programs, including marketing, brand operations, and retail employees.

### BACK 2 M·A·C

More than 30 years ago, M·A·C created Back 2 M·A·C—a pioneering take back program intended to help reduce the environmental impact of the brand's packaging by recovering and recycling, where possible, its iconic black acrylonitrile butadiene styrene (ABS) plastic packages. Through the program, which operates in select markets, we partner with local vendors to help recover and recycle clean, empty M·A·C packaging; what cannot be recycled is converted to energy.

In fiscal 2022, M·A·C expanded the program in our EMEA region to include Austria, Belgium, Czech Republic, Greece, and Poland. In EMEA, our vendor can recycle select ABS plastic into new plastic that is used in the production of coffee machines and IT equipment, among other items. In North America, our vendors support M·A·C with a closed-loop system to recycle select ABS packaging into material that can be used for new M·A·C compacts. In North America, M·A·C enabled the processing of more than 340,000 pounds of empty packages in fiscal 2022.





# COLLABORATING FOR SUCCESS

We continue to strengthen our network of companies, universities, and consortia to advance our collective approach to packaging innovation. For example, in fiscal 2022, we joined a consortium with five other personal care products companies, facilitated by the Massachusetts Institute of Technology (MIT), to assess the abilities of materials recovery facilities to handle small materials and packages. As part of the two-year consortium, we aim to support MIT's research to develop new strategies for the mechanical recycling of small format objects.

We have also added several other new industry initiatives and partnerships to our existing relationships, and have joined the steering committee of the Sustainable Packaging Initiative for CosmEtics (SPICE), where we help guide the content for the organization's quarterly meetings.

## OUTER SPACE PACKAGING

In fiscal 2022, we became the exclusive partner of the International Space Station's (ISS) National Laboratory Sustainability Challenge: Beyond Plastics program. The challenge solicited U.S.-based proposals for applied research and technology development concepts targeting one of the following goals:

- Reduce plastic waste entering the environment
- Seek alternative feedstocks and pathways for polymer production beyond petrochemicals
- Reduce virgin plastic manufacturing.

The Kennedy Space Center Visitor Complex in Cape Canaveral, Florida, hosted presentations from the finalists in March 2022, who were then invited to submit a full flight project proposal leveraging the ISS National Lab.



We are members of or collaborate with the following organizations focused on reducing the environmental impacts of packaging:

- Association of Plastic Recyclers (APR)
- University of Wisconsin-Madison Center for the Chemical Upcycling of Waste Plastics\*
- Ellen MacArthur Foundation
- EUROPEN\*
- Glass Futures\*
- Material ConneXion
- Stina Inc.
- Sustainable Packaging Coalition (SPC)
- The Sustainable Packaging Initiative for CosmEtics (SPICE)
- Strategic Materials

# METRICS

## CAUTIONARY NOTE REGARDING SOCIAL IMPACT AND SUSTAINABILITY INFORMATION.

		FY22	FY21	FY20
SELECT FINANCIAL DATA  (IN MILLIONS, EXCEPT PER SHARE DATA)	Net sales	\$17,737	\$16,215	\$14,294
	Net earnings attributable to The Estée Lauder Companies Inc.	\$2,390	\$2,870	\$684
	Net earnings per diluted share	\$6.55	\$7.79	\$1.86

		JUNE 30		
		2022	2021	2020
GLOBAL EMPLOYEES <sup>1</sup>  Amounts may not sum due to rounding	Total employees (thousands) <sup>2</sup>	60.9*	60.2	73.9
	% Total employees, by region			
	<i>The Americas</i>	38.6%*	38.9%	42.6%
	<i>Asia/Pacific</i>	28.1%*	28.6%	24.3%
	<i>Europe, the Middle East &amp; Africa</i>	33.2%*	32.6%	33.1%
	% Total employees, by age group			
	<30 yo	30.2%*	30.7%	35.7%
	30-50 yo	53.7%*	53.7%	51.3%
	>50 yo	16.1%*	15.6%	13.0%
	% Total employees, by gender			
	<i>Female employees</i>	80.9%*	81.7%	83.7%
	% Total corporate employees by job level, by gender <sup>3</sup>			
	<i>Female Vice President and Above</i>	57.4%*	55.2%	55.3%
<i>Female Director and Executive Director</i>	64.2%*	65.6%	65.9%	
<i>Female Manager and Below</i>	80.0%*	80.2%	80.4%	

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

- Total employees include global full-time, part-time, regular, and temporary employees on active assignment or on leave with pay. Employee metrics in this and other tables exclude approximately 1,700 employees at ELC's Have&Be and DECIEM business units. As recently acquired businesses, these units are in the process of being fully integrated into ELC human resources data systems.
- The reduction in employees from fiscal 2020 to fiscal 2021 was driven primarily by fewer point of sale employees due to the COVID-19 pandemic, including a combination of door closures and on-going in-store capacity restrictions, decisions to reduce the number of on-call and temporary employees, and voluntary resignations.
- Fiscal 2021% Total corporate employees by job level, by gender' metrics restated to include only corporate employees.



		JUNE 30		
		2022	2021	2020
GLOBAL EMPLOYEES <sup>1</sup> (continued)	% Total employees by role type, by gender			
	<i>Female in Corporate</i>	76.5%*	76.8%	77.0%
	<i>Female in Retail</i>	89.5%*	89.7%	90.3%
	<i>Female in Manufacturing and Distribution</i>	51.1%*	51.7%	53.4%
	<i>Female in STEM</i>	64.9%*	65.1%	65.7%

Amounts may not sum due to rounding

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

		JUNE 30		
		2022	2021	2020
GLOBAL EMPLOYEES BY TYPE (THOUSANDS)	TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY REGION			
	Regular employees, by region			
	<i>The Americas</i>	16.2*	16.0	18.9
	<i>Asia/Pacific</i>	16.1*	16.7	17.0
	<i>Europe, the Middle East &amp; Africa</i>	18.8*	18.5	22.7
	Temporary employees, by region			
	<i>The Americas</i>	7.4*	7.4	12.5
	<i>Asia/Pacific</i>	1.1*	0.6	1.0
	<i>Europe, the Middle East &amp; Africa</i>	1.5*	1.1	1.8
	TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY GENDER			
	Regular full-time employees, by gender			
	<i>Female</i>	33.5*	33.9	38.1
	<i>Male</i>	9.6*	9.1	9.3
	Regular part-time employees, by gender			
	<i>Female</i>	7.3*	7.4	10.3
	<i>Male</i>	0.6*	0.6	0.8
	Temporary full-time employees, by gender			
	<i>Female</i>	1.5*	1.2	1.5
	<i>Male</i>	0.3*	0.3	0.3
	Temporary part-time employees, by gender			
	<i>Female</i>	7.0*	6.6	12.0
<i>Male</i>	1.0*	1.0	1.6	

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

		JUNE 30		
		2022 <sup>5</sup>	2021	2020
U.S. EMPLOYEES <sup>4</sup>	% TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY			
Amounts may not sum due to rounding	White	47.9%*	49.8%	47.0%
	Not Self-Identified	1.8%*	4.0%	5.4%
	People of Color	50.3%*	46.1%	47.7%
	<i>American Indian or Alaskan Native</i>	0.4%*	0.4%	0.4%
	<i>Asian</i>	14.8%*	14.3%	12.1%
	<i>Black or African American</i>	13.1%*	11.7%	13.4%
	<i>Hispanic or Latino</i>	18.3%*	17.5%	19.5%
	<i>Native Hawaiian or Pacific Islander</i>	0.5%*	0.5%	0.6%
	<i>Two or More Races</i>	3.2%*	1.8%	1.6%

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

- Data is only available for U.S.-based employees and race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White. Excludes brands acquired by ELC during or after fiscal 2020.
- ELC's consolidated EEO-1 report is available to download [here](#) and represents the ELC U.S.-based employee population as of December 31, 2021, in alignment with federally mandated Job Category and Level definitions.



		JUNE 30		
		2022	2021	2020
U.S. EMPLOYEES BY ROLE TYPE	% U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	63.3%*	64.8%	66.3%
	Not self-identified	0.1%*	1.9%	1.7%
	People of Color	36.7%*	33.3%	32.0%
	<i>American Indian or Alaskan Native</i>	0.1%*	0.1%	0.1%
	<i>Asian</i>	16.0%*	14.6%	14.4%
	<i>Black or African American</i>	7.1%*	6.4%	5.9%
	<i>Hispanic or Latino</i>	11.1%*	10.7%	10.6%
	<i>Native Hawaiian or Pacific Islander</i>	0.3%*	0.3%	0.3%
	<i>Two or More Races</i>	2.1%*	1.2%	0.8%
	% U.S. RETAIL EMPLOYEES, BY RACE/ETHNICITY			
White	40.8%*	42.2%	40.3%	
Not self-identified	3.8%*	6.9%	7.9%	
People of Color	55.5%*	50.9%	51.8%	
<i>American Indian or Alaskan Native</i>	0.7%*	0.6%	0.6%	
<i>Asian</i>	6.1%*	6.6%	6.1%	
<i>Black or African American</i>	16.1%*	15.0%	16.4%	
<i>Hispanic or Latino</i>	26.6%*	25.3%	25.6%	
<i>Native Hawaiian or Pacific Islander</i>	0.7%*	0.8%	0.9%	
<i>Two or More Races</i>	5.3%*	2.6%	2.2%	
	% U.S. MANUFACTURING & DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY			
White	32.6%*	36.7%	38.0%	
Not self-identified	0.6%*	1.0%	1.4%	
People of Color	66.8%*	62.4%	60.7%	
<i>American Indian or Alaskan Native</i>	0.5%*	0.6%	0.4%	
<i>Asian</i>	33.9%*	34.7%	33.4%	
<i>Black or African American</i>	18.4%*	14.8%	15.3%	
<i>Hispanic or Latino</i>	13.0%*	11.5%	10.6%	
<i>Native Hawaiian or Pacific Islander</i>	0.3%*	0.2%	0.2%	
<i>Two or More Races</i>	0.7%*	0.6%	0.7%	

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

		JUNE 30		
		2022	2021	2020
U.S. CORPORATE EMPLOYEES BY JOB LEVEL	% U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	72.0%*	73.1%	72.8%
	Not self-identified	0.2%*	0.0%	1.9%
	People of Color	27.8%*	26.9%	25.3%
	<i>American Indian or Alaskan Native</i>	0.0%*	0.0%	0.0%
	<i>Asian</i>	13.3%*	13.3%	13.6%
	<i>Black or African American</i>	4.9%*	4.1%	3.9%
	<i>Hispanic or Latino</i>	7.7%*	7.9%	7.4%
	<i>Native Hawaiian or Pacific Islander</i>	0.0%*	0.0%	0.0%
	<i>Two or More Races</i>	1.9%*	1.7%	0.4%
% U.S. DIRECTOR AND EXECUTIVE DIRECTOR CORPORATE EMPLOYEES, BY RACE/ETHNICITY				
White	68.2%*	70.8%	70.0%	
Not self-identified	0.1%*	0.1%	1.5%	
People of Color	31.7%*	29.2%	28.5%	
<i>American Indian or Alaskan Native</i>	0.1%*	0.1%	0.1%	
<i>Asian</i>	17.9%*	16.5%	16.6%	
<i>Black or African American</i>	4.8%*	4.4%	4.0%	
<i>Hispanic or Latino</i>	7.3%*	7.2%	7.1%	
<i>Native Hawaiian or Pacific Islander</i>	0.2%*	0.2%	0.1%	
<i>Two or More Races</i>	1.4%*	0.8%	0.7%	
% U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY				
White	60.2%*	61.5%	64.0%	
Not self-identified	0.0%*	2.8%	1.8%	
People of Color	39.8%*	35.7%	34.2%	
<i>American Indian or Alaskan Native</i>	0.1%*	0.2%	0.1%	
<i>Asian</i>	15.5%*	14.0%	13.5%	
<i>Black or African American</i>	8.3%*	7.4%	6.9%	
<i>Hispanic or Latino</i>	13.1%*	12.4%	12.3%	
<i>Native Hawaiian or Pacific Islander</i>	0.3%*	0.3%	0.4%	
<i>Two or More Races</i>	2.4%*	1.3%	0.9%	

Amounts may not sum due to rounding

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).



