



THE ESTÉE LAUDER COMPANIES INC.

OUR FISCAL 2023

*SOCIAL IMPACT &
SUSTAINABILITY*
REPORT

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,” “our”, or “we”). The content covers our priority focus areas. Unless otherwise noted, this report covers activities during our fiscal 2023 (i.e., July 1, 2022, through June 30, 2023) and includes data for most facilities we own (or lease) and operate. This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards. 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 87-93.

Certain environmental and social metrics have been subjected to independent limited assurance.

Please see PricewaterhouseCoopers LLP’s Report on page 94.

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, 2023, 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, 2023, 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.



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ABOUT THE ESTÉE LAUDER COMPANIES INC.



The Estée Lauder Companies Inc. is one of the world's leading manufacturers, marketers, and sellers of quality skin care, makeup, fragrance, and hair care products, and is a steward of luxury and prestige brands globally. The Company's products are sold in approximately 150 countries and territories under brand names including: Estée Lauder, Aramis, Clinique, Lab Series, Origins, M·A·C, La Mer, Bobbi Brown Cosmetics, Aveda, Jo Malone London, Bumble and bumble, Darphin Paris, TOM FORD, Smashbox, AERIN Beauty, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, KILIAN PARIS, Too Faced, Dr.Jart+, and the DECIEM family of brands, including The Ordinary and NIOD.

\$15.91 billion in net sales:
International 76%; U.S. 24%

4 MAJOR PRODUCT CATEGORIES
Skin Care, Makeup, Fragrance, Hair Care

~150 Countries & Territories



RECOGNIZED BY CDP WITH RATINGS OF

A in Water Security, A- in Climate Change, A- in Forests Palm Oil, and B in Forests Timber for 2022



Our HERO PRODUCTS

have generated trial and earned

CONSUMER LOYALTY

Ranked on *Newsweek's* "MOST RESPONSIBLE COMPANIES LIST" in 2023



Recognized as one of *Fortune's* MOST ADMIRED COMPANIES IN 2023 and included in BLOOMBERG'S 2023 GENDER EQUALITY INDEX



The Human Rights Campaign (HRC) named The Estée Lauder Companies as a

"BEST PLACE TO WORK FOR LGBTQ+ EQUALITY"

with a perfect score of 100% for HRC's 2022 Corporate Equality Index for the 13th year



Included on the DOW JONES SUSTAINABILITY INDEX (DJSI)

for North America, for the third consecutive year

Ranked as one the top 100 BEST CORPORATE CITIZENS by 3BL Media



Our RICH HERITAGE and strong core values include respect for the individual and a

CULTURE OF INCLUSION, DIVERSITY, AND EQUITY



ESTÉE LAUDER

aramis

CLINIQUE

LAB SERIES

ORIGINS

MAC

LA MER

BOBBI BROWN

AVEDA
THE ART AND SCIENCE OF PURE
FLOWER AND PLANT ESSENCES

JO MALONE
LONDON

Bumble and bumble.

DARPHIN
PARIS

TOM FORD

smashbox

AERIN
BEAUTY

LE LABO®
GRASSE - NEW YORK

EDITIONS DE PARFUMS
FREDERIC MALLE

HOLLYWOOD, CALIFORNIA
GLAMGLOW®

Kilian
PARIS

Too Faced

Dr.Jart+

DECIM
The Ordinary. NIOD



LETTER FROM

WILLIAM P. LAUDER & FABRIZIO FREDA

Dear Stakeholders,

In fiscal 2023, The Estée Lauder Companies continued to act on our values and to live our purpose: *to put the power of possibility in the palm of every hand*. We recognize that our role as a global company is to be responsible not only for our business, but to seek opportunities for our innovation, operations, and partnerships to go beyond our company, and have global impact. Our commitments to social impact and sustainability help guide us, while our passionate and engaged global employees strive to move the needle on what is possible for our consumers, our communities and partners, and ourselves.

OUR CONSUMER

Our aim is to meet and exceed the expectations of our global consumers at various touch points, by creatively and strategically incorporating social impact and sustainability, through various channels, with beloved products and innovation, and our signature High-Touch approach to services and engagement.

We have continued to place focus across formulation, development, sustainability, and packaging of our products. An important example of this is our commitment to ingredient transparency, demonstrated through the ways we are enabling consumers to learn more about key ingredients in the products they love, the reasons behind the uses of those ingredients, and their benefits. We have published ingredient glossaries online on many of our brand websites.

This fiscal year also marked the launch of our Responsible Store Design program, which provides our marketing and commercial teams with a framework for evaluating the sustainability profiles of new stores, existing retail stores, and visual merchandising.

OUR COMMUNITIES AND PARTNERS

As a company focused on the long-term, we are committed to supporting programs at the intersection of environmental sustainability and social impact in the communities where we live, work, and source. Our initiatives across the palm, mica, shea, and coconut supply chains aim to improve the well-being of people in and around geographies where we source key ingredients. We continue to make efforts to advance nature and biodiversity protection and restoration, and to engage with our suppliers to tackle our Scope 3 emissions.

Supplier diversity also remained top of mind this fiscal year, as we made efforts to support businesses owned by Black, Indigenous, People of Color (BIPOC), women, the LGBTQIA+ community, veterans, and people with disabilities, among other populations. Through these updated procurement practices, we strive to help drive economic development and growth of diverse and small businesses in the supplier base.

To foster supply chain leadership for the future, we have invested in programs such as the recently launched partnership with Bucks County Community College, which is located near our Bristol, Pennsylvania, manufacturing and distribution facility. This partnership enables local students with expressed interest in supply chain to complete their two-year Associates degree, while obtaining experiential learning opportunities and gaining real-world insights into supply chain, manufacturing, and distribution operations.

OUR CULTURE

As we continue to build the next generation of leaders, we have focused on the development of programs designed to grow and enrich our employees, develop and cultivate a skillset for sustainability innovation, while creating value and long-term growth for our company.

The ELC Learning Hub grew this year, offering more than 30,000 interactive online learning experiences for employees globally, across office, retail, and manufacturing locations. ELC Grow, our internal talent marketplace, expanded to new markets, continuing to offer corporate employees the opportunity to develop their careers through short-term projects, internal networking, and open positions while offering added capability to the business and building our talent pipeline.

Additionally, engaging our employees in community-focused initiatives, particularly around topics close to their hearts is a point of pride. Our hallmark volunteerism program, ELC Good Works, expanded to 12 additional international markets this fiscal year, making the initiative available in 31 markets globally. In celebration of this expansion, we launched our first ELC Good Works Purpose Week in fiscal 2023. This five-day series of global education, engagement, and volunteering opportunities empowered employees to drive positive change in communities where we live, work, and source. ELC Good Works Purpose Week also included the relaunch of the Leonard A. Lauder Impact Awards, to celebrate and honor employees' volunteerism and commitment to our communities outside of the office.

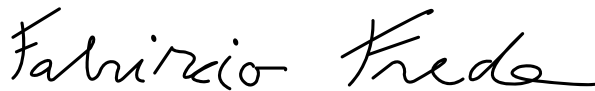
Our Employee Resource Groups (ERGs) continue to encourage cross-cultural understanding and collaboration that feeds into our business and drives our culture. In addition to growth and development as well as volunteerism initiatives, fiscal 2023 presented employees with further opportunities to connect and celebrate our culture of belonging. In fiscal 2023, we saw the U.S.-launch of the Middle Eastern North African ERG and continued to see increased participation in and expansion of existing ERGs, with 46 active ERGs worldwide in 35 countries and membership of more than 7,500 employees globally.

A BEAUTIFUL FUTURE

The exceptional work you will see in the pages of this report is a testament to the passion and dedication of our global employees and partners. We are deeply grateful for their unwavering commitment to driving our company forward. As we look to the future, we have great hope and excitement for what is to come. Prestige beauty has proven to be, and continues to be, one of the most attractive and fastest-growing consumer sectors. This, paired with our dynamic workforce, strong leadership, and coveted brand portfolio gives us confidence for an exciting and beautiful future together.



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



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



LETTER FROM NANCY MAHON

Dear Stakeholders,

I am proud to share The Estée Lauder Companies' fiscal 2023 Social Impact & Sustainability Report, which describes our strategy, programs, and progress towards our goals and commitments.

We continue to deepen our understanding of how our work impacts the environment and the communities where we live, work, and source, focusing on issues that are strategically relevant to the Company and of critical importance to our world. Grounded in this knowledge, we're developing approaches to magnify positive actions, make meaningful contributions, and create value for our business.

We have maintained a steady pace towards achieving our goals and commitments. For example, 71% of our packaging is now recyclable, refillable, reusable, recycled, or recoverable. For the fourth year in a row, we have achieved carbon neutrality across our Scope 1 and Scope 2 greenhouse gas (GHG) emissions and sourced 100% renewable electricity globally for our direct operations. And, the significant expansion of our ELC Good Works platform to additional global markets will enable further opportunities for employee giving and volunteerism—helping create ever stronger connections with our communities and philanthropic partners.

We continue to look ahead to identify where we can lead our industry. For example, we are sharpening our ability to more accurately measure our Scope 3 GHG emissions so that we can better target opportunities to decrease these emissions. This work will rely on further strengthening our supplier relationships and investing in innovative solutions that can be adopted across the value chain.

Sustainability and social impact is not something owned by one team at The Estée Lauder Companies. We depend on the collective efforts of our entire organization and the individual passion of our employees. Importantly, we recognize that just as the field is evolving rapidly, so must the skillset of our people. We've taken important steps to develop resources to help equip each one of us to drive positive change through our respective roles and to facilitate access to ongoing training and education.

Only in partnership with others will our journey have meaning and deliver the greatest value. We are committed to working with our employees, consumers, investors, suppliers, retailers, communities, policy makers, and regulators to understand their needs and align our collective efforts to build a more just and sustainable world.

Thank you, as always, for your tremendous support.

NANCY MAHON
Chief Sustainability Officer



THANK YOU
TO OUR
EMPLOYEES!










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, 2023. Please see metrics tables (pages 75-86) for year-over-year goal progress.

 TARGET MET AND MAINTAINED  ON TRACK  OFF TRACK

GOAL ¹	FY23 METRIC	TARGET	NOTES	STATUS	
SUSTAINABILITY					
<i>Climate and Energy</i>	Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2018 base year. ²	51% reduction Scope 1 and 2	50% reduction Scope 1 and 2 (fiscal 2030 target)	We continued to make progress towards our 2030 target through a portfolio of climate solutions. See pp. 57-60 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. ³	<1% per unit revenue	60% per unit revenue (fiscal 2030 target)	We set this target in fiscal 2021 and published a Climate Transition Plan  in fiscal 2023, updated in fiscal 2024, outlining our reduction strategy.	
	By 2030, 100% of our global corporate fleet vehicles will transition to electric. ⁴	5.3%	100%	We are in the beginning stages of implementing this goal, focusing on regional transitions within mature EV markets like Europe. See pp. 58-60 for details.	
	Since fiscal 2020, we have achieved carbon neutrality across our Scope 1 and Scope 2 emissions and sourced 100% renewable electricity globally for our direct operations each year ⁵ —commitments that we met again in fiscal 2023 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. ⁶	18% reduction	20% reduction	We continued to focus on efficiency and implementation of water management best practices and execution of capital projects. See pp. 61-62 for details.	
<i>Waste</i>	Since fiscal 2020 we have achieved zero industrial waste-to-landfill for all global manufacturing, distribution, and innovation sites ⁷ , commitments that we met again in fiscal 2023 and intend to maintain moving forward.				

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 CO₂ equivalents / net sales in million USD). By 2030 means by the end of fiscal year 2030.
 4. Global corporate fleet vehicles include sales, executive benefit and employee perquisite passenger vehicles that are owned or leased by ELC and provided to employees pursuant to their role within the organization. Electric vehicles are defined as battery-electric vehicles and plug-in hybrid vehicles with an all-electric range of at least 50 km.
 5. Electricity consumption for all global activities with ELC operational control. Renewable electricity consumption reflects on-site solar generated and consumed at ELC locations, renewable off-site generation (utility contracts), Energy Attribute Certificates (EACs) purchases, 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.
 7. Excludes brands acquired by ELC during or after fiscal 2020.

GOAL ¹	FY23 METRIC	TARGET	NOTES	STATUS	
SUSTAINABILITY (continued)					
<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.	We continued to strengthen and implement biodiversity and social action plans for priority ingredients and to embed related programs and partnerships across our operations. See pp. 64-68 for details.			
	By 2025, at least 95% of our palm-based ingredients ⁸ (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.	91% (calendar year 2022)	95%	100% of our palm-based ingredients ⁸ are certified under one of RSPO's four certification types. Our share of certified palm-based ingredients from RSPO physical supply chains showed a slight decline from CY21 as certain market factors, including the fluidity of demand patterns and market shortness of mass balance palm oil impacted our ability to obtain the required volume to meet demand in CY22. We continue to monitor market trends, communicate with suppliers, and adjust purchasing to help mitigate these challenges.	
<i>Packaging⁹</i>	By 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled, or recoverable.	71%	75-100%		
	By 2025, increase the amount of post-consumer recycled (PCR) material in our packaging to 25% or more.	19%	≥ 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.	99%	100%		
	By 2030, reduce the amount of virgin petroleum content in our plastic packaging to 50% or less.	83%	≤ 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.	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 published key ingredient glossaries on their brand websites.			
SOCIAL INVESTMENTS					
<i>Brand Cause</i>	Each brand ¹⁰ will focus on and support at least one social or environmental cause by 2025.	96%	100%	We continue to help our brands to identify and support causes that resonate with their individual brand identities.	
EMPLOYEE ENGAGEMENT					
<i>Employee Safety</i>	We will drive safety to continue decreasing the total incident rate ¹¹ to ensure continued world class-leading levels, with a goal of 0.15 by 2025.	0.20	0.15	Globally, ELC had a total incident rate of 0.20 in fiscal 2023, which is unchanged from the rate reported in fiscal 2022. We continue to take steps to identify and eliminate risk across our operations and engage our employees.	
<i>Employee Volunteerism & Giving</i>	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.	\$20.8 million ^{12,13}	\$25 million	We continued to make progress towards our 2025 target through a portfolio of employee engagement initiatives.	

8. 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.

9. 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 DECIEM. For additional information, see [Management Assertion](#).

10. 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). Similar to DECIEM and its brands, Aramis and the various designer brands (e.g., Donna Karan New York and Michael Kors) were treated as one brand for purposes of this goal. With the termination of the various licenses at the end of fiscal 2022, only Aramis remained as part of that group.

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







12. 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 2023, the platform was available to eligible employees in 31 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.

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.






GENDER AND RACIAL EQUITY COMMITMENTS AND PROGRESS

Below is progress towards our gender and racial equity commitments as of June 30, 2023. Read more about our commitments on pages 53-56.

 TARGET MET  ON TRACK

COMMITMENT	FY23 PROGRESS ^{1,2}	STATUS
GENDER EQUITY		
<i>Opportunity</i>	Achieve global pay equity ³ by 2023.	In fiscal 2023, women earned 99.2% of what comparably positioned men earned globally for employees across R&D, Supply Chain (including Manufacturing and Distribution), other Corporate Functions, Brands, and Regions (except for point-of-sale and non-discretionary pay populations). 
	Increase spend with women-owned businesses to \$150 million (per fiscal year) by fiscal 2025.	Spent \$162 million with women-owned businesses in fiscal 2023—exceeding our goal of increasing women-owned business spend to \$150 million by fiscal 2025. 
<i>Leadership</i>	Achieve gender parity for women in senior leadership positions (SVP+) globally by 2025.	46% of Global SVP positions and above are held by women. 
	Expand leadership development programs.	We graduated three cohorts of the Open Doors Women’s Leadership Intensive. We held 10 Open Doors Collab programs led by brands, regions, functions, and ERGs. We broadened the reach of the Open Doors Course Collection to include more than 3,000 employees. For more information on Open Doors, see pp. 18, 48, 56. 
<i>Health and Education</i>	Sustain position as #1 global corporate donor to the Breast Cancer Research Foundation® (BCRF).	ELC continues to be the largest corporate donor to BCRF, funding research grants worldwide. In fiscal 2023, the ELC Charitable Foundation (ELCCF) made a \$15 million commitment over five years that will fund a new BCRF research initiative. As of June 30, 2023, \$3 million has been funded for this study. For more information, see pp. 24, 51, 56. 
	Launch and expand select philanthropic partnerships in health and education.	ELC continues to support Co-Impact’s Gender Fund with a multi-year commitment of \$15 million over five years through ELCCF. The Gender Fund has awarded more than 40 grants to predominantly women-led local organizations across Africa, Asia, and Latin America. ELC continues to work in collaboration with National Youth Poet Laureate Amanda Gorman, on 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. ELC has awarded grants to the American Library Association, We Need Diverse Books, Girls Write Now, WriteGirl, and MIGIZI. 

1. Information related to brands acquired during or after fiscal 2020 (Dr.Jart+ and DECIEM) is excluded from fiscal 2023 progress metrics.
 2. The Company is committed to compliance with federal, state, and local laws. Accordingly, trainings and initiatives are periodically reviewed for compliance.
 3. For purposes of this commitment, the Company defines pay equity as a pay gap of less than 1% and/or not statistically significant between women and comparably situated men included in its pay equity study. The following global workforce populations were included in the pay equity study: R&D, Supply Chain (including Manufacturing and Distribution), other Corporate Functions, Brands, and Regions. The pay equity study does not currently include point-of-sale (“POS”) and non-discretionary pay populations.

COMMITMENT	FY23 PROGRESS ^{1,2}	STATUS
RACIAL EQUITY		
<p><i>Listening and Learning</i></p> <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>	<p>In fiscal 2023, we launched a new self-paced digital version of the Unconscious Bias training workshop in 14 languages. In addition, we hosted multiple live sessions of Unconscious Bias training.</p> <p>Held employee listening sessions hosted by the Equity and Engagement Center of Excellence.</p>	
<p><i>Talent and Opportunity</i></p> <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 hold ourselves accountable for creating a workforce that is more representative and responsive to people of all backgrounds.</p>	<p>U.S. Census Data for Black population was 13.6% as of 2020. In fiscal 2023, 18.2% of our U.S. new hires were Black.</p> <p>Black representation at the Director and above level in the United States was 5.0% in fiscal 2023.</p> <p>31.5% of From Every Chair Program participants from the first and second cohort received promotions since its launch in fiscal 2021.</p> <p>Continued to strengthen recruiting network to include a wide cross-section of colleges and universities, including Historically Black Colleges and Universities (HBCUs).</p>	
<p><i>Representation</i></p> <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>	<p>Continued to build Creative Agency roster with Certified Black Owned Agencies.</p> <p>Clinique EBCI “See Me” and M·A·C “Perfect Your Pout” campaigns, both developed by Latino-owned Gates Creative, are finalists for 2023 Ogilvy awards.</p> <p>Supported Brands in the development of 360 Degree Action Plans that deliver relevant content to drive strong consumer engagement.</p>	
<p><i>Suppliers</i></p> <p>We commit to at least double the amount we spend with Black-owned businesses over the next three years.</p>	<p>We spent \$44 million with Black-owned businesses in fiscal 2023—a 120% increase from the baseline fiscal 2020 spend of \$20 million.</p>	
<p><i>Investing in Change</i></p> <p>We seek to meaningfully support external organizations and nonprofits advancing racial and social justice and addressing disparities.</p>	<p>We have successfully surpassed our 2020 pledge to invest \$10 million over a three-year period⁴.</p>	

4. 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 match-ing of employee gifts from June 1, 2020, through June 30, 2023.

ADVANCING POSSIBILITIES FOR WOMEN

When Mrs. Estée Lauder began selling her beauty products more than 75 years ago, she did more than just launch a business—she redefined what was possible for women at that time. Through her passion, persistence, and achievements, Mrs. Estée Lauder built the foundation for our business and our belief that gender should never limit one’s ambition or potential for greatness.

Our company has never lost sight of this vision and we hold firm to her example by working to support women within our organization and in communities around the globe. From fostering inclusive leadership at every level to investing in increased workplace and leadership opportunities, economic mobility, and access to health care and education for women and girls, we aspire to make an impactful difference in women’s lives, globally.

ESTÉE
LAUDER
COMPANIES



CREATING AN INCLUSIVE, SUPPORTIVE WORK ENVIRONMENT

We aim to build and sustain a culture where all people can thrive. Women, especially women of color, often face compounding obstacles to their advancement. In helping overcome barriers such as these, our efforts include access to mentors, sponsors, and networking opportunities, policies and training intended to avoid bias and discrimination, and benefits and programs that recognize primary responsibility for family obligations. In line with our support of the United Nations (UN) Sustainable Development Goal 5 to achieve gender equality and empower all women and girls by 2030, we made a series of commitments to gender equity (please see pages 50-56 for more details).

WE ARE DEDICATED TO ADVANCING WOMEN THROUGHOUT OUR ORGANIZATION:

- Our workforce is approximately 80% female.
- Approximately 59% of positions Vice President and above are held by women.
- Women make up nearly half of our Board of Directors.
- More than 60% of our scientists, engineers, and technology professionals are women—more than double the global average of all STEM (Science, Technology, Engineering, and Mathematics) workers.*
- Women lead all six of our global Research and Development Innovation Centers.
- More than half of our global supply chain employees is made up of women.

*World Economic Forum Global Gender Gap Report, June 2023

Our Employee Resource Groups (ERGs) further facilitate a sense of community and belonging, collaboration, mentorship, and career development. The Women's Leadership Network (WLN) and its subgroups, Women in Supply Chain and Women in Technology, are dedicated to engaging and encouraging women in the Company to identify and achieve their goals. WLN has more than 2,440 members globally. See page 54 for more information on our ERGs.



Winner of the 2021 Nature Award for Inspiring Women in Science meets with ELC scientist.

Participants of the Open Doors Intensive gather together.

ESTÉE LAUDER COMPANIES



Our signature women's leadership program, the Open Doors Intensive, was established to develop an inclusive group of high-potential, mid-career women in the Company. Since its launch in 2020, this immersive, facilitated program has built critical skills for success and an unrivaled sense of community with peers and senior leaders for women in more than 15 countries.

95%

More than 95% of Open Door participants report that they are more confident in their skills and abilities, better equipped to respond to feedback, and better able to navigate obstacles at work.

Open Doors has expanded to include a self-guided, online, interactive leadership development experience—the Open Doors Course Collection. More than 3,000 employees in 54 countries have accessed and benefitted from these resources.



Estée Lauder Global Changemaker, Amanda Gorman, joins WRITING CHANGE partner WriteGirl at a teen writing workshop in Los Angeles.

DRIVING IMPACT BEYOND OUR COMPANY WALLS

We seek to accelerate progress for women in communities around the world. For example, The Estée Lauder Companies Charitable Foundation (ELCCF) invests in nonprofit organizations doing vital work to advance opportunities and improve outcomes for women and girls, promoting access to quality education and leadership programs. We also collaborate with public and private sector partners for collective action, while placing equity at the center of our work.

- Through ELCCF's five-year \$15 million commitment to Co-Impact's Gender Fund, we join others to support grassroots organizations in the Global South working to accelerate progress toward gender equity. The Gender Fund is focused on achieving systems change and elevating women's power, agency, and leadership at all levels. Since launching in 2022, The Gender Fund has awarded 49 grants to predominantly women-led, local organizations across Africa, Asia, and Latin America.
- We are focused on supporting communities where we live, work, and source. Women in and around our global supply chain face numerous obstacles related to lack of access to resources, training and education, and financial independence. With the support of ELCCF, BSR implemented a program supporting women working in the shea supply chain in northern Ghana, a program that allowed more than 1,000 women across two sites to receive training on financial planning, budgeting, and money management.
- We support the work of grassroots community organizations advancing literacy as a pathway to equality, access, and social change. WRITING CHANGE is The Estée Lauder Companies' three-year initiative with Amanda Gorman, National Youth Poet Laureate and the first Estée Lauder Global Changemaker. In year one of the program, we partnered with American Library Association, Girls Write Now, MIGIZI, We Need Diverse Books, and WriteGirl to facilitate workshops, mentoring programs, and book donations to thousands of young people across the country.

