

THE ESTÉE LAUDER COMPANIES INC.

BEAUTY *INSPIRED,* VALUES *DRIVEN*

Our Fiscal 2020 Citizenship and
Sustainability Report



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The background of the table of contents is a photograph of a dense green forest covering a hillside. A small, white, cylindrical antenna tower stands prominently on the peak of the hill. The sky above is a clear, pale blue.

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ABOUT THE ESTĒE LAUDER COMPANIES INC.

WE ARE THE GLOBAL LEADER IN PRESTIGE BEAUTY—
DELIGHTING CONSUMERS WITH HIGH-QUALITY
PRODUCTS AND EXPERIENCES, INSPIRING THEM TO
EXPRESS THEIR INDIVIDUAL BEAUTY.

We are the only company focused solely on prestige makeup, skin care, fragrance and hair care. We have a diverse portfolio of more than 25 brands, and our products are sold in approximately 150 countries and territories. Infused throughout our organization is a passion for creativity and innovation—a desire to push the boundaries and invent the unexpected as we continue the bold work of our founder, Estée Lauder.

SELECT FISCAL 2020 RECOGNITIONS AND AWARDS

Forbes

America's Best Employers
for Women 2020



*National Partnership for
Women & Families*

Leading on Leave for
Family-Related Benefits

Working Mother

100 Best Companies of 2019

Human Resource Executive
Most Admired HR Leaders

HRC Workplace Equality
Best Place to Work for
LGBTQ Equality 100%

Bloomberg

2020 Gender Equality Index

Forbes

America's Best Employers
for Diversity

Working Mother

2020 Best Companies for
Multicultural Women (Top 10)

100 Best Corporate Citizens



*Human Resource
Executive*

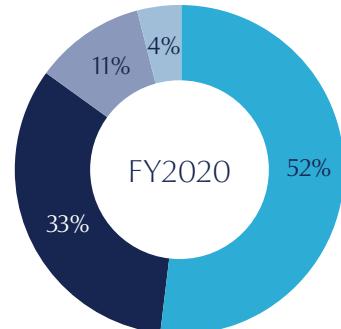
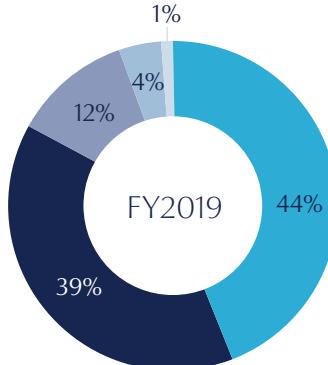
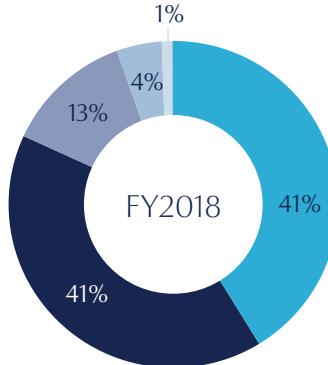


FISCAL 2020
NET SALES

\$14.29B

NET SALES BY
PRODUCT CATEGORY
(Percentage of Net Sales)

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



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

27%
THE AMERICAS

44%
EUROPE, THE MIDDLE
EAST & AFRICA

30%
ASIA-PACIFIC

ABOUT THIS REPORT

This report provides information about The Estée Lauder Companies' citizenship and sustainability activities and performance. The content covers our priority focus areas. Unless otherwise noted, this report covers activities during our fiscal 2020 (i.e. the period of July 1, 2019, through June 30, 2020) and includes data for facilities we own (or lease) and operate.

This report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core option. *The GRI Index for this report can be found on page 107.* 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) Household and Personal Products Standard.

Certain environmental metrics have been verified by Apex Companies, LLC, to a limited level of assurance based on the International Standard on Assurance Engagements (ISAE) 3000.

Please read the assurance letter here. [↗](#)

Read more about citizenship and sustainability at
www.elcompanies.com/en/our-commitments 

Please see our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, for information about our business performance. Additional information is available in our fiscal 2020 Year in Review materials.