		FY22	FY21	FY20
TURNOVER RATE <sup>6</sup> Amounts may not sum due to rounding	Total turnover rate	27.2%*	28.4%	20.7%
	Total turnover rate, by leave reason			
	<i>Voluntary turnover rate</i>	21.5%*	15.6%	16.2%
	<i>Involuntary turnover rate</i>	5.6%*	12.8%	4.8%

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

		JUNE 30		
		2022 <sup>7</sup>	2021	2020
BOARD OF DIRECTORS Amounts may not sum due to rounding	Total Board count	16	16	16
	% Female	43.8%	43.8%	43.8%
	% People of Color <sup>8</sup>	25.0%	18.8%	18.8%
	% Board composition, by age group			
	<30 yo	0.0%	0.0%	0.0%
	30-50 yo	12.5%	18.8%	18.8%
	>50 yo	87.5%	81.3%	81.3%

		FY22	FY21	FY20
SOCIAL INVESTMENTS	Total charitable contributions (\$ Millions) <sup>9</sup>	\$45.2	\$64.6	\$48.8

6. Includes regular full-time and regular part-time employees. Excludes temporary full-time, temporary part-time, and intern employees. Turnover rate is calculated by dividing total employees who exited during the fiscal year by average headcount during the fiscal year. Fiscal year average headcount is calculated by adding headcount on the last day of each month and dividing by 12. Excludes brands acquired by ELC during or after fiscal 2020.

7. In July 2022 (fiscal 2023), (i) a new director, who is female, joined our Board effective July 11, 2022 and (ii) a current director, who is female, decided to retire from the Board effective November 17, 2022.

8. As of June 30, 2022, one of our directors self-identifies as Black or African American, one of our directors self-identifies as Afro-Latino, and two of our directors self-identify as Asian.

9. Amounts represent contributions recorded by ELC for such period and include ELC matching contributions related to employee contributions (amounts do not include charitable contributions made by employees). Fiscal 2021 includes accelerated contributions to the ELC Charitable Foundation, the ELC Cares Fund (primarily due to anticipated additional COVID-19 relief), and to ELC Good Works to fund multi-year programs.

		FY22	FY21	FY20
EMPLOYEE VOLUNTEERISM & GIVING <sup>10</sup> (THOUSANDS) Amounts may not sum due to rounding	Employee volunteer hours <sup>11</sup>	14.4*	12.8 <sup>+</sup>	17.1
	Employee donations	\$1,166*	\$1,234 <sup>+</sup>	\$1,541
	Amount matched by ELC <sup>12</sup>	\$1,810*	\$1,721 <sup>+</sup>	\$4,008
	Total cumulative employee donations and Company matches through ELC's social impact and sustainability engagement program <sup>13</sup>	\$17,738	\$14,763	\$11,808

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

\*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

		FY22	FY21	FY20	
EMPLOYEE SAFETY <sup>14</sup>	Total Recordable Incident Rate	0.20*	0.18 <sup>+</sup>	0.23	
	Days Away, Restricted or Transfer Rate (DART)	0.16*	0.15 <sup>+</sup>	0.19	
	Lost Time Frequency Rate	0.14*	0.12 <sup>+</sup>	0.18	
	Total fatalities	0*	0 <sup>+</sup>	0	
	Total Recordable Incidents <sup>15</sup>	97*	89 <sup>+</sup>	137	
	# Recordable work-related injuries, by main types <sup>16</sup>				
	<i>Slips, trips, and falls</i>	31*	36 <sup>+</sup>	50	
	<i>Ergonomic injuries</i>	14*	14 <sup>+</sup>	21	
<i>Struck by</i>	14*	11 <sup>+</sup>	18		

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

\*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

10. Metrics reflect information self-reported to ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. In September 2020 (fiscal 2021), the platform expanded to 17 markets outside the United States and the United Kingdom. At the end of fiscal 2022, the platform was available to eligible employees in 19 markets globally. Eligible employees are those who meet certain criteria, which varies by market, and have access to the platform. Excludes brands acquired by ELC during or after fiscal 2020.

11. In fiscal 2022 and fiscal 2021, the COVID-19 pandemic continued to negatively impact volunteerism rates due to restrictions on assembly.

12. Due to volunteer and Company rewards, as well as campaigns that provide more than a 1-to-1 match, amount matched by ELC is higher than employee donation amount. For more information, see [Management Assertion](#). ELC match amount is also included as part of the "Total Charitable Contributions" metric in the Social Investments data table.

13. Metric includes total cumulative ELC employee donations and amount matched, inclusive of volunteer rewards and Missions rewards, by ELC since the launch of the ELC Good Works platform in November 2015.

14. Data includes employees and contractors under direct supervision. Breakdown by direct employees and contractors is not available. Rates are calculated using OSHA recordability criteria and are based on 200,000 hours worked and the ELC Total Hours Worked for the fiscal year. The ELC Total Hours Worked for fiscal 2021 was approximately 100 million hours. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see [Management Assertion](#).

15. Recordable Incidents are measured using OSHA recordability criteria.

16. Main types include the top three most frequently occurring types of recordable injuries as observed over a five-year lookback period.



		FY22	FY21	FY20
ENERGY (THOUSAND MWH) Amounts may not sum due to rounding	Total energy consumption within the organization	316.0*	289.6+	289.0
	Total fuel consumption, by source <sup>17</sup>	139.6*	128.7+	129.8
	<i>Non-renewable</i>	130.7*	123.9+	128.4
	<i>Renewable</i>	8.9*	4.8+	1.6
	Total electricity consumption, by source <sup>18</sup>	176.4*	160.9+	159.2
	<i>Non-renewable</i>	0.0*	0.0+	0.0
	<i>Renewable</i>	176.4*	160.9+	159.2
	Energy intensity (MWh normalized to million dollars of net sales)	17.8*	17.9+	20.2
	% Global energy sourced from renewable energy	58.7%*	57.2%+	55.6%
	% Renewable electricity	100%	100%	100%
Reduction of energy consumption due to conservation and efficiency measures <sup>19</sup>	2.0*	5.0+	2.3	

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

+Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

		FY22	FY21	FY20
GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 1 AND 2 (THOUSAND METRIC TONS CO <sub>2</sub> EQUIVALENT)	Scope 1 <sup>20</sup>	27.8*	24.1+	27.2
	Scope 2 Market-based, by type <sup>21</sup>	1.3*	<0.1	<0.1
	<i>Electricity</i>	0.0	0.0	0.0
	<i>Thermal</i>	1.3	<0.1	<0.1
	Scope 2 Location-based <sup>21</sup>	54.8*	54.0+	55.9
	GHG intensity (normalized to million dollars of net sales) <sup>22</sup>	0.0*	0.0+	0.0
	% Carbon Neutral <sup>23</sup>	100%	100%	100%
	% Scope 1 and 2 reduction <sup>24</sup>	54%	59%	56%
	Reduction of emissions due to conservation and efficiency measures <sup>19</sup>	0.7*	1.0+	0.8

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

+Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

17. Fuel consumption for all global activities with ELC operational control. Non-renewable fuel includes diesel, natural gas, mobile gasoline, mobile diesel, fuel oil, and purchased energy (purchased steam and district heat from natural gas). Renewable fuel includes on-site solar generated and consumed at ELC locations, bio-fuel, and district heating from wood and wood residuals. For additional information, see [Management Assertion](#).
18. Electricity consumption for all global activities with ELC operational control. Non-renewable electricity consumption reflects utility purchases not covered by renewable off-site generation (utility contracts) and Energy Attribute Certificate (EAC) purchases. Renewable electricity consumption reflects renewable off-site generation (utility contracts), EAC purchases, and a Virtual Power Purchase Agreement (VPPA). For additional information, see [Management Assertion](#).
19. Total estimated annual savings from projects implemented in the reporting period. Total energy and GHG emission savings are attributed to the year in which projects launched, regardless of timing during the fiscal year. For additional information, see [Management Assertion](#).
20. Scope 1 emissions include direct emissions associated with fuel consumption for the operation of ELC owned and leased facilities and vehicles, except emissions associated with refrigerants sources at retail, office, and certain regional distribution and innovation locations. The base year for Scope 1 and Scope 2 emissions is fiscal 2018. Global warming potential (GWP) factors are taken from the IPCC's fifth Assessment Report. For additional information on emissions and emissions accounting standard used, see [Management Assertion](#).
21. Scope 2 emissions include indirect emissions associated with purchased electricity, purchased steam, and district heating for the activities of all ELC owned and leased facilities. Starting in fiscal 2022, renewable electricity sourced from contractual agreements is being reported in Scope 2 market-based emissions. For electricity purchased in the United States, emissions factors taken from the most recent EPA Emissions & Generation Resource Integrated Database (eGRID) are used to calculate GHG emissions. Province or territory-specific factors from Environment Canada and the Australian Government are applied to Canadian and Australian locations respectively. Country-specific emissions factors are applied at all other locations including utilizing residential mix emission factors for locations in the European Union. For additional information on emissions and emissions accounting standard used, see [Management Assertion](#).
22. GHG intensity is calculated based on Scope 1 and Scope 2 market-based emissions including carbon offsets and renewable energy sourced from contractual agreements.
23. In fiscal 2023, ELC updated its language to use "carbon neutral" instead of "Net Zero" when referring to its efforts to eliminate carbon emissions from its operations. The change is in response to an update from the Science Based Targets initiative (SBTi), which issued guidance on a common definition of Net Zero. While still considered carbon neutral, ELC's practices do not meet the SBTi's revised definition of Net Zero. ELC recognizes that climate-related standards and best practices may continue to evolve over time and we may choose to adjust our definition of carbon neutrality accordingly in the future.
24. Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements.

		FY22	FY21	FY20
GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 3 (THOUSAND METRIC TONS CO <sub>2</sub> EQUIVALENT) Amounts may not sum due to rounding	Scope 3, by category <sup>25</sup> (FY22 data available in CY23)	Pending (P)	2,359.3	2,141.0
	<i>Category 1: Purchased goods and services<sup>26</sup></i>	P	1,410.3	1,405.3
	<i>Category 2: Capital goods</i>	P	253.0	219.5
	<i>Category 3: Fuel and energy related activities<sup>27</sup></i>	P	22.9	19.7
	<i>Category 4: Upstream transportation and distribution<sup>28</sup></i>	P	460.9	268.8
	<i>Category 5: Waste generated in operations</i>	P	3.3	5.5
	<i>Category 6: Business travel<sup>29</sup></i>	P	3.1	23.3
	<i>Category 7: Employee commuting</i>	P	36.1	44.6
	<i>Category 8: Upstream leased assets</i>	-	-	-
	<i>Category 9: Downstream transportation and distribution</i>	P	78.6	70.8
	<i>Category 10: Processing of sold products</i>	-	-	-
	<i>Category 11: Use of sold products</i>	P	24.7	28.0
	<i>Category 12: End-of-life treatment of sold products</i>	P	54.0	49.3
	<i>Category 13: Downstream leased assets</i>	-	-	-
	<i>Category 14: Franchises</i>	-	-	-
<i>Category 15: Investments</i>	P	12.5	6.1	
% Scope 3 reduction per unit revenue <sup>30</sup>	P	(3%)	(5%)	

25. Scope 3 emissions are reported for all categories that are relevant to ELC. Please refer to [ELC's CDP Climate response](#) for additional information. Fiscal 2020 metrics restated due to methodology and data source improvements. Excludes emissions associated with brands acquired by ELC during or after fiscal 2020 and other acquisitions made prior thereto that have not yet been integrated into the relevant ELC systems, unless otherwise noted. Full Scope 3 data for fiscal 2022 not available at time of publication due to limitations associated with the timing of suppliers' release of value chain data.

26. Category 1 includes Raw Materials, Packaging, Third-Party Manufacturers (TPMs), and indirect procurement of goods and services.

27. Category 3 includes fuel and energy-related activities associated with global activities with ELC operational control, including Have&Be, a brand acquired in fiscal 2020.

28. The certainty of this metric representing actual emissions, using our spend-based calculation approach, was likely impacted by significant increases in global shipping and logistics costs.

29. Category 6 includes Air Travel, Hotel Stays, Rail, and Hire and Rental Car, but excludes out-of-pocket employee travel expenses.

30. Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons CO<sub>2</sub> equivalents / net sales in million USD).