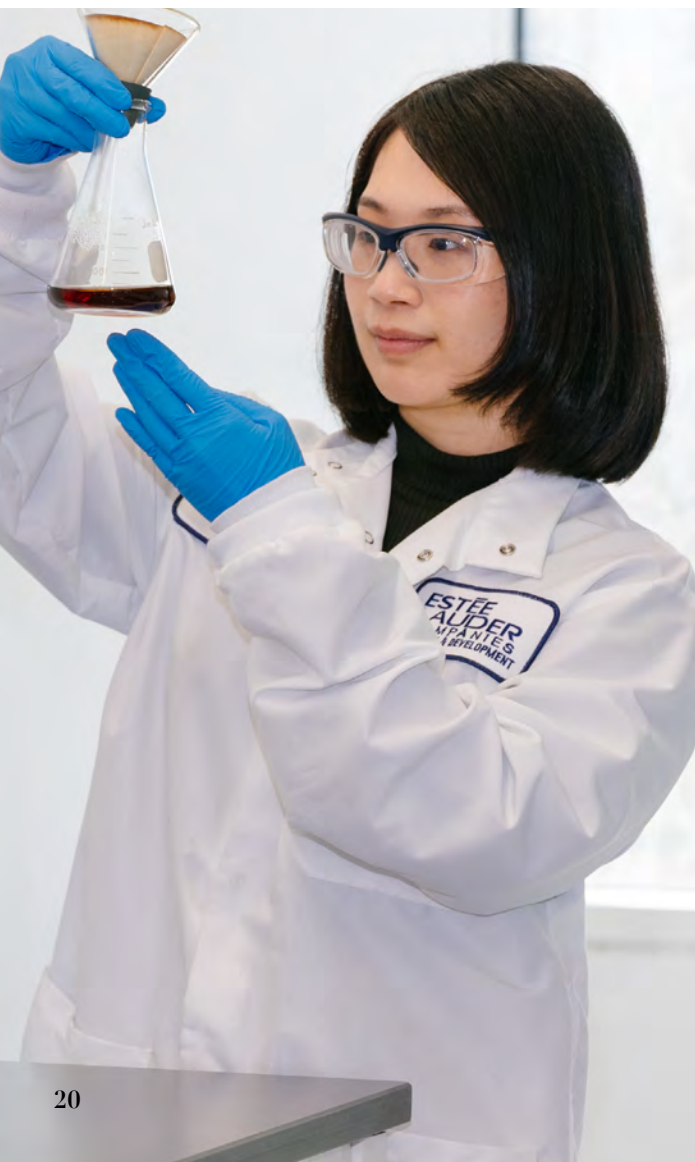
BRIDGING THE GENDER GAP IN STEM

ALL R&D INNOVATION CENTERS GLOBALLY ARE LED BY WOMEN.

Mrs. Estée Lauder was a STEM trailblazer—an innovator who combined robust experimentation and cutting-edge technology to create beauty products beloved by consumers around the world. Today, from the inception of products to when they reach our consumers' hands, ELC's innovations are fueled by our people in STEM—a majority of whom are women. We continue this investment in women and girls by expanding access to STEM education, increasing mentorship for women in tech-focused careers, and forging an inclusive group of STEM experts who create innovative products. As a result, women lead in STEM across our global brands, regions, and functions.

We partner with universities and academic institutions to develop the next generation of STEM leaders. For the past six years, we've partnered with scientific research publisher, Springer Nature, to host the Nature Awards for Inspiring Women in Science, which aims to promote gender equality in scientific research and STEM outreach to women and girls. We also partner with organizations in the communities where we operate, such as Bucks County Community College in Pennsylvania and Farmingdale State College in Suffolk County, New York, on educational initiatives to grow STEM talent.

We're using our convening power to help facilitate dialogue and promote women's representation in STEM fields. In fiscal 2023, we co-hosted, with the UN Foundation and UN Women, a private sector roundtable to discuss how to close the digital gender gap, which sees women underrepresented worldwide in technology literacy, access, and employment. Continuing discussions from the UN Commission on the Status of Women, the group considered ways the private sector can use its influence and expertise to close the gap and increase opportunities and mentorship for women in STEM-focused careers.



THE FUTURE (OF STEM) IS INCLUSIVE

Through the Estée Lauder brand's partnership with Kode With Klossy, the non-profit founded by Estée Lauder Global Brand Ambassador, Karlie Kloss, we are supporting the next generation of STEM talent throughout the U.S. workforce. Kode With Klossy creates learning experiences and opportunities for young women and gender expansive youth, inspiring them to pursue their passions in a tech-driven world.



A UNITED GLOBAL MISSION



HONORING 30 YEARS OF THE PINK RIBBON CAMPAIGN

For more than three decades, The Estée Lauder Companies' Breast Cancer Campaign (The Campaign) has led efforts to raise awareness, fund research, and support those affected by breast cancer. Founded in 1992 by the late Evelyn H. Lauder with the launch of the iconic Pink Ribbon, The Campaign has evolved into a global movement with a mission to help create a breast cancer-free world.

GLOBAL COLLABORATION

The Campaign supports more than 60 organizations globally working to create real change aligned with the diverse needs of local communities.

- Through a partnership with *Américas Amigas* in Brazil, we provide medical equipment and breast cancer diagnosis training to health care professionals and helps those with limited access to care receive mammograms and ultrasounds.
- In China, we support the *China Women's Development Foundation*—which in fiscal 2023 provided financial assistance to women in need during breast cancer treatment and offered free breast health counseling sessions at hospitals in Beijing, Shanghai, and Chengdu.
- In the Middle East, we continue to support the *Al Jalila Foundation*, in partnership with *Brest Friends*, helping to raise awareness of the importance of early detection, furthering patient support with treatment and funding research.
- In South Africa, in partnership with the *Faraja Cancer Support Trust*, we fund mammograms for women and the purchase of new equipment for the organization.
- In the United Kingdom, we continue to support London's first-ever specialized breast cancer support center, *Future Dreams House*, which offers free services to address the emotional and physical side effects of treatment.



Fabrizio Freda, President & Chief Executive Officer; Elizabeth Hurley, Breast Cancer Campaign Spokesmodel; William P. Lauder, Executive Chairman

IMPACTFUL FUNDING

Together, The Breast Cancer Campaign and The Estée Lauder Companies Charitable Foundation (ELCCF) have funded more than \$131 million for lifesaving global research, education, and medical services—with more than \$103 million supporting research through the Breast Cancer Research Foundation® (BCRF). BCRF is The Campaign's leading partner dedicated to advancing the world's most promising research to eradicate breast cancer.

In honor of The Campaign's 30th Anniversary in fiscal 2023, ELCCF made a commitment to donate \$15 million over five years to BCRF to fund a research initiative to accelerate The Campaign's goal of reducing breast cancer disparities and improving outcomes. This comprehensive study of the intersection of social determinants of health, comorbidities, and the biology of breast cancer in Black women has the potential to significantly impact breast cancer disparities globally.



BRAND SUPPORT

Eighteen of our iconic beauty brands joined in The Campaign's mission through product sales and donations that support global research, education, and access to medical services.

The Breast Cancer Campaign anniversary serves as a reminder of the progress we have made, but there is still work to be done. The Estée Lauder Companies' commitment remains unwavering as we strive to help create a world without breast cancer.

Read more about our Social Investments on pages 50-52.

SANDRA TAUB HUMANITARIAN AWARD

The Estée Lauder Companies and its employees received the 2022 BCRF Sandra Taub Humanitarian Award. Each year, the award is given to a person or organization that exemplifies a true generosity of spirit, a passion for philanthropy, and a commitment to BCRF's mission.

BUILT TO MODEL SUSTAINABILITY AND WELL-BEING





BEHIND THE SCENES AT OUR DIVERSIFIED GLOBAL FACILITIES

Our focus on the intersection of sustainability and employee well-being is evident in our global investments in state-of-the-art facilities. From innovation centers and technology hubs that spark inspiration, to efficient factories and distribution centers, our facilities shape new possibilities for the future of prestige beauty. In retail, our newly launched Responsible Store Design Program offers brands an optional set of green building standards to help incorporate energy, water, waste, and indoor air quality principles into the design of new construction and major renovations.

A BLOSSOMING MANUFACTURING AND ENGINEERING INNOVATION HUB

In Japan, we are nearing completion of our Asia-Pacific (APAC)-based manufacturing plant and engineering innovation center. Known as Sakura, or “Cherry Blossom” in Japanese, the facility will manufacture and distribute select prestige products primarily for our APAC region and our Travel Retail business. We chose Japan for many reasons, including the country’s strong reputation for manufacturing excellence, craftsmanship, quality, and efficiency, which complement the high standards of our global operations.

Our ambition is for the Sakura Manufacturing Campus to serve as the blueprint for modernizing and strengthening our manufacturing capabilities around the world. Throughout the campus, state-of-the-art technologies—such as sophisticated analytics, dynamic scenario planning, and network modeling—are being put in place to help unlock efficiencies and cost savings to drive business growth.

With its proximity to Tokyo, the plant’s strategic location positions us to capitalize on connections with our local research and development (R&D) facilities, strengthening our ability to create high-quality, prestige beauty products. In addition, manufacturing products closer to Asian consumers means shorter distribution routes, helping to reduce our transportation footprint—one of the many ways we’re working to reduce greenhouse gas (GHG) emissions intensity.

Fabrizio Freda, President & Chief Executive Officer, with employees at the Sakura Manufacturing Campus.





We designed the plant to optimize the employee experience, with a technology-rich, self-directed team atmosphere. We focused on supporting working parents by offering an on-site nursery to ease the burden of finding childcare and to reduce the barriers we face in attracting a rich mix of employees. In addition, the in-house gym gives employees easy access to fitness facilities. Features like these, as well as environmental innovations, including on-site solar power and industry-leading wastewater recycling, are helping Sakura align to leading third-party wellness and green building standards, including WELL Platinum (a certification standard related to the health and well-being of a building's occupants, as overseen by the Internal WELL Building Institute) and LEED (Leadership in Energy and Environmental Design).



ELC's China Innovation Labs in Shanghai.

BUILDING ON TWO DECADES OF R&D IN CHINA

In Shanghai, our new China Innovation Labs significantly expand our 18-year R&D presence in the country. It is the first ELC facility outside of the United States to have end-to-end innovation in one location, including research, ideation, insights, clinical, sensory and performance testing, formulation, packaging, and engineering. Employees at this facility will also work closely on innovations related to sustainability, including in areas like green chemistry, sourcing, and packaging.

The design of the China Innovation Labs is inspired by the five Chinese elements—water, wood, fire, earth, and metal—and symbolizes our commitment to the Chinese consumer. A highlight of the space is the center staircase, intended to represent the flow of water and a source of innovation and creation for our team of local scientists, engineers, and product developers.

With these designs, as well as initiatives to reduce waste, energy, and water, this facility becomes our first LEED and WELL Platinum-certified building for ELC.

At the China Innovation Labs, we have introduced two new prestige beauty innovation centers. Scientists at the Global Advanced Technology Center will focus their research on anti-aging and skin science, and they will study plant extracts and herbal ingredients sourced from Asia. Scientists at the Men's Beauty Center of Excellence will seek to advance men's skin care science, product and package development, and clinical testing, enabling our brands like Lab Series to benefit from in-depth research and insight into male consumers.





ELC's Galgenen Distribution Center in Switzerland.

REDUCING RESOURCE USE

Since our Galgenen Distribution Center officially opened in fiscal 2022, we have continued to enhance our dedicated Travel Retail distribution capabilities in Switzerland. The facility is roughly 300,000 square feet in size, and its design emphasizes modularity, ergonomics, and process and quality improvements. Sustainability initiatives feature prominently throughout the center. These initiatives include a comprehensive waste management system to separate recyclables, the use of electric trucks to remove waste, and electric charging stations for personal employee electric vehicles.

The site also boasts significant energy efficiency measures. In addition to LED lighting throughout, rooftop solar power contributes renewable electricity. The Galgenen site is our first location to implement district heating, an alternative solution for the use of fuel oil and/or natural gas, which helps us reduce our GHGs and bolster the energy independence and reliability of our operations in the region, while lowering costs.

HARNESSING THE POWER OF RENEWABLES WORLDWIDE

Including Galgenen, we now have five sites around the world with on-site solar power—the largest being in Melville, New York. We have two more on the way, with one at our Sakura facility in Japan, and the other in Oevel, Belgium. These installations, along with our Virtual Power Purchase Agreement (for energy generated by a wind farm in Oklahoma) and our commitment to purchase 100% renewable electricity globally, are integral to helping us reach our GHG emissions-reduction targets.

Among our existing solar arrays, our Hillmount manufacturing facility in Markham, Ontario, features approximately 1,600 panels and produces enough renewable power to fill 10% of the plant's energy needs. This solar project, among other environmental features, such as dedicated parking spaces for electric and hybrid vehicles, supports Hillmount's progress towards achieving green building certification.

We continue to educate our employees about our solar use and climate change mitigation efforts, including hosting internal events, such as a Climate Week NYC virtual event with the Women's Leadership Network Employee Resource Group (ERG) and a "Sun Rays and Sundaes" themed solar array tour in Melville, New York.

Solar panels at ELC's Hillmount manufacturing facility in Markham, Ontario, Canada.



A NEW INNOVATIVE WORK SPACE

Our new Global Technology Center in Bucharest, Romania, provides an ideal expanded work environment. Centrally located near the vibrant Bucharest Old Town, the Center serves as a collaborative space designed to facilitate strategic thinking, team building, and innovation across expertise including IT, Architecture, Engineering and Development, Data and Analytics, Project Management, Enterprise Cybersecurity and Product Management. The facility was also designed to optimize energy and water use.

FROM CONCEPT TO CONSUMER

AN END-TO-END PRODUCT SUSTAINABILITY JOURNEY

From sourcing raw ingredients to helping shape our products' end of life, we are committed to enhancing the consumer experience while keeping quality, sustainability, and safety top of mind across our portfolio of unique brands. We consider sustainability principles at every stage of the end-to-end product journey.



Dry vanilla pods.



INNOVATE AND FORMULATE

Our highly trained scientists, researchers, engineers, product developers, and technical professionals create breakthrough innovations, in line with cultural and behavioral trends.

We use our peer-reviewed green chemistry methodology to help guide ingredient selection and formulation decisions through the lens of human health, ecosystems, and the environment.

- Aveda chemists used real-time analysis and experimentation in the Botanical Repair hair care collection to leverage an alternative conditioning agent that uses fewer materials, which contributed to more than 350,000 kilograms in material use savings across the portfolio, over the past five years.
- Estée Lauder's Nutritious Skincare collection is over 90% naturally derived and formulated with responsibly sourced skin-essential nutrients, from wild-harvested Sweet Kelp to Red Algae fermented by the power of the sun. Nutritious is the first ELC franchise to receive full Environmental Working Group (EWG) verification across all products.
- La Mer's new Moisturizing Soft Cream is formulated using responsibly sourced Giant Sea Kelp, with micronutrients that the skin can more readily recognize and receive. La Mer's signature fermentation process uses light and sound energy to enhance the activity of sea kelp, vitamins, minerals, and other natural ingredients.



PLAN AND SOURCE

Where possible, we use sophisticated technologies to match ingredient and material supply with product demand to reduce waste.

We work with suppliers to help ensure practices are in place that demonstrate respect for human rights and the environment and help biodiversity efforts. For example, we:

- Map certain supply chains back to the mill or farm. Understanding the source of raw materials helps us target and address risk and opportunities.
- Establish expectations for suppliers and monitor their adherence; we work with suppliers on continuous improvements to align their performance with our goals and objectives.
- Recognize the importance of driving positive impact through collective action in communities in and around our sourcing locations, such as Australian Sandalwood, Palm Oil through Project Lampung, and Kaleka Mosaik.

MANUFACTURE AND PACKAGE

After we have developed a product formula and sourced its ingredients and materials, manufacturing at scale begins. We use the most sophisticated processes and cutting-edge, automated equipment to manufacture superior beauty products efficiently.

We also place a focus on packaging our products responsibly by including packaging sustainability guidelines in new product launches and reviewing existing packaging to identify areas of enhancement with the consumer and planet in mind. Decisions like which materials, colors, and sizes to use are part of our day-to-day conversations, helping to ensure we can create elegant packages that demonstrate our commitment to sustainability and enhance the luxury expected from our brands.

For example, we use glass packaging, not only to elevate the luxury feel of our products, but also to provide a durable alternative to virgin plastic that can be recycled or refilled. Estée Lauder's luxury and sustainability design approach helped to drive the relaunch of its iconic Revitalizing Supreme+ Moisturizer Youth Power Crème, which offers a refillable pod to help minimize packaging weight by 90%*.

*After having purchased your first Revitalizing Supreme + refillable and recyclable glass jar. Compared to previous non-recyclable packaging design.

DELIVER AND DISTRIBUTE

We focus on optimizing our facility locations, delivery routes, and shipping materials to most efficiently distribute our products to retailers and consumers worldwide.

By prioritizing having local distribution centers and transitioning air shipments to lower-emission modes (like ocean or rail), we work towards decreasing our greenhouse gas emissions:

- In Asia Pacific, we opened up a new regional distribution center in Guangzhou, China, in 2022 and invested in new fulfillment centers in Korea, Japan, Australia, and other markets.
- In Europe, Middle East, and Africa (EMEA), we recently optimized our distribution network by setting up a new regional distribution hub (Cheb) in the Czech Republic to serve ELC's Eastern Europe markets. We also updated and expanded a new warehouse at our Oevel, Belgium, global manufacturing and distribution facility.

We also strive to improve our shipping materials across regions:

- In EMEA, we work towards having shipping boxes free of plastic, tape, and unnecessary paper. We have also replaced the branded inner boxes that protect our final products with Forest Stewardship Council-certified plain carton packaging.
- In North America, some of our brands including Estée Lauder, M·A·C, Origins, and Clinique, use e-commerce shipping boxes that are made of 100% recycled content.

RECYCLE, REFILL, RETURN

We offer options for consumers to recycle, refill, or return spent product packaging.

Several brands, including Aveda, Bobbi Brown, DECIEM, and M·A·C, offer product take back programs in select markets.

- Back-To-M·A·C is intended to help consumers responsibly dispose of empty product packaging by recovering and recycling, where possible, M·A·C's packages. What is not recycled is converted to energy. In fiscal 2023, Back-To-M·A·C donated \$100,000 to Plastics for Change to support the collection of over 550,000 pounds of plastic in India while providing social services to approximately 200 plastic collectors and their communities for one year.
- Le Labo consumers can refill certain eau de parfum glass bottles online in the United States or in person at select labs worldwide.
- Kilian Paris offers a refill service for its iconic 50ml and select 100ml fragrances and its carafes.





OUR COMMITMENT TO SOCIAL IMPACT & SUSTAINABILITY

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—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 recognize the importance of embedding social impact and sustainability into our business and continually refine the way we manage ESG. In fiscal 2023, ELC appointed the Company's first Chief Sustainability Officer (CSO). The CSO leads the Global Corporate Citizenship and Sustainability (GCCS) function and reports to our Executive Chairman and our President and CEO. The CSO also serves on the Company's Executive Leadership Team. The GCCS function is responsible for managing corporate-wide social impact and sustainability initiatives; supporting corporate, brand, channel, and region-led sustainability strategies and commitments; as well as leading our ESG reporting and goals governance work.

Our ESG strategy is further directed by individual Environment, Social, and Governance subcommittees composed of senior leaders and subject matter experts. The subcommittees meet on a periodic basis to discuss, harmonize, and accelerate social impact and sustainability initiatives across the business and drive progress towards related goals and commitments. The ESG Subcommittees are responsible for reviewing the information in this report, including the focus areas identified through our priority issues analysis.

We drive 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; 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.

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 2023 (i.e., as of June 30, 2023), 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.

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 ESG activities and practices, including citizenship and sustainability matters. The Nominating and ESG Committee receives updates during its meetings on topics such as climate, social impact and sustainability, progress toward the Company’s commitments, 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 identified business goals for top executives, and compensation decisions are made based on their achievement. For example, such business goals were included in the fiscal 2023 Executive Annual Incentive Plan program and were used as an input into determining fiscal 2023 equity grants. The fiscal 2023 business goals for top executives encompassed multiple strategic focus areas concerning social impact and sustainability matters.

Specifically, the fiscal 2023 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 2023 Proxy Statement. [🔗](#)

ETHICS AND INTEGRITY

We cultivate 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 and acknowledge 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 communities 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

We have conducted a corporate-level Human Rights Assessment (HRA) based on the methodology outlined by the UN Guiding Principles on Business and Human Rights, the global standard for HRAs. Through the HRA process, we assessed human rights risks and impacts across our operations, including our corporate policies and procedures, as well as our supply chain, manufacturing, and retail operations. The HRA has provided us with a framework to help identify and prioritize our salient human rights risks and impacts, and to identify key actions for improvement. We intend to continue to enhance these processes and policies and engage with our internal and external stakeholders in implementing this policy.

Our ELC 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, 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 pages 64-65.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (ERM) is a structured and dynamic process to understand interrelated risks and to drive proactive risk mitigation. Our company's ERM process leverages internal and external partnerships to help identify leading practices and validate emerging and other risks, including sustainability and social impact-related risks. The results of this process are aggregated and presented to senior management and the Board on a periodic basis.

In parallel with the ERM process, additional ELC teams monitor social impact, sustainability, and regulatory risks on an ongoing basis, including through periodic discussions with internal and external stakeholders. The ERM team also participates in the priority issues analysis process. Results and insights from this analysis, including risks associated with changes in our priority focus areas, are integrated into the ERM process.

DATA PRIVACY AND CYBERSECURITY

The Company is committed to respecting the privacy and protecting the security of our employees and consumers. Our cybersecurity and privacy programs are managed by dedicated teams in our organization, governed by an executive, cross-functional steering committee. The scope of the Audit Committee's oversight responsibilities includes information technology and cybersecurity.

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 is aligned with our privacy program to mitigate risk from current and potential cyber-driven threats, in an effort to protect 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 different ways for employees to 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, we take a risk-based approach to training employees on privacy and cybersecurity requirements and best practices at least annually. Other awareness and education activities occur throughout the year such as data privacy day events, cybersecurity video blogs, and periodic newsletters.

PRIORITY FOCUS AREAS FOR SOCIAL IMPACT AND SUSTAINABILITY

We continually evaluate areas of risk and opportunity for our business as part of our strategic planning process. In fiscal 2023, we completed a 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. We also evaluated stakeholder interest in such topics through research and direct engagement. We considered the relevance of ESG topics to our business strategy and objectives; importance to key stakeholders; and potential impact on the environment, society, and economy.

Our fiscal 2023 analysis confirmed our priority focus areas:

- Climate Change and Greenhouse Gas (GHG) Emissions
- Employee Health and Safety
- Inclusion, Diversity & Equity
- Product Quality and Safety (including ingredient transparency)
- Product and Packaging Design (including green chemistry and plastics)

We also observed continued, and in some cases, growing interest among some stakeholders in topics such as sourcing, nature and biodiversity, human rights, and water.

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 (pages 87-91) and the United Nations Sustainable Development Goals.

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.

We primarily focus on the six SDGs most aligned to our priority focus areas:



STAKEHOLDER ENGAGEMENT

We seek to build productive relationships with our key stakeholders, including employees, consumers, investors, 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 employees in various ways, in person and digitally, 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. We continue to leverage the results from our social impact and sustainability-focused Pulse Survey (conducted in fiscal 2022) and our recent ELC Listens Pulse Survey (conducted in fiscal 2023) to focus on topics employees identified as most important. For more information on our fiscal 2023 ELC Listens Pulse Survey, please see page 46.
- We engage with consumers through 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 social issues.
- We engage with investors through our multi-faceted, 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 2023, we continued our 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.
- We engage with suppliers through partnerships such as Supplier Leadership on Climate Transition (Supplier LOCT) and Action for Sustainable Derivatives (ASD). We use a third-party rating service to help us assess direct and indirect suppliers on environmental impact, labor and human rights, and ethical procurement practices. Through these and other initiatives, we solicit input and feedback to better understand the complexities of our supply chain. We also conduct webinars and assessments to uncover insights and learn about key areas of focus for our suppliers. For more information regarding supplier engagement and our Supplier Code of Conduct, please see Sourcing pages 64-65.

EMPLOYEE HEALTH & SAFETY

The Estée Lauder Companies strives to provide 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. Our work is rooted in our commitment to UN Sustainable Development Goal 3—Good Health and Well-Being.

GOVERNANCE

The Executive Vice President, Global Supply Chain, establishes our environmental, health, and safety philosophy. The EVP directs the activities of the Global Environment, Health, and Safety (EHS) department, which is responsible for 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.

In fiscal 2023, EHS underwent a restructuring and is now organized into five key pillars under the Senior Vice President, EHS: Value Chain, Commercial Regions, Environmental Sustainability, Technical Programs and Compliance, and EHS Center of Excellence. These pillars are set up to standardize, streamline, and implement best practices, while strengthening employee engagement programs and awareness campaigns. To further reinforce our commitment to employee health and safety, the Company created a Corporate Medical department overseen by our Corporate Medical Director.

Additionally, in fiscal 2023, we invested in new roles to enhance global EHS performance. These roles include a lead for construction and contractor safety to enhance our global contractor safety management program, a lead for machinery and electrical safety to standardize machinery safety assessments globally, and a dedicated commercial EHS support role for the APAC and EMEA regions.

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. Safety incident reports are documented, and corrective actions are identified and tracked. We also have a process where safety alerts and best practices are issued globally for sites to take preventative actions.

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.

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 the ISO 14001 standard and maintain our certification. 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.

POLICIES AND CERTIFICATIONS

- EHS Policy Statement [🔗](#)
- 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.*

*Excludes sites that were acquired after January 1, 2020, and the Shimotsuma manufacturing facility in Japan that became operational in fiscal 2023.