Annual Report on Form 10-K for fiscal 2020 

Fiscal 2020 Year in Review 

CAUTIONARY NOTE REGARDING CITIZENSHIP AND SUSTAINABILITY INFORMATION

This report contains information about our citizenship and sustainability goals and efforts. These goals and 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 from our stated goals or the results we expect. We also may change or decide not to pursue certain goals or initiatives. Moreover, the standards by which citizenship and sustainability efforts and related matters are measured are developing and evolving, and certain areas are subject to assumptions. The standards and assumptions could change over time. In addition, statements made about our Company, business or efforts may not apply to all business units (e.g., ones that are recently acquired). We assume no responsibility to update the information contained in this report or to continue to report any information.



LETTER FROM WILLIAM P. LAUDER & FABRIZIO FREDA

Dear Stakeholders,

This was truly a year without parallel. In the first half of fiscal 2020, we delivered record sales and strong growth, while in the second half, we navigated a dramatic transition to the new realities of COVID-19 and its impacts on our world and the way we operate.

In the face of the ongoing pandemic, The Lauder Family values—respect for the individual, uncompromising ethics and integrity, generosity of spirit and fearless persistence—guide our path forward. We continue to stand with the global community to limit the spread of the virus and to ease related economic hardships through grantmaking, donations and hand sanitizer production. Above all, we are deeply touched by the dedication and resilience of our employees and grateful for the care they have shown each other and to our communities while working to strengthen the future of our business.



The past year was also punctuated by the profound pain of tragic events in the United States that highlighted systemic racial injustice. This transformative moment around racial equality has underscored our responsibility to continue to advance equal representation and share of voice across our organization. [The actions we have undertaken](#) in response are rooted in our culture of belonging and long-held values of inclusion, diversity and equality. Our commitments include reaching U.S. population parity for our Black employees across all levels in the next five years; providing enhanced training and building greater diversity talent resources and programming; and ensuring Black representation in our creative process and product development. In addition, we pledged \$10 million over the next three years to support the work of prominent racial and social justice organizations and to continue to support greater access to diversity education.

Despite the significant and ongoing challenges we face, we remain steadfast in delivering progress against our citizenship and sustainability strategy, goals and targets. Now more than ever, the importance of this work is clear, for our business, our planet and our communities. We are incredibly proud of our employees for their tremendous achievements this year; recognize them for their hard work and dedication; and pledge to continue to invest in cultivating their skills, talents and abilities.

PROGRESS AGAINST OUR GOALS

Our citizenship and sustainability goals highlight transformational opportunities to achieve innovation, efficiency and value creation and are a fundamental part of our business strategy. In working to achieve the goals, the executive leadership team drives citizenship and sustainability across our organization and reports progress up to our Board of Directors. Together, our executives and Board guide our actions with a focus on patient capital, making investments and setting priorities to strengthen the business for the long term. Furthering these efforts, our brands' own sustainability strategies align and resonate with their unique values and differentiators.

We celebrated several important milestones across our environmental priorities in fiscal 2020. In the fight against climate change, we achieved both our goal to source 100% renewable electricity and our Net Zero carbon emissions goal. We established Science Based Targets (SBTs) for reducing Scope 1, 2 and 3 greenhouse gas (GHG) emissions. And within our own operations, we met our zero industrial waste-to-landfill goal for our global manufacturing, distribution and innovation sites.

For almost 75 years, we've continued to delight and inspire our consumers with transformative products and experiences, thanks to the challenger spirit of our founder, Mrs. Estée Lauder, and our talented and diverse workforce. As consumer interest in ingredients has grown, we have responded by increasing our transparency about our products. In fiscal 2020, four of our brands—Aveda, Origins, Clinique and La Mer—published initial ingredient glossaries on their websites. We applaud the leadership of these brands in accelerating transparency across our portfolio and look forward to continuing the dialogue with consumers about our products.

Our “Leadership from Every Chair” philosophy is especially important in our efforts to embed sustainability throughout our organization. We’re investing in empowering, upskilling and educating our employees around citizenship and sustainability topics and are on track to meet our learning and development goal by the end of the calendar year. A workforce educated on these important issues will help us drive our efforts and allow us to further engage employees as we operationalize our strategies.

BUILDING MOMENTUM

Years of effort to expand our renewable energy portfolio came to fruition as we switched on two new solar arrays in North America and one in Europe. These projects added 3.8 megawatt (MW) of solar power across our operations, bringing our global Company total to more than 5 MW of solar capacity. We were also the first prestige beauty company to sign a virtual power purchase agreement (VPPA) for the Ponderosa wind farm in Oklahoma in the United States. Ponderosa covers more than half of our global electricity footprint with renewable energy technologies, reflecting our commitment to a low-carbon future.