	FY22	FY21	FY20	
<b>WASTE<sup>31</sup></b> (THOUSAND METRIC TONS)  Amounts may not sum due to rounding	<b>HAZARDOUS WASTE</b>			
	Total hazardous waste, by management method	1.4	1.4	1.4
	Diverted from disposal			
	<i>Recycling</i>	0.02	0.02	0.01
	Directed to disposal			
	<i>Energy Recovery</i>	1.3	1.3	1.3
	<i>Landfill</i>	0	0	0
	<i>Incineration</i>	0.08	0.03	0.01
	<i>Other treatment method<sup>32</sup></i>	<0.01	<0.01	<0.01
	<b>NON-HAZARDOUS WASTE</b>			
	Total non-hazardous waste, by management method (excluding reuse) <sup>33</sup>	31.2	26.5	25.1
	Diverted from disposal			
	<i>Reuse</i>	4.1	4.3	4.4
	<i>Recycling</i>	18.0	14.7	15.1
	<i>Composting</i>	0.03	0.02	0.03
Directed to disposal				
<i>Energy Recovery</i>	13.0	11.7	9.9	
<i>Landfill<sup>34</sup></i>	0.14	<0.01	<0.01	

	FY22	FY21	FY20	
<b>WATER<sup>27</sup></b>	Withdrawal (million cubic meters) <sup>35</sup>	1.5*	1.6	1.5
	Consumption (million cubic meters) <sup>35</sup>	0.1*	0.1	0.1
	Discharge (million cubic meters) <sup>35</sup>	1.4*	1.4	1.3
	% Water consumption from all areas with high or extremely high water stress <sup>36</sup>	49.8%*	46.8%	44.8%
	% Water withdrawn from all areas with high or extremely high water stress <sup>36</sup>	77.2%*	80.5%	76.9%
	Water consumption intensity (cubic meters normalized to million dollars of net sales)	6.9*	7.0	8.8
	% Reduction in water withdrawal at manufacturing sites <sup>37</sup>	13%	7%	14%

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

31. Fiscal 2022 waste data reflects production and surplus waste from 47 locations (13 manufacturing sites, 30 distributions sites, and 4 innovation sites). Sludge waste and product giveaways are not included. Excludes brands acquired by ELC during or after fiscal 2020. Prior year data not restated to reflect locations added in fiscal 2022.
32. Other treatment methods in fiscal 2022 include wastewater treatment.
33. Fiscal 2021 and fiscal 2020 'Total non-hazardous waste' adjusted to exclude Reuse.
34. Metric includes Municipal Solid Waste (MSW), a non-industrial waste stream that is not part of the scope of ELC's zero industrial waste to landfill goal.
35. Fiscal 2022 Withdrawal, Consumption, and Discharge data reflects 65 locations operated by ELC (15 manufacturing sites, 44 distribution sites, and six innovation sites). Consumption and discharge amounts may not sum to withdrawal amounts due to rounding. Fiscal 2021 'Withdrawal' restated to reflect more accurate data capture. For additional information, see [Management Assertion](#).
36. ELC's Melville, New York, facilities, comprising a total of five locations, are located in areas of high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct). They account for the majority of water withdrawal and consumption. Fiscal 2022 metric includes an additional 15 locations in areas of high or extremely high water stress as identified through a water risk assessment conducted in fiscal 2022. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see [Management Assertion](#).
37. Reduction is from a fiscal 2019 baseline of 1.5 million cubic meters water withdrawal at ELC operated manufacturing sites. Excludes brands acquired by ELC during or after fiscal 2020 and any manufacturing sites that are not fully operational within the target timeline.

		FY22	FY21	FY20
SUPPLIER EVALUATION & MONITORING <sup>38</sup>	% of new suppliers screened using environmental and social criteria <sup>39</sup>	100%	100%	100%
	% of strategic suppliers screened using environmental and social criteria <sup>40</sup>	99%	100%	98%
	Number of third-party on-site supplier audits <sup>41</sup>	69	61	88

		CY21	CY20	CY19
PALM OIL <sup>42</sup> Amounts may not sum due to rounding	Total amount of palm oil sourced (thousand metric tons)	5.1*	3.6	4.0
	% Total palm oil certified by RSPO, by certification type	100%*	100%	100%
	<i>Identity preserved</i>	<1%*	<1%	<1%
	<i>Segregated</i>	<1%*	0%	0%
	<i>Mass Balance</i>	92%*	70%	57%
	<i>Book &amp; Claim</i>	8%*	29%	42%
	% Total palm-based ingredients sourced through certified-sustainable physical supply chains	92%*	71%	58%

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

		FY22	FY21	FY20
PACKAGING <sup>43</sup>	% Packaging that is recyclable, refillable, reusable, recycled or recoverable	63%*	59%	55%
	% Post-consumer recycled (PCR) material	17%*	15%	10%
	% Forest-based fiber cartons FSC certified	95%*	89%	63%
	% Virgin petroleum content in plastic packaging <sup>44</sup>	87%*	-	-
	Total weight of product packaging, by type (thousand metric tons)	71.6*	65.3	58.3
	<i>Non-renewable</i>	54.8*	50.6	42.2
	<i>Renewable</i> <sup>45</sup>	16.8*	14.7	16.1
	Total weight of materials reclaimed through consumer take back programs (thousand metric tons) <sup>46</sup>	0.2*	0.2	0.3
	% Packaging reclaimed through consumer take back programs <sup>46</sup>	0.25%*	0.33%	0.50%
	% Packaging made from post-consumer recycled content and/or renewable materials	40%*	38%	38%

\*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management's Assertion](#).

38. Suppliers are those that provide direct raw material, ingredient, packaging, and Third-Party Manufacturing to ELC.

39. Excludes suppliers to brands acquired by ELC during or after fiscal 2020.

40. Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities, proven value creation, and a high level of collaboration. These suppliers comprise more than half of ELC direct spend.

41. Includes third party audits requested by ELC, as well as other mutually recognized audits that (i) align to ELC's audit standard; (ii) are conducted by third-party auditors, and; (iii) meet ELC's validity date criteria. Fiscal 2021 and fiscal 2020 metrics restated to reflect updated reporting criteria.

42. Palm oil sourcing is reported by Calendar Year (CY) in alignment with the Roundtable on Sustainable Palm Oil (RSPO) Annual Communication of Progress (ACOP) guidelines. Excludes palm-based ingredients not directly procured by ELC, such as those procured by Third-Party Manufacturers (TPMs) and certain acquired brands not yet fully integrated into the relevant ELC systems.

43. Product packaging is defined as any item to be used for the containment, protection, handling, and presentation of products and delivery to ELC's distribution centers that is included on the bill of materials. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see [Management Assertion](#).

44. This metric reflects progress towards a goal announced in fiscal 2021. Fiscal 2022 is the first year for which data is being tracked.

45. Renewable materials are those composed of biomass from a living source and are replenished at a rate equal to or greater than the rate of depletion.

46. Materials collected in North America, EMEA, and Australia only. COVID-19 resulted in lower consumer participation in packaging take back programs.



# GRI / SASB / TCFD INDEXES

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
GRI 102: GENERAL DISCLOSURES 2016	102-1	Name of the organization	The Estée Lauder Companies Inc.
	102-2	Activities, brands, products, and services	FY22 Form 10-K, pp. 2-9 <a href="#">↗</a>
	102-3	Location of headquarters	767 Fifth Avenue, New York, New York
	102-4	Location of operations	FY22 Form 10-K, pp. 9, 24 <a href="#">↗</a> Global Operations <a href="#">↗</a>
	102-5	Ownership and legal form	FY22 Form 10-K, p. 2 <a href="#">↗</a>
	102-6	Markets served	Global Operations <a href="#">↗</a> FY22 Form 10-K, pp. 2-9 <a href="#">↗</a>
	102-7	Scale of the organization	Metrics, p. 114 (Total employees, employees by region) FY22 Form 10-K, p. 9 <a href="#">↗</a> (Distribution/total number of operations) Metrics, p. 114 (Net sales) FY22 Form 10-K, pp. 28 and F-76 <a href="#">↗</a> (Net sales by region) FY22 Form 10-K, pp. 3, 28, F-75 <a href="#">↗</a> (Net sales by product category)
	102-8	Information on employees and other workers	Metrics, p. 114 There are no significant seasonal variations in our workforce, and we do not use non-employees to perform a significant portion of the organization's activities.
	102-9	Supply chain	Sourcing, pp. 84-93 FY22 Form 10-K, p. 12 <a href="#">↗</a>
	102-10	Significant changes to the organization and its supply chain	FY22 Form 10-K, pp. 30-33 <a href="#">↗</a>
	102-11	Precautionary Principle or approach	Product Formulation, pp. 100-103 (Green Chemistry)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE <i>(continued)</i>			
GRI 102: GENERAL DISCLOSURES 2016	102-12	External initiatives	The Estée Lauder Companies aligns, in whole or in part, with numerous social impact and sustainability related third-party charters, principles and initiatives, including the United Nations Sustainable Development Goals, the 12 Green Chemistry Principles and various ISO standards, among others. We have included information about these initiatives throughout our report.
	102-13	Membership of associations	We maintain membership in many social impact and sustainability related associations, including: Action for Sustainable Derivatives (ASD), AIM-Progress, Association of Plastic Recyclers (APR), Business Council for International Understanding, Business for Social Responsibility (BSR), Canadian Manufacturers and Exporters, The Conference Board, Cosmetics Alliance (Canada), Cosmetics Europe, Disability:IN, the EcoBeautyScore Consortium, the Ellen MacArthur Foundation, EUROPEAN, Global Shea Alliance, Green Chemistry and Commerce Council (GC3), MSDUK, National Association for Environmental Management (NAEM), National Minority Supplier Development Council, National Retail Federation, Personal Care Products Council (PCPC), Retail Industry Leaders Association, Roundtable on Sustainable Palm Oil (RSPO), Supplier Leadership on Climate Transition, Sustainable Brands, Sustainable Packaging Coalition (SPC), Sustainable Packaging Initiative for CosMEtics (SPICE), Strategic Materials, U.S. Chamber of Commerce, WEConnect International, The Women's Business Enterprise National Council, and Zero100.
STRATEGY			
GRI 102: GENERAL DISCLOSURES 2016	102-14	Statement from senior decision-maker	Letter from William P. Lauder and Fabrizio Freda, pp. 6-7
	102-15	Key impacts, risks, and opportunities	Our Commitment to Social Impact and Sustainability, pp. 14-21 Social Impact and Sustainability Goals and Progress, pp. 10-11 FY22 Form 10-K, pp. 18-24 (Risk Factors) <a href="#">🔗</a>
ETHICS AND INTEGRITY			
GRI 102: GENERAL DISCLOSURES 2016	102-16	Values, principles, standards, and norms of behavior	Culture and Values <a href="#">🔗</a> Code of Conduct <a href="#">🔗</a>
	102-17	Mechanisms for advice and concerns about ethics	Code of Conduct, pp. 6-8, 14-19 <a href="#">🔗</a> Our Commitment to Social Impact and Sustainability, p. 17 (Ethics and Integrity)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
GOVERNANCE			
GRI 102: GENERAL DISCLOSURES 2016	102-18	Governance structure	Corporate Governance <a href="#">↗</a> 2022 Proxy Statement, p. 10 <a href="#">↗</a> The Nominating and ESG Committee is responsible for citizenship and sustainability oversight. Nominating and ESG Committee Charter, p. 1 <a href="#">↗</a>
	102-19	Delegating authority	The Nominating and ESG Committee is responsible for citizenship and sustainability oversight. Nominating and ESG Committee Charter, p. 1 <a href="#">↗</a> Our Commitment to Social Impact and Sustainability, pp. 14-21
	102-20	Executive-level responsibility for economic, environmental, and social topics	Our Commitment to Social Impact and Sustainability, pp. 14-21
	102-22	Composition of the highest governance body and its committees	2022 Proxy Statement, pp. 10-21 <a href="#">↗</a>
	102-23	Chair of the highest governance body	2022 Proxy Statement, pp. 10, 21 <a href="#">↗</a>
	102-24	Nominating and selecting the highest governance body	2022 Proxy Statement, pp. 8, 19-20 <a href="#">↗</a>
	102-25	Conflicts of interest	2022 Proxy Statement, pp. 10-17, 26-30, 33, 43-44, 64 <a href="#">↗</a> Code of Conduct, pp. 14-15 <a href="#">↗</a>
	102-27	Collective knowledge of the highest governance body	Corporate Governance Guidelines, p. 9 <a href="#">↗</a>
	102-35	Remuneration policies	2022 Proxy Statement, pp. 40-95 <a href="#">↗</a> Our Commitment to Social Impact and Sustainability, p. 16 (Corporate Governance and Executive Compensation)
	102-36	Process for determining remuneration	2022 Proxy Statement, pp. 40-95 <a href="#">↗</a> Our Commitment to Social Impact and Sustainability, p. 16 (Corporate Governance and Executive Compensation)
STAKEHOLDER ENGAGEMENT			
GRI 102: GENERAL DISCLOSURES 2016	102-40	List of stakeholder groups	Our key stakeholders include employees, consumers, investors, retailers, nongovernmental organizations (NGOs), suppliers, policymakers, regulators, and local communities.
	102-41	Collective bargaining agreements	FY22 Form 10-K, p. 14 <a href="#">↗</a>



GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
STAKEHOLDER ENGAGEMENT <i>(continued)</i>			
GRI 102: GENERAL DISCLOSURES 2016	102-42	Identifying and selecting stakeholders	We engage with certain stakeholders (individuals and organizations) who have the potential to influence our business strategy and operations and whom our business impacts in turn.
	102-43	Approach to stakeholder engagement	Our Commitment to Social Impact and Sustainability, p. 19 (Priority Focus Areas for Social Impact and Sustainability) and p. 20 (Stakeholder Engagement) We conducted direct outreach to external stakeholders as part of our social impact and sustainability focus areas analysis. This input helped to define, validate, and prioritize social impact and sustainability topics and to inform the content of this report.
	102-44	Key topics and concerns raised	Our Social Impact and Sustainability Goals and Commitments reflect our priority focus areas, as informed by stakeholder concerns and sentiments. Additional information on specific stakeholder topics of interest are included throughout this report.
REPORTING PRACTICE			
GRI 102: GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements	FY22 Form 10-K, p. 2 <a href="#">🔗</a> This report covers The Estée Lauder Companies and its subsidiary operations unless otherwise specified.
	102-46	Defining report content and topic Boundaries	Our Commitment to Social Impact and Sustainability, p. 19 (Priority Focus Areas for Social Impact and Sustainability) About this Report, pp. 2-3
	102-47	List of material topics	Our Commitment to Social Impact and Sustainability, p. 19 (Priority Focus Areas for Social Impact and Sustainability)
	102-48	Restatements of information	Information on restatements of social impact and sustainability data are included in the footnotes to the tables in the Metrics section of this report, pp. 114-124
	102-49	Changes in reporting	None
	102-50	Reporting period	July 1, 2021 - June 30, 2022
	102-51	Date of most recent report	The fiscal 2021 Social Impact & Sustainability Report was published on November 2, 2021.
	102-52	Reporting cycle	Fiscal year (annual)
	102-53	Contact point for questions regarding the report	Please use our online form for inquiries regarding this report. <a href="#">🔗</a>
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
REPORTING PRACTICE <i>(continued)</i>			
GRI 102: GENERAL DISCLOSURES 2016	102-55	GRI content index	GRI content index, p. 125
	102-56	External assurance	About this Report, p. 2 Report of Independent Accountants and The Estée Lauder Companies Management Assertion, pp. 137-150
TOPIC-SPECIFIC STANDARDS			
ECONOMIC PERFORMANCE			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	FY22 Form 10-K <a href="#">🔗</a>
	103-2		Social Investments, pp. 52-65
	103-3		
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value distributed: community investments	Metrics, p. 119 (Social investments)
	201-2	Financial implications and other risks and opportunities due to climate change	2022 CDP Climate Response, pp. 6-14 <a href="#">🔗</a> Climate and Environment, pp. 66-83
MATERIALS			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Packaging, pp. 104-113 (Packaging)
	103-2		More information about the topic Boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	103-3		
GRI 301: MATERIALS 2016	301-1	Materials used by weight or volume	Metrics, p. 124 (Packaging)
	301-3	Reclaimed products and their packaging materials	Metrics, p. 124 (Packaging) We do not currently track reclaimed product and packaging materials by product category.
ENERGY			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Environmental Stewardship, pp. 67, 74-75 (Our Management Approach; Renewable Energy Portfolio)
	103-2		More information about the topic Boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	103-3		2022 CDP Climate Response, pp. 14-22, 37-72 <a href="#">🔗</a> 2022 Climate Transition Plan <a href="#">🔗</a>
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	Metrics, p. 121 (Energy)
	302-3	Energy intensity	Metrics, p. 121 (Energy)
	302-4	Reduction of energy consumption	Metrics, p. 121 (Energy)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
WATER AND EFFLUENTS			
GRI 303: WATER AND EFFLUENTS 2018	303-3	Water withdrawal	Metrics, p. 123 (Water) 2022 CDP Water Response, pp. 4-6 <a href="#">↗</a>
	303-4	Water discharge	Metrics, p. 123 (Water) 2022 CDP Water Response, pp. 4-6 <a href="#">↗</a>
	303-5	Water consumption	Metrics, p. 123 (Water) 2022 CDP Water Response, pp. 4-5 <a href="#">↗</a>
EMISSIONS			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Climate and Environment, pp. 67-72, 78-79 (Our Management Approach; Our Response to Climate Change; Value Chain (Scope 3 Emissions))  More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2022 CDP Climate Response, pp. 3-6, 11-27, 74-76 <a href="#">↗</a> 2022 Climate Transition Plan <a href="#">↗</a>
	103-2		
	103-3		
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	Metrics, p. 121 (GHG Emissions)
	305-2	Energy indirect (Scope 2) GHG emissions	Metrics, p. 121 (GHG Emissions)
	305-3	Other indirect (Scope 3) GHG emissions	Metrics, p. 122 (GHG Emissions)
	305-4	GHG emissions intensity	Metrics, pp. 121-122 (GHG Emissions)
	305-5	Reduction of GHG emissions	Metrics, pp. 121-122 (GHG Emissions) 2022 CDP Climate Response, pp. 14-22, 36-37 <a href="#">↗</a>
WASTE			
GRI 306: EFFLUENTS AND WASTE 2020	306-3	Waste generated	Metrics, p. 123 (Waste)
	306-4	Waste diverted from disposal	Metrics, p. 123 (Waste)
	306-5	Waste directed to disposal	Metrics, p. 123 (Waste)
ENVIRONMENTAL COMPLIANCE			
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	In fiscal 2022, we were not subject to any environmental fines or penalties.



GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Sourcing, pp. 84-93
	103-2		More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	103-3		2022 CDP Forests Response, pp. 13-16 <a href="#">↗</a>
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	Metrics, p. 124 (Supplier Evaluation and Monitoring)
EMPLOYMENT			
GRI 401: EMPLOYMENT 2016	401-1	Employee turnover	Metrics, p. 119 (Turnover Rates)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Experience, p. 25 (Employee Compensation and Benefits)
OCCUPATIONAL HEALTH AND SAFETY			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	Employee Experience, pp. 24, 34-35 (Health & Safety; Our Management Approach; Implementing a Risk-Based Approach)
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Experience, pp. 34-35 (Health & Safety; Our Management Approach; Implementing a Risk-Based Approach)
	403-3	Occupational health services	Employee Experience, pp. 34, 37 (Managing the Continued Impacts of COVID-19; Health & Safety; Our Management Approach; Retail Safety Updates)
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Experience, pp. 34-37 (Health & Safety; Our Management Approach; Employee Recognition; Retail Safety Updates)
	403-5	Worker training on occupational health and safety	Employee Experience, pp. 35-36 (Engaging Employees in Prioritizing Safety; Health & Safety Training)
	403-6	Promotion of worker health	Employee Experience, pp. 24-25 (Managing the Continued Impacts of COVID-19; Employee Compensation and Benefits)
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Experience, pp. 34-35 (Health & Safety; Our Management Approach; Engaging Employees in Prioritizing Safety)
	403-9	Work-related injuries	Metrics, p. 120 (Employee Safety) We currently do not break out these metrics by worker type. There were no high-consequence work-related injuries in fiscal 2022.

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
TRAINING AND EDUCATION			
GRI 404: TRAINING AND EDUCATION 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Experience, pp. 26-27 (Learning and Development) FY22 Form 10-K, p. 14 <a href="#">🔗</a>
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	Metrics, pp. 114, 117-119 (Global Employees, U.S. Employees by Role Type, U.S. Corporate Employees by Job Level, Board of Directors)
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: MANAGEMENT APPROACH 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Sourcing, pp. 84-93 More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2022 CDP Forests Response, pp. 14-16 <a href="#">🔗</a>
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	Metrics, p. 124 (Supplier Evaluation and Monitoring)
PUBLIC POLICY			
GRI 415: PUBLIC POLICY 2016	415-1	Political contributions	Political Engagement <a href="#">🔗</a> Consistent with U.S. federal law, The Estée Lauder Companies does not make political contributions to candidates for federal office. As of 2018, as a matter of policy, The Estée Lauder Companies has decided not to make political contributions in state or local races or to political parties.
CUSTOMER HEALTH AND SAFETY			
GRI 103: MANAGEMENT APPROACH 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Product Formulation, pp. 96, 100-103 (Product Safety Philosophy and Process, Green Chemistry, Ingredient Transparency)
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	We assess 100% our products for health and safety. All of the ingredients present in our products undergo a comprehensive safety review and evaluation, and we will continue to comply with regulations regarding the ingredients used in our products, ensuring our overarching commitment to product safety.

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
MARKETING AND LABELING			
GRI 103: MANAGEMENT APPROACH 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Product Formulation pp. 102-103 (Ingredient Transparency)
GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	Product Formulation, pp. 102-103 (Ingredient Transparency)  We comply with laws and regulations related to product labeling. We have set a goal to develop a glossary of key ingredients that includes descriptions of the ingredients' purpose and will make this information available online by the end of calendar year 2025. In fiscal 2022, two additional brands published ingredient glossaries on their websites, bringing our total to 13.



# SASB HOUSEHOLD & PERSONAL PRODUCTS STANDARD

DISCLOSURE TOPIC AND ACCOUNTING METRICS		RESPONSE
WATER MANAGEMENT		
CG-HP-140A.1 (CG-EC-130A.2)	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Metrics, p. 123 (Water)
CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Climate and Environment, pp. 82-83 (Water)
PRODUCT ENVIRONMENTAL, HEALTH, AND SAFETY PERFORMANCE		
CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	At The Estée Lauder Companies (ELC), the health and safety of our consumers is a top priority. We select our ingredients for many reasons, including safety, efficacy, and sustainability. We work diligently to ensure that our products are formulated to meet the requirements of governmental, regulatory, and scientific bodies wherever our products are sold, as well as our own high-quality standards. For those who are interested in learning more about the ingredients used in our products, please see our Ingredient Philosophy webpage. <a href="#">🔗</a>
CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemical List	
CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	Product Formulation, pp. 96, 100-103
CG-HP-250a.4	Revenue from products designed with green chemistry principles	We incorporate green chemistry principles in our product development process. Our Green Score program provides a quantifiable method for our formulators to benchmark and inform their formulation choices based on the principles of green chemistry, specifically through the lenses of human health, ecosystem health, and the environment. We have assigned green scores to thousands of our active ingredients and formulas. Please see pages 100-101 for more details.
PACKAGING LIFECYCLE MANAGEMENT		
CG-HP-410a.1	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	Metrics, p. 124 (Packaging)
CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Packaging pp. 104-113
ENVIRONMENTAL & SOCIAL IMPACTS OF PALM OIL SUPPLY CHAIN		
CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) identity preserved, (b) segregated, (c) mass balance, or (d) Book & Claim	Metrics, p. 124 (Palm Oil)
ACTIVITY METRIC		
CG-HP-000.B	Number of manufacturing facilities	FY22 Form 10-K, p. 24 <a href="#">🔗</a>