STRATEGY AND FISCAL 2023 PROGRESS

As we strive to reach our ultimate goal of zero workplace incidents, we promote a proactive and collaborative approach to safety and compliance. We have rigorous safety policies and practices in place and reinforce our safety messages through consistent communication with employees. Highlights in fiscal 2023 included:

- Globally, ELC had a total incident rate* of .20 in fiscal 2023, which is unchanged from our rate reported in fiscal 2022. We continue to strive towards making progress on our goal of decreasing the total incident rate to 0.15 by the end of calendar year 2025.
- Achieved zero recordable accidents across many of our facilities, including five manufacturing sites, 19 distribution centers, and four research and development (R&D) sites.
- Received 75 Safety Awards from the National Safety Council (NSC) in three categories—Occupational Excellence, Perfect Record Award, and Million Work Hours Award—across 33 supply chain and R&D facilities and 13 global brand operations, with some facilities receiving multiple awards. In addition, Bumble and bumble, Clinique, and Kite's Croft DC received the NSC's Industry Leader Award for outstanding safety achievements among the top 5% of member companies.
- Trained 14,492 employees on various safety topics including ergonomic awareness, lab safety, and introduction to safety leadership.

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

IMPLEMENTING A RISK-BASED APPROACH

Throughout fiscal 2023, we improved our safety program by continuing to work to eliminate risk within our operations. We used the results of a comprehensive safety culture perception survey and a hazard risk mapping initiative to further identify and mitigate risks. At the same time, we engaged employees in improvement efforts to help drive best-in-class performance.

- **HAZARD RISK ASSESSMENTS:** We are leveraging insights from hazard risk assessments within our manufacturing facilities and select distribution centers into our decision-making process and using the results to set internal reduction goals and implement trainings, action tracking, and periodic reviews to prevent accidents and injuries.
- **CULTURE SURVEY:** Following the completion of a safety culture perception survey conducted at our manufacturing, distribution, and R&D sites, we developed targeted action plans in fiscal 2023. These action plans are being used to educate employees and drive down risks through engagement and education, training initiatives, and other risk-reductions efforts.
- **EMPLOYEE FOCUS GROUPS:** As part of our work on enhancing our overall safety culture, we held several employee focus groups to gain insight on their perception and expectations for a safe working environment. This valuable feedback is helping to refine our safety vision and inform future workplans to enhance the maturity of our safety culture.
- **CONTINUOUS IMPROVEMENT:** We are building on our existing management system (ISO 14001) by continuing to embed safety in our operations and engage our employees.

TRAININGS AND CAMPAIGNS

We engage our global employees in promoting a safety mindset 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.

Our Behavior Based Safety (BBS) program reinforces our actively caring safety culture through employee-led initiatives and communications around best practices. In fiscal 2023, we had 41 BBS Steering Teams across 24 facilities in 11 countries. These teams supported more than 4,300 employees, completed more than 43,500 BBS observations, and developed and implemented more than 400 projects to improve safety and increase awareness for safe behaviors at their sites.

Our formal BBS training programs include:

- Management Awareness Training
- Employee Awareness Training
- Hazard Identification Training

Throughout the year, our global EHS teams run campaigns to further reinforce safety priorities, including:

- Take Action!, which encourages employees to identify unsafe conditions or near-miss events.
- The Safety Ambassador Program, a newly launched program that provides an opportunity to recommit to our actively caring safety culture.
- Employee roundtables and EHS engagement committees to improve overall EHS team performance.
- Our annual Safety Month campaign (“Live Safely – How will you change the story?”), works towards increasing awareness to hazards in the workplace and adjusting working practices to reduce accidents and near misses. Campaign assets are available in more than 20 languages to allow for greater engagement and implementation across manufacturing, fulfilment, R&D, office, and retail locations.

In fiscal 2023, we recognized ELC free-standing stores and ELC Retail Field Leaders in North America that met and exceeded a collection of safety metrics through The Safety Crown awards and Retail Partner Safety Gems awards programs, respectively. The award winners were recognized for exceeding safety metrics over a given time period. In addition, we continued to prioritize the health and safety of our retail employees around the globe through risk assessments, virtual ergonomic education sessions, and awareness campaigns.

CORPORATE MEDICAL PROGRAM

The Estée Lauder Companies convened a Medical Advisory Board in 2020 in response to the COVID-19 pandemic. The Board is composed of leading physicians and health professionals with expertise across a variety of disciplines and works closely with the health and safety teams and Company leaders to guide our health and safety-related efforts. At the beginning of fiscal 2023, we welcomed our new Corporate Medical Director to serve as our Medical Advisory Board leader and single point of contact as it relates to the health and well-being of our employees around the world.

ADDITIONAL RESOURCES

Employee Safety Goal

p. 12

Employee Safety Metrics

p. 80

EMPLOYEE EXPERIENCE

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. Our employees are integral to the long-term success and resilience of our business. We are committed to providing a workplace that is collaborative, inclusive, compassionate, and motivating, where our employees can innovate, lead, and drive our company forward. Benefits offered to our employees support UN Sustainable Development Goal 3—Good Health and Well-Being, among other goals.

GOVERNANCE

The Executive Vice President, Global Human Resources, sets the Global Human Resources strategy in alignment with and in support of ELC's corporate strategy. The Global Human Resources strategy identifies employee and workforce practices and activities to deliver on people-related outcomes that drive our enterprise business goals.

Our Total Rewards team, which includes Global Compensation and Global Benefits, provides competitive compensation and benefit packages to support our employees' financial, physical, and mental well-being.

Our Global Talent team, which includes Talent, Talent Acquisition, and Enterprise Learning and Development, drives recruitment and offers our employees career development and advancement opportunities. The Enterprise Learning and Development team helps to ensure our enterprise Learning and Development strategy enables continuous innovation and growth aligned to the strategic objectives set out in the Global Human Resources strategy.

We offer employees opportunities to enhance the communities we support, and those activities sit within the Volunteerism and Giving Team in the Global Corporate Citizenship and Sustainability function.

POLICIES AND CERTIFICATIONS

- ELC Code of Conduct [🔗](#)

STRATEGY AND FISCAL 2023 PROGRESS

Hiring, retaining, and developing the best talent globally is key to our success in sustaining long-term growth. Our talent strategy is focused on employee engagement and investments

in career development, as well as measuring, recognizing, and rewarding performance. Our investments include providing programs to equip our employees with the right skillsets and knowledge, as well as opportunities to transfer to other functions or regions through short-term and long-term assignments. We believe these programs and opportunities create a pipeline of talent and leadership, necessary to drive and deliver on our long-term strategy.

To enhance our culture and measure our human capital objectives, we regularly engage with our employees. We provide several mechanisms for our employees to provide their feedback, including direct discussions with managers, employee surveys, and interactive townhall meetings. Key topics covered during employee engagement include inclusion, diversity, and equity; learning and development; work-life structure; and employee benefits. Based on our review of employee survey results, action plans are implemented to enhance employee satisfaction and to ensure alignment with our overall human capital strategy.

EMPLOYEE ENGAGEMENT

We continue to listen to our employees throughout their journey with ELC. We use onboarding, engagement, and exit surveys to understand areas of strength as well as opportunities for enhancing overall employee experience.

In February 2023, we launched the fiscal 2023 ELC Listens Pulse Survey, our employee engagement survey, to 17,000+ global corporate and field employees to gather their feedback on our progress to implement 300+ actions stemming from our 2022 Baseline Engagement Survey. We saw a significant response rate of nearly 12,000 employees, demonstrating continuing strength in overall employee engagement, and a Company favorability score of 80.1%. Results also showed that actions taken have created uptrends in fostering innovation, showing gratitude through recognition, and fostering an inclusive culture in which diverse backgrounds and perspectives are welcomed and valued. We will continue to focus on the areas that matter most to our employees, including recognition for achievements and expanding career development opportunities.

EMPLOYEE COMPENSATION AND BENEFITS

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.

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. 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. Benefit packages may include pension and post-retirement benefit plans, health and wellness benefits, flexible working arrangements, parental (maternal, paternal, and adoptive) leave, adoption assistance, back-up child care, primary care assistance, and education-related benefits. These benefits vary by country.

In fiscal 2023, ELC expanded vacation policies to include all part-time regular, U.S.-based employees, beginning January 1, 2023. This enhancement provides employees with time off to allow them to recharge so they can bring their very best to both their personal and professional lives.

Mental health benefits are offered to employees and the members of their households globally, including short-term counseling and crisis services.

Family-related benefits for eligible U.S., U.K., and 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 following parental leave and an assistance program to reimburse employees for eligible expenses related to the adoption of a child—regardless of an employee's gender, marital status, or sexual orientation.

In fiscal 2023, the Company enhanced its family-support benefits for eligible U.S. employees by expanding fertility support, adding a new surrogacy program, and increasing the adoption reimbursement program for eligible U.S. employees. We also enacted an expansion of health care benefits and services for transgender, nonbinary, gender-nonconforming, and LGBTQIA+ employees including enhanced coverage for gender affirming procedures and care.

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.

Employees' needs continue to change as they navigate challenges and changes to our world. We continue to refine our diverse portfolio of benefit programs to support them across the various stages of their lives.

EMPLOYEE LEARNING

We offer an enriching array of educational offerings to inspire our talent. These programs help create a stimulating, inclusive environment, equipping our people with competitive, in-demand skills. We seek to help our employees expand both core and advanced competencies, while creating value and long-term growth for our company.

We provide a blended approach to instructional design consisting of digital learning, virtual instructor-led and classroom trainings, and project experiences, while providing a suite of coaching and mentoring opportunities. On-the-job training and peer-to-peer knowledge sharing rounds out the learning landscape and helps accelerate our employees' success. Brand Education teams continue to advance our High-Touch capabilities by creating new innovative learning experiences to train point-of-sale employees globally on products, services, and artistry.

Our learning and development offerings are carefully curated to fulfill key business objectives to upskill in high growth areas with a focus on people leadership; data and analytics; digital fluency; advanced marketing; creative and operational excellence; accelerated omni retail capability; inclusion, diversity, and equity; and sustainability.

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 30,000 learning experiences and is accessible to our global workforce, including office, retail, and manufacturing employees, and is currently available in 30+ languages. We also partner with external content providers. Since beginning our partnership with LinkedIn Learning in 2018, our talent has completed more than 100,000 courses and viewed more than 3 million videos through the learning platform's extensive suite of educational offerings.

Highlights of our newly launched offerings on the ELC Learning Hub in fiscal 2023 include:

- **ENTERPRISE ATHLETE DIGITAL EXPERIENCE:** An interactive learning solution focused on managing energy to define one's purpose and to build resilience through holistic well-being.
- **IT ACADEMY:** A curated learning programs and hands-on experiences to accelerate and deepen IT employees' expertise and growth through advanced skill development.
- **SOCIAL IMPACT AND SUSTAINABILITY EDUCATION:** A one-stop-shop for education and discovery aimed at driving innovation, best practices, and engaging employees on key social impact and sustainability topics. These include Women's Advancement; Inclusion, Diversity & Equity; Generational Diversity and Leadership; Product Sustainability and Innovation; and Climate and Environment.

EMPLOYEE DEVELOPMENT

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 17,000 employees in fiscal 2023. We continue to modernize the digital tool with enhancements to improve the user experience.

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.

SIGNATURE LEADERSHIP PROGRAMS*

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 workforce and are committed to providing access to professional development and advancement opportunities.

- CEO Global Presidential 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.
- CEO Global Reverse Mentor 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.
- ELC X WHARTON: Under the leadership of our Executive Chairman, William P. Lauder, and our faculty partners at The Wharton School of the University of Pennsylvania, this week-long symposium is designed for high-potential leaders. In fiscal 2023, the program was offered in person for the first time since before the COVID-19 pandemic. In addition, the ELC x Wharton Virtual Series provides a more accessible option for our employees to learn about strategic insights and innovative thinking from top-tier Wharton faculty.

- PEOPLE LEADERSHIP PROGRAM: This multi-award winning, innovative, five-month high-performance global leadership program provides our experienced leaders with the strengths-based skills and inclusive mindset needed for success. As of fiscal 2023, more than 690 leaders have graduated from the program, expanding their competencies in areas such as accountability, connectedness, agile leadership, influence, and confidence.
- EMERGING LEADERS PROGRAM: This global program is designed to inspire, equip, and empower newer people leaders with the inclusive strengths-based mindsets, skills, and capabilities they need for success at this critical point in their leadership advancement. In fiscal 2023, more than 175 graduates have completed the program.
- OPEN DOORS: A global learning community that provides aspiring leaders with skills and support. To read more about our Open Doors program, see pages 18, 48, 56.
- ELCoach EXECUTIVE COACHING PROGRAM: This global program provides 1:1 and team coaching opportunities through an integrated connected coaching approach and consistent coaching framework by leveraging internally and externally certified coaches.

ELC GROW—TALENT DEVELOPMENT MARKETPLACE

ELC Grow, our internal talent marketplace, offers corporate employees the opportunity to develop their careers through short-term projects, internal networking, and open positions while offering added capability to the business and building our talent pipeline. In the United States, Panama, and EMEA, where ELC Grow is currently live, more than 5,600 employees have been active on the platform. We expanded ELC Grow to Panama and EMEA in fiscal 2023, and plan to continue efforts to facilitate global access to this talent marketplace.

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. Through these efforts, we are making progress towards our goal of engaging and mobilizing employees to contribute a total of \$25 million by the end of calendar year 2025 (since the launch of the ELC Good Works platform in 2015).

ELC GOOD WORKS

ELC’s employee social impact and sustainability engagement program, ELC Good Works, provides diverse, inclusive, and personalized employee initiatives, such as Volunteer Time Off, virtual and in-person team volunteer opportunities, and Company matching campaigns to enhance the employee experience and empower employees. In fiscal 2023, ELC Good Works expanded to 12 additional markets across our APAC and EMEA regions and is now available in 31 markets globally.

*The Company is committed to compliance with federal, state, and local laws. Accordingly, trainings and initiatives are periodically reviewed for compliance.

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* employees to receive paid time off for individual volunteerism with their favorite nonprofits during standard work hours and to receive \$20/volunteer hour (or local currency equivalent) to donate to the nonprofit of their choice. In fiscal 2023, the program expanded to include manufacturing and fulfillment employees across North America and expanded to eligible employees in eight markets internationally.

In recognition of the impactful and environmentally friendly actions our employees already make every day, this fiscal year we expanded Missions to the same markets where ELC Good Works is available. Missions is a purpose-driven action hub where employees’ sustainable and social impact actions are converted to ELC Good Works rewards that can be donated to their nonprofit of choice.

*Active, full-time regular corporate employees in Argentina, Brazil, Benelux, China, Mexico, South Africa, and the United Kingdom, and active, full-time regular corporate and manufacturing and fulfillment employees in the United States and United Kingdom can utilize up to 16 VTO hours per calendar year. Active, part-time regular corporate employees in Argentina, Brazil, Benelux, China, Mexico, South Africa, and the United Kingdom, and part-time regular corporate and manufacturing and fulfillment employees in the United States and United Kingdom can utilize up to eight VTO hours per calendar year.

ELC GOOD WORKS PURPOSE WEEK

In fiscal 2023 we launched our first ELC Good Works Purpose Week. This five-day series of global education, engagement, and volunteering opportunities was intended to empower employees to drive positive change in communities where we live, work, and source. ELC Good Works Purpose Week also included the relaunch of the Leonard A. Lauder (LAL) Impact Awards, to celebrate and honor employees’ volunteerism and commitment to our communities outside of the office.

ELC CARES EMPLOYEE RELIEF FUND

Initially created to support employees impacted by COVID-19, the ELC Cares Employee Relief Fund (ELC Cares Fund) provides immediate and critical financial relief to employees impacted by disasters and personal hardships. The ELC Cares Fund has provided nearly \$10.8 million in funding and more than 18,800 grants to support our employees globally. Additionally, we help maximize employee contributions to the ELC Cares Fund through ELC Good Works’ year-round, global crisis relief double-match campaign. In fiscal 2023, we further expanded the ELC Cares Fund to include comprehensive personal hardships as eligible criteria to receive funds.

ADDITIONAL RESOURCES

Employee Metrics

pp. 75-80

Employee Volunteerism and Giving Goal

p. 12

Employee Engagement webpage [🔗](#)

ELC Benefits webpage [🔗](#)

SOCIAL INVESTMENTS

We leverage our resources, time, and talent to establish transformative partnerships with organizations that create positive social impact. Our social investments are grounded in The Estée Lauder Companies values and our business goals. Our employees are also passionate about contributing to the causes they care about. We amplify their efforts by providing opportunities for them to donate and volunteer their time. Our work to promote social impact reinforces our commitment to various UN Sustainable Development Goals, including Goal 3—Good Health and Well-Being; Goal 5—Gender Equality; and Goal 10—Reduced Inequalities, among others.

GOVERNANCE

We make financial, product, matching, and in-kind donations across our company, our brands, and through The Estée Lauder Companies Charitable Foundation (ELCCF). ELCCF is governed by a Board of Directors, which is composed of senior Company leaders and independent directors. The Foundation's Board guides the strategy of our Foundation grantmaking and meets twice a year to approve grants. Our Chief Sustainability Officer serves as Executive Director of the Foundation. In this role, she helps ensure the Foundation operates with adherence to strict standards of governance and accountability.

STRATEGY AND FISCAL 2023 PROGRESS

Our social investments reflect our commitment to Women and Girls, Equity, and the Communities where we live, work, and source. We help support organizations driving evidence-based initiatives that aim to advance equitable outcomes for women and girls through education, leadership and health; improve the well-being of our diverse global communities; and advance equity, with a focus on racial equity in the United States. We recognize the importance of partnering to address and improve livelihoods in key business markets and areas of great need. We are committed to funding for the long term and leveraging our impact alongside both private and public sector partners.

ADVANCING OPPORTUNITIES FOR WOMEN AND GIRLS

We have a long-standing commitment to support women and girls to achieve their highest potential. Through our social impact investments, inclusive of ELCCF, we aim to improve girls' equitable access to quality education, expand young women's leadership capabilities, and support women's advancement opportunities and health initiatives. We strive to be long-term partners in order to support the continuum of young women's leadership and life skills. We place equity at the center of our work, supporting BIPOC (Black, Indigenous, and People of Color) leadership, and funding programs that address acute societal disparities.

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. We believe that in order to help facilitate systemic change for women's rights and leadership, we must partner with other private and public sector partners to advance shared objectives. Through ELCCF's multi-year commitment (announced in fiscal 2021) of \$15 million over five years to Co-Impact's Gender Fund, we are helping to support grassroots organizations in the Global South working to accelerate progress toward gender equity and women's leadership.

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' leadership and racial equity. ELCCF supports G4GC's Black Girl Freedom Fund, 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, femmes, gender-expansive youth, and their families.

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. ELCCF provides support for SL Network's CollegeBound Initiative (CBI), a program that helps students maximize their awareness of and access to college and financial aid. ELCCF helps support CBI programs at five TYWLS schools across New York City, which have reached 2,500 students. Through ELCCF support, SL Network is now expanding its programs at five Young Women's Leadership Network (YWLN) schools in Los Angeles, California; Wilmington, North Carolina; Atlanta, Georgia; Las Vegas, Nevada; and Baltimore, Maryland.

GIRLS LEADERSHIP

Girls Leadership's mission is to teach girls to exercise the power of their voice through programs grounded in social-emotional learning. The organization provides programs for girls, workshops for families, and professional development training for teachers, guidance counselors, and nonprofit staff across the United States, including at The Young Women's Leadership Schools in New York. Girls Leadership centers gender and racial equity in its work to address the internal and external barriers to leadership development.

THE BREAST CANCER CAMPAIGN

The Estée Lauder Companies' Breast Cancer Campaign (The Campaign) remains steadfast in its mission to help create a breast cancer-free world for all. Together, The Campaign and ELCCF have funded life-saving global research, education, and medical services. The Campaign supports more than 60 organizations worldwide aligned to the diverse needs of local communities, including the Breast Cancer Research Foundation® (BCRF), The Campaign's leading partner. The BCRF research funded by The Estée Lauder Companies spans the entire spectrum of the disease. In fiscal 2023, ELCCF made a \$15 million donation over five years to fund a new BCRF research initiative to accelerate The Campaign's goal of reducing breast cancer disparities and improving outcomes.

CENTERING EQUITY

We place equity at the center of our programming with the intent to help close acute racial disparities in our priority areas of funding, including women's advancement and girls' education, communities, and health. Our focus is on funding work that helps support BIPOC communities and is BIPOC-led in fields that lack BIPOC voices.

WRITING CHANGE

The Estée Lauder Companies multi-year partnership with National Poet Laureate Amanda Gorman is dedicated to advancing literacy as a pathway to equality, access, and social change through the power of young voices. Writing Change supports organizations including American Library Association, Girls Write Now, MIGIZI, We Need Diverse Books (WNDB), and WriteGirl.

ECHOING GREEN

ELCCF's support of Echoing Green helps to fund the organization's Onramps program, which provides pipelines to social innovation for leaders who reflect the communities they serve around the world. One of Onramps' signature initiatives, the Accelerator, supports young Black leaders at Historically Black Colleges and Universities (HBCUs) to develop a social innovation action plan, access seed funds, and pursue pathways to fellowship opportunities. Due to Echoing Green's overall efforts, the Onramps Accelerator has reached more than 800 emerging innovators from HBCUs since 2021.

THE SOLUTIONS PROJECT

The Solutions Project provides support to grassroots nonprofits run by women and people of color in 30 states across the United States. These organizations represent communities that are at the frontlines of the climate crisis, applying innovative solutions and an equity lens

to advance climate justice. Through support from funders, including ELCCF, the organization is supporting more than 250 groups through its core programs and through independent funds it co-created to strengthen frontline leadership and innovations for climate justice initiatives.

INVESTING IN COMMUNITIES

We are committed to supporting programs at the intersection of environmental sustainability and social impact in the communities where we live, work, and source. Our initiatives across the palm, mica, shea, and coconut supply chains focus on improving the well-being of people in and around geographies where we source key ingredients (for more details, please see the Nature and Biodiversity section). We also respond to disasters and other urgent needs, including through the ELC Cares Employee Relief Fund.

WOMEN IN THE SHEA SUPPLY CHAIN

With the support of ELCCF, BSR developed and piloted a bespoke program aimed at supporting women working in the shea supply chain in northern Ghana. More than 1,000 women across two cooperative sites received training on financial planning, budgeting, and money management. Based on its success, we continue to partner with BSR to engage other industry stakeholders and encourage participation in the scaling of the financial resilience model for women shea nut collectors and processors.

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 2023, we have supported the establishment of more than 410 Child Friendly Villages working to empower youth and address social problems.

PLASTICS FOR CHANGE

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 is working to help formalize the waste-collection economy and enabling greater transparency, accountability, and social change for women and marginalized communities involved in plastic collection. ELCCF is supporting a pilot project aimed at connecting women waste collectors to financing and partnerships to increase the number of women-owned scrap shops.

CONSERVATION INTERNATIONAL

Through a three-year partnership with Conservation International (CI), ELCCF continues to help support work to sequester carbon and mitigate global climate change by engaging Indigenous women and their communities to conserve high-carbon forests across the Amazon in Bolivia, Ecuador, Colombia, and Peru. ELCCF provides support to CI's Amazonia Indigenous Women's Fellowship Program in these key ecosystems.

DISASTER RELIEF

We are committed to supporting our employees and communities who are impacted by humanitarian, economic, and environmental disasters. ELC and the ELCCF support relief efforts through philanthropic and product donations and the ELC Cares Employee Relief Fund.

In fiscal 2023, we made new commitments in response to the earthquake in Turkey and Syria. The Company, its brands and employees, and ELCCF contributed more than \$400,000 in support of UNICEF’s recovery efforts for children and families in affected areas. Employees had the opportunity to donate to select nonprofits through a double match through ELC Good Works.

We also continued our support for humanitarian efforts to women, children, and families in and around Ukraine. In fiscal 2023, we augmented our \$1 million ELCCF commitment with an additional \$300,000 contribution to partner with relief organizations including International Rescue Committee, UNICEF USA, and Global Fund for Children.

Regarding our employees, The ELC Cares Fund provides immediate and critical financial relief to Eligible Impacted Employees* globally who have been impacted by 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. For Eligible Contributing Employees** who wish to donate, The Estée Lauder Companies provides a year-round, double match on donations made to the ELC Cares Fund. To read more about ELC Cares, please see the Employee Experience section pages 46-49.

*Eligible Impacted 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 Contributing Employees include equivalent of active and qualifying full-time regular and part-time regular employees globally, excluding non-integrated brand employees. Not available in India, Lebanon, Russia, UAE, and Ukraine.

BRANDS IN ACTION

Our brands champion issues that matter to them and to their consumers. Their innovative campaigns and social impact investments support progress in addressing HIV/AIDS and mental illness and improved outcomes for women and girls and the LGBTQIA+ community.