Green chemistry is an exciting area of innovation that supports the integration of human health and sustainability into product formulation. We invested in the launch of new green chemistry tools and are applying our ingenuity and embedding industry-leading practices to create more sustainable prestige beauty products.

We continued our efforts to responsibly source palm oil from RSPO-certified physical supply chains in 2020 and became a founding member of a new coalition, Action for Sustainable Derivatives (ASD), an organization focused on further enhancing the traceability of this important ingredient. We also expanded our work to create biodiversity and social action plans for our most sensitive ingredients, including participating in a groundbreaking collaborative blockchain program for our vanilla supply chain.

Our culture of global citizenship celebrates the importance of inclusion, diversity, volunteerism and employee engagement. Our flagship citizenship programs remain the bedrock of our giving. Since its inception in 1992, the Breast Cancer Campaign has raised more than \$99 million to support global research, education and medical services. Our groundbreaking M·A·C VIVA GLAM campaign has to-date raised more than \$500 million for the global fight against HIV/AIDS and recently expanded its mission to support health and rights for all, with a focus on women and girls and the LGBTQIA community. The Estée Lauder Companies Charitable Foundation (ELCCF), leads with its mission to improve the well-being of our diverse global communities, with an emphasis on women and girls.

Reflecting the breadth of all of our citizenship efforts, our programs and grants focused on health, education and environmental programs have impacted the well-being of more than 20 million individuals around the world over the past two years. We are humbled and honored to help play a role in driving social change and remain committed to positively impacting current and future generations.

ACCELERATING INTO THE FUTURE

Our company and employees have shown resilience, tenacity and compassion throughout these tumultuous times, and we continue to rapidly learn, grow and evolve as the future unfolds. The events of this past year have proven to us that the health of the world and its people are inextricably linked to the health of society, the economy and our business. We are confident that our foundation is solid and that we can accelerate both our business success and our citizenship and sustainability results. We will emerge from this past year as an even better and stronger company.

As always, we thank our employees across our global organization and our stockholders, consumers, suppliers and communities for their continued support and belief in The Estée Lauder Companies.

The image shows two handwritten signatures. The top signature is "WILLIAM P. LAUDER" and the bottom signature is "Fabrizio Freda". Both signatures are written in a cursive, fluid script.

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,

In a year marked by unprecedented challenges for our families, communities, the environment and our business, The Estée Lauder Companies adapted quickly to new realities. We prioritized the well-being of our employees and communities in the face of a pandemic and took action in support of racial, social and economic justice. As a family-founded company, our values to support one another, our families and our communities have always guided our work and progress.

We are so proud of the way our employees have cared for each other during these difficult times. Their generosity of spirit is embodied in the launch of the \$10 million ELC Cares Fund, through which we were able to provide immediate and critical financial relief to employees impacted by COVID-19. Our employees also rose to the occasion in response to racial and social unrest to participate in our most successful ELC Good Works matching campaign to date, raising more than \$2 million for racial justice organizations through approximately 4,000 donations and a five times Company match.

Employees have led the way in encouraging all of us across the Company to take part in difficult conversations about how we can do better—each of us individually and collectively as an organization—to support needed change in regard to racial equity and equality. Through continued dialogue and action, including the establishment of long-term relationships with external partners and the funding of key national organizations, we will advance progress on our racial and social justice commitments.

We prioritized this critical work while continuing to deliver against our public-facing goals and the ultimate ambition of embedding citizenship and sustainability into every aspect of our business. Working hand in hand with our brands, regions, functions and channels, our Global Corporate Citizenship and Sustainability team helped to drive our enterprise-wide strategy; sharing best practices and technical expertise; empowering and educating employees; and managing, tracking and reporting progress across all our goals and targets.

Throughout this report, you will read employee profiles that highlight each individuals' ambition and commitment to live out the Lauder Family values through their work every day. I have always been in awe of the unique expertise and perspectives that our employees bring to the table. I am proud to be part of a company that encourages its employees to lead from every chair. We depend on every single employee to help achieve our goals, and we are grateful for their contributions.

We will continue to advance our successful corporate strategy, while remaining flexible, innovative and resilient. We look forward to sharing our fiscal 2020 progress, and we thank you for your support of The Estée Lauder Companies.