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

DISCLOSURE	REFERENCE
<b>GOVERNANCE</b>	
Describe the board's oversight of climate-related risks and opportunities.	Climate and Environment, p. 71 (Governance) 2022 CDP Climate Response, p. 3 <a href="#">↗</a> 2022 Climate Transition Plan, p. 26 (Governance Structure) <a href="#">↗</a>
Describe management's role in assessing and managing climate-related risks and opportunities.	Climate and Environment, pp. 71-72 (Governance; Risk Management) 2022 CDP Climate Response, pp. 3-5 <a href="#">↗</a> 2022 Climate Transition Plan, pp. 26-27 (Governance Structure, Risk Management) <a href="#">↗</a>
<b>STRATEGY</b>	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate and Environment, p. 72 (Risk Management) 2022 CDP Climate Response, pp. 6-11 <a href="#">↗</a> 2022 Climate Transition Plan, pp. 28-29 (Climate Risk Assessment Results) <a href="#">↗</a>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate and Environment, pp. 71-72 (Strategy; Risk Management) 2022 CDP Climate Response, pp. 12-14 <a href="#">↗</a> 2022 Climate Transition Plan, pp. 9-24 (Climate Transition Strategy) <a href="#">↗</a>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate and Environment, p. 72 (Risk Management) 2022 CDP Climate Response, p. 12 <a href="#">↗</a> 2022 Climate Transition Plan, pp. 9-24 (Climate Transition Strategy) <a href="#">↗</a>
<b>RISK MANAGEMENT</b>	
Describe the organization's processes for identifying and assessing climate-related risks.	Climate and Environment, p. 72 (Risk Management) 2022 CDP Climate Response, p. 7-8 <a href="#">↗</a> 2022 Climate Transition Plan, p. 27 (Risk Management) <a href="#">↗</a>
Describe the organization's processes for managing climate-related risks.	Climate and Environment, p. 71 (Strategy) 2022 CDP Climate Response, pp. 7-11 <a href="#">↗</a> 2022 Climate Transition Plan, p. 4 (Climate Action Strategy) <a href="#">↗</a>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate and Environment, pp. 71-72 (Strategy; Risk Management) 2022 CDP Climate Response, pp. 6-7 <a href="#">↗</a> 2022 Climate Transition Plan, p. 27 (Risk Management)
<b>METRICS AND TARGETS</b>	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics, pp. 121-122 (GHG Emissions; Energy)
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Metrics, pp. 121-122 (GHG Emissions) 2022 CDP Climate Response, pp. 26-37 <a href="#">↗</a>
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Climate and Environment, pp. 70, 72 2022 CDP Climate Response, pp. 14-17 <a href="#">↗</a>



# REPORT OF INDEPENDENT ACCOUNTANTS

To the Management of The Estée Lauder Companies Inc.

We have reviewed the accompanying management assertion of The Estée Lauder Companies Inc. that the metrics as of or for the fiscal year ended June 30, 2022, other than the palm oil metrics, which are presented for the year ended December 31, 2021, in management's assertion are presented in accordance with the assessment criteria set forth therein. Management of The Estée Lauder Companies Inc. is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, Concepts Common to All Attestation Engagements, and AT-C section 210, Review Engagements. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Our firm applies the Statements on Quality Control Standards established by the AICPA and, accordingly, maintains a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed inquiries, performed tests of mathematical accuracy of computations on a sample basis, read relevant policies to understand terms related to relevant information about the metrics, reviewed supporting documentation in regard to the completeness and accuracy of the data in the metrics on a sample basis, and performed analytical procedures.

Greenhouse gas (GHG) emissions quantification is subject to inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of alternative acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

The preparation of employee, employees safety, employee volunteerism & giving, packaging, palm oil, and water metrics requires management to establish the criteria, make determinations as to the relevancy of information to be included, and make assumptions that affect reported information. The selection by management of alternative acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

As discussed in management's assertion, The Estée Lauder Companies Inc. has estimated GHG emissions for certain emissions sources and consumption data for certain water sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to The Estée Lauder Companies Inc.'s management assertion in order for it to be fairly stated.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'. The signature is written in a cursive, flowing style.

New York, New York  
October 31, 2022

*PricewaterhouseCoopers LLP, 300 Madison Avenue New York NY 10017*  
T: 646-471-3000, F: 813-286-6000, [www.pwc.com](http://www.pwc.com)





# THE ESTÉE LAUDER COMPANIES INC. MANAGEMENT ASSERTION

## OVERVIEW

With respect to the following metrics reported by The Estée Lauder Companies Inc. (“ELC” or the “Company”) as of or for the year ended June 30, 2022 (fiscal 2022), other than palm oil metrics, which are presented for the year ended December 31, 2021 (calendar year 2021), ELC’s management asserts that such metrics, which are also included in the Fiscal 2022 Social Impact and Sustainability Report metrics tables as identified by the “\*” symbol, are presented in accordance with the assessment criteria set forth below.

Management is responsible for the completeness, accuracy, and validity of the metrics and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the metrics. The selection by management of alternative acceptable measurements could have resulted in materially different amounts or metrics reported herein.

The preparation of select metrics (Employees, Employee Volunteerism & Giving, Employee Safety, Water, Palm Oil, and Packaging) requires management to establish the criteria, make determinations as to the relevancy of the information to be included, and make assumptions that affect reported information.

## EMPLOYEES

Employee metrics are reported based on information recorded in the ELC Human Resources data system (ELC HR Data System) as of June 30, 2022 (fiscal 2022). Gender, age, and race/ethnicity information is self-reported by employees. Employee metrics include data related to ELC regular full-time, regular part-time, temporary full-time, and temporary part-time employees globally who are on active assignment or on leave with pay.

Information related to brands acquired during or after fiscal 2020 (Have&Be and DECIEM) is excluded from the fiscal 2022 metrics as they are not yet integrated into the principal ELC HR Data System.

METRIC AND FISCAL 2022 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING)		MANAGEMENT CRITERIA	
GLOBAL EMPLOYEES	Total employees (thousands)	60.9	Age group and gender is reported according to the date of birth and gender as self-reported by the employee and recorded in the ELC HR Data System.  Region is based on the employee work location, as recorded in the ELC HR Data System.  Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.  Role types of Corporate, Retail, Manufacturing and Distribution, and STEM (Science, Technology, Engineering, and Mathematics) are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.
	% Total employees, by region		
	<i>The Americas</i>	38.6%	
	<i>Asia/Pacific</i>	28.1%	
	<i>Europe, the Middle East &amp; Africa</i>	33.2%	
	% Total employees, by age group		
	<30 yo	30.2%	
	30-50 yo	53.7%	
	>50 yo	16.1%	
	% Total employees, by gender		
	<i>Female employees</i>	80.9%	
	% Total corporate employees by job level, by gender		
	<i>Female Vice President and Above</i>	57.4%	
	<i>Female Director and Executive Director</i>	64.2%	
	<i>Female Manager and Below</i>	80.0%	
% Total employees by role type, by gender			
<i>Female in Corporate</i>	76.5%		
<i>Female in Retail</i>	89.5%		
<i>Female in Manufacturing and Distribution</i>	51.1%		
<i>Female in STEM</i>	64.9%		
GLOBAL EMPLOYEES BY EMPLOYEE TYPE (THOUSANDS)	Regular employees, by region		Regular employees include employees in the employment categories of 'Regular full-time' and 'Regular part-time', as recorded in the ELC HR Data System.  Temporary employees include employees in the employment categories of 'Temporary full-time' (temporary full-time and intern) and 'Temporary part-time' (temporary part-time and on-call/freelance), as recorded in the ELC HR Data System.  Region is based on the employee work location, as recorded in the ELC HR Data System.  Gender is reported according to the gender as self-reported by the employee and recorded in the ELC HR Data System.
	<i>The Americas</i>	16.2	
	<i>Asia/Pacific</i>	16.1	
	<i>Europe, the Middle East &amp; Africa</i>	18.8	
	Temporary employees, by region		
	<i>The Americas</i>	7.4	
	<i>Asia/Pacific</i>	1.1	
<i>Europe, the Middle East &amp; Africa</i>	1.5		

METRIC AND FISCAL 2022 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING)		MANAGEMENT CRITERIA	
GLOBAL EMPLOYEES BY EMPLOYEE TYPE  (THOUSANDS) <i>(continued)</i>	Regular full-time employees, by gender	Regular employees include employees in the employment categories of 'Regular full-time' and 'Regular part-time', as recorded in the ELC HR Data System.  Temporary employees include employees in the employment categories of 'Temporary full-time' (temporary full-time and intern) and 'Temporary part-time' (temporary part-time and on-call/freelance), as recorded in the ELC HR Data System.  Region is based on the employee work location, as recorded in the ELC HR Data System.  Gender is reported according to the gender as self-reported by the employee and recorded in the ELC HR Data System.	
	<i>Female</i>		33.5
	<i>Male</i>		9.6
	Regular part-time employees, by gender		
	<i>Female</i>		7.3
	<i>Male</i>		0.6
	Temporary full-time employees, by gender		
	<i>Female</i>		1.5
	<i>Male</i>		0.3
	Temporary part-time employees, by gender		
	<i>Female</i>		7.0
	<i>Male</i>		1.0
U.S. EMPLOYEES	% TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY		
	White	47.9%	
	Not Self-Identified	1.8%	
	People of Color	50.3%	
	<i>American Indian or Alaskan Native</i>	0.4%	
	<i>Asian</i>	14.8%	
	<i>Black or African American</i>	13.1%	
	<i>Hispanic or Latino</i>	18.3%	
	<i>Native Hawaiian or Pacific Islander</i>	0.5%	
	<i>Two or More Races</i>	3.2%	
	% U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY		
	White	63.3%	
	Not Self-Identified	0.1%	
	People of Color	36.7%	
	<i>American Indian or Alaskan Native</i>	0.1%	
	<i>Asian</i>	16.0%	
	<i>Black or African American</i>	7.1%	
<i>Hispanic or Latino</i>	11.1%		
<i>Native Hawaiian or Pacific Islander</i>	0.3%		
<i>Two or More Races</i>	2.1%		



METRIC AND FISCAL 2022 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING)		MANAGEMENT CRITERIA
U.S. EMPLOYEES <i>(continued)</i>	% U.S. RETAIL EMPLOYEES, BY RACE/ETHNICITY	
	White	40.8%
	Not Self-Identified	3.8%
	People of Color	55.5%
	<i>American Indian or Alaskan Native</i>	0.7%
	<i>Asian</i>	6.1%
	<i>Black or African American</i>	16.1%
	<i>Hispanic or Latino</i>	26.6%
	<i>Native Hawaiian or Pacific Islander</i>	0.7%
	<i>Two or More Races</i>	5.3%
	% U.S. MANUFACTURING & DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY	
	White	32.6%
	Not Self-Identified	0.6%
	People of Color	66.8%
	<i>American Indian or Alaskan Native</i>	0.5%
	<i>Asian</i>	33.9%
	<i>Black or African American</i>	18.4%
	<i>Hispanic or Latino</i>	13.0%
	<i>Native Hawaiian or Pacific Islander</i>	0.3%
	<i>Two or More Races</i>	0.7%
	% U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY	
	White	72.0%
	Not Self-Identified	0.2%
	People of Color	27.8%
	<i>American Indian or Alaskan Native</i>	0.0%
	<i>Asian</i>	13.3%
	<i>Black or African American</i>	4.9%
	<i>Hispanic or Latino</i>	7.7%
<i>Native Hawaiian or Pacific Islander</i>	0.0%	
<i>Two or More Races</i>	1.9%	
		<p>Race/ethnicity is reported according to the race and ethnicity as self-identified and self-reported by the employee and recorded in the ELC HR Data System.</p> <p>Data is only available for U.S.-based employees. Race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White.</p> <p>Role types of Corporate, Retail, and Manufacturing and Distribution are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.</p> <p>Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.</p>

METRIC AND FISCAL 2022 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING)		MANAGEMENT CRITERIA
U.S. EMPLOYEES <i>(continued)</i>	% U.S. DIRECTOR AND EXECUTIVE DIRECTOR CORPORATE EMPLOYEES, BY RACE/ETHNICITY	
	White	68.2%
	Not Self-Identified	0.1%
	People of Color	31.7%
	<i>American Indian or Alaskan Native</i>	0.1%
	<i>Asian</i>	17.9%
	<i>Black or African American</i>	4.8%
	<i>Hispanic or Latino</i>	7.3%
	<i>Native Hawaiian or Pacific Islander</i>	0.2%
	<i>Two or More Races</i>	1.4%
	% U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY	
	White	60.2%
	Not Self-Identified	0.0%
	People of Color	39.8%
	<i>American Indian or Alaskan Native</i>	0.1%
<i>Asian</i>	15.5%	
<i>Black or African American</i>	8.3%	
<i>Hispanic or Latino</i>	13.1%	
<i>Native Hawaiian or Pacific Islander</i>	0.3%	
<i>Two or More Races</i>	2.4%	
TURNOVER RATE	Total turnover rate	27.2%
	<i>Voluntary turnover rate</i>	21.5%
	<i>Involuntary turnover rate</i>	5.6%
		<p>Race/ethnicity is reported according to the race and ethnicity as self-identified and self-reported by the employee and recorded in the ELC HR Data System.</p> <p>Data is only available for U.S.-based employees. Race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White.</p> <p>Role types of Corporate, Retail, and Manufacturing and Distribution are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.</p> <p>Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.</p> <p>Includes regular full-time and regular part-time employees globally. Excludes temporary full-time and temporary part-time employees globally.</p> <p>Voluntary and Involuntary turnover is based on the exit reason as recorded in the ELC HR Data System.</p> <p>Turnover rate is calculated by dividing total global regular employees who exited during the fiscal year by average global regular employee headcount for the fiscal year. Fiscal year average global regular employee headcount is calculated by adding headcount on the last day of each month and dividing by 12.</p>

## EMPLOYEE VOLUNTEERISM & GIVING

ELC Good Works is the Company's internal platform used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. The ELC Good Works guidelines outline program eligibility, criteria, and terms and conditions, as adapted to meet local requirements.