AVEDA

Aveda is committed to raising awareness and funds to help provide access to clean water globally and protect clean water locally through its annual giving campaign Aveda Earth Month in partnership with charity: water. [Read more.](#)

BOBBI BROWN

Bobbi Brown’s Pretty Powerful Fund supports She’s the First, a nonprofit organization working to empower women and girls through education. [Read more.](#)

ESTÉE LAUDER

Estée Lauder’s Emerging Leaders Fund is redefining leadership by helping to support a new generation of emerging women leaders and challenging the gender stereotypes present in current expectations of leadership. [Read more.](#)

JO MALONE

LONDON

Jo Malone London is reinforcing their decade-long commitment to mental health by joining UNICEF’s Global Coalition for Youth Mental Health. [Read more.](#)

LA MER

La Mer is committed to helping support ocean conservation efforts around the world. The brand’s La Mer Blue Heart Oceans Fund is dedicated to marine habitat restoration and youth education. [Read more.](#)

MAC

M·A·C VIVA GLAM is focused on healthy futures and equal rights for women, girls, and LGBTQIA+ communities while maintaining its decades-long support for those living with HIV/AIDS. [Read more.](#)

ORIGINS

Origins collaborates, through its Green the Planet Fund, with environmental nonprofits, such as One Tree Planted, on tree-planting efforts that benefit local communities and help address the impact of climate change. [Read more.](#)

ADDITIONAL RESOURCES

Brand Cause Goal	p. 12
Women’s Advancement Feature	pp. 15-20
Breast Cancer Campaign Spotlight	pp. 21-24
The Breast Cancer Campaign webpage ↗	
Writing Change webpage ↗	

INCLUSION, DIVERSITY & EQUITY (ID&E)

We strive for equity for all and aim to cultivate an inclusive culture of belonging and authentic experience for every individual in our company. To achieve our goals and vision, we are focused on evolving our global ID&E infrastructure and driving local relevance; attracting, developing, and retaining diverse talent across all levels of the organization; and continuing to embed ID&E throughout our company culture globally.

Our ID&E efforts are focused on creating an inclusive and equitable work environment for all our employees.* Our commitments align with UN Sustainable Development Goal 5, which is centered around achieving gender equity and empowering women and girls, and UN Sustainable Development Goal 10—reducing inequalities.

The Estée Lauder Companies' long-standing commitment to ID&E has been recognized for championing racial equity, gender equity, LGBTQIA+ support, disability and accessibility, and overall culture. Examples include:

- Named to Bloomberg's 2023 Gender-Equality Index (GEI) for the sixth year in a row
- Received a score of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index for the eighth consecutive year
- Forbes' 2023 America's Best Employers for Diversity for the fifth year in a row
- Disability:IN 2022 Best Place to Work for Disability Inclusion
- Hispanic Association of Corporate Responsibility (HACR) Corporate Inclusion Index 2022

GOVERNANCE

Our Global Chief 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 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.

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 innovative programs and initiatives, with the aim of identifying opportunities for collaboration and accelerating progress on ID&E objectives while also better representing and understanding different cultures and backgrounds across the organization.

Our global 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 to benefit all our employees through deep engagement, career advancement, development programs, more equitable and inclusive hiring practices, and ensuring that we meet and sustain our commitments to foster inclusion and equity within our company.

The Inclusive Beauty Advisory Board (IBAB) brings together 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, inclusivity, and equitable professional development opportunities, and provide exposure to business initiatives across the enterprise.

*The Company is committed to compliance with federal, state, and local laws. Accordingly, trainings and initiatives are periodically reviewed for compliance.

STRATEGY AND FISCAL 2023 PROGRESS

We aim to create an industry-leading organizational culture where inclusive behaviors and equitable practices are embedded globally across our business and enterprise. Respect for the individual and for their passions, perspectives, and experiences, guides our mission. We act on our values through education programs, Employee Resource Groups (ERGs), mentorship and sponsorship, and events to strengthen employee connections. We are committed to advancing equity and inclusiveness for all employees, inclusive of racial and gender equity, across everything we do.

ID&E EDUCATION

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

- **Unconscious Bias**, a mandatory workshop for full- and part-time employees that works to raise awareness and understanding, tackling the ways in which we unknowingly perpetuate biases, is now also offered in 14 languages in a self-paced learning format.
- **Inclusive Leadership**, an interactive seminar for people managers and leaders that works to promote a sense of belonging and cross-cultural competencies.

Other seminars and programs that further our culture of belonging include High Touch Inclusion, Anti-Racism, Cross Cultural Competency (Working Globally), We Love Retail, and the newly launched Psychological Safety training, as well as additional initiatives that enable a stronger global understanding of our employees, communities, and consumers.

EMPLOYEE RESOURCE GROUPS (ERGS)

Our ERGs help foster a work environment where employees can feel a sense of community and empowerment through support and networking opportunities. They also play a key role in furthering our understanding of our consumer base, allowing us to tap into the diverse perspectives of our employees and expand business opportunities. In fiscal 2023, we saw the U.S.-based launch of the Middle Eastern North African (MENA) ERG and continued to see increased participation in and expansion of existing ERGs, with 46 active ERGs worldwide in 35 countries and membership of more than 7,500 employees globally.

EVENTS

We held global ERG-led events in-person and virtually throughout the year to celebrate and educate around important topics, including, Black History Month, Asian American and Pacific Islander (AAPI) Month, Hispanic Heritage Month, and Women's History Month. Additionally, the ID&E Center of Excellence hosted its second Global ID&E Summit, which brought together ID&E Champions both in-person and virtually from 27 countries, representing our ERGs, brands, regions,

and functions. Key focus areas included Globalization, Local Relevance & Cultural Moments, Generational Diversity, Disability Inclusion, Mental Health and Wellness at Work, Neurodiversity, and Psychological Safety. In fiscal 2023, the ID&E Center of Excellence also hosted an ID&E Month, inclusive of more than 30 unique events around the world.

MENTORSHIP AND SPONSORSHIP

- **Hispanic Connections**: The Global Talent team, the ID&E COE, and the Hispanic Connections (HiC) ERG launched a new sponsorship program, Leading with High Touch (LWHT), aimed at developing, retaining, and attracting senior-level Hispanic/Latino talent. The program graduated one cohort of sponsorships for a total of 23 employees, resulting in 11 career advancements.
- **Asian Affinity Group**: The Mentorship Program, launched in early 2023, works to elevate our Asian community through mentorship, supporting the Company's ID&E commitments, strengthening allyship, and nurturing our global culture of belonging.
- **wELCome ERG**: The Better Together mentorship program was re-launched with the goal of sharing the diverse experiences and opportunities of LGBTQIA+ members within the Company, increasing understanding, collaboration, and camaraderie.

EQUITY AND ENGAGEMENT

In fiscal 2023, we continued to work towards advancing equity across our employee population—with a particular focus on underrepresented populations. We are helping to identify and break down any systemic barriers and increase access to opportunity and advancement for all our employees through policies, programs, investments, and leadership accountability. We recognize that equity is nuanced, influenced by geography and culture. As we increasingly face geopolitical complexity and global challenges, the dynamics of achieving equity for all our employees and fostering an inclusive culture change daily. We remain committed to learning and expanding our work to create a more equitable and inclusive future for our employees and the communities in which we live, work, and source.

RACIAL EQUITY

The Estée Lauder Companies has long held inclusion and diversity among our core values. In 2020, we pledged to more fully understand any systemic issues surrounding race, identity, and representation. As a company, we 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.

We have 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.

LISTENING AND LEARNING

We are committed to fostering a strong internal culture of advocacy and inclusion to help employees share their voices, be heard, and collectively affect change. We are focused on engaging in dialogue with employees at all levels. Our listening and learning efforts have allowed us to identify employee needs and priorities and in turn implement strategies and scale programs to address them. This includes placing greater emphasis on leadership accountability, inclusive leadership behaviors, psychological safety, and addressing unconscious bias in the workplace.

TALENT AND OPPORTUNITY

We are working to ensure we are providing more equitable access to professional development and equitable advancement for our Black employees in the United States and holding ourselves accountable for creating a workforce that is more representative and responsive to people of all backgrounds. Through intentional employee programming and partnerships with professional organizations and educational institutions, we are focused on diversifying our talent pipeline and understanding the various needs of prospective talent. In fiscal 2023, we continued our commitment to several programs that support this initiative:

- **FROM EVERY CHAIR LEADERSHIP AND DEVELOPMENT PROGRAM:** Provides Black employees with access to senior executives, mentorship, leadership trainings, and career development opportunities.
- **SHE'S HOWARD: OWN YOUR POWER:** A partnership with Howard University works to increase the pipeline for Black talent through career coaching, professional training, and mentorship.
- **LET'S TALK BEAUTY:** The Estée Lauder Companies x National Alumnae Association of Spelman College initiative provides Spelman Alumnae with career coaching and insights into the beauty industry. Spelman Pathways, a masterclass curriculum, targets the undergrad community.
- **NATIONAL BLACK MBA ASSOCIATION (NBMBAA) NYC CHAPTER:** Offers networking with Company employees, a virtual curriculum, and information on career opportunities.
- **ELC TRAVEL RETAIL X FLORIDA A&M UNIVERSITY (FAMU):** Provides the next generation of Black beauty leaders at FAMU with networking events, internships, a scholarship competition, and an advanced marketing course co-taught by executives in Travel Retail for the second year in a row.

REPRESENTATION

We are working to ensure that our products, policies, and practices effectively engage, represent, and meet the needs of all communities, including historically marginalized communities. We continue to focus on accelerating efforts of our brands to increase cultural relevancy and to tailor new and existing products, including as related to the needs of melanin rich skin and diverse hair textures. We are also working to diversify our pool of Black talent among our creative teams and increase agency spend with Black creatives, to help ensure Black and brown talent influences our offerings from concept to campaign to counter.

SUPPLIERS

We are committed to leveraging our power to support Black-owned businesses. We are focused on maintaining momentum by

- deepening our relationships with partners;
- providing employees with information, tools, and resources to continue to expand the use and increase spend with Black-owned suppliers across various procurement categories;
- implementing lessons learned from supplier feedback; and
- spotlighting our diverse suppliers internally and externally to amplify them to new audiences.

INVESTING IN CHANGE

We seek to meaningfully support external organizations and nonprofits advocating for systemic changes and racial and social justice. Having surpassed our goal, set in 2020, to invest \$10 million over a three-year period in support of racial and social justice organizations, we continue to invest in meaningful partnerships. These include the support of organizations in our legacy areas of giving, including expanding access to education and mentorship opportunities for girls and women, supporting BIPOC leaders to address climate change in their communities, and addressing breast cancer disparities, particularly for Black women in the United States.

GENDER EQUITY

We continue to advance possibilities by building equity and inclusion for women in our business and around the world. We are working to make progress towards achieving gender equity by addressing three specific areas: opportunity, leadership, and access to health and education. With the strong support of our employees, leaders, and partners, we continue to build on our legacy to help identify and address any systemic barriers that women face, aiming toward greater, more equitable opportunities.

OPPORTUNITY

We believe all genders should have equal access to opportunity. We are investing in our talent pool through development programs, talent management, and expanded flexible work principles that acknowledge needs of individuals in their personal and professional growth.

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 periodic objective pay equity assessments. In fiscal 2023, women earned 99.2% of what comparably positioned men earned globally for populations included in our pay equity study.*

In fiscal 2023, we also increased our spend to \$162 million with women-owned businesses. This is an 80% increase from fiscal 2020 spend of \$90 million—exceeding our commitment of increasing women-owned business spend to \$150 million by 2025.

*For purposes of this commitment, the Company defines pay equity as a pay gap of less than 1% and/or not statistically significant between women and comparably situated men included in its pay equity study. The following global workforce populations were included in the pay equity study: R&D, Supply Chain (including Manufacturing and Distribution), other Corporate Functions, Brands and Regions. The pay equity study does not currently include point-of-sale ("POS") and non-discretionary pay populations.

LEADERSHIP

We believe that all genders should have equitable access to positions of leadership within our organization and are aiming to reach gender parity for women in senior leadership positions—Senior Vice President (SVP) and above—worldwide by 2025. We are investing in professional development and fostering a culture of support and sponsorship for employees of all genders across our company.

ELC’s Open Doors leadership program, a global learning community and a movement for gender equity, is helping our employees discover their power and giving them the tools and support they need for success. Open Doors has three components:

- The Open Doors Women’s Leadership Intensive: Develops high-potential, mid-career women through an immersive facilitated program that builds critical skills for success and an unrivaled sense of community. The Intensive shapes participants with an in-person week-long program followed by a year of ongoing education, coaching, and exposure to senior leaders. Since its launch in 2020, the Open Doors Women’s Leadership Intensive has engaged more than 100 women across three regions with strong representation from women in STEM fields.
- The Open Doors Course Collection: An online, interactive, self-guided leadership program which has been used by more than 3,000 employees in 54 countries. It has given rise to more than 10 employee-led programs sponsored by brands, regions, functions, and ERGs for employees to learn together.
- Open Doors Live events: Engagements that offer customized, experiential learning for all employees to engage in powerful, unscripted, and inspiring conversations and innovative workshops to build skills and cultivate a sense of community.

HEALTH AND EDUCATION

We are committed to giving women and girls access to the proper tools and skills needed to become successful and to create lasting change, including through investments in health and education. We were among the first prestige beauty companies to bring awareness to stigmas in women’s health, and we remain the largest corporate donor to the Breast Cancer Research Foundation® (BCRF). In fiscal 2023, ELCCF

made a \$15 million donation over five years to fund a new BCRF research initiative to accelerate The Campaign’s goal of reducing breast cancer disparities and improving outcomes. This comprehensive study of the intersection of social determinants of health, comorbidities, and the biology of breast cancer in Black women has the potential to significantly impact breast cancer disparities globally.

Strides toward gender equity solely within our own company are not enough, especially as resources in critical areas such as health and education diminish globally. We are also driving cross-sector progress and collaborating with others to address disparities, such as through our work with Co-Impact’s The Gender Fund, The Young Women’s Leadership Schools, the UN Foundation, and Grantmakers for Girls of Color; and through our efforts in response to global crises (see Social Investments section, pages 50-52).

ADDITIONAL RESOURCES

Employee Metrics pp. 75-80

Gender and Racial Equity Commitments and Progress pp. 13-14

ID&E webpage [🔗](#)

Celebrate Women’s History Month and International Women’s Day [🔗](#)

CLIMATE

Climate change poses risks to communities, including businesses, around the world. At The Estée Lauder Companies, we are leveraging our position as a global company, as well as our strong relationships with industry peers and partners, to implement steps that we believe will drive lasting transformations. We are choosing to respond with science-based action focused on systemic and lasting change, as aligned with UN Sustainable Development Goal 13—Climate Action.

GOVERNANCE

We drive climate action from the highest levels of our organization. The creation of our science-based targets (SBTs) was management led, and the targets were approved by our Executive Chairman and our CEO.

The Environmental Subcommittee is led by the Executive Vice President of Global Supply Chain and the Executive Vice President of Research, Product, and Innovation. The Subcommittee meets quarterly and provides strategic direction and project approvals regarding our climate actions (see page 40 for more details).

The Climate Action Management 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. This Committee is responsible for implementing and operationalizing initiatives needed to achieve our SBTs.

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. The results of this process are aggregated and presented to senior management and the Board of Directors on a periodic basis. Climate-related risks are further detailed in our 2023 Climate Transition Plan.

Climate strategy, initiatives, and progress towards goals are reviewed at periodic meetings of the Nominating and ESG Committee of the Board of Directors.

POLICIES AND CERTIFICATIONS

- EHS Policy Statement [🔗](#)
- ISO 14001: Our manufacturing sites* have been externally certified to ISO 14001 since 2000.
- Leadership in Energy and Environmental Design (LEED): [🔗](#)
We have six buildings certified to LEED, including our first LEED Platinum building certified in Shanghai in fiscal 2023.
- International WELL Building Institute (WELL): We have two buildings certified to WELL. [🔗](#)

*Excludes sites that were acquired after January 1, 2020, and the Shimotsuma manufacturing facility in Japan that became operational in fiscal 2023.

STRATEGY AND FISCAL 2023 PROGRESS

We focus on addressing climate change through our greenhouse gas (GHG) emissions-reduction efforts. We seek innovative solutions to gain efficiencies and help reduce impact throughout our operations and supply chain.

In fiscal 2023, we revised our climate strategy for achieving our science-based targets (SBTs), seeking to strengthen alignment of internal stakeholders to support climate action across the business. Specifically, we developed more targeted governance and alignment across internal functions, including pathways to better understand key GHG emissions-reduction opportunities.

Our primary opportunities for reductions exist in Scope 3 GHG emissions. This is an area in which we have spent several years building up our engagement with internal and external stakeholders. We know that this work will require continued focus, research, and collaboration throughout our value chain.

Additionally, we plan to expand our portfolio of projects and initiatives and make further investments that can help us achieve our SBTs. The strategy also outlines efforts to continue pursuing existing programs and initiatives in support of our fiscal 2030 Scope 1 and 2 GHG reduction targets.

CLIMATE SCENARIO ANALYSIS

Our fiscal 2022 climate scenario analysis continues to inform our risk management process with regard to climate. The analysis incorporated 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 details, please refer to our 2023 Climate Transition Plan.

GHG SCOPE 1 AND 2 EMISSIONS

We 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 identifying high-quality solutions and investing in projects to bring additional renewable energy options to our manufacturing, distribution centers, innovation, and other operational sites.

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 2023 and intend to maintain moving forward.

In fiscal 2023, we achieved a 51% reduction in our Scope 1 and 2 emissions relative to our fiscal 2018 baseline, exceeding the 50% reduction of our 2030 target. Our 51% reduction in fiscal 2023, however, is below the 54% reduction we realized in fiscal 2022. For fiscal 2023, while we continued to see Scope 2 emissions reductions from our use of renewable electricity, our Scope 1 emissions increased due to the opening of a new manufacturing facility in Japan. We expect our new facility to provide a benefit in our Scope 3, Category 4 emissions due to its strategic location which decreases shipping distances. That said, with respect to our 2030 Scope 1 and 2 target, as production at this facility increases, we may see our performance continue to be impacted, though concurrently we intend to make progress on other emissions reductions initiatives, including our electric vehicle goal.

*Electricity consumption for all global activities under ELC direct 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).

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. Our portfolio includes:

- **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 VPPA generated more than 100,324 megawatt hours (MWh) of power in fiscal 2023.
- **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 2023, our total solar capacity was 6.2 MW across our portfolio at our sites in Galgenen, Switzerland; Melville, New York; Petersfield, United Kingdom; Blaine, Minnesota; Markham, Canada; and Los Angeles, California.
 - During the fiscal year, we generated more than 4,729 MWh of solar energy and invested in the construction of two additional solar projects at our Shimotsuma, Japan, and Oevel, Belgium, facilities. These projects could increase our solar capacity by up to 33% to 8.2 MW.

CORPORATE VEHICLE FLEET

Our global corporate fleet accounts for approximately 35% of our Scope 1 emissions. We were 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. We are in the process of refining and implementing our strategy to reach our goal of transitioning 100% of our global corporate fleet to electric by the end of calendar year 2030.

BUILDING OPERATIONS

Our green building standards serve as a road map to help new construction and major renovations incorporate sustainability practices for energy, water, waste, and indoor air quality into their design. These include energy-saving initiatives such as lighting retrofits, air flow and temperature-management systems, occupancy sensors, and equipment upgrades. We also have a Sustainability Champions Program within our largest offices, which allows select employees ("Champions") to partner with key internal stakeholders to implement sustainability best practices and to engage fellow employees in sustainability efforts.

MANUFACTURING SITES AND DISTRIBUTION CENTERS

To help us progress towards our SBTs, a cross-functional group develops and implements a sustainability strategy specific to our manufacturing sites, research and development centers, and distribution centers. At our large manufacturing sites, we emphasize ways to reduce carbon through process improvements, upskilling our people, and implementing technologies such as building energy management systems. We also provide guidance to our Distribution Centers, including examples of best practices for topics such as energy conservation, green purchasing, sustainable freight transport, and waste reduction.

RETAIL LOCATIONS

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 implement best practices for store design, visual merchandising, and operations. These practices aim to reduce waste and energy and water usage and suggest alternative materials when designing stores and visual merchandising. An internal Retail Sustainability Leadership Council further drives sustainability efforts in retail spaces.

In fiscal 2023, we launched our Responsible Store Design program to provide a framework for new stores, existing retail stores, and visual merchandising to measure progress toward improving store sustainability profiles. The program helps individual retail locations to identify opportunities to optimize store build out, energy and water usage, sourcing of materials, visual merchandising, day-to-day operations, and in-store technology and innovation.

We have also developed a global toolkit to help retail locations take advantage of best practices throughout the Company, based on audits conducted at select retail stores in partnership with the New York State Energy Research and Development Authority (NYSERDA). The toolkit encourages retail locations to implement existing technology and energy-efficiency initiatives.

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 a robust material scoring framework. Scores are based on criteria such as material composition, third-party certifications, and end-of-life considerations. We work with brands to identify alternative materials where appropriate.

TRAVEL RETAIL

Our Travel Retail global department engages in 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.

ONLINE SUSTAINABILITY

Our products are sold globally through our websites and those of our retailers, as well as third-party platforms. As our online business has grown, we have strengthened and refocused our online sustainability strategy. We offset emissions associated with transportation for sales made on select brand sites in 16 countries. In addition, in fiscal 2023, we conducted a study across our e-commerce business to understand the sustainability issues that our e-commerce consumers most care about. Lastly, we are continuously working to improve the sustainability of the packaging in which our consumers receive their products.

GHG 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 and working to implement integrated solutions and foster joint value creation with suppliers.

PURSUING OUR SCIENCE-BASED TARGET

In fiscal 2023, we undertook recalculations of our past years' Scope 3 emissions using improvements in methodology and activity data in accordance with the GHG Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. The recalculation of our Scope 3 footprint extends to the base year of our Scope 3 SBT (fiscal 2018) to allow for accurate tracking of progress towards this goal. Updated Scope 3 data is available in the metrics table on page 83.

We continue to work towards achieving our Scope 3 intensity target, which covers Categories 1, 4, and 6. Our fiscal 2023 Scope 3 emissions intensity for the categories covered was approximately equal to our fiscal 2018 baseline. This result is 8% higher than the level we realized for fiscal 2022. Given that annual net sales is the denominator in our Scope 3 emissions intensity calculation, the 10% decrease in our annual net sales in fiscal 2023 adversely impacted our performance on this metric even as our absolute emissions decreased by 3% over the same timeframe. The most significant component of this change in absolute emissions was a reduction in the usage of air freight, a high emissions mode of transportation.

As we continue our efforts to achieve our Scope 3 SBT for 2030 and reduce absolute emissions, we are focusing on three action areas. These action areas highlight the key emissions sources that we need to address and the initiatives and work streams that can help drive reductions:

LOW-EMISSIONS MATERIALS

The ingredients and raw materials we source for our products and packaging have embedded energy and emissions. In many cases, we have already identified and introduced solutions that reduce our Scope 3 emissions; for example, by reducing the amount of packaging we use or by using recycled materials in our packaging instead of virgin materials. Our largest opportunities with respect to packaging lie with encouraging third-party manufacturers to adopt these best practices (see Supplier Engagement below).

ELC is also exploring opportunities to select lower-emission materials that meet our high safety and performance requirements for use in our new and existing formulations. For example, lower-emission raw materials could be derived from bio-based or waste-based feedstocks.

DECARBONIZE TRANSPORTATION

In many cases, our transportation carriers have already introduced emissions-reduction targets, but their progress against those targets is not captured within our Scope 3 emissions calculations due to the complexities of emissions profiling. We have the opportunity to work with such suppliers to capture these reductions. We can also engage with carriers that have not introduced targets to help them implement the best practices displayed by our top carriers.

In addition, optimizing transportation by reducing the distance our goods travel from manufacturing to the consumer and seeking lower-emission transportation alternatives, such as ocean, road, or rail freight instead of air freight, can help us reach our Scope 3 SBT.

VALUE CHAIN RENEWABLES AND ENERGY EFFICIENCY

The energy used in supplier operations, including data centers, offices, and manufacturing facilities, presents emissions-reduction opportunities. Through engagement and capability building, we can encourage third-party manufacturers to emulate our practice of procuring renewable electricity. We also have the opportunity to help vendors identify suppliers within their value chains that have switched to renewables in their operations or that are on a path to doing so. For more information regarding our Scope 3 SBT, please see our Climate Transition Plan.

SUPPLIER ENGAGEMENT

In support of our Scope 3 SBT, which requires significant supplier engagement, we deepened the integration of our enterprise-wide climate strategy within our procurement team. At our fiscal 2023 supplier summit, we noted the importance of suppliers setting science-based targets and included discussion among suppliers of lower-carbon innovations and abatement opportunities.

Fiscal 2023 also marked the second year we participated in 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. As of the end of fiscal 2023, 90 of our suppliers have participated in Supplier LOCT. Overall, Supplier LOCT has seen more than 500 suppliers participate.

We also request key 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 three years and have seen a year-over-year increase in the number of suppliers participating.

Our dedicated engagement with suppliers regarding CDP Supply Chain participation has yielded positive results in terms of suppliers setting SBTs, using renewable energy, and demonstrating other efforts to reduce emissions. In fiscal 2023, we were named to the CDP Supplier Engagement Leaderboard for the second consecutive year. In addition, in fiscal 2023 we invited suppliers to participate in the CDP Forests and Water questionnaires for the second year.