A handwritten signature in black ink that reads "Nancy Mahon".

NANCY MAHON

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

CITIZENSHIP & SUSTAINABILITY GOALS & PROGRESS

OUR GOALS ARE AN IMPORTANT PART OF OUR STRATEGY TO EMBED CITIZENSHIP AND SUSTAINABILITY INTO OUR BUSINESS OPERATIONS. WE ARE PROUD TO ANNOUNCE THE SUCCESSFUL ACHIEVEMENT OF OUR 2020 GOALS AND CONTINUED PROGRESS TOWARDS OUR 2025 GOALS.¹

Below is progress against our goals as of June 30, 2020.

FOCUS AREA	GOAL	FY20 PROGRESS
ENERGY AND EMISSIONS	By 2020, we will achieve Net Zero ² carbon emissions and RE100.	We achieved our Net Zero goal. We also sourced 100% renewable electricity globally for our direct operations, reaching the target we set on joining RE100. ³
	By 2020, we will expand our Net Zero carbon emissions commitment and set a science-based target (SBT) covering Scopes 1, 2 and 3.	We have set SBTs for Scope 1, 2 and 3 emissions, as follows: <ul style="list-style-type: none"> • Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2018 base year.⁴ • Reduce Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution and business travel 60% per unit revenue over the same timeframe.⁴
WASTE	By 2020, we will achieve zero industrial waste-to-landfill for all global manufacturing, distribution and innovation sites. ⁵	We achieved zero industrial waste-to-landfill for 100% of our global manufacturing, distribution and innovation sites.
EMPLOYEE SAFETY	We will drive safety to continue decreasing the total incident rate ⁶ to ensure continued world class-leading levels, with a goal of 0.15 by 2025.	We achieved a total incident rate of 0.23 in fiscal 2020, a decrease from 0.25 in fiscal 2019. Our global total incident rate has decreased by 86% between fiscal 2009 and fiscal 2020.
RESPONSIBLE SOURCING	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 have identified a number of ingredients as priorities and have developed and are implementing biodiversity and social action plans (please see pp. 30-34 for details). As part of our ongoing review, we will continue to develop and implement additional action plans as per our prioritization process.

1. "By 20XX" means by the end of calendar year 20XX, unless otherwise noted.

2. The Net Zero carbon emissions commitment covers ELC direct business operations (Scope 1 and 2 emissions).

3. ELC joined the RE100 campaign in 2017. Please see www.there100.org for more information.

4. For SBT goals, the base year is fiscal 2018 and completion year is fiscal 2030.

5. Waste goal includes industrial waste from global manufacturing, distribution and innovation sites with ELC operational control. Industrial waste includes the solid component of the waste stream arising from commercial and industrial activities (not collected as Municipal Solid Waste), but does not contain Hazardous Waste.

6. Total incident rate is the number of OSHA recordable incidents per 100 workers.

FOCUS AREA	GOAL	FY20 PROGRESS
RESPONSIBLE SOURCING <i>continued</i>	<p>By 2020, 50% of our palm-based ingredients⁷ (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.</p> <p>By 2025, at least 90% of our palm-based ingredients⁷ (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains.</p>	<p>We met our interim goal a year ahead of schedule, with 58% of our palm-based ingredients⁷ certified sustainable from RSPO physical supply chains (Mass Balance and Identity Preserved) in calendar year 2019. In total, 100% of our palm-based ingredients⁷ are certified under one of RSPO's four certification types: Mass Balance, Identity Preserved, Segregated or Book & Claim.</p> <p>We are on track to meet our goal of 90% RSPO certification from physical supply chains by 2025.</p>
PACKAGING	<p>By 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled or recoverable.</p> <p>We will increase the amount of post-consumer recycled (PCR) material in our packaging by up to 50% by 2025, from a fiscal 2019 baseline.⁸</p> <p>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.</p>	<p>55% of our packaging by weight is either recyclable, refillable, reusable, recycled or recoverable, increasing from 53% in fiscal 2019.</p> <p>We increased the amount of PCR material in our packaging by 15%.</p> <p>63% of our forest-based fiber cartons are FSC certified, increasing from 28% in fiscal 2019.</p>
INGREDIENT TRANSPARENCY	We will develop a glossary of key ingredients that includes descriptions of the ingredients' purpose and will make this information available online by 2025.	Four of our brands—Aveda, Origins, Clinique and La Mer—have posted a live glossary of key ingredients on their websites.
LEARNING AND DEVELOPMENT	By 2020, 100% of our employees worldwide will have access to training on basic sustainability and corporate social impact programs.	We are on track to launch a virtual learning experience by the end of calendar year 2020 to meet the goal of providing access to sustainability training to all employees.
SOCIAL INVESTMENTS	<p>By 2020, our programs and grants focused on health, education and environmental programs will impact the well-being of 10 million individuals around the world.</p> <p>Each brand will focus on and support at least one social or environmental cause by 2025.</p>	<p>Over the past two years,⁹ our programs and grants have positively impacted the lives of more than 20 million individuals worldwide.¹⁰</p> <p>76% of our brands are focused on an environmental or social cause. The remaining brands are working to identify causes that are meaningful to them and resonate with their individual brand identities.</p>
EMPLOYEE ENGAGEMENT	By 2025, we will engage 50% of eligible employees in regional, brand or local volunteerism and giving programs such as ELC Good Works, The Breast Cancer Campaign and the M·A·C Global Volunteer program. ¹¹	31% of eligible employees ¹² participated in volunteerism and giving programs as recorded via the ELC Good Works platform.