Metrics reflect information self-reported to ELC Good Works by eligible employees who are on active assignment during fiscal 2022. At the end of fiscal 2022, ELC Good Works was available to eligible employees in 19 markets globally. Information related to employees on leave and to brands acquired during or after fiscal 2020 (Have&Be and DECIEM) is excluded from the fiscal 2022 metrics.

During fiscal 2022, "eligible employees" included ELC regular full-time and regular part-time employees in Argentina; Australia; Belgium; Brazil; Canada; Chile; Colombia; France; Germany; Hong Kong, SAR of China; India; Luxembourg; Mexico; Netherlands; Panama; Peru; Switzerland; and the United States. In the United Kingdom, "eligible employees" included corporate regular full-time, corporate regular part-time, corporate temporary full-time, and corporate temporary part-time employees; Jo Malone London Global and Travel Retail regular full-time and regular part-time employees; and regular full-time, regular part-time, temporary full-time, and temporary part-time employees at the Whitman manufacturing location.

METRIC	FISCAL 2022 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
Employee volunteer hours	14.4	Employee volunteer hours are hours that eligible employees self-report through ELC Good Works with regard to leading, organizing, or participating in either Company-organized volunteer efforts or individual eligible activities outside of normal working hours, in accordance with the ELC Good Works guidelines available to employees.
Employee donations	\$1,166	Employee monetary donations are donations that eligible employees self-report through ELC Good Works and must be personal donations from employees' own assets that are given to a 501(c)(3) organization in the United States or to similar organizations outside of the United States. Eligible organizations are determined under the ELC Good Works guidelines available to employees.
Amount matched by ELC	\$1,810	<p>ELC charitable matching gifts include: Company matches of employees' monetary donations at a 1:1 ratio unless specified otherwise by ELC; Company matches of employees' volunteer time (volunteer rewards such as \$20 per hour volunteered earned and redeemed by the employee to make donations to 501(c)(3) organizations in the United States); Company matches of employee social impact and sustainability actions on Missions – ELC Good Works' purpose driven action hub (Missions rewards such as \$25 per 500 Missions points earned and redeemed by the employee to make donations to 501(c)(3) organizations in the United States); and Company rewards which are gifted donation credits that employees can donate through ELC Good Works.</p> <p>To be eligible for matching, employees' donations, volunteer time, and Missions actions must be recorded through ELC Good Works and be in accordance with the ELC Good Works guidelines.</p> <p>At specified times during fiscal 2022, there were special matching campaigns during which ELC double matched (2x) eligible employee donations. Due to double match campaigns, volunteer rewards, Missions rewards, and Company rewards, the total amount matched by ELC was higher than the total employee donations.</p> <p>Rewards are gifted monetary credits that the Company has added to the ELC Good Works accounts of eligible employees. Employees can use these rewards to make donations to organizations of their choosing through ELC Good Works. Fiscal 2022 metric includes rewards redeemed within the fiscal year.</p> <p>Through Missions, eligible U.S. employees can track personal social impact and sustainability actions—such as using less water or learning about ELC's commitments—which convert into ELC Good Works rewards.</p>



## EMPLOYEE SAFETY

Employee Safety rate metrics in the table below are as of June 30, 2022. Other metrics in the table below are reported for the fiscal year ending June 30, 2022. The data used in the calculations is obtained from internal ELC systems and is based on the OSHA definition for recordable incidents applied globally.

Metrics include data related to ELC regular full-time, regular part-time, temporary full-time, and temporary part-time employees globally who are on active assignment or on leave with pay, and third-party paid contractors under direct supervision of an ELC employee globally. Information related to brands acquired during or after fiscal 2020 (Have&Be and DECIEM) is excluded from the fiscal 2022 metrics.

METRIC	FISCAL 2022 METRIC VALUE	MANAGEMENT CRITERIA
Total Recordable Incident Rate	0.20	Total Recordable Incident Rate is calculated using Occupational Safety and Health Administration (OSHA) recordability criteria defined as follows: (Total number of Recordable Incidents *200,000) / Total ELC Hours Worked for the fiscal year.
Days Away, Restricted or Transfer Rate (DART)	0.16	DART is calculated using the OSHA recordability criteria defined as follows: (Total number of Recordable Incidents that resulted in Days Away, Restricted or Transferred * 200,000) / Total ELC Hours Worked for the fiscal year.  DART incidents are any occupational injury or illness which results in an employee remaining away from work, restricted in their work activities or transferring to another job.
Lost Time Frequency Rate	0.14	Lost time frequency rate is calculated using the OSHA recordability criteria defined as follows: (Total number of Recordable Incidents with Lost Time *200,000) / Total ELC Hours Worked for the fiscal year.  Lost time incidents are any occupational injury or illness which results in an employee being unable to work a full assigned work shift (i.e., time off from work, or loss of productive work (absenteeism or delays)).
Total fatalities	0	Fatalities are calculated using the OSHA recordability criteria (defined as an employee death resulting from a work-related incident or exposure; in general, from an accident or an illness caused by or related to a workplace hazard). There were no reported fatalities for the fiscal year ended June 30, 2022.
Total Recordable Incidents	97	Total Recordable Incidents are measured using OSHA recordability criteria, by which an injury or illness is considered recordable if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a physician or other licensed health care professional.
# Recordable work-related injuries, by main types		Main types of injury include the top three most frequently occurring types of recordable work-related injuries for the fiscal year ended June 30, 2022.
<i>Slips, trips, and falls</i>	31	Recordable work-related incidents using OSHA recordability criteria and classified as slips, trips, and falls.
<i>Ergonomic injuries</i>	14	Recordable work-related incidents using OSHA recordability criteria and classified as ergonomic injuries.
<i>Struck by</i>	14	Recordable work-related incidents using OSHA recordability criteria and classified as struck by injuries.

## ENERGY AND GREENHOUSE GAS (GHG) EMISSIONS

ELC uses the operational control approach in accordance with the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition* (“GHG Protocol”) to report energy consumption and direct and indirect GHG emissions for locations where ELC has operational control. These locations include manufacturing, distribution, innovation, office, salon, and freestanding store locations that were in operation for all or part of fiscal 2022.

Unless otherwise indicated in the management criteria, ELC uses the GHG Protocol to guide the criteria to assess, calculate, and report GHG emissions.

METRIC	FISCAL 2022 METRIC VALUE	MANAGEMENT CRITERIA
ENERGY		
Total energy consumption within the organization	316.0 Thousand MWh	<ul style="list-style-type: none"> <li>Energy consumed from total fuel consumption (natural gas, diesel, fuel oil, mobile gasoline, mobile diesel, purchased district heat, purchased steam, bio-fuel, and on-site solar) and total purchased electricity consumption for the operation of ELC owned and leased locations globally.</li> </ul>
Total fuel consumption, by source	139.6 Thousand MWh	<ul style="list-style-type: none"> <li>Fuel consumption from non-renewable (natural gas, diesel, fuel oil, mobile gasoline, mobile diesel, purchased district heat from natural gas, and purchased steam) and renewable (bio-fuel, on-site solar, and purchased district heat from wood and wood residuals) sources.</li> </ul>
<i>Non-renewable</i>	130.7 Thousand MWh	<ul style="list-style-type: none"> <li>Non-renewable fuels include natural gas, diesel, fuel oil, mobile gasoline, mobile diesel, purchased district heat from natural gas, and purchased steam.</li> <li>Natural gas is used at certain manufacturing, distribution, office, innovation, and salon locations. Diesel and fuel oil are used at certain manufacturing, distribution, office, and innovation locations. Mobile gasoline and mobile diesel are used by ELC owned and leased fleets in countries where ELC operates. Purchased district heat from natural gas is used at certain office and freestanding store locations. Purchased steam is used at certain office locations.</li> <li>Actual activity data is collected from direct measurement or third-party invoices when possible. When actual data is not available, estimates are determined by fuel source type based on our estimation methodology described in the Estimation Methodology section.</li> </ul>
<i>Renewable</i>	8.9 Thousand MWh	<ul style="list-style-type: none"> <li>Renewable fuels include bio-fuel, on-site solar, and purchased district heat from wood and wood residuals.</li> <li>Bio-fuel (Mobile Ethanol (E100)) is transport fuel used by ELC owned and leased fleet in one country where ELC operates. On-site solar energy is generated at and consumed by certain manufacturing, distribution, and office locations through solar photovoltaic (PV) installations. Purchased district heat from wood and wood residuals is used at one distribution center.</li> <li>In accounting for on-site solar energy, we assume that on-site solar generation offsets the consumption of “brown energy” (i.e., non-green consumption) on a one-to-one basis.</li> <li>Actual activity data is collected from direct measurement or third-party invoices when possible. When actual data is not available, estimates are determined by fuel source type based on our estimation methodology described in the Estimation Methodology section.</li> </ul>
Total electricity consumption, by source	176.4 Thousand MWh	<ul style="list-style-type: none"> <li>Electricity consumed from non-renewable and renewable electricity sources.</li> </ul>
<i>Non-renewable</i>	0.0 Thousand MWh	<ul style="list-style-type: none"> <li>Electricity purchased other than by off-site generation (utility contracts), Energy Attribute Certificates (EAC) (e.g., Renewable Energy Certificate (REC) and Renewable Energy Guarantees of Origin (REGOs)), and a Virtual Power Purchase Agreement (VPPA), by manufacturing, distribution, innovation, office, salon, and free-standing store locations.</li> <li>Actual activity data is collected from direct measurement or third-party invoices when possible. When actual data is not available, estimates are determined based on our estimation methodology described in the Estimation Methodology section.</li> </ul>
<i>Renewable</i>	176.4 Thousand MWh	<ul style="list-style-type: none"> <li>Electricity purchased through off-site generation (utility contracts), EACs, and a VPPA.</li> <li>Off-site generation of renewable electricity is through contractual agreements between ELC and a utility or energy service provider to have all or a percent of electricity supplied in whole or in part from renewable energy sources such as wind, solar, geothermal, hydropower, and/or biomass.</li> <li>EACs are tradable commodities that package the environmental benefit achieved from a specific renewable energy project. One EAC is issued for each MWh unit of renewable electricity produced.</li> <li>The VPPA agreement generates RECs through the Ponderosa wind farm project.</li> <li>Actual activity data is collected from direct measurement or third-party invoices when possible. When actual data is not available, estimates are determined based on our estimation methodology described in the Estimation Methodology section.</li> </ul>