ADDITIONAL RESOURCES

Climate Goals	p. 11
Energy and GHG Metrics	pp. 81-83
2023 Climate Transition Plan 🔗	
CDP Climate Response 🔗	
CDP Forests Response 🔗	
CDP Water Response 🔗	

WATER

Water is used in many aspects of our product development and manufacturing, it is also a key ingredient in many of our products. In addition, many of the raw materials and ingredients we procure depend on water. We also recognize that water stewardship is a factor in both mitigating, as well as adapting to, the effects of climate change. We are committed to reducing our impact on local water resources through implementation of our water stewardship strategy, which aligns with UN Sustainable Development Goal 6—Clean Water and Sanitation.

GOVERNANCE

Our Global Supply Chain function is responsible for reducing water withdrawal across direct manufacturing. Within Global Supply Chain, additional water stewardship resources collaborate with cross-functional teams to drive and share best practices and lead key initiatives across regions and facilities. These teams implement and help to expand our water stewardship strategy, including working towards our water withdrawal reduction goal, as well as supporting programs to preserve and protect nature and biodiversity. In addition, our Global Corporate Citizenship and Sustainability (GCCS) function helps manage and advise on aspects of our environmental strategy.

POLICIES AND CERTIFICATIONS

- EHS Policy Statement [🔗](#)
- Water Stewardship Policy [🔗](#)

STRATEGY AND FISCAL 2023 PROGRESS

Our current water stewardship strategy focuses on our operations, supply chain*, and local communities. The 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 plan to continue to report progress through CDP Water. We received an A score for our most recent CDP water disclosure, an improvement from an A- score in the previous two years. Our A score recognizes water stewardship initiatives across the business, including enhancements to monitor and measure water use and progress toward reducing water withdrawals.

*For the purposes of our water stewardship strategy, “supply chain” means third-party manufacturers (TPMs) and other key suppliers of ELC (excluding recently acquired businesses/entities).

DIRECT OPERATIONS

Within our operations, we prioritize our largest manufacturing facilities in water-stressed areas through an increased focus on efficiency and implementation of water management best practices and capital projects. In fiscal 2023, we enhanced metering and measuring of water withdrawal and usage, while improving maintenance and sharing of best practices. We also increased our collaboration within and between our manufacturing facilities.

Furthermore, our green building standards have water-efficiency requirements that all new facilities are expected to meet, and our sites pursuing LEED certification are required to have water-efficient indoor and outdoor fixtures.

We continue to explore investments that will support reductions in water withdrawals at key facilities.

- We implemented a well water bypass project at our Melville, New York, (United States) manufacturing facility, which is in a water-stressed area. The project has already resulted in reduced water withdrawals and is a key lever for meeting our 2025 water withdrawal goal. We also conducted a feasibility study at Melville to evaluate opportunities to reduce water used for irrigation and reuse of non-contact cooling water.
- At our Oevel, Belgium, manufacturing facility, which is in a water-stressed location, we prioritize wastewater recycling, a process that is becoming increasingly important to our water stewardship strategy. In fiscal 2023, Oevel treated and recycled approximately 59% of total water used. The wastewater was reused for process cleaning, reducing reliance on the municipal drinking water supply.
- At our new Sakura facility in Japan (Shimotsuma, Ibaraki Prefecture), we implemented industry leading practices for wastewater recycling, including for water closets and irrigation (see pages 27, 32). As this center becomes fully operational, we plan to add additional wastewater recycling capabilities.

SUPPLY CHAIN

In fiscal 2023, we launched a supply chain initiative to collaborate with key third-party manufacturers (TPMs) to increase awareness of water withdrawal and reduction measures within our supply chain and promote increased water efficiency. We established the initiative to accelerate and drive improvement on aligned sustainability goals, leveraging internal expertise to share best practices.

We also leverage tools such as the EcoVadis platform and CDP Supply Chain to track and measure suppliers' environmental impact. Inviting suppliers to disclose to EcoVadis and CDP Supply Chain helps us better understand water risks and opportunities in our upstream supply chains as well as the actions taken to reduce suppliers' environmental impacts. Through these efforts, we aim to strengthen ties with suppliers and seek to further engage with them on water-related issues.

Read more about these supplier engagement initiatives and our progress in the Sourcing section (pages 64-65).

LOCAL COMMUNITIES

We gather data to understand shared water challenges where we operate via water-risk assessments and Source Vulnerability Assessments (SVAs). Our annual water-risk assessments cover the majority of ELC sites*, including our manufacturing, R&D, distribution centers, offices, salons, and freestanding store locations. These assessments identify locations that could be subject to business risks such as water stress, water quality issues, drought, and flooding. Through completion of site-specific SVAs, we gather information required by the AWS Standard. The SVAs help to inform our water stewardship efforts and reduce our exposure to identified risks.

*Excludes brand sites acquired by ELC during or after fiscal 2022.

In fiscal 2023, we completed SVAs at our Agincourt, Ontario, and our Blaine, Minnesota, facilities. 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 highlight 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 leverage the SVA findings to define our future local water action plans. We expect to expand on existing ELC and brand initiatives to collaborate with external partners within the communities surrounding locations where SVAs have been conducted. To read more about other water focused initiatives in our local communities, please see the Sourcing and Nature sections (pages 64-68).

ADDITIONAL RESOURCES

Water Goal

p. 11

Water Metrics

p. 85

CDP Water Response [🔗](#)

WASTE

We believe that waste can be an indicator of inefficiency; by eliminating waste, we have the opportunity to optimize resource use and minimize cost. Where waste cannot be eliminated or reused, we aim to dispose of it in a way that is sensitive to potential impacts to the environment, including biodiversity and nature. This work aligns with UN Sustainable Development Goal 12—Responsible Consumption and Production.

GOVERNANCE

Our Global Supply Chain function is responsible for implementing waste-reduction and recycling efforts. In addition, the Global Corporate Citizenship and Sustainability (GCCS) function helps manage and advise on aspects of our environmental strategy, and oversees the Sustainability Champions Program to deploy sustainability best practices within our largest offices (see page 58).

POLICIES AND CERTIFICATIONS

- EHS Policy Statement [🔗](#)

STRATEGY AND FISCAL 2023 PROGRESS

We follow a common waste minimization hierarchy—in which we prioritize prevent, reduce, reuse, and recycle—and look for opportunities to share best practices at our manufacturing, distribution, and innovation sites. In fiscal 2023, we again achieved zero industrial waste-to-landfill for 100% of our global manufacturing, distribution, and innovation sites.

Our cross-functional team focuses on implementing solutions for waste management with our waste vendors and to develop best practices for reusing, donating, and recycling excess materials. In fiscal 2023, we selected regional vendors to manage our excess packaging, and we are exploring options for excess raw materials. In addition, we have identified partners for beneficial reuse and recycling opportunities for our excess finished products. This approach will help us to optimize our excess materials management against sustainability and financial objectives, while providing an opportunity to scale our impact.

PREVENT AND REDUCE

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.

For the past decade, we have 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.

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. To reduce the amount of plastic film wrap we use, we introduced a thinner stretch wrap across our North America manufacturing sites and in fiscal 2023, we expanded its use to our Oevel, Belgium, manufacturing facility.

*Does not include freestanding stores in California.

REUSE AND RECYCLE

Across our offices and retail stores, we focus on recycling waste in accordance with local recycling and waste handling laws and infrastructure. In addition to maintaining recycling programs across our real estate portfolio, in fiscal 2023 we began identifying opportunities to reuse materials in our facilities (as reuse is higher on the waste management hierarchy).

In fiscal 2023, we conducted waste minimization audits at our Oevel, Belgium, manufacturing facility, as well as at our three Canadian facilities. The audits helped the facilities understand the current state of their waste performance and identify site-specific opportunities for waste reduction. They also helped assess ways to reuse instead of recycle materials such as component trays, wood pallets, corrugate, and containers that have been fully emptied of their contents.

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. Our 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.

ADDITIONAL RESOURCES

Waste and Packaging Goals

pp. 11, 12

Waste Metrics

p. 84

SOURCING

From the growers who cultivate raw ingredients to the logistics providers that help deliver our prestige beauty products to stores, our suppliers are integral to the success of our company. We're committed to helping our suppliers uphold the same ethical standards to which we hold ourselves accountable, within the context of local jurisdictions. As we continue to support our suppliers to implement sustainability goals and practices, we align with the ambitions of many of the UN Sustainable Development Goals.

GOVERNANCE

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.

POLICIES AND CERTIFICATIONS

- [Supplier Code of Conduct](#)
- [Human Rights Policy](#)
- [Timber Action Plan](#)
- [No Deforestation, No Peat, No Exploitation \(NDPE\) Policy](#)

STRATEGY AND FISCAL 2023 PROGRESS

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 strategy for supplier engagement is underpinned by our Supplier Code of Conduct and includes efforts to expand inclusive partnerships with diverse and small businesses.

SUPPLIER CODE OF CONDUCT

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 approximately 99% of our direct spend have done so. Direct suppliers are those that provide raw materials, ingredients, packaging, and Third-Party Manufacturing to the Company.

In fiscal 2023, we added The Estée Lauder Companies' Integrity Helpline to our Supplier Code of Conduct, providing a direct line for suppliers to raise questions or concerns about conduct that may be inconsistent with the law, the Code, or other policies.

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 their environmental, labor and human rights, ethics and procurement policies, practices, and reported results. 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.

In fiscal 2023, we received the Best Portfolio Improvement Award from EcoVadis in recognition of the improved performance of our supplier network in their EcoVadis scorecards (see below for our supplier capability building efforts).

*Strategic suppliers include those with broad and unique capabilities, proven value creation in one or multiple pillars, and highest level of collaborative partnership. In fiscal 2023, these suppliers comprised more than half of ELC direct spend.

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 pre-established 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.

SUPPLIER CAPABILITY BUILDING

Our direct and indirect suppliers are key partners in meeting our climate goals. Engaging this stakeholder group is an important part of our emissions-reduction plan across many types of purchased goods and services. We aim to support and encourage our suppliers to make business decisions with positive climate impacts. We engage our suppliers through a variety of complementary methods, including our participation in the CDP Supply Chain and Supplier Leadership on Climate Transition (see page 60).

In fiscal 2023, we partnered with our top 20 Third-Party Manufacturers (TPMs) (by spend) to help them develop sustainability goals aligned with our goals and to drive progress through best practice sharing. We encourage participating suppliers to set and meet goals covering:

- Environmental management
- Energy and greenhouse gas (GHG) emissions
- Waste and water
- Sustainable procurement

To support our TPMs to achieve these goals and help suppliers implement and measure effective programs, we provide resources and conduct best practice sharing webinars on key sustainability impact areas. For example, in training TPMs on water withdrawal and consumption reduction practices, we draw on lessons from our water journey and our own internal expertise.

To track supplier progress and performance, we have employed external monitoring tools including EcoVadis and CDP Supply Chain. We use supplier EcoVadis assessment results to assess suppliers' implementation of required practices.

SUPPLIER DIVERSITY

We aim to support businesses owned by a wide cross section of individuals, including ethnic minorities, women, the LGBTQIA+ community, veterans, and people with disabilities through our procurement practices. Our objective is to help drive inclusive economic development and growth of diverse and small businesses in the supplier base. We continue to make progress towards our commitment to increase spend with women-owned and Black-owned businesses (see page 65).

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. In fiscal 2023, we expanded our program to Germany, Switzerland, and France where we partnered with WeConnect International to train the procurement team in each country.
- **Operational Excellence**—Identify, qualify, and help grow small and diverse suppliers across all categories.
- **Internal Engagement**—Continue to embed ID&E throughout global ELC culture through educational and awareness-raising activities. We have created toolkits and enhanced resources to help brands, regions, and functions find and consider a more inclusive cross-section of suppliers.
- **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 a more inclusive, wider cross-section of businesses. We are members of Disability:IN, MSDUK, the National Minority Supplier Development Council, the Women's Business Enterprise National Council, and WEConnect International. During Black History Month in fiscal 2023, we partnered with the New York-New Jersey Minority Supplier Development Council and our Black Employee Resource Group, NOBLE, to discuss how minority-owned suppliers can gain access to opportunities at the Company.

ADDITIONAL RESOURCES

Supplier Evaluation and Monitoring Metrics

p. 85

Supplier Sustainability Guidelines [🔗](#)

Supply Chain Transparency Viewpoint [🔗](#)

NATURE AND BIODIVERSITY

From the ingredients, materials, and water used to manufacture our products and packaging, to the energy that powers our facilities, buildings, and stores—our business is connected to nature. We understand the importance of enhancing and preserving biodiversity to help build resilience in our supply chain and recognize the close interrelationship between nature and climate impacts.

We continue to make efforts to advance nature and biodiversity protection and restoration in our operations and our sourcing through our policies, practices, and sustainability and social impact goals. These efforts are aligned to UN Sustainable Development Goals 6—Clean Water and Sanitation; Goal 13—Climate Action; and Goal 15—Life on Land. We aim to understand our impacts and reduce where possible, contribute to nature preservation and restoration in key communities where we operate, and collaborate to drive systemic change.

GOVERNANCE

Our approach to nature and biodiversity is led and informed by cross-functional partnerships across our Responsible Sourcing, Global Corporate Citizenship and Sustainability, Environmental Health & Safety, Packaging, Research and Development (R&D), and Supply Chain Operation teams.

PARTNERSHIPS AND INDUSTRY INITIATIVES

We participate in industry initiatives to encourage the sharing of information and best practices, especially as related to ingredient traceability and sourcing. These initiatives include:

- Action for Sustainable Derivatives (ASD)—As a founding member, 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. We also participate 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. As a collective tool leveraged by multiple ASD members, the SPI drives common expectations among palm suppliers.
- Global Shea Alliance—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.
- Roundtable on Sustainable Palm Oil (RSPO)—RSPO is the leading convening body that develops and sets the standards for palm oil sustainability and enables palm oil certification. We have been a member of the RSPO since 2014. 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.

- Project Lampung—This project seeks to build the capacity of more than 1,000 smallholder farmers in the Lampung Province of Indonesia to produce palm oil using sustainability practices and improve incomes and livelihoods. Partners include 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. By the end of fiscal 2023, 1,003 farmers had been trained on sustainable agricultural practices in palm oil production.

POLICIES AND CERTIFICATIONS

- Human Rights Policy [🔗](#)
- No Deforestation, No Peat, No Exploitation (NDPE) Policy [🔗](#)
- Timber Action Plan [🔗](#)
- Palm Oil Action Plan [🔗](#)
- RSPO Certification [🔗](#)
- FSC Certification (FSC) [🔗](#)
- EHS Policy Statement [🔗](#)
- Supplier Code of Conduct [🔗](#)

STRATEGY AND FISCAL 2023 PROGRESS

We have a long history of managing biodiversity in our own operations and across our supply chain. As we continue to evolve our sourcing strategy, we are expanding the scope of our biodiversity protection and restoration efforts. We also participate in industry-wide global biodiversity-focused conferences to further elevate our understanding of nature-related risks and issues and to share our progress and experiences with external stakeholders.

In fiscal 2023, we undertook a nature assessment through a partnership with BSR. The assessment methodology was informed by guidance from the Science Based Target Network (SBTN) and Taskforce on Nature-related Financial Disclosures (TNFD). The methodology also leveraged the World Wildlife Fund (WWF) Risk Filter to assess and identify our most significant nature-related issues, as linked to our ingredients, packaging feedstocks, and direct operations.

Through this work, we updated and refined our understanding of our nature impacts and dependencies.

Specifically:

- In our owned and operated locations, which include manufacturing, distribution, and R&D facilities, as well as office and retail locations, we found that our highest priority nature-related issues include greenhouse gas (GHG) emissions, the use of terrestrial ecosystems, and water stewardship. We plan to undertake a more-detailed analysis of locations in regions with a high biodiversity risk or heightened biodiversity pressures to further refine our understanding of key risks and opportunities. Read more about the sustainability initiatives underway in our owned and operated locations in the Climate (page 57), Water (page 61), and Waste (page 63) sections of this report.
- In our supply chain, we similarly identified GHG emissions, terrestrial ecosystem use, and water stewardship as priority nature-related issues associated with ingredient sourcing and packaging feedstocks. Freshwater use was identified as an additional priority nature-related issue for our supply chain.

OUR FOCUS ON SENSITIVE INGREDIENTS

As part of our strategy to source responsibly, we are deepening our understanding of the biodiversity of ecosystems where our raw ingredients grow. We focus on sensitive ingredients as priorities where we work to mitigate risks, improve performance, and help reduce potential impacts on nature and society.

We are committed to working towards long-term solutions to complex sensitive supply chain issues through direct action as well as partnerships with local communities and other stakeholders. We continue to revisit our prioritization of sensitive ingredient supply chains and evolve our robust biodiversity and social action plans to reflect changing conditions brought about by ecological, socio-economic, and geopolitical pressures.

We have developed biodiversity and social action plans for sensitive ingredients, including Australian sandalwood, mica, palm, shea, and vanilla, among many others. 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.
- Enhancing traceability through solutions tailored to the supply chain and local context.
- Implementing projects to positively impact sourcing communities and surrounding ecosystems (addressing social, environmental, and market challenges).
- Using certifications and other applicable third-party programs.
- Leveraging EcoVadis to continue to assess supplier performance and enable suppliers to improve their performance.

Technology has become an important tool to enhance transparency and traceability within our supply chain. We have used blockchain to help us understand some of our most complicated and sensitive supply chains. Separately, in fiscal 2023 we piloted the mapping of four additional sensitive ingredient supply chains using Transparency-One, a digital network and supply chain mapping platform. Through this platform, our suppliers share sourcing information and contribute to building a comprehensive understanding of our supply chains.

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 2022, we purchased approximately 5,000 metric tons of palm oil-based derivatives, which represent roughly 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.

We strive to source our palm-based ingredients from suppliers that can demonstrate adherence to the principles outlined in our Supplier Code of Conduct and NDPE Policy. We assess compliance with these policies by, among other things, third-party certification to RSPO's Principles and Criteria, and evaluating supplier policies, processes and progress through the Sustainable Palm Index (SPI) evaluation scorecard. We communicate our progress with respect to palm oil procurement on a yearly basis through the RSPO Annual Communication of Progress (ACOP) in accordance with RSPO requirements.

Within our palm oil supply chain:

84% of our palm derivative volume is traceable to the mill level.

47% of our palm derivative volume is traceable to the plantation level.

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).

Independent smallholder RSPO credits provide farmers the means to participate in the global sustainable palm oil market by giving farmers an opportunity to receive a premium for the sale of certified sustainable palm oil. In fiscal 2023, we purchased smallholder credits which help provide these farmers with additional funds to further invest in their businesses and communities.

The Estée Lauder Charitable Foundation (ELCCF) contributes to the ASD Impact Fund, along with 10 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 has continued to help to expand Kaleka's Mosaik Initiative, a program focused on finding ways to sustainably restore forest ecosystems while protecting remaining forests and drive economic growth, in two of the largest palm-producing districts in Central Kalimantan, Indonesia.

COCONUT OIL

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.

We have started mapping suppliers of coconut-based ingredients and are working with ASD members to identify practical solutions that address social and environmental issues in key production locations. In the Philippines, through ELCCF, we are co-funding ASD's work to develop a multi-stakeholder project aimed at improving smallholder livelihoods and supporting production practices with sustainability improvements. We also conducted a similar traceability exercise with soy in partnership with ASD.

ADDITIONAL RESOURCES

Sourcing Goals

p. 12

CDP Forests Response [🔗](#)

Palm Oil Viewpoint [🔗](#)

Supply Chain Transparency Viewpoint [🔗](#)

RSPO Annual Communication of Progress [🔗](#)

PRODUCT FORMULATION

Consumers around the world trust our brands to deliver the best beauty performance and to do so safely. We consider 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. These considerations align our formulation practices with UN Sustainable Development Goal 12—Responsible Consumption and Production.

GOVERNANCE

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. In fiscal 2023, we established an R&D Vice President role to oversee product sustainability and green formulation, along with a supporting Director role. These positions formalize the oversight, management, and reporting structures related to green formulation activities and help promote cross-functional collaboration.

Our Global Product Stewardship team 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.

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 European Union, United States, and Canada.

Our Green Chemistry 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).

We are also a member of the EcoBeautyScore Consortium, a global group of cosmetics and personal care companies and industry associations focused on developing an industry-wide environmental impact assessment and scoring system for cosmetics products.

POLICIES AND CERTIFICATIONS

- Animal Testing Policy [🔗](#)
- ISO 16128 [🔗](#): We have established standard operating procedures to formulate using the ISO 16128: % Natural and % Naturally Derived standards and have also developed a self-service formulation tool and training program for our formulators.

STRATEGY AND FISCAL 2023 PROGRESS

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. We seek to delight consumers with quality products while pioneering innovation in ingredient selection, formulations, and processes.

We acknowledge that 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. We continuously explore new ingredients through the lens of sustainability as well as performance that offer benefits such as renewability and fewer emissions, among other parameters.

PRODUCT SAFETY

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.

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 performance, 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.

ANIMAL WELFARE

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.

Read more about our position against animal testing and approach to promoting acceptance of alternatives on our Viewpoints page. [🔗](#)

GREEN CHEMISTRY

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 formulators on green principles and practices as we strive for excellence in our green chemistry work.

In fiscal 2023, our Earth Day celebrations centered on green chemistry, part of a concerted campaign throughout the year to enhance understanding and engagement of green chemistry internally and externally. The campaign included employee training on our internal learning hub, as well as speaking engagements at industry, academic, and other events.

Additionally, our Vice President, Global Product Safety and Green Chemistry, spoke at TEDxBoston's inaugural Planetary Stewardship Event about our green chemistry methodology. The event expanded the public's understanding of our approach and further underscored our commitment to collaboration on this important industry topic. ELC also hosted a symposium at the 27th Annual Green Chemistry and Engineering Conference, focused on leveraging green chemistry and engineering approaches—spanning raw materials, formulation, and packaging—to design for circularity and minimize life cycle impacts of products.

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. We include data on greenhouse gas (GHG)-equivalent emissions at the raw ingredient level in the Green Score methodology, allowing formulators to make emissions-related decisions in support of our Scope 3 GHG emissions-reduction goal.

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 leveraged by our formulation laboratories around the world to guide innovation and to assess new product launches for environmental endpoints while delivering performance standards. Green Scores have been calculated for all individual materials and formulations across our in-house skin care, hair care, and makeup portfolios.

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 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, Aveda's commitment to green chemistry in formulation was highlighted in the International Federation of Societies of Cosmetic Chemists magazine, a peer-reviewed publication featuring papers from leading cosmetic scientists around the world.

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. We continue to expand our work to score fragrances, which are often supplied to us by our trusted partners. Having already scored our fragrance palette of more than 1,500 fragrance ingredients, in fiscal 2023 we worked with key fragrance houses to score additional fragrance products.

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.

We publish information in a glossary on our corporate website pertaining to ingredients we use in some of our products that are of interest to consumers, including: phenoxyethanol, ethylenediaminetetraacetic acid (EDTA), butylated hydroxytoluene (BHT), methylchloroisothiazolinone/methylisothiazolinone (aka KATHON™), mineral oil, paraffin, petrolatum, polyethylene glycols (PEGs), polymers, and salicylic acid. In fiscal 2023, we expanded the glossary, supporting progress towards our 2025 ingredient transparency goal.

Our brands use this information and may also choose to further amplify our ingredient philosophy via their brand sites. As of fiscal 2023, 13 brands publish ingredient glossaries on their websites, with certain brands continuously working to expand existing 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.

ADDITIONAL RESOURCES

Ingredient Transparency Goal

p. 12

Ingredient and Product Testing and Safety Viewpoint [🔗](#)

Ingredient Glossary [🔗](#)

Clean Beauty Viewpoint [🔗](#)

Animal Testing Viewpoint [🔗](#)

Green Chemistry website [🔗](#)

The Art, Design, and Science of Product Sustainability: A Brand Case Study [🔗](#)

PACKAGING

Product packaging is integral to the High-Touch experience our consumers expect from our brands. Increasingly, sustainability considerations can influence prestige packaging, for example, through the removal of unnecessary packaging components, reduction in the weight or size of the packaging, and efforts to replace petroleum-based plastics. 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. This work supports UN Sustainable Development Goal 12—Responsible Consumption and Production.

GOVERNANCE

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.

We have established a dedicated Packaging Sustainability team within the Global Packaging Function. The team works with Global Procurement, Packaging 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 delivering on ELC packaging sustainability strategies, to drive commercial value creation and corporate goal achievement.

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

- Association of Plastic Recyclers (APR)
- Ellen MacArthur Foundation
- EUROOPEN
- Glass Futures
- Material ConneXion
- Stina Inc.
- Sustainable Packaging Coalition (SPC)
- The Sustainable Packaging Initiative for CosmEtics (SPICE)
- Strategic Materials INC

POLICIES AND CERTIFICATIONS

- Timber Action Plan [🔗](#)
- No Deforestation, No Peat, No Exploitation (NDPE) Policy [🔗](#)
- Forest Stewardship Council (FSC) [🔗](#)—Our goal is to secure FSC certification for 100% of forest-based fiber cartons by the end of calendar year 2025.

STRATEGY AND FISCAL 2023 PROGRESS

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.