METRIC	FISCAL 2022 METRIC VALUE	MANAGEMENT CRITERIA
ENERGY <i>(continued)</i>		
Energy intensity (MWh normalized to million dollars of net sales)	17.8	<ul style="list-style-type: none"> <li>Energy intensity is calculated as follows: Total energy consumption within the organization in Thousand MWh/Net Sales for fiscal 2022 in million US dollars.</li> </ul>
% Global energy sourced from renewable energy	58.7%	<ul style="list-style-type: none"> <li>Percentage of global energy sourced from renewable energy is calculated as follows: (Renewable Fuel + Renewable Electricity in Thousand MWh) / (Total energy consumption within the organization in Thousand MWh) X 100</li> </ul>
GHG EMISSIONS		
SCOPE 1	27.8 Thousand metric tons CO <sub>2</sub> equivalent	<ul style="list-style-type: none"> <li>Direct GHG emissions associated with on-site fuel consumption (natural gas, diesel, and fuel oil) for the operation of ELC owned and leased locations globally, stationary refrigerants, and transport fuel (bio-fuel, mobile gasoline, and mobile diesel), and mobile refrigerants for the ELC owned and leased fleets.</li> <li>Excludes refrigerant sources at freestanding store, salon, office, and certain regional distribution and innovation locations.</li> <li>Does not take into account offsets or "carbon" offsets purchased to cover Scope 1 GHG emissions.</li> <li>GHGs included as part of Scope 1 are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydro fluorocarbons (HFCs). The other GHGs of sulfur hexafluoride (SF<sub>6</sub>), perfluorocarbons (PFCs), and nitrogen trifluoride (NF<sub>3</sub>) are not emitted by ELC location.</li> <li>Scope 1 GHG emissions are based on direct on-site fuel consumption, stationary refrigerants, transport fuel consumption, and mobile refrigerants multiplied by their associated emission factor.</li> <li>Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections.</li> </ul>
SCOPE 2: Market-based	1.3 Thousand metric tons CO <sub>2</sub> equivalent	<ul style="list-style-type: none"> <li>Scope 2 GHG emissions associated with purchased electricity, purchased district heat, and purchased steam for the operation of ELC owned and leased locations globally.</li> <li>Market-based emissions include renewable electricity sourced from contractual agreements (utility contracts, EACs, and a VPPA).</li> <li>GHGs included as part of Scope 2 are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. The other GHGs of HFCs, SF<sub>6</sub>, PFCs, and NF<sub>3</sub> are not emitted by ELC locations.</li> <li>Scope 2 GHG emissions are based on purchased electricity, purchased district heat, and purchased steam multiplied by their associated country or regionally specific emission factor.</li> <li>Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections.</li> </ul>
SCOPE 2: Location-based	54.8 Thousand metric tons CO <sub>2</sub> equivalent	<ul style="list-style-type: none"> <li>Scope 2 GHG emissions associated with purchased electricity, purchased district heat, and purchased steam for the operation of ELC owned and leased locations globally.</li> <li>Market-based emissions include renewable electricity sourced from contractual agreements (utility contracts, EACs, and a VPPA).</li> <li>GHGs included as part of Scope 2 are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. The other GHGs of HFCs, SF<sub>6</sub>, PFCs, and NF<sub>3</sub> are not emitted by ELC locations.</li> <li>Scope 2 GHG emissions are based on purchased electricity, purchased district heat, and purchased steam multiplied by their associated country or regionally specific emission factor.</li> <li>Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections.</li> </ul>
GHG intensity (Thousand metric tons CO <sub>2</sub> equivalent normalized to million dollars of net sales)	0.0	<ul style="list-style-type: none"> <li>GHG intensity is calculated as follows: [(Scope 1 GHG emissions (net of offsets)) + (Scope 2 market-based GHG emissions (net of renewables and offsets))] / Net Sales for fiscal 2022 in million US dollars.</li> <li>Offset or "carbon" offset is a unit or CO<sub>2</sub> equivalent that is reduced, avoided, or sequestered to compensate for emissions occurring elsewhere. Carbon offsets have been verified by a third party against an accepted standard and are expected to be retired within the next 6 months.</li> <li>Renewables include off-site generation (utility contracts), EACs, and a VPPA.</li> <li>This metric is calculated in accordance with management's criteria and is not based on requirements set forth in the GHG Protocol (e.g., this metric includes carbon offsets).</li> </ul>
ENERGY CONSERVATION PROJECTS		
Reduction of energy consumption due to conservation and efficiency measures	2.0 Thousand MWh	<ul style="list-style-type: none"> <li>Total estimated annual energy savings from projects implemented during fiscal 2022. Total energy savings are attributed to the year of project launch, regardless of timing during the fiscal year.</li> <li>Reduction of energy consumed is estimated based on engineering analyses provided by vendors, external consultants, and internal sources.</li> <li>Includes projects implemented at certain manufacturing, distribution, and innovation locations where project plan, estimated savings, and funding is approved internally.</li> </ul>
Reduction of emissions due to conservation and efficiency measures	0.7 Thousand metric tons CO <sub>2</sub> equivalent	<ul style="list-style-type: none"> <li>Reduction of emissions are based on estimated annual energy savings from projects implemented during fiscal 2022 multiplied by their associated country or regionally specific emission factor.</li> <li>For projects at locations based in the United States, United States (U.S.) Environmental Protection Agency (EPA) Emissions &amp; Generation Resource Integrated Database (eGRID) 2020 (released January 2022), emission factors are used. For projects at locations based in Canada, Government of Canada National Inventory Report: 1990-2020 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2022) emission factors are used. For projects at locations based in Europe, Association of Issuing Bodies European Residual Mixes 2021: Version 1.0 2022-05-31; Table 2: Residual Mixes 2021, Direct CO<sub>2</sub> emission factors are used.</li> </ul>



## BASE DATA

ELC uses fiscal 2018 as the baseline to which future years' GHG emissions are compared. Any changes in GHG emission methodology, emission factors, organizational boundary conditions (operational or financial control), or location portfolio are tracked against the fiscal 2018 GHG emissions.

For any acquisitions, base year data for the acquired location is added to the total base year data using actual data, if available, or estimated data based on the estimation methodology outlined below. For any divestitures, the base year data for the divested location is subtracted from total base year emissions.

As part of the fiscal 2022 data collection process, locations associated with ELC's recent acquisition, DECIEM, were added to energy and GHG emissions base data dating back to the start of the base year, fiscal 2018, or the inception of operations, whichever occurred later.

## EMISSION FACTORS

GHG emissions are determined on the basis of measured or estimated energy and fuel usage and refrigerant gas loss, multiplied by relevant carbon emission factors and for carbon dioxide equivalent emissions taking into account relevant global warming potentials from the Intergovernmental Panel on Climate Change Fifth Assessment Report. The table below outlines the emission factor sources used in the fiscal 2022 emissions calculations.

METRIC	EMISSIONS SOURCE TYPE	EMISSION FACTOR EMPLOYED
SCOPE 1	Natural Gas	United States (U.S.) Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Fuel Oil (#2)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Fuel Oil (#5 and #6)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Diesel	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Refrigerants (stationary and mobile)	Global Warming Potential from the Intergovernmental Panel on Climate Change Fifth Assessment Report (2013); California Air Resource Board (CARB) and the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 34
SCOPE 1	Mobile Diesel	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Mobile Gasoline	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 1	Bio-fuel (Mobile Ethanol (E100))	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 2	Purchased Electricity (U.S.)	Market-based: Green-e® Residual Mix Emission Rates (2020) (issued in July 2022) Location-based: U.S. EPA eGRID 2020 (released January 2022)
SCOPE 2	Purchased Steam (U.S.)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 2	Purchased District Heat (Wood and Wood Residuals)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2022)
SCOPE 2	Purchased District Heat (Natural Gas)	Department for Environment, Food & Rural Affairs (DEFRA): Deriving Emissions linked to Climate Change (DECC) GHG Conversion Factors for Company Reporting – UK (June 2022)
SCOPE 2	Purchased Electricity (Canada)	Government of Canada National Inventory Report: 1990-2020 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2022)
SCOPE 2	Purchased Electricity (Australia)	Australian Government Department of Industry Science, Energy and Resources - National Greenhouse Accounts Factors - Table 46 (released August 2021)
SCOPE 2	Purchased Electricity (All Other Markets)	Mexico: International Energy Agency (IEA). CO <sub>2</sub> Emissions from Fuel Combustion (2022 ed.); United Kingdom: DEFRA: DECC GHG Conversion Factors for Company Reporting – United Kingdom Electricity (June 2022); All Others: International Energy Agency Emissions Factors 2022 (updated September 2022)
SCOPE 2	Purchased Electricity (Europe, excluding United Kingdom)	Market-based: Association of Issuing Bodies European Residual Mixes 2021: Version 1.0 2022-05-31; Table 2: Residual Mixes 2021, Direct CO <sub>2</sub> Location-based: Country-specific emission factors (various sources)

## ESTIMATION METHODOLOGY

Estimation procedures were used to determine energy and GHG emissions data where measurement data is not readily available as noted in the table below. These estimates account for approximately 23% of Scope 1 GHG emissions and approximately 39% of both reported market-based and location-based Scope 2 GHG emissions.

METRIC & EMISSION SOURCE TYPE	ESTIMATION METHODOLOGY
SCOPE 1: On-site Fuels	<p>If actual fuel usage amounts are unavailable, but it is known that a facility uses a fuel (e.g., natural gas), usage data is estimated.</p> <p>For natural gas, intensity factor averages from other locations are used to estimate fuel usage for locations where only fuel cost is available. For locations that use natural gas that receive no fuel or cost data, the building square footage is used to estimate usage based on similar locations' usage intensities or average benchmark natural gas intensities. Commercial Buildings Energy Consumption Survey (CBECS) (2018) natural gas intensity for office space is the primary default benchmark used when no location-specific data is available for offices.</p> <p>Estimations are performed on an annual, or for all missing months, basis, in order to estimate natural gas usage across locations where natural gas usage was confirmed to be a fuel source.</p> <p>For diesel, no estimates were made as actual data was available for all relevant locations.</p> <p>For fuel oil #2, estimates are made using the 2018 CBECS intensity factor (kWh/ft<sup>2</sup> per year) for fuel oil #2 for one office location. The factor was applied to the building square footage of the relevant office location to estimate the amount of fuel oil #2. For fuel oil #5 and #6, estimates are made using the 2018 CBECS intensity factor (kWh/ft<sup>2</sup> per year) for fuel oil #5 and #6 for certain manufacturing and distribution locations. The factor was applied to the building square footage of the relevant manufacturing and distribution location to estimate the amount of fuel oil #5 and #6.</p>
SCOPE 1: Transport Fuels	<p>If actual fuel usage amounts are unavailable, usage is estimated based on the available transport data. If vehicle count and miles driven are provided, but not fuel consumption, average fuel efficiency was utilized to estimate usage. In the United States and Canada, gallons of fuel purchased is reported and used as assumed fuel usage. For hybrid vehicles in the United Kingdom and Belgium, fuel usage is assumed to be split between mobile gasoline and mobile diesel at the same proportion as the non-hybrid fleet vehicles in these countries. For non-hybrid vehicles in Belgium, lease agreement and fuel economy are reported and used to estimate annual mileage and fuel usage. In Brazil, flexible fuel usage is assumed to be split equally between mobile ethanol and mobile gasoline. In all other countries with mobile fuel usage, a combination of total number of vehicles, mileage, and/or liters of fuel used are reported and used to calculate fuel usage.</p>
SCOPE 1: Mobile Refrigerants	<p>Estimations are performed to calculate mobile refrigerant usage for ELC owned and/or leased fleets. Estimates are based on the total fleet vehicle count by country and average refrigerant recharge and loss per vehicle.</p>
SCOPE 2: Purchased Electricity	<p>ELC employs several methods to estimate electricity usage when actual activity data is unavailable. In some cases, locations provided their own estimates based on partial activity data, invoices, and cost data. In the case where locations are unable to provide relevant data (common for many ELC international leased office and free-standing stores), the preferred method of estimation is based on building square footage of office, free standing store, or salon space.</p>
SCOPE 2: Purchased District Heat (Wood and Wood Residuals)	<p>Estimates are made using the 2018 CBECS intensity factor (kWh/ft<sup>2</sup> per year) for district heat for certain office and freestanding store locations. The factor was applied to the building square footage of the relevant office and freestanding store locations to estimate the amount of district heat.</p>
SCOPE 2: Purchased Heating (Natural gas)	<p>Estimates are made using the 2018 CBECS intensity factor (kWh/ft<sup>2</sup> per year) for district heat for certain office and freestanding store locations. The factor was applied to the building square footage of the relevant office and freestanding store locations to estimate the amount of district heat.</p>
SCOPE 2: Purchased Steam	<p>Estimates are made using the 2018 CBECS intensity factor (kWh/ft<sup>2</sup> per year) for purchased steam for certain office locations. The factor was applied to the building square footage of the relevant office locations to estimate the amount of purchased steam.</p>

## EXCLUSIONS

Each year, we aim to refine our energy and GHG emissions metrics reported. Metrics exclude GHG emissions associated with refrigerant sources at freestanding stores, salon, office, and certain regional distribution and innovation locations.