Our Materials Science team seeks to incorporate sustainability elements into the development of luxury packaging innovations, incorporating lessons from materials and ecosystems. Packaging developers 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.

Our Packaging Sustainability Guidelines outline our priorities, which include:

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

Along with the Guidelines, we use internal tools to advance packaging sustainability. These include custom-developed tools to calculate the sustainability profiles of different packaging materials. In fiscal 2023, we enhanced these tools to include potential GHG emissions associated with packaging designs. We also conducted third-party reviewed life-cycle assessments (LCAs) on select product packaging.

We engage with industry partners to expand our understanding of packaging sustainability infrastructure. The knowledge gained through these partnerships allows us to further enhance design choices related to packaging features such as color, dimensions, separability, and decoration. Understanding how these features impact the packaging's end of life, enables us to improve our guidelines, internal tools and trainings to help us deliver packaging designed with sustainability in mind.

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 2023, we increased the number of training courses we offer to help improve employees', retailers', and suppliers' understanding of current and emerging sustainability-related topics. These include retailer demands for sustainability in packaging, consumer insights, packaging sustainability trends, regulatory requirements, in order to help brands implement and communicate packaging-related efforts. We also increased the number of suppliers trained in LCA methodologies based on ISO 14040 and ISO 14044.

¹ISO 14040: Environmental Management – Life Cycle Assessment – Principles and Framework and ISO 14044: Environmental Management – Life Cycle Assessment – Requirements and Guidelines.

PLASTICS

We are committed to tackling virgin petroleum plastic use and are working to minimize plastic waste. Our internal plastic guidelines help drive the reduction of virgin petroleum and nonrecyclable plastic in our packaging, products, offices, facilities, and retail spaces. To support our efforts to achieve our goal of reducing the amount of virgin petroleum content in our plastic packaging, our guidelines include options such as pursuing alternatives to single-use virgin petroleum 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 petroleum and nonrecyclable plastic used in our visual merchandising.

This goal, as well as regulations around the world that target plastic reduction, encourages our exploration of advanced recycling as a complementary solution to mechanical 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 work with suppliers like SABIC, a global chemical industry leader, and Eastman, a global specialty materials company and world leader in material-to-material molecular recycling technologies, have helped us incorporate advanced recycling technologies into post-consumer recycled (PCR) content used in our packages.

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 2023, nine brands continued to offer refillable containers for select products, with many expanding the number of products available in refillable containers.

SECONDARY AND TERTIARY PACKAGING

Secondary and tertiary packaging protects the integrity of our products while in transit. Several of our brands in North America and the United Kingdom have improved the sustainability profile of material in tertiary packaging. This helps improve sustainability while maintaining a luxurious experience throughout the consumer journey.

We are also teaching suppliers about our efforts to create shipping packaging that have sustainability characteristics. Many suppliers 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.

PRODUCT TAKE BACK

Certain brands, including M·A·C, Aveda, DECIEM, Bobbi Brown, and Clinique, offer 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. We are working to continuously improve the recyclability rate of materials returned through our take-back programs and provide training to employees involved in implementing take back programs, including marketing, brand operations, and retail employees.

ADDITIONAL RESOURCES

Packaging Goals p. 12

Packaging Metrics p. 86

Plastics Viewpoint [🔗](#)

Timber Viewpoint [🔗](#)

B-Corp—Aveda [🔗](#) and Le Labo carry B-Corp certification [🔗](#)

Positive Luxury Butterfly Mark—Tom Ford Beauty [🔗](#)



METRICS

CAUTIONARY NOTE REGARDING SOCIAL IMPACT AND SUSTAINABILITY INFORMATION: [🔗](#)

	FY23	FY22	FY21	
SELECT FINANCIAL DATA (IN MILLIONS, EXCEPT PER SHARE DATA)	Net sales	\$15,910	\$17,737	\$16,215
	Net earnings attributable to The Estée Lauder Companies Inc.	\$1,006	\$2,390	\$2,870
	Net earnings attributable to The Estée Lauder Companies Inc. per common share – Diluted	\$2.79	\$6.55	\$7.79

	JUNE 30			
	2023	2022	2021	
GLOBAL EMPLOYEES ¹	Total employees (thousands)	60.7*	60.9+	60.2
Amounts may not sum due to rounding	% Total employees, by region			
	<i>The Americas</i>	37.5%*	38.6%+	38.9%
	<i>Asia/Pacific</i>	28.8%*	28.1%+	28.6%
	<i>Europe, the Middle East & Africa</i>	33.7%*	33.2%+	32.6%
	% Total employees, by age group			
	<30 yo	29.3%*	30.2%+	30.7%
	30-50 yo	54.0%*	53.7%+	53.7%
	>50 yo	16.7%*	16.1%+	15.6%
	% Total employees, by gender			
	<i>Female employees</i>	80.4%*	80.9%+	81.7%
	% Total corporate employees by job level, by gender			
	<i>Female Vice President and Above</i>	59.1%*	57.4%+	55.2%
	<i>Female Director and Executive Director</i>	62.5%*	64.2%+	65.6%
	<i>Female Manager and Below</i>	81.8%*	80.0%+	80.2%
	% Total employees by role type, by gender			
	<i>Female in Corporate</i>	75.5%*	76.5%+	76.8%
	<i>Female in Retail</i>	88.9%*	89.5%+	89.7%
	<i>Female in Manufacturing and Distribution</i>	50.9%*	51.1%+	51.7%
	<i>Female in STEM</i>	62.8%*	64.9%+	65.1%

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

+Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

1. 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 1,560 employees at ELC's DECIEM and Dr.Jart+ business units. These business units are in the process of being fully integrated into ELC human resources data systems.

		JUNE 30		
		2023	2022	2021
GLOBAL EMPLOYEES BY EMPLOYEE TYPE (THOUSANDS) Amounts may not sum due to rounding	TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY REGION			
	Regular employees, by region			
	<i>The Americas</i>	15.4*	16.2 ⁺	16.0
	<i>Asia/Pacific</i>	16.1*	16.1 ⁺	16.7
	<i>Europe, the Middle East & Africa</i>	18.9*	18.8 ⁺	18.5
	Temporary employees, by region			
	<i>The Americas</i>	7.4*	7.4 ⁺	7.4
	<i>Asia/Pacific</i>	1.4*	1.1 ⁺	0.6
	<i>Europe, the Middle East & Africa</i>	1.5*	1.5 ⁺	1.1
	TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY GENDER			
	Regular full-time employees, by gender			
	<i>Female</i>	32.6*	33.5 ⁺	33.9
	<i>Male</i>	9.8*	9.6 ⁺	9.1
	Regular part-time employees, by gender			
	<i>Female</i>	7.4*	7.3 ⁺	7.4
<i>Male</i>	0.6*	0.6 ⁺	0.6	
Temporary full-time employees, by gender				
<i>Female</i>	1.4*	1.5 ⁺	1.2	
<i>Male</i>	0.3*	0.3 ⁺	0.3	
Temporary part-time employees, by gender				
<i>Female</i>	7.4*	7.0 ⁺	6.6	
<i>Male</i>	1.1*	1.0 ⁺	1.0	

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

		JUNE 30		
		2023	2022	2021
U.S. EMPLOYEES ² Amounts may not sum due to rounding	% TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY ³			
	White	47.9%*	47.9% ⁺	49.8%
	Not Self-Identified	1.3%*	1.8% ⁺	4.0%
	People of Color	50.9%*	50.3% ⁺	46.1%
	<i>American Indian or Alaskan Native</i>	0.5%*	0.4% ⁺	0.4%
	<i>Asian</i>	15.4%*	14.8% ⁺	14.3%
	<i>Black or African American</i>	13.0%*	13.1% ⁺	11.7%
	<i>Hispanic or Latino</i>	18.1%*	18.3% ⁺	17.5%
	<i>Native Hawaiian or Pacific Islander</i>	0.4%*	0.5% ⁺	0.5%
	<i>Two or More Races</i>	3.5%*	3.2% ⁺	1.8%

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

- 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.
- As of the date of this report, the latest published ELC Consolidated EEO-1 Report is available to [download here](#) (2021 EEO-1 Consolidated Report). The Report represents the ELC U.S.-based employee population as of the close of the 2021 calendar year, in alignment with federally mandated Job Category and Level definitions.

		JUNE 30		
		2023	2022	2021
U.S. EMPLOYEES BY ROLE TYPE	% U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	61.6%*	63.3%+	64.8%
	Not Self-Identified	0.3%*	0.1%+	1.9%
	People of Color	38.1%*	36.7%+	33.3%
	<i>American Indian or Alaskan Native</i>	0.1%*	0.1%+	0.1%
	<i>Asian</i>	16.8%*	16.0%+	14.6%
	<i>Black or African American</i>	7.5%*	7.1%+	6.4%
	<i>Hispanic or Latino</i>	11.1%*	11.1%+	10.7%
	<i>Native Hawaiian or Pacific Islander</i>	0.3%*	0.3%+	0.3%
	<i>Two or More Races</i>	2.3%*	2.1%+	1.2%
% U.S. RETAIL EMPLOYEES, BY RACE/ETHNICITY				
White	41.2%*	40.8%+	42.2%	
Not Self-Identified	2.5%*	3.8%+	6.9%	
People of Color	56.3%*	55.5%+	50.9%	
<i>American Indian or Alaskan Native</i>	0.8%*	0.7%+	0.6%	
<i>Asian</i>	6.3%*	6.1%+	6.6%	
<i>Black or African American</i>	16.0%*	16.1%+	15.0%	
<i>Hispanic or Latino</i>	26.8%*	26.6%+	25.3%	
<i>Native Hawaiian or Pacific Islander</i>	0.6%*	0.7%+	0.8%	
<i>Two or More Races</i>	5.8%*	5.3%+	2.6%	
% U.S. MANUFACTURING & DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY				
White	32.4%*	32.6%+	36.7%	
Not Self-Identified	0.5%*	0.6%+	1.0%	
People of Color	67.1%*	66.8%+	62.4%	
<i>American Indian or Alaskan Native</i>	0.5%*	0.5%+	0.6%	
<i>Asian</i>	33.6%*	33.9%+	34.7%	
<i>Black or African American</i>	18.4%*	18.4%+	14.8%	
<i>Hispanic or Latino</i>	13.4%*	13.0%+	11.5%	
<i>Native Hawaiian or Pacific Islander</i>	0.3%*	0.3%+	0.2%	
<i>Two or More Races</i>	0.9%*	0.7%+	0.6%	

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

+Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

		JUNE 30		
		2023	2022	2021
U.S. CORPORATE EMPLOYEES BY JOB LEVEL	% U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	70.1%*	72.0%+	73.1%
	Not Self-Identified	0.6%*	0.2%+	0.0%
	People of Color	29.4%*	27.8%+	26.9%
	<i>American Indian or Alaskan Native</i>	0.0%*	0.0%+	0.0%
	<i>Asian</i>	15.1%*	13.3%+	13.3%
	<i>Black or African American</i>	5.0%*	4.9%+	4.1%
	<i>Hispanic or Latino</i>	7.1%*	7.7%+	7.9%
	<i>Native Hawaiian or Pacific Islander</i>	0.0%*	0.0%+	0.0%
	<i>Two or More Races</i>	2.2%*	1.9%+	1.7%
	% U.S. DIRECTOR AND EXECUTIVE DIRECTOR CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	66.3%*	68.2%+	70.8%
	Not Self-Identified	0.3%*	0.1%+	0.1%
	People of Color	33.5%*	31.7%+	29.2%
	<i>American Indian or Alaskan Native</i>	0.1%*	0.1%+	0.1%
	<i>Asian</i>	19.0%*	17.9%+	16.5%
	<i>Black or African American</i>	4.8%*	4.8%+	4.4%
	<i>Hispanic or Latino</i>	7.8%*	7.3%+	7.2%
	<i>Native Hawaiian or Pacific Islander</i>	0.1%*	0.2%+	0.2%
	<i>Two or More Races</i>	1.7%*	1.4%+	0.8%
	% U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY			
	White	58.6%*	60.2%+	61.5%
	Not Self-Identified	0.3%*	0.0%+	2.8%
	People of Color	41.1%*	39.8%+	35.7%
	<i>American Indian or Alaskan Native</i>	0.1%*	0.1%+	0.2%
	<i>Asian</i>	16.0%*	15.5%+	14.0%
	<i>Black or African American</i>	9.0%*	8.3%+	7.4%
	<i>Hispanic or Latino</i>	13.1%*	13.1%+	12.4%
	<i>Native Hawaiian or Pacific Islander</i>	0.4%*	0.3%+	0.3%
	<i>Two or More Races</i>	2.5%*	2.4%+	1.3%

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

+Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

		FY23	FY22	FY21
TURNOVER RATE ⁴ Amounts may not sum due to rounding	Total turnover rate	25.6%*	27.2% ⁺	28.4%
	Total turnover rate, by leave reason			
	<i>Voluntary turnover rate</i>	20.0%*	21.5% ⁺	15.6%
	<i>Involuntary turnover rate</i>	5.6%*	5.6% ⁺	12.8%

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's [Report of Independent Accountants and Management Assertion](#).
⁺Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#).

		JUNE 30		
		2023	2022	2021
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	31.3% ⁵	25.0%	18.8%
	% Board composition, by age group			
	<30 yo	0.0%	0.0%	0.0%
	30-50 yo	18.8%	12.5%	18.8%
	>50 yo	81.3%	87.5%	81.3%

		FY23	FY22	FY21
SOCIAL INVESTMENTS	Total charitable contributions (\$ Millions) ⁶	\$31.2	\$45.2	\$64.6

4. 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.
5. As of June 30, 2023, one of our directors self-identified as Black or African American, one of our directors self-identified as Afro-Latino, and three of our directors self-identified as Asian.
6. Amounts represent cash and product donations recorded by ELC for such period and include ELC matching contributions related to employee contributions (amounts do not include charitable contributions made by employees). Changes in contribution levels from year to year reflect, in part, the timing of contributions to the ELC Charitable Foundation, the ELC Cares Fund, and the ELC Good Works program.

		FY23	FY22	FY21
EMPLOYEE VOLUNTEERISM & GIVING ⁷ (THOUSANDS) Amounts may not sum due to rounding	Employee volunteer hours ⁸	19.7*	14.4+	12.8+
	Employee donations	\$1,134*	\$1,166+	\$1,234+
	Amount matched by ELC ⁹	\$1,944*	\$1,810+	\$1,721+
	Total cumulative employee donations and Company matches through ELC's social impact and sustainability engagement program ¹⁰	\$20,815	\$17,738	\$14,763

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#) and [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

		FY23	FY22	FY21
EMPLOYEE SAFETY ¹¹	Total Recordable Incident Rate	0.20*	0.20+	0.18+
	Days Away, Restricted or Transfer Rate (DART)	0.17*	0.16+	0.15+
	Lost Time Frequency Rate	0.15*	0.14+	0.12+
	Total fatalities	0*	0*	0*
	Total Recordable Incidents ¹²	102*	97+	89+
	# Recordable work-related injuries, by main types ¹³			
	<i>Slips, trips, and falls</i>	40*	31+	36+
	<i>Ergonomic injuries</i>	8*	14+	14+
<i>Struck by</i>	24*	14+	11+	

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#) and [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

7. 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. At the start of fiscal 2023, the platform expanded to 12 additional markets providing availability in 31 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.

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

9. 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.

10. 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.

11. 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. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see [Management Assertion](#).

12. Recordable Incidents are measured using OSHA recordability criteria.

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

	FY23	FY22	FY21
ENERGY			
Total energy consumption within the organization	331.4*	316.0*	289.6*
Total fuel consumption, by source ^{14, 15}	152.4*	135.3	124.4
<i>Non-renewable</i>	151.4*	130.7*	123.9*
<i>Renewable</i> ¹⁵	1.0*	4.6	0.51
Total electricity consumption, by source ^{15, 16}	179.0*	180.7	165.2
<i>Non-renewable</i>	0.0*	0.0*	0.0*
<i>Renewable</i> ¹⁵	179.0*	180.7	165.2
Energy intensity (MWh normalized to million dollars of net sales)	20.8*	17.8*	17.9*
% Global energy sourced from renewable energy	54.3%*	58.7%*	57.2%*
% Renewable electricity	100%	100%	100%
Reduction of energy consumption due to conservation and efficiency measures ¹⁷	2.3*	2.0*	5.0*
% of corporate fleet that are electric vehicles ¹⁸	5.3%	-	-

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#) and [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

14. Fuel consumption for all global activities with ELC operational control. Non-renewable fuel includes diesel, natural gas, mobile gasoline, mobile diesel, fuel oil, liquefied natural gas (LNG), propane, and purchased energy (purchased steam and district heat from natural gas and blended feedstocks). Renewable fuel includes bio-fuel and district heating from wood and wood residuals. For additional information, see [Management Assertion](#).
15. Previously reported metric has been revised to correct an immaterial misclassification of on-site solar generation. This revision resulted in the reclassification of 4.3 thousand MWh of on-site solar generation from "renewable fuel consumption" to "renewable electricity consumption" for fiscal 2022 and fiscal 2021. "Total fuel consumption, by source" and "total electricity consumption, by source" have been revised accordingly to reflect this reclassification in the total.
16. 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 on-site solar generated and consumed at ELC locations, renewable off-site generation (utility contracts), EAC purchases, and a Virtual Power Purchase Agreement (VPPA). For additional information, see [Management Assertion](#).
17. 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](#).
18. This metric reflects progress towards a goal announced in fiscal 2023. Fiscal 2023 is the first year for which data is being tracked. Global corporate fleet vehicles include sales, executive benefit, and employee perquisite passenger vehicles that are owned or leased by ELC and provided to employees pursuant to their role within the organization. Electric vehicles are defined as battery-electric vehicles and plug-in hybrid vehicles with an all-electric range of at least 50 km.

		FY23	FY22	FY21
GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 1 AND 2 (THOUSAND METRIC TONS CO ₂ EQUIVALENT EXCEPT FOR PERCENTAGES)	Scope 1 ¹⁹	29.5*	27.8+	24.1+
	Scope 2 Market-based ²⁰	1.3*	1.3+	<0.0
	Scope 2 Location-based ²⁰	60.2*	54.8+	54.0+
	GHG intensity (normalized to million dollars of net sales) ²¹	0.0*	0.0+	0.0+
	% Carbon Neutral	100%	100%	100%
	% Scope 1 and 2 reduction ²²	51%	54%	59%
	Reduction of emissions due to conservation and efficiency measures ²³	0.7*	0.7+	1.0+

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

*Metrics previously assured by an external third party. See [Report of Independent Accountants in the FY22 Social Impact and Sustainability Report](#) and [Report of Independent Accountants in the FY21 Social Impact and Sustainability Report](#).

19. 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 Intergovernmental Panel on Climate Change's Fifth (AR5) and Sixth Assessment Reports (AR6) (select refrigerant GWPs are pulled from AR5 if not provided by more recent AR6). For additional information on emissions and emissions accounting standard used, see [Management Assertion](#).

20. 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. Market-based emissions include renewable electricity sourced from contractual agreements (as of fiscal 2022) and the application of country or regionally specific residual mix emission factors for electricity (where available). For additional information on emissions and emissions accounting standard used, see [Management Assertion](#).

21. GHG intensity is calculated based on Scope 1 and Scope 2 market-based emissions including carbon offsets and renewable energy sourced from contractual agreements.

22. Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements.

23. 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](#).

		FY23	FY22	FY21
GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 3 (THOUSAND METRIC TONS CO ₂ EQUIVALENT) Amounts may not sum due to rounding	Scope 3, by category ²⁴	2,280.5	2,354.9	1,912.8
	<i>Category 1: Purchased goods and services²⁵</i>	975.7	974.6	809.6
	<i>Category 2: Capital goods</i>	276.7	275.0	205.9
	<i>Category 3: Fuel and energy-related activities²⁶</i>	25.5	23.6	22.4
	<i>Category 4: Upstream transportation and distribution</i>	879.9	952.8	745.3
	<i>Category 5: Waste generated in operations</i>	4.4 ²⁷	4.7	5.1
	<i>Category 6: Business travel²⁸</i>	19.4	11.1	3.8
	<i>Category 7: Employee commuting</i>	41.8	40.9	37.2
	<i>Category 8: Upstream leased assets</i>	-	-	-
	<i>Category 9: Downstream transportation and distribution</i>	3.7	4.6	5.3
	<i>Category 10: Processing of sold products</i>	-	-	-
	<i>Category 11: Use of sold products</i>	17.8	25.7	36.9
	<i>Category 12: End-of-life treatment of sold products</i>	34.1	40.9	40.2
	<i>Category 13: Downstream leased assets</i>	-	-	-
	<i>Category 14: Franchises</i>	-	-	-
<i>Category 15: Investments</i>	1.4	1.1	0.8	
	% Scope 3 reduction per unit revenue ²⁹	<1%	7.3%	20.8%

24. 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 2021 metrics restated due to methodology updates, please see pages 57-60 for details.

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

26. Category 3 includes fuel and energy-related activities associated with global activities with ELC operational control.

27. FY23 Category 5 includes Q4 FY22 and Q1-Q3 FY23 data due to data availability constraints.

28. Category 6 includes air travel, hotel stays, rail travel, and car rentals, but excludes out-of-pocket employee travel expenses.

29. This metric includes purchased goods and services, upstream transportation and distribution, and business travel. Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons CO₂ equivalents / net sales in million USD). See pages 57-60 for additional details.

	FY23	FY22	FY21
HAZARDOUS WASTE			
WASTE³⁰ (THOUSAND METRIC TONS) Amounts may not sum due to rounding			
Total hazardous waste, by management method	1.4	1.4	1.4
Diverted from disposal			
<i>Recycling</i>	0.02	0.02	0.02
<i>Other Recovery³¹</i>	0.11	-	-
Directed to disposal			
<i>Energy Recovery</i>	1.0	1.3	1.3
<i>Landfill</i>	0	0	0
<i>Incineration</i>	0.23	0.08	0.03
<i>Other treatment method³²</i>	<0.01	<0.01	<0.01
NON-HAZARDOUS WASTE			
Total non-hazardous waste, by management method (excluding reuse) ³³	28.7	30.0	26.5
Diverted from disposal			
<i>Reuse</i>	7.6	4.1	4.3
<i>Recycling³³</i>	16.1	16.9	14.7
<i>Composting</i>	0.04	0.03	0.02
<i>Other Recovery³¹</i>	0.57	-	-
Directed to disposal			
<i>Energy Recovery</i>	11.6	13.0	11.7
<i>Landfill^{33, 34}</i>	0.10	0.11	<0.01
<i>Incineration³⁵</i>	0.26	-	-
<i>Other Treatment Method³²</i>	0.02	-	-

30. Fiscal 2023 waste data reflects production and surplus waste from 52 locations (13 manufacturing sites, 31 distributions sites, and 8 innovation sites). Sludge waste and product giveaways are not included. Excludes brands acquired by ELC during or after fiscal 2020.

31. Other recovery methods in fiscal 2023 include anaerobic digestion and co-processing. Fiscal 2023 is the first year this metric is tracked, due to more accurate data capture.

32. Other treatment methods in fiscal 2023 include wastewater treatment. Fiscal 2023 is the first year this metric is tracked for 'Non-hazardous waste', due to more accurate data capture.

33. Fiscal 2022 "Non-hazardous landfill", "Recycling" and "Total non-hazardous waste" restated due to more accurate data capture.

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 2023 is the first year this metric is tracked for "Non-hazardous waste", due to more accurate data capture.

		FY23	FY22	FY21
WATER	Withdrawal (million cubic meters) ^{36, 37}	1.6*	1.5	1.6
	Consumption (million cubic meters) ^{36, 37}	0.2*	0.1	0.1
	Discharge (million cubic meters) ^{36, 37}	1.4*	1.4	1.5
	% Water consumption from all areas with high or extremely high water stress ^{37, 38}	46.4%*	49.8%	46.8%
	% Water withdrawn from all areas with high or extremely high water stress ^{37, 38}	67.8%*	77.2%	80.5%
	Water consumption intensity (cubic meters normalized to million dollars of net sales) ³⁷	10.3*	7.5	7.4
	% Reduction in water withdrawal at manufacturing sites ³⁹	18%	13%	7%

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

		FY23	FY22	FY21
SUPPLIER EVALUATION AND MONITORING ⁴⁰	% of new suppliers screened using environmental and social criteria ⁴¹	100%	100%	100%
	% of strategic suppliers screened using environmental and social criteria ⁴²	100%	99%	100%
	Number of third-party on-site supplier audits ⁴³	97	69	61

36. Fiscal 2023 Withdrawal, Consumption, and Discharge data reflects 182 locations operated by ELC (15 manufacturing sites, 46 distribution sites, 8 innovation sites, and 113 offices). For additional information, see [Management Assertion](#).

37. Office locations were added for fiscal 2023 reporting and previously reported water metrics were revised for comparability. The impact of the addition of offices was evaluated and only certain previously reported metrics required revision (specifically, fiscal 2021 and fiscal 2022 water consumption intensity and fiscal 2021 discharge). Other fiscal 2021 and fiscal 2022 metrics did not require revision as it was concluded there was no impact to the previously reported metrics.

38. A water risk assessment conducted in fiscal 2023 indicates 75 locations are present in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct). Fiscal 2023 data includes DECIEM and Dr.Jart+. For additional information, see [Management Assertion](#).

39. 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.

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

41. Excludes DECIEM.

42. Strategic suppliers include those with broad and unique capabilities, proven value creation, and a high level of collaboration. These suppliers comprise more than half of ELC direct spend in the periods reported.

43. 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.

		CY22	CY21	CY20
PALM OIL ⁴⁴	Total amount of palm oil sourced (thousand metric tons)	5.1*	5.1+	3.6
	Amounts may not sum due to rounding			
	% Total palm oil certified by RSPO, by certification type	100%*	100%+	100%
	<i>Identity preserved</i>	<1%*	<1%+	<1%
	<i>Segregated</i>	<1%*	<1%+	0%
	<i>Mass Balance</i>	91%*	92%+	70%
	<i>RSPO Credits</i> ⁴⁵	9%*	8%+	29%
	% Total palm-based ingredients sourced through certified-sustainable physical supply chains	91%*	92%+	71%
	*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion .			
	*Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report .			

		FY23	FY22	FY21
PACKAGING ⁴⁶	% Packaging that is recyclable, refillable, reusable, recycled, or recoverable	71%*	63%+	59%
	% Post-consumer recycled (PCR) material	19%*	17%+	15%
	% Forest-based fiber cartons FSC certified	99%*	95%+	89%
	% Virgin petroleum content in plastic packaging ⁴⁷	83%*	87%+	-
	Total weight of product packaging, by type (thousand metric tons)	66.2*	71.6+	65.3
	<i>Non-renewable</i>	52.2*	54.8+	50.6
	<i>Renewable</i> ⁴⁸	14.0*	16.8+	14.7
	Total weight of materials reclaimed through consumer take back programs (thousand metric tons) ⁴⁹	0.2*	0.2+	0.2
	% Packaging reclaimed through consumer take back programs ⁴⁹	0.25%*	0.25%+	0.33%
	% Packaging made from post-consumer recycled content and/or renewable materials	40%*	40%+	38%
	*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion .			
	*Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report .			

44. 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.

45. Previously reported as "Book & Claim", now reported as 'RSPO Credits' due to a new RSPO naming convention.

46. 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 DECIEM. For additional information, see [Management Assertion](#).

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

48. 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.

49. Materials collected in North America, EMEA, and Australia only.

GRI / SASB / TCFD INDEXES

GRI CONTENT INDEX

STATEMENT OF USE

The Estée Lauder Companies has reported the information cited in this GRI content index for the period July 1, 2022 - June 30, 2023 (fiscal year 2023) with reference to the GRI Standards.

GRI 1 USED

GRI 1: FOUNDATION 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	The Estée Lauder Companies Inc. FY23 Form 10-K, pp. 2-9 🔗 767 Fifth Avenue, New York, New York Global Operations 🔗
	2-2 Entities included in the organization's sustainability reporting	FY23 Form 10-K, p. 2 🔗 This report covers The Estée Lauder Companies and its subsidiary operations unless otherwise specified.
	2-3 Reporting period, frequency and contact point	July 1, 2022- June 30, 2023 Fiscal year (annual reporting) The fiscal 2023 Social Impact & Sustainability Report was published on November 1, 2023. Please use our online form 🔗 for inquiries regarding this report.
	2-4 Restatements of information	Information on restatements of social impact and sustainability data are included in the footnotes to the tables in the Metrics section.
	2-5 External assurance	About this Report section Report of Independent Accountants and The Estée Lauder Companies Management Assertion
	2-6 Activities, value chain and other business relationships	FY23 Form 10-K, p. 2-9, 12, 30-33 🔗 Global Operations 🔗 Sourcing, Packaging, and Nature & Bioversity sections Climate Transition Plan pp. 15-20 🔗
	2-7 Employees	Metrics, pp. 75-80 There are no significant seasonal variations in our workforce.
	2-8 Workers who are not employees	We do not use non-employees to perform a significant portion of the organization's activities.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021 <i>(continued)</i>	2-9 Governance structure and composition	Corporate Governance 2023 Proxy Statement, pp. 9-21 ↗ The Nominating and ESG Committee is responsible for citizenship and sustainability oversight. Nominating and ESG Committee Charter, p. 1 ↗ Corporate Governance Guidelines, p. 9 ↗
	2-10 Nomination and selection of the highest governance body	2023 Proxy Statement, pp. 10, 20-21 ↗
	2-11 Chair of the highest governance body	2023 Proxy Statement, pp. 13, 21-22 ↗
	2-12 Role of the highest governance body in overseeing the management of impacts	The Nominating and ESG Committee is responsible for citizenship and sustainability oversight. Nominating and ESG Committee Charter, p. 1 ↗ Our Commitment to Social Impact and Sustainability section
	2-13 Delegation of responsibility for managing impacts	Our Commitment to Social Impact and Sustainability section
	2-15 Conflicts of interest	2023 Proxy Statement, 11-18, 26-31, 34, 45, 64 ↗ Code of Conduct, pp. 13-14 ↗
	2-19 Remuneration policies	2023 Proxy Statement, pp. 41-94 ↗ Our Commitment to Social Impact and Sustainability section (Corporate Governance and Executive Compensation)
	2-20 Process to determine remuneration	2023 Proxy Statement, pp. 41-94 ↗
	2-21 Annual total compensation ratio	2023 Proxy Statement, p. 90 ↗
	2-22 Statement on sustainable development strategy	Letter from William P. Lauder and Fabrizio Freda
	2-23 Policy commitments	Culture and Values ↗ Code of Conduct ↗ Human Rights Policy ↗
	2-24 Embedding policy commitments	Our Commitment to Social Impact and Sustainability section
	2-26 Mechanisms for seeking advice and raising concerns	Code of Conduct, pp. 6-8, 14-20 ↗ Our Commitment to Social Impact and Sustainability section (Ethics and Integrity)
	2-27 Compliance with laws and regulations	In fiscal 2023, we were not subject to any environmental fines or penalties. FY23 Form 10-K, p. 15, (compliance with laws and regulations) ↗
	2-28 Membership associations	We maintain membership in various social impact and sustainability-related associations, many of which are referenced throughout this report.
	2-29 Approach to stakeholder engagement	Our Commitment to Social Impact and Sustainability section (Priority Focus Areas for Social Impact and Sustainability and Stakeholder Engagement) 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.
2-30 Collective bargaining agreements	FY23 Form 10-K, p. 13 ↗	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our Commitment to Social Impact and Sustainability section (Priority Focus Areas for Social Impact and Sustainability and Stakeholder Engagement) We conducted engagement with internal and external stakeholders as part of our priority focus areas analysis. This input helped to define, validate, and prioritize social impact and sustainability topics and to inform the content of this report.
	3-2 List of material topics	Our Commitment to Social Impact and Sustainability section (Priority Focus Areas for Social Impact and Sustainability) 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.
	3-3 Management of material topics	Social Impact and Sustainability Goals and Progress and Racial and Gender Equity Commitments section Please refer to individual priority focus areas in this report for related disclosures on governance, policies, strategy, and fiscal 2023 progress.
GRI 201: ECONOMIC PERFORMANCE 2016	201-2 Financial implications and other risks and opportunities due to climate change	2023 CDP Climate Response, pp. 6-15 🔗 2023 Climate Transition Plan, pp. 7-8, 25-27 🔗 Climate section
GRI 301: MATERIALS 2016	3-3 Management of material topics	Packaging section More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	301-1 Materials used by weight or volume	Metrics, p. 86 (Packaging)
	301-2 Recycled input materials used	Metrics, p. 86 (Packaging)
	301-3 Reclaimed products and their packaging materials	Metrics, p. 86 (Packaging) We do not currently track reclaimed product and packaging materials by product category.
GRI 302: ENERGY 2016	3-3 Management of material topics	Climate section More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2023 CDP Climate Response, pp. 3-6, 11-44, 88-94 🔗 2023 Climate Transition Plan 🔗
	302-1 Energy consumption within the organization	Metrics, p. 81 (Energy)
	302-3 Energy intensity	Metrics, p. 81 (Energy)
	302-4 Reduction of energy consumption	Metrics, p. 81 (Energy)
	303-1 Interactions with water as a shared resource	Water section 2023 CDP Water Response, pp. 10, 15, 30 🔗
GRI 303: WATER AND EFFLUENTS 2018	303-3 Water withdrawal	Metrics, p. 85 (Water) 2023 CDP Water Response, pp. 4-6, 8, 23-26, 33 🔗
	303-4 Water discharge	Metrics, p. 85 (Water) 2023 CDP Water Response, pp. 4-8 🔗
	303-5 Water consumption	Metrics, p. 85 (Water) 2023 CDP Water Response, pp. 5, 23-26 🔗
	304-3 Habitats protected or restored	Nature & Biodiversity section 2023 Climate Transition Plan, p. 2 🔗 2023 CDP Forest Response, pp. 17, 30-35, 51-56 🔗

GRI STANDARD	DISCLOSURE	LOCATION	
GRI 305: EMISSIONS 2016	3-3	Management of material topics	Climate section More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2023 CDP Climate Response, pp. 3-6, 11-44, 88-94 🔗 2023 Climate Transition Plan 🔗
	305-1	Direct (Scope 1) GHG emissions	Metrics, p. 82 (GHG Emissions) Management Assertion, pp. 103-104
	305-2	Energy indirect (Scope 2) GHG emissions	Metrics, p. 82 (GHG Emissions) Management Assertion, pp. 103-104
	305-3	Other indirect (Scope 3) GHG emissions	Metrics, p. 83 (GHG Emissions)
	305-4	GHG emissions intensity	Metrics, p. 82 (GHG Emissions)
	305-5	Reduction of GHG emissions	Metrics, p. 82 (GHG Emissions) 2023 CDP Climate Response, pp. 17-28, 42-43, 88-94 🔗
GRI 306: WASTE 2020	306-2	Management of significant waste-related impacts	Waste section
	306-3	Waste generated	Metrics, p. 84 (Waste)
	306-4	Waste diverted from disposal	Metrics, p. 84 (Waste)
	306-5	Waste directed to disposal	Metrics, p. 84 (Waste)
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	Metrics, p. 85 (Supplier Evaluation and Monitoring)
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	Metrics, p. 79 (Turnover Rates)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Experience section (Employee Compensation and Benefits)
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	3-3	Management of material topics	Employee Health and Safety section More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	403-1	Occupational health and safety management system	Employee Health and Safety section
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Health and Safety section
	403-3	Occupational health services	Employee Health and Safety section
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety section
	403-5	Worker training on occupational health and safety	Employee Health and Safety section
	403-6	Promotion of worker health	Employee Health and Safety section Employee Experience section (Employee Compensation and Benefits)
	403-9	Work-related injuries	Metrics, p. 80 (Employee Safety)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 404: TRAINING AND EDUCATION 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Experience section (Employee Engagement) FY23 Form 10-K, p. 13 🔗
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Experience section (Employee Development)
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	3-3 Management of material topics	ID&E section Racial and Gender Equity Commitment Tables More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	405-1 Diversity of governance bodies and employees	Metrics, pp. 75-79
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria	Metrics, p. 85 (Supplier Risk Assessments)
GRI 415: PUBLIC POLICY 2016	415-1 Political contributions	Political Engagement 🔗
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	3-3 Management of material topics	Product Formulation section Ingredient Philosophy 🔗 More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	416-1 Assessment of the health and safety impacts of product and service categories	Ingredient and Product Testing and Safety Viewpoint 🔗 We assess 100% our products for health and safety.
GRI 417: MARKETING AND LABELING 2016	3-3 Management of material topics	Product Formulation section Goals Progress Table (Ingredient Transparency goal) More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
	417-1 Requirements for product and service information and labeling	Product Formulation section Ingredient and Product Testing and Safety Viewpoint 🔗

SASB HOUSEHOLD & PERSONAL PRODUCTS STANDARD

DISCLOSURE TOPIC AND ACCOUNTING METRICS		RESPONSE
WATER MANAGEMENT		
CG-HP-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Metrics, p. 85 (Water) Goals Progress Table
CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water section
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. 🔗
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 section Ingredient and Product Testing and Safety Viewpoint 🔗
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 Product Formulation section 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. 86 (Packaging)
CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Packaging section
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 and Claim	Metrics, p. 86 (Palm Oil)
ACTIVITY METRIC		
CG-HP-000.B	Number of manufacturing facilities	FY23 Form 10-K, p. 24 🔗

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

DISCLOSURE	RESPONSE
GOVERNANCE	
Describe the board's oversight of climate-related risks and opportunities.	Climate section 2023 CDP Climate Response, pp. 3-4 🔗 2023 Climate Transition Report, pp. 24-26 🔗
Describe management's role in assessing and managing climate-related risks and opportunities.	Climate section 2023 CDP Climate Response, pp. 3-5 🔗 2023 Climate Transition Report, pp. 24-26 🔗
STRATEGY	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate section 2023 CDP Climate Response, pp. 6-11 🔗 2023 Climate Transition Report, pp. 26-27 🔗
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate section 2023 CDP Climate Response, pp. 8-11 🔗 2023 Climate Transition Report, pp. 7-8, 25-27 🔗
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate section 2023 CDP Climate Response, pp. 12-13 🔗 2023 Climate Transition Report, pp. 9-22 🔗
RISK MANAGEMENT	
Describe the organization's processes for identifying and assessing climate-related risks.	Climate section 2023 CDP Climate Response, pp. 7-8 🔗 2023 Climate Transition Report, pp. 24-26 🔗
Describe the organization's processes for managing climate-related risks.	Climate section 2023 CDP Climate Response, pp. 7-11 🔗 2023 Climate Transition Report, pp. 24-25 🔗
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate section 2023 CDP Climate Response, pp. 5-7 🔗 2023 Climate Transition Report, pp. 24-25 🔗
METRICS AND TARGETS	
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. 81-85 (Energy, GHG Emissions, Water, Waste)
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Metrics, pp. 82-83 (GHG Emissions) 2023 CDP Climate Response, pp. 29-43 🔗
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Goals Progress Table Metrics, pp. 81-85 (Energy, GHG Emissions, Water, Waste) 2023 CDP Climate Response, pp. 15-22 🔗 2023 Climate Transition Report, pp. 82-83 🔗



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 year ended June 30, 2023, other than the palm oil metrics, which are presented for the year ended December 31, 2022, in management's assertion are presented in accordance with the assessment criteria set forth therein. The Estée Lauder Companies Inc.'s management 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.

The 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, employee volunteerism & giving, employee safety, water, palm oil, and packaging 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 energy and 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 cursive script that reads 'PricewaterhouseCoopers LLP'.

New York, New York
October 25, 2023

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THE ESTÉE LAUDER COMPANIES INC. MANAGEMENT ASSERTION

OVERVIEW

With respect to the following metrics¹ reported by The Estée Lauder Companies Inc. (“ELC” or the “Company”) as of or for the year ended June 30, 2023 (fiscal 2023), other than palm oil metrics, which are presented for the year ended December 31, 2022 (calendar year 2022), ELC’s management asserts that such metrics, which are also included in the Fiscal 2023 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.

1. Brands acquired during or after fiscal 2020 are excluded from select metrics reported herein. In fiscal 2023, ELC updated the exclusion of Have&Be to Dr.Jart+. This change does not impact the boundary of the metrics reported.

EMPLOYEES

Employee metrics are reported based on information recorded in the ELC Human Resources data system (ELC HR Data System) as of June 30, 2023 (fiscal 2023). Gender, age, and race/ethnicity information is self-reported by employees. Employee metrics include regular full-time, regular part-time, temporary full-time, and temporary part-time employees on active assignment or on leave with pay.

Information related to brands acquired during or after fiscal 2020 (Dr.Jart+ and DECIEM) is excluded from the fiscal 2023 metrics as they are not yet integrated into the principal ELC HR Data System.

FISCAL 2023 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING)		MANAGEMENT CRITERIA	
GLOBAL EMPLOYEES	Total employees (thousands)	60.7	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>	37.5%	
	<i>Asia/Pacific</i>	28.8%	
	<i>Europe, the Middle East & Africa</i>	33.7%	
	% Total employees, by age group		
	<i><30 yo</i>	29.3%	
	<i>30-50 yo</i>	54.0%	
	<i>>50 yo</i>	16.7%	
	% Female employees	80.4%	
	% Total corporate employees by job level, by gender		
	<i>Female Vice President and Above</i>	59.1%	
	<i>Female Director and Executive Director</i>	62.5%	
	<i>Female Manager and Below</i>	81.8%	
% Total employees by role type, by gender			
<i>Female in Corporate</i>	75.5%		
<i>Female in Retail</i>	88.9%		
<i>Female in Manufacturing and Distribution</i>	50.9%		
<i>Female in STEM</i>	62.8%		
GLOBAL EMPLOYEES BY EMPLOYEE TYPE (THOUSANDS)	Regular employees, by region		Regular employees include employees in the employment categories '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>	15.4	
	<i>Asia/Pacific</i>	16.1	
	<i>Europe, the Middle East & Africa</i>	18.9	
	Temporary employees, by region		
	<i>The Americas</i>	7.4	
	<i>Asia/Pacific</i>	1.4	
<i>Europe, the Middle East & Africa</i>	1.5		

FISCAL 2023 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 "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>		32.6
	<i>Male</i>		9.8
	Regular part-time employees, by gender		
	<i>Female</i>		7.4
	<i>Male</i>		0.6
	Temporary full-time employees, by gender		
	<i>Female</i>		1.4
	<i>Male</i>		0.3
	Temporary part-time employees, by gender		
	<i>Female</i>		7.4
	<i>Male</i>		1.1
U.S. EMPLOYEES	% TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY		
	White	47.9%	
	Not Self-Identified	1.3%	
	People of Color	50.9%	
	<i>American Indian or Alaskan Native</i>	0.5%	
	<i>Asian</i>	15.4%	
	<i>Black or African American</i>	13.0%	
	<i>Hispanic or Latino</i>	18.1%	
	<i>Native Hawaiian or Pacific Islander</i>	0.4%	
	<i>Two or More Races</i>	3.5%	
	% U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY		
	White	61.6%	
	Not Self-Identified	0.3%	
	People of Color	38.1%	
	<i>American Indian or Alaskan Native</i>	0.1%	
	<i>Asian</i>	16.8%	
<i>Black or African American</i>	7.5%		
<i>Hispanic or Latino</i>	11.1%		
<i>Native Hawaiian or Pacific Islander</i>	0.3%		
<i>Two or More Races</i>	2.3%		

FISCAL 2023 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	41.2%
	Not Self-Identified	2.5%
	People of Color	56.3%
	<i>American Indian or Alaskan Native</i>	0.8%
	<i>Asian</i>	6.3%
	<i>Black or African American</i>	16.0%
	<i>Hispanic or Latino</i>	26.8%
	<i>Native Hawaiian or Pacific Islander</i>	0.6%
	<i>Two or More Races</i>	5.8%
	% U.S. MANUFACTURING AND DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY	
	White	32.4%
	Not Self-Identified	0.5%
	People of Color	67.1%
	<i>American Indian or Alaskan Native</i>	0.5%
	<i>Asian</i>	33.6%
	<i>Black or African American</i>	18.4%
	<i>Hispanic or Latino</i>	13.4%
	<i>Native Hawaiian or Pacific Islander</i>	0.3%
	<i>Two or More Races</i>	0.9%
	% U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY	
	White	70.1%
	Not Self-Identified	0.6%
	People of Color	29.4%
	<i>American Indian or Alaskan Native</i>	0.0%
	<i>Asian</i>	15.1%
	<i>Black or African American</i>	5.0%
	<i>Hispanic or Latino</i>	7.1%
	<i>Native Hawaiian or Pacific Islander</i>	0.0%
<i>Two or More Races</i>	2.2%	
		<p>Race/ethnicity is reported according to the race and ethnicity as self-identified 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>

FISCAL 2023 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		Race/ethnicity is reported according to the race and ethnicity as self-identified by the employee and recorded in the ELC HR Data System. 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. 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. 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.
	White	66.3%	
	Not Self-Identified	0.3%	
	People of Color	33.5%	
	<i>American Indian or Alaskan Native</i>	0.1%	
	<i>Asian</i>	19.0%	
	<i>Black or African American</i>	4.8%	
	<i>Hispanic or Latino</i>	7.8%	
	<i>Native Hawaiian or Pacific Islander</i>	0.1%	
	<i>Two or More Races</i>	1.7%	
	% U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY		
	White	58.6%	
	Not Self-Identified	0.3%	
	People of Color	41.1%	
	<i>American Indian or Alaskan Native</i>	0.1%	
<i>Asian</i>	16.0%		
<i>Black or African American</i>	9.0%		
<i>Hispanic or Latino</i>	13.1%		
<i>Native Hawaiian or Pacific Islander</i>	0.4%		
<i>Two or More Races</i>	2.5%		
TURNOVER RATE	Total turnover rate	25.6%	Includes regular full-time and regular part-time employees globally. Excludes temporary full-time and temporary part-time employees globally. 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.
	<i>Voluntary turnover rate</i>	20.0%	
	<i>Involuntary turnover rate</i>	5.6%	

EMPLOYEE VOLUNTEERISM AND 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 during fiscal 2023. At the end of fiscal 2023, ELC Good Works was available to eligible employees in 31 markets globally, reflecting an expansion to an additional 12 markets since the end of fiscal 2022. Additionally, in fiscal 2023, Missions expanded from the United States to all 31 markets where ELC Good Works is available. Information related to brands acquired during or after fiscal 2020 (Dr.Jart+ and DECIEM) is excluded from the fiscal 2023 metrics.

During fiscal 2023, "eligible employees" included regular full-time and regular part-time employees in Argentina; Australia; Belgium; Brazil; Canada; Chile; Colombia; Denmark; France; Germany; Hong Kong, SAR of China; India; Italy; Japan; Luxembourg; Mexico; Netherlands; New Zealand; Norway; Panama; Peru; Philippines; Poland; Portugal; Romania; South Africa; Spain; Sweden; Switzerland; and the United States. In the United Kingdom, "eligible employees" included corporate and point of sale regular full-time, regular part-time, and fixed-term contract²; all Jo Malone Global and Travel Retail employees; and regular full-time, regular part-time, temporary full-time, and temporary part-time employees at the Whitman manufacturing site.

METRIC	FISCAL 2023 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
Employee volunteer hours	19.7	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	\$1,134	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	\$1,944	<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 (or local currency equivalency) per 500 missions points earned and redeemed by the employee to make donations to 501(c)(3) organizations); 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 year 2023, 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 2023 metric includes rewards redeemed within the fiscal year.</p> <p>Through Missions, eligible employees in all 31 markets where ELC Good Works is available 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>

2. "Fixed-term contract" is an employment type unique to the United Kingdom, indicating someone who is employed for a set period of time under a full employment contract.

EMPLOYEE SAFETY

Employee Safety 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 (Dr.Jart+ and DECIEM) is excluded from the fiscal 2023 metrics.

All rate metrics in the table below are as of June 30, 2023. Other metrics in the table below are reported for the fiscal year ending June 30, 2023. The data used in the calculations is obtained from internal ELC systems and is based on the OSHA definition for recordable incidents applied globally.

METRIC	FISCAL 2023 METRIC VALUE (THOUSANDS)	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)	0.17	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	0.15	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, 2023.
Total Recordable Incidents	102	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 include the top three most frequently occurring types of recordable injuries as observed over a five-year lookback period.
Slips, trips, and falls	40	Recordable work-related incidents using OSHA recordability criteria and classified as slips, trips, and falls.
Ergonomic injuries	8	Recordable work-related incidents using OSHA recordability criteria and classified as ergonomic injuries.
Struck by	24	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 Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition*, and *GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard* (from hereon referred to as the "GHG Protocol") to report energy consumption and direct and indirect GHG emissions for locations where ELC has operational control. These locations include freestanding store, manufacturing, distribution, office, innovation, and salon locations that were in operation for all or part of fiscal 2023.

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 2023 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
ENERGY		
Total energy consumption within the organization	331.4 Thousand MWh	Energy from total fuel consumption and total electricity consumption for the operation of ELC owned and leased locations globally.
Total fuel consumption, by source	152.4 Thousand MWh	Energy from consumption of non-renewable and renewable fuel sources.
<i>Non-renewable</i>	151.4 Thousand MWh	<ul style="list-style-type: none"> Non-renewable fuels include diesel, fuel oil, natural gas, liquified natural gas (LNG), propane, mobile gasoline, mobile diesel, purchased steam, district heat from natural gas, and district heat from blended feedstock. LNG, propane, and district heat from blended feedstock were added for fiscal 2023 reporting. This is the first year these fuels were emitted by certain ELC locations or is the first year these fuels are included in our reporting. Diesel and fuel oil are used at certain manufacturing, distribution, office, and innovation locations. Natural gas is used at certain freestanding store, manufacturing, distribution, office, innovation, and salon locations. LNG is used at certain manufacturing locations. Propane is used at certain distribution locations. Mobile gasoline and mobile diesel are used by ELC owned and leased fleet vehicles in certain countries where ELC operates. Purchased steam is used at certain office locations. District heat from natural gas is used at certain freestanding store and office locations. District heat from blended feedstock is used at certain freestanding store, distribution, and office locations. Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are determined by fuel source type and are used when actual data is not available. Estimates are determined based on our estimation methodology described in the Estimation Methodology section.
<i>Renewable</i>	1.0 Thousand MWh	<ul style="list-style-type: none"> Renewable fuels include bio-fuel and district heat from wood and wood residuals. Bio-fuel (mobile ethanol) is transport fuel used by ELC owned and leased fleet vehicles in certain countries where ELC operates. District heat from wood and wood residuals are used at certain distribution locations. For fiscal 2023, energy from on-site solar is categorized as renewable electricity versus renewable fuel. This recategorization also affects the total fuel and total electricity consumption metrics. We have revised for comparability the fiscal 2021 and 2022 metrics. Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are determined by fuel source type and are used when actual data is not available. Estimates are determined based on our estimation methodology described in the Estimation Methodology section.