## UNCERTAINTY

GHG emissions quantification is subject to inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data.

## WATER

Water metrics include data for manufacturing, distribution, and innovation locations where ELC had operational control for all or part of fiscal 2022. Data for office, salon, and free-standing store locations is excluded from the fiscal 2022 metrics.

METRIC	FISCAL 2022 METRIC VALUE	MANAGEMENT CRITERIA
Withdrawal	1.5 Million cubic meters	<ul style="list-style-type: none"> <li>Water withdrawal is collected from third parties and groundwater.</li> <li>Water withdrawal data is collected from direct measurement or third-party invoices when possible. When actual data is not available, estimates are formed using building square footage multiplied by location type-specific intensity factors, which are derived from ELC locations reporting actual water withdrawal data.</li> <li>Approximately 9% of the reported water withdrawal is estimated.</li> </ul>
Consumption	0.1 Million cubic meters	<ul style="list-style-type: none"> <li>Consumption is calculated as the difference between water withdrawal and water discharge.</li> </ul>
Discharge	1.4 Million cubic meters	<ul style="list-style-type: none"> <li>Water is discharged to third parties and groundwater.</li> <li>Water discharge data is collected from direct measurement or third-party invoices when possible. When actual data is not available, other than for discharge associated with non-contact cooling water activities, estimates are formed using a discharge ratio based on location type-specific intensity factors, which are derived from ELC locations reporting actual water discharge data.</li> <li>Discharge associated with non-contact cooling water activities at the Melville manufacturing location is based on the actual location water withdrawal minus known water discharge activities (industrial and sanitary wastewater), known water used in finished products, and estimated water consumption (irrigation and human consumption).</li> <li>Approximately 16% of the reported water discharge is estimated.</li> </ul>
% Water consumption from all areas with high or extremely high water stress	49.8%	<ul style="list-style-type: none"> <li>Areas of high or extremely high water stress include ELC locations located in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqeduct 3.0).</li> </ul>
% Water withdrawn from all areas with high or extremely high water stress	77.2%	<ul style="list-style-type: none"> <li>Areas of high or extremely high water stress include ELC locations located in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqeduct 3.0).</li> </ul>
Water consumption intensity  (Cubic meters normalized to million dollars of net sales)	6.9	<ul style="list-style-type: none"> <li>Water consumption intensity is calculated as follows: Water consumption (cubic meters) / Net Sales for fiscal 2022 in million US dollars.</li> </ul>



## PALM OIL

Palm oil metrics indicate the volume and proportion of palm-based ingredients directly procured and received by ELC that were certified, as sustainable by the Roundtable on Sustainable Palm Oil (RSPO). RSPO develops and sets standards for sustainable palm oil and enables sustainable palm oil certification.

The metrics in the table below are for the calendar year ended December 31, 2021 (calendar year 2021) which is consistent with ELC's Annual Communication of Progress (ACOP) report submitted to the RSPO. Calendar year 2021 metrics exclude information related to palm-based ingredients i) directly procured and/or received by Third-Party Manufacturers (TPMs) and ii) directly procured and received by brands acquired during or after fiscal 2020 (Have&Be and DECIEM).

Unless otherwise indicated within the management criteria, relevant data (e.g., raw material volume) is obtained from internal ELC raw materials management and procurement systems.

METRIC	CALENDAR YEAR 2021 METRIC VALUE	MANAGEMENT CRITERIA
Total amount of palm oil sourced	5.1 Thousand metric tons	<ul style="list-style-type: none"> <li>Palm oil sourced is calculated by multiplying the percentage of palm-based ingredients in each raw material directly procured and received by ELC by the raw material volume.</li> <li>Palm-based ingredients include palm oil, palm kernel oil, and other relevant palm-based derivatives.</li> <li>Raw materials are determined to contain palm-based ingredients based on documentation provided by the raw material supplier. Composition of raw materials, including percentage of palm-based materials, is obtained from the raw material supplier.</li> </ul>
% Total Palm oil certified by RSPO, by certification type <i>(amounts may not sum due to rounding)</i>	100%	<ul style="list-style-type: none"> <li>Raw material suppliers provide confirmation of RSPO certification status and type for palm oil producers who supplied the raw materials directly procured and received by ELC.</li> <li>Accredited RSPO Certifying Bodies certify palm oil producers through verification of the production process in alignment with RSPO Principles and Criteria for the Production of Sustainable Palm Oil.</li> <li>RSPO certification types include identity preserved, segregated, mass balance, and book and claim.</li> </ul>
Identity Preserved	<1%	<ul style="list-style-type: none"> <li>Identity preserved is palm oil from a single identifiable certified source and is kept separately from ordinary palm oil throughout the supply chain.</li> </ul>
Segregated	<1%	<ul style="list-style-type: none"> <li>Segregated is palm oil from different certified sources and is kept separate from ordinary palm oil throughout the supply chain.</li> </ul>
Mass Balance	92%	<ul style="list-style-type: none"> <li>Mass balance is palm oil from certified sources and is mixed with ordinary palm oil throughout the supply chain.</li> </ul>
Book and Claim	8%	<ul style="list-style-type: none"> <li>Book and claim is not monitored for the presence of palm oil from certified sources, but includes credits purchased by ELC from RSPO-certified independent smallholders.</li> <li>Includes palm oil and palm kernel oil credits purchased through RSPO from independent smallholders by June 2022 that were claimed for palm oil directly procured and received in calendar year 2021.</li> </ul>
% Total palm-based ingredients sourced through certified-sustainable physical supply chain	92%	<ul style="list-style-type: none"> <li>Certified-sustainable physical supply chains include the percentage of total palm oil certified by RSPO for the identity preserved, segregated, and mass balance certification types.</li> </ul>


## PACKAGING

Packaging metrics include information related to ELC's product packaging. Product packaging is defined as materials included on the ELC Bill of Materials (BOM) to be used for i) the containment, protection, handling, and presentation of products; or ii) delivery to ELC's distribution locations. Product packaging includes packaging that is i) directly purchased by ELC for products manufactured by ELC and/or third parties, and ii) purchased by third parties for products manufactured by third parties.

Product packaging excludes materials used to transport products (e.g., pallets, e-commerce shippers, etc.), if not included on the ELC BOM. Information related to brands acquired during or after fiscal 2020 (Have&Be and DECIEM) is excluded from the fiscal 2022 metrics.

Unless otherwise indicated within the management criteria, relevant weight and packaging attribute data (e.g., post-consumer recycled content (PCR), Forest Stewardship Council certification (FSC)) is obtained from supplier information recorded in ELC's internal packaging management and procurement systems.

METRIC	FISCAL 2022 METRIC VALUE	MANAGEMENT CRITERIA
% Packaging that is recyclable, refillable, reusable, recycled, or recoverable	63%	<ul style="list-style-type: none"> <li>Packaging is categorized as recyclable, refillable, reusable, recycled, or recoverable by ELC based on ELC's criteria as follows: <ul style="list-style-type: none"> <li>- Recyclable means that a package or packaging component can be widely recycled through current recycling streams.</li> <li>- Refillable or reusable means that packaging is designed to be used for the same purpose multiple times.</li> <li>- Recycled means that materials are post-consumer recycled or have been recovered or diverted from the waste stream through ELC's consumer take back programs and are re-introduced into ELC's new packaging.</li> <li>- Recoverable means that materials would have otherwise been disposed of to a landfill but have instead been collected through ELC's take back programs.</li> </ul> </li> <li>% Packaging that is recyclable, refillable, reusable, recycled, or recoverable, as defined by ELC, is calculated as follows: <math>[(\text{Total weight of packaging materials classified as recyclable, refillable, reusable, recycled, or recoverable} / \text{Total weight of product packaging material}) * 100] - 10\%</math>. <ul style="list-style-type: none"> <li>- A 10% discount is applied to the overall percentage to account for attributes not currently included in ELC packaging specifications. These attributes include packaging color, decoration, dimensions, and recycling separability.</li> <li>- Packaging material weight is only counted once across the categories of recyclable, refillable, reusable, recycled, or recoverable to avoid overstating goal progress through double counting (i.e., a material cannot be counted in multiple categories in the reporting period).</li> </ul> </li> </ul>
% Post-consumer recycled (PCR) material	17%	<ul style="list-style-type: none"> <li>PCR material is material generated by consumers in their role as end-users of the product, and which can no longer be used for its intended purpose. PCR material includes returns of material from the distribution chain, but excludes pre-consumer material, such as industrial scrap.</li> <li>% PCR material is calculated as follows: <math>(\text{Total weight of packaging materials classified as PCR} / \text{Total product packaging material weight}) * 100</math>.</li> </ul>
% Forest-based fiber cartons FSC certified	95%	<ul style="list-style-type: none"> <li>Forest-based fiber cartons FSC certified includes packaging cartons made from forest-based fiber materials (e.g., paper) that are certified through the Forest Stewardship Council (FSC). FSC certification is the practice of sourcing renewable materials that are grown and harvested, produced, packed, and transported using management practices that maintain the productivity of natural systems without compromising their capacity for future generations.</li> <li>% Forest-based fiber cartons FSC certified is calculated as follows: <math>(\text{Total weight of forest-based fiber cartons classified as FSC certified} / \text{Total weight of forest-based fiber cartons}) * 100</math>.</li> </ul>
% Virgin petroleum content in plastic packaging	87%	<ul style="list-style-type: none"> <li>Virgin petroleum content is plastic derived from fossil-based feedstock that is not made of recycled, bio-based, PCR, or post-industrial recycled (PIR) materials.</li> <li>% Virgin petroleum content in plastic packaging is calculated as follows: <math>[(\text{Total weight of plastic packaging} - (\text{Total weight of plastic packaging classified as recycled} + \text{bio-based} + \text{PCR} + \text{PIR})) / \text{Total weight of plastic packaging}] * 100</math>.</li> </ul>
Total weight of product packaging, by type	71.6 Thousand Metric Tons	<ul style="list-style-type: none"> <li>Weight of product packaging from non-renewable and renewable materials.</li> </ul>
<i>Renewable</i>	16.8 Thousand Metric Tons	<ul style="list-style-type: none"> <li>Renewable materials, as categorized by ELC based on ELC's criteria, are those composed of biomass from a living source and are replenished at a rate equal to or greater than the rate of depletion.</li> </ul>
<i>Non-renewable</i>	54.8 Thousand Metric Tons	<ul style="list-style-type: none"> <li>Non-renewable materials are all materials not classified as renewable.</li> </ul>
Total weight of materials reclaimed through consumer take back programs	0.2 Thousand Metric Tons	<ul style="list-style-type: none"> <li>Materials reclaimed includes product packaging collected through ELC consumer take back programs, which are available in North America, Europe, the Middle East &amp; Africa, and Australia. Weight of materials reclaimed is obtained from take back vendors in each region where programs are available.</li> </ul>
% Packaging reclaimed through consumer take back programs	0.25%	<ul style="list-style-type: none"> <li>Includes product packaging collected through ELC consumer take back programs, which are available in North America, Europe, the Middle East &amp; Africa, and Australia, as a percentage of the total weight of product packaging.</li> </ul>
% Packaging made from post-consumer recycled content and/or renewable materials	40%	<ul style="list-style-type: none"> <li>Includes packaging made from PCR and/or renewable materials, as defined above, as a percentage of the total weight of product packaging.</li> </ul>



The Estée Lauder Companies products are formulated using the principles of green chemistry. Shown on the cover is hibiscus sinensis, the extract of which is one of the thousands of ingredients that have been assessed using our Green Score methodology.

To learn more about our approach to **green chemistry**, read page 100.