METRIC	FISCAL 2023 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
ENERGY <i>(continued)</i>		
Total electricity consumption, by source	179.0 Thousand MWh	Electricity consumed from non-renewable and renewable electricity sources.
<i>Non-renewable</i>	0.0 Thousand MWh	<ul style="list-style-type: none"> • Non-renewable electricity includes electricity purchased other than electricity purchased through off-site generation (utility contracts), Energy Attribute Certificates (EACs), and a Virtual Power Purchase Agreement (VPPA) by manufacturing, distribution, innovation, office, salon, and freestanding store locations. • Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are used when actual data is not available and are determined based on our estimation methodology described in the Estimation Methodology section.
<i>Renewable</i>	179.0 Thousand MWh	<ul style="list-style-type: none"> • Renewable electricity includes on-site solar and electricity purchased through off-site generation (utility contracts), EACs, and a VPPA. • 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. On-site solar energy is generated at and consumed by certain manufacturing, distribution, and office locations through solar photovoltaic (PV) installations. • EACs (e.g., Renewable Energy Certificates (RECs) and Renewable Energy Guarantees of Origin (REGOs)) 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. • The VPPA agreement generates RECs through the Ponderosa wind farm project in North America. • For accounting for on-site solar energy, we assume that on-site solar generation substitutes the consumption of "brown energy" (i.e., non-renewable consumption) on a one-to-one basis. • Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are used when actual data is not available and are determined based on our estimation methodology described in the Estimation Methodology section.
Energy intensity (MWh normalized to million dollars of net sales)	20.8 MWh per \$M of net sales	Energy intensity is calculated as follows: Total energy consumption within the organization in MWh/Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K.
% Global energy sourced from renewable energy	54.3%	Percentage of global energy sourced from renewable energy is calculated as follows: (Renewable Fuel + Renewable Electricity in MWh) / (Total energy consumption within the organization in MWh) X 100.

METRIC	FISCAL 2023 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
GHG EMISSIONS		
SCOPE 1	29.5 Thousand metric tons CO ₂ equivalent	<ul style="list-style-type: none"> Direct GHG emissions associated with on-site fuel consumption (diesel, fuel oil, natural gas, LNG, and propane), stationary refrigerants for the operation of ELC owned and leased locations globally, transport fuel for ELC owned and leased non-electric fleet vehicles (mobile ethanol, mobile gasoline and mobile diesel), and mobile refrigerants for the ELC owned and leased fleet vehicles. Excludes refrigerant sources at freestanding store, salon, office, and certain regional distribution and innovation locations. LNG and propane were added for fiscal 2023 reporting. This is the first year these fuels were emitted by certain ELC locations or is the first year these fuels are included in our reporting. Does not take into account biogas/green gas certificates at locations that use natural gas (which are treated as offsets), offsets, or “carbon” offsets purchased to cover Scope 1 emissions. GHGs included as part of Scope 1 emissions are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). The other GHGs of sulfur hexafluoride (SF₆), perfluorocarbons (PFCs) and nitrogen trifluoride (NF₃), are not emitted by ELC locations. Scope 1 emissions are based on direct on-site fuel consumption, stationary refrigerants and mobile refrigerants, and transport fuel consumption multiplied by their associated emission factor and/or global warming potential (GWP). Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections.
SCOPE 2: MARKET-BASED	1.3 Thousand metric tons CO ₂ equivalent	<ul style="list-style-type: none"> Indirect emissions associated with purchased electricity (inclusive of electric and hybrid vehicle charging at non-ELC locations), district heat, and purchased steam for the operation of ELC owned and leased locations globally. District heat from blended feedstock was added for fiscal 2023 reporting. This is the first year this fuel was emitted by certain ELC locations or is the first year this fuel is included in our reporting.
SCOPE 2: LOCATION-BASED	60.2 Thousand metric tons CO ₂ equivalent	<ul style="list-style-type: none"> GHGs included as part of Scope 2 emissions are CO₂, CH₄ and N₂O. The other GHGs of HFCs, SF₆, PFCs, and NF₃ are not emitted by ELC locations. Scope 2 location-based emissions are based on purchased electricity, district heat, and purchased steam multiplied by their associated country or regionally specific emission factor and GWP. Scope 2 market-based emissions include renewable electricity sourced from contractual agreements including utility contracts, EACs, a VPPA and the application of country or regionally specific residual mix emission factors for electricity (where available) or location-based emission factors for electricity, district heat or purchased steam, and GWP. The EACs and VPPA have been verified by a third party against an accepted standard and retired within the fiscal year of purchase. Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections.
GHG intensity (Thousand metric tons CO ₂ equivalent normalized to million dollars of net sales)	0.0 Thousand metric tons CO ₂ equivalent per \$M of net sales	<ul style="list-style-type: none"> GHG intensity is calculated as follows: [(Scope 1 emissions (net of carbon offsets)) + (Scope 2 market-based emissions (net of renewables and carbon offsets))] / Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K. Offset or “carbon” offset is a unit or CO₂ 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 retired within the fiscal year of purchase. Renewables include off-site generation (utility contracts), EACs (e.g., Renewable Energy Certificates (RECs) and Renewable Energy Guarantees of Origin (REGOs)), and a VPPA. 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).

METRIC	FISCAL 2023 METRIC VALUE (THOUSANDS)	MANAGEMENT CRITERIA
ENERGY CONSERVATION PROJECTS		
Reduction of energy consumption due to conservation and efficiency measures	2.3 Thousand MWh	<ul style="list-style-type: none"> Total estimated annual energy savings from projects implemented during fiscal 2023. Total energy savings are attributed to the year of project launch, regardless of timing during the fiscal year. Energy reduction is estimated based on engineering analyses provided by vendors, external consultants, and internal sources. Includes projects implemented at certain manufacturing, distribution, and innovation locations where project plan, estimated savings, and funding is approved internally.
Reduction of emissions due to conservation and efficiency measures	0.7 Thousand metric tons CO ₂ equivalent	<ul style="list-style-type: none"> Emissions reductions are based on estimated annual energy savings from projects implemented during fiscal 2023 multiplied by their associated country or regionally specific location-based emission factor. For projects at locations based in the United States, United States (U.S.) Environmental Protection Agency (EPA) Emissions & Generation Resource Integrated Database eGRID 2021 (released January 2023) emission factors are used. For projects at locations based in Canada, National Inventory Report: 1990-2021 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2023) emission factors are used. For projects at locations based in the United Kingdom, BEIS (Department for Business, Energy & Industrial Strategy) 2023 DECC's GHG Conversion Factors for Company Reporting - UK Electricity (released in June 2023) emission factors are used. For projects at locations based in all other countries, International Energy Agency 2022 CO₂ Emissions from Fuel Combustion (published September 2022), Emission Factors for Greenhouse Gas Inventories (issued in April 2023) emission factors are used.

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.

EMISSION FACTORS

Carbon dioxide equivalent emissions are determined by multiplying measured or estimated energy and fuel usage or refrigerant loss by relevant carbon emission factors and/or global warming potentials (GWPs) from the Intergovernmental Panel on Climate Change Fifth (AR5) and Sixth Assessment Reports (AR6) (certain refrigerant GWPs from AR5 are used if not provided by the more recent AR6). The table below outlines the emission factor sources used in the fiscal 2023 GHG emissions calculations. If an emission source does not list separate emission factors for location- and market-based, the listed factor is used for both.

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 2023)
SCOPE 1	Fuel Oil No. 2	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	Diesel	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	LNG	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	Propane	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	Refrigerants (stationary and mobile)	Global Warming Potential from the Intergovernmental Panel on Climate Change Fifth and Sixth Assessment Reports (2013 and 2021) (certain refrigerant GWPs from AR5 are used if not provided by the more recent AR6)
SCOPE 1	Mobile Diesel	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	Mobile Gasoline	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 1	Mobile Ethanol (Bio-fuel)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 2	Purchased Electricity (U.S.) (inclusive of electric and hybrid vehicle charging at non-ELC locations)	Market-based: 2022 Green-e® Residual Mix Emissions Rates (2020 Data) (issued in July 2022) Location-based: U.S. EPA eGRID 2021 (released January 2023)
SCOPE 2	Purchased Steam (U.S.)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 2	District Heat (Wood and Wood Residuals)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)
SCOPE 2	District Heat (Blended Feedstock)	U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) Blended feedstock is a weighted combination of the emission factors for wood and wood residuals, municipal solid waste, natural gas, and distillate fuel oil No. 2. It was calculated using a blended emissions factor tailored to the city's district heat production, which is a composite of U.S. EPA emissions factors for wood and wood residuals (30%), municipal solid waste (30%), natural gas (30%), and distillate fuel oil No. 2 (10%). In developing this emission factor, ELC assumes an 80% boiler thermal efficiency (same as U.S. EPA assumes for natural gas steam).
SCOPE 2	District Heat (Natural Gas)	BEIS 2023 DECC's GHG Conversion Factors for Company Reporting – UK (released in June 2023)
SCOPE 2	Purchased Electricity (Canada)	National Inventory Report: 1990-2021 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2023)
SCOPE 2	Purchased Electricity (Australia)	Australia's Department of Climate Change, Energy, the Environment and Water- Australian National Greenhouse Accounts Factors - Table 1 (updated in February 2023)
SCOPE 2	Purchased Electricity (United Kingdom) (inclusive of electric and hybrid vehicle charging at non-ELC locations)	BEIS 2023 DECC's GHG Conversion Factors for Company Reporting – UK Electricity (released in June 2023)
SCOPE 2	Purchased Electricity (All other markets) (inclusive of electric and hybrid vehicle charging at non-ELC locations)	Market-based (Europe): Association of Issuing Bodies European Residual Mixes 2022: Version 1.0 2023-06-01; Table 2: Residual Mixes 2022 Location-based: International Energy Agency 2022 CO ₂ Emissions from Fuel Combustion (published September 2022)

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 36% of reported Scope 1 and approximately 36% of reported Scope 2 location-based emissions and approximately 99% of Scope 2 market-based emissions (representative of emissions after contractual agreements have been applied).

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 location uses a fuel, usage data is estimated. Estimations are performed on an annual, or for all missing months, basis, in order to estimate usage across locations where the fuel type was confirmed to be used.</p> <p>For locations that use natural gas that received no fuel data in fiscal 2023 but did in fiscal 2022, the historical fiscal 2022 actual usage was assumed for fiscal 2023. Otherwise, usage was estimated based on the building square footage, days open during fiscal 2023, and the average benchmark natural gas intensities (Btu/ft² per day) from the Commercial Buildings Energy Consumption Survey (CBECS) (2018), by building type.</p> <p>For locations that use diesel that received no fuel data in fiscal 2023 but did in fiscal 2022, the historical fiscal 2022 actual usage was assumed for fiscal 2023. Otherwise, usage was estimated based on the building square footage, days open during fiscal 2023, and the average diesel consumption rate (Btu/ft² per day) from locations that reported actual usage data of diesel fuel in fiscal 2023.</p> <p>For locations that use fuel oil No. 2 that received no fuel data in fiscal 2023 but did in fiscal 2022, the historical fiscal 2022 actual usage was assumed for fiscal 2023. Otherwise, usage was estimated based on the building square footage, days open during fiscal 2023, and the average fuel oil No. 2 intensities (U.S. gallons/ft² per day) from the CBECS (2018), by building type.</p> <p>For LNG and propane no estimates were made as actual data was available for all relevant locations.</p>
SCOPE 1: Transport Fuels	<p><i>Non-electric fleet vehicles – fuel consumption (captured in Scope 1 emissions)</i></p> <p>For countries where ELC operates non-electric owned and/or leased fleet vehicles, transport fuel usage and/or distance travelled data is provided by the fleet vendor and disaggregated by country, vehicle make, vehicle model, fuel type, and travel purpose (e.g., field or benefit vehicles), which is a new level of data granularity for fiscal 2023, as estimates of fleet size and distance travelled were provided in previous years. When distance travelled was provided, fuel usage was estimated for each individual vehicle by multiplying distance travelled by the average fuel efficiency of that specific make and model, or by extrapolating the average fuel consumption of internal combustion engine (ICE) vehicles from actual fuel consumption data for ELC's fleet vehicles. If actual transport fuel usage amounts are unavailable, usage is estimated based on other available transport data. Where both the distance travelled is known and the average fuel efficiency can be researched for the vehicle model, fuel usage is estimated from these variables. In other scenarios, transport fuel usage is estimated based on the average fuel consumption per vehicle by fuel type (e.g., gallons of motor diesel fuel used per vehicle per year) derived from actual fuel usage data received in fiscal 2023 for ELC's non-electric fleet vehicles.</p>
SCOPE 2: Purchased electricity (electric and hybrid vehicle charging at non-ELC locations)	<p><i>Electric and hybrid fleet vehicles – purchased electricity consumption (captured in Scope 2 emissions)</i></p> <p>For countries where ELC operates electric and hybrid owned and/or leased fleet vehicles, no electricity data was available. Electric vehicles were added for fiscal 2023 reporting and fuel split for hybrid vehicles was not reported in fiscal 2022; usage is captured under Scope 2 emissions. To estimate electricity usage for electric fleet vehicles, distance travelled is provided by the fleet vendor and was multiplied by the model-specific miles per gallon (MPG) (reported in kWh/mile). Where distance travelled was unavailable for electric vehicles, it was estimated based on the average distance travelled per electric vehicles derived from actual distance travelled data in fiscal 2023 for ELC's electric fleet vehicles. To estimate electricity usage for plug-in hybrid vehicles, distance travelled is provided by the fleet vendor and multiplied by the model-specific MPG and then multiplied by the model-specific percentage of distance travelled in electric vehicle (EV) mode. Model-specific MPG is based on available data from fueleconomy.gov for brands that are sold in the U.S. and fleetnews.co.uk for brands that are not sold in the U.S. Where model-specific MPG data is unavailable for the specific model or year, the closest available comparable vehicle MPG is used as an alternative. Model-specific percentage of distance travelled is based on available data from fueleconomy.gov. Estimated electricity usage for ELC's electric owned and/or leased fleet vehicles is reduced by 50 percent as it was assumed that 50 percent of the charging of ELC's electric fleet vehicles takes place at locations that ELC owns and/or leases, and therefore, the electricity usage is already reflected within the reported Scope 2 emissions metric. The remaining 50 percent of the charging is assumed to occur at non-ELC locations and is reflected within the reported Scope 2 emissions metric.</p>
SCOPE 1: Mobile Refrigerants	<p>Estimations are performed to calculate mobile refrigerant usage for ELC owned and/or leased fleet vehicles. Estimates are based on the total fleet vehicle count by country (provided by fleet vendor) and average refrigerant recharge and loss per vehicle. Mobile refrigerants are assumed to be HFC-134a (Freon) and are included in the inventory on a per country per year basis.</p>

METRIC & EMISSION SOURCE TYPE	ESTIMATION METHODOLOGY
SCOPE 1: Stationary Refrigerants	No estimates were made as recharge fluctuates year-over-year. Only ELC locations with operational control over their HVAC systems report actual refrigerant recharge (usage) data. In fiscal 2023, actual refrigerant usage was reported at manufacturing and certain distribution and innovation locations. It is assumed that the amount of refrigerants used to recharge is the amount that has leaked into the atmosphere.
SCOPE 2: Purchased Electricity	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 freestanding store and office locations), the preferred method of estimation is based on intensity factors (kWh/ft ² per year) derived from actual electricity usage over a three-year period based on the location type, brand, and/or location. The factors are applied to the building square footage of the locations to estimate the amount of purchased electricity.
SCOPE 2: District Heat (Natural Gas, Blended Feedstock, and Wood and Wood Residuals)	Estimates are made using the district heat intensity factors (Btu/ft ² per day) from the CBECS (2018) by building type. The factors are applied to the building square footage and days open during fiscal 2023 to estimate the amount of district heat.
SCOPE 2: Purchased Steam	Estimates are made using the purchased steam intensity factors (Btu/ft ² per day) from the CBECS (2018) by building type. The factors are applied to the building square footage and days open during fiscal 2023 to estimate the amount of purchased steam.

EXCLUSIONS

Each year, we aim to refine our energy and GHG emissions metrics reported. Metrics exclude GHG emissions associated with refrigerant sources at freestanding store, 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

ELC reports the water metrics for locations where ELC has operational control. These locations include manufacturing, distribution, innovation, and office locations that were in operation for all or part of fiscal 2023. Data for salon and freestanding store locations are excluded from the fiscal 2023 metrics. Office locations were added for fiscal 2023 reporting and previously reported water metrics.

METRIC	FISCAL 2023 METRIC VALUE	MANAGEMENT CRITERIA
Withdrawal	1.6 million cubic meters	<ul style="list-style-type: none"> Water withdrawal is sourced from third parties and groundwater. There was no water withdrawal directly from surface water. Water withdrawal data is sourced from direct measurement or third-party invoices when possible. When actual data is not available for manufacturing, distribution, and innovation locations, estimates are formed using building square footage multiplied by a location type-specific intensity factor, which is derived from ELC manufacturing, distribution, or innovation locations reporting actual water withdrawal data. When actual data is not available for office locations, estimates are formed using a headcount-based methodology including office headcount as of the beginning of the fiscal year, gender, workdays, and in-office capacity. Multiplying these datapoints by the standard or water-efficient plumbing fixture rates (as defined by the Environmental Protection Agency (EPA), U.S. Green Building Council (USGBC) or LEED and dependent on office location) for daily domestic water uses typical of office locations (drinking water, sanitation, and hygiene) results in an estimate of water withdrawal for each office. When the headcount as of the beginning of the fiscal year, gender, workdays, and in-office capacity datapoints are not available for offices, estimates are formed using rentable square footage multiplied by a location type-specific intensity factor, which is derived from the water withdrawal estimated using the headcount-based methodology. Approximately 9% of the reported water withdrawal is estimated.
Consumption	0.2 million cubic meters	Consumption is calculated as the difference between water withdrawal and water discharge.
Discharge	1.4 million cubic meters	<ul style="list-style-type: none"> Water is discharged to third parties, groundwater, and surface water. Water discharge data is sourced from direct measurement or third-party invoices when possible. When actual data is not available for manufacturing, distribution, and innovation locations, estimates are formed using a discharge ratio based on a location type-specific intensity factor, which is derived from ELC manufacturing, distribution, or innovation locations reporting actual water discharge data. Actual discharge data was not available for office locations. Since the main water usage at these office locations is for domestic purposes (drinking water, sanitation, and hygiene), it was assumed that 95% of withdrawal is discharged. Discharge associated with non-contact cooling water activities at the Melville manufacturing location is estimated 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). Approximately 26% of the reported water discharge is estimated.
% Water consumption from all areas with high or extremely high water stress	46.4%	<ul style="list-style-type: none"> 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 (Aqueduct 3.0).
% Water withdrawn from all areas with high or extremely high water stress	67.8%	<ul style="list-style-type: none"> 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 (Aqueduct 3.0).
Water consumption intensity (cubic meters normalized to million dollars of net sales)	10.3	<ul style="list-style-type: none"> Water consumption intensity is calculated as follows: Water consumption (cubic meters) / Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K.

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, 2022 (calendar year 2022), which is consistent with ELC's Annual Communication of Progress (ACOP) report submitted to the RSPO. Calendar year 2022 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 (Dr.Jart+ 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 2022 METRIC VALUE	MANAGEMENT CRITERIA
Total amount of palm oil sourced	5.1 Thousand metric tons	<p>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.</p> <p>Palm-based ingredients include palm oil, palm kernel oil, and other relevant palm-based derivatives.</p> <p>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.</p>
% Total Palm oil certified by RSPO, by certification type	100%	<p>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.</p> <p>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.</p> <p>RSPO certification types include identity preserved, segregated, mass balance, and RSPO Credits.</p>
Amounts may not sum due to rounding		
Identity Preserved	<1%	Identity preserved is palm oil from a single identifiable certified source and is kept separately from ordinary palm oil throughout the supply chain.
Segregated	<1%	Segregated is palm oil from different certified sources and is kept separate from ordinary palm oil throughout the supply chain.
Mass Balance	91%	Mass balance is palm oil from certified sources and is mixed with ordinary palm oil throughout the supply chain.
RSPO Credits	9%	<p>An RSPO Credit is proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer, and has entered the global palm oil supply chain. By purchasing RSPO Credits, buyers encourage the production of certified sustainable palm oil.</p> <p>Includes palm oil and palm kernel oil credits purchased by ELC through RSPO from independent smallholders by April 2023 that were claimed for palm oil directly procured and received in calendar year 2022.</p>
% Total palm-based ingredients sourced through certified-sustainable physical supply chain	91%	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.

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 centers. 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 BOM. It is ELC's policy to include acquired brands in the reporting of its packaging metrics when actual data is available. Packaging data pertaining to Dr.Jart+ is partially included in the reported packaging metrics as integration into ELC packaging reporting systems began during fiscal 2023. Packaging data pertaining to DECIEM is not available and is excluded from the fiscal 2023 metrics.

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 2023 METRIC VALUE	MANAGEMENT CRITERIA
% Packaging that is recyclable, refillable, reusable, recycled, or recoverable	71%	<p>Packaging is categorized as recyclable, refillable, reusable, recycled, or recoverable by ELC based on ELC's criteria as follows:</p> <ul style="list-style-type: none"> • Recyclable means that a package or packaging component can be widely recycled through current recycling streams. • Refillable or reusable means that packaging is designed to be used for the same purpose multiple times. • 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 reintroduced into ELC's new packaging. • Recoverable means that materials would have otherwise been disposed of to a landfill but have instead been collected through ELC's take back programs. <p>% Packaging that is recyclable, refillable, reusable, recycled, or recoverable, as defined by ELC, is calculated as follows: $[(\text{Total weight of packaging materials classified as recyclable, refillable, reusable, recycled, or recoverable} / \text{Total weight of product packaging material}) * 100] - 0.3\%$.</p> <ul style="list-style-type: none"> • Previously, a 10% discount was 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. However, due to improved data quality, the 10% discount no longer applies; beginning in fiscal 2023, a discount percentage of less than 1% is being applied. • 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).
% Post-consumer recycled (PCR) material	19%	<p>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.</p> <p>% PCR material is calculated as follows: $(\text{Total weight of packaging materials classified as PCR} / \text{Total product packaging material weight}) * 100$.</p>
% Forest-based fiber cartons FSC certified	99%	<p>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.</p> <p>% Forest-based fiber cartons FSC certified is calculated as follows: $(\text{Total distinct count of forest-based fiber carton codes classified as FSC certified} / \text{Total distinct count of forest-based fiber carton codes}) * 100$.</p>

METRIC	FISCAL 2023 METRIC VALUE	MANAGEMENT CRITERIA
% Virgin petroleum content in plastic packaging	83%	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. % Virgin petroleum content in plastic packaging is calculated as follows: [(Total weight of plastic packaging – [Total weight plastic packaging classified as recycled + bio-based + PCR + PIR]) / Total weight of plastic packaging] * 100.
Total weight of product packaging, by type	66.2 Thousand Metric Tons	Weight of product packaging from non-renewable and renewable materials.
<i>Non-renewable</i>	52.2 Thousand Metric Tons	Non-renewable materials are all materials not classified as renewable.
<i>Renewable</i>	14.0 Thousand Metric Tons	Renewable materials, as categorized based on ELC 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.
Total weight of materials reclaimed through consumer take back programs	0.2 Thousand Metric Tons	Materials reclaimed includes product packaging collected through ELC consumer take back programs, which are available in North America, Europe, the Middle East & Africa, and Australia. Weight of materials reclaimed is obtained from take back vendors in each region where programs are available.
% Packaging reclaimed through consumer take back programs	0.25%	Includes product packaging collected through ELC consumer take back programs, which are available in North America, Europe, the Middle East & Africa, and Australia, as a percentage of the total weight of product packaging.
% Packaging made from post-consumer recycled content and/or renewable materials	40%	Includes packaging made from PCR and/or renewable materials, as defined above, as a percentage of the total weight of product packaging.

For more than 75 years, discovering and sharing high-quality ingredients has been at the core of product formulation at The Estée Lauder Companies. Shown on the cover is ginger root, one of the many nature-based ingredients used across our brands to create transformative products that meet a diverse range of beauty needs. Learn more about our ingredients on pages 66-71.