7. Excludes palm-based ingredients not directly procured by The Estée Lauder Companies, such as those procured by Third-Party Manufacturers (TPMs).

8. Fiscal 2019 baseline = 8.7% PCR material in our packaging.

9. Impact associated with fiscal 2019 grants is tracked in fiscal 2020.

10. Impact figures are self-reported by our grantees.

11. Goal language was updated in fiscal 2020 to include employee participation in giving programs to more accurately capture employee engagement.

12. Eligible employees include U.S. regular full-time employees and regular part-time employees; U.K., Jo Malone Global and Travel Retail corporate regular full-time, regular part-time and fixed-term contract employees; and regular full-time, regular part-time and fixed-term contract employees at the Whitman manufacturing site.

OUR COMMITMENT TO ACT ON RACIAL EQUITY



Executive Vice President of Finance and Chief Financial Officer



Michael O'Hare, Executive Vice President, Global Human Resources

WE STAND IN SOLIDARITY WITH OUR BLACK EMPLOYEES, BLACK CONSUMERS AND BLACK COMMUNITIES AND FIRMLY BELIEVE BLACK LIVES MATTER. WE ARE COMMITTED TO DOING MORE AS ALLIES AT OUR COMPANY AND IN OUR COMMUNITIES.

We are a company committed to living our values, and we are proud of the overall progress and commitment we have made to inclusion and diversity. We also recognize that we have much more work to do in order to accomplish greater results.

In June 2020, we accelerated our efforts to make racial equity a priority by announcing a series of commitments across our business, focusing on U.S. operations. Areas where we have made commitments include Listening and Learning, Talent and Opportunity, Representation, Suppliers and Investing in Change.

Our Executive Leadership Team, under the guidance of our Executive Vice President of Human Resources, our Chief Financial Officer and a core group of leaders and management teams, has moved quickly to engage and lead progress around these commitments. While our initial efforts are focused in the United States, we are working with our regional teams to expand our efforts in locally relevant ways. We are proud of the steps we have taken thus far and of the continued passion, engagement and involvement of our employees.

Read more about our commitments on our website. [↗](#)

“
*Change is coming, and it is necessary:
We will be a part of it.*
”

WILLIAM P. LAUDER
Executive Chairman,
The Estée Lauder Companies



Q&A WITH NATALIE EDWARDS

EXECUTIVE DIRECTOR, INCLUSION AND DIVERSITY

What is your role at The Estée Lauder Companies?

I am the Global Executive Director of Inclusion and Diversity (I&D). I manage inclusion operations and strategy for all brands and employees worldwide. I directly support our Chief Inclusion and Diversity Officer, Marilu Marshall. My work focuses on the five pillars of our I&D strategy. We accelerate inclusivity in our business, partnering with brands to ensure we serve a diverse customer base. We work alongside HR to ensure our workforce is reflective of our communities. We build a culture of inclusion and belonging through events, communities such as our 35+ employee resource groups (ERGs) and ongoing conversations. We inspire leaders to champion inclusion and diversity, and we partner with Global Communications to make sure we are amplifying our message of I&D.

Why are Inclusion and Diversity objectives important for The Estée Lauder Companies?

I was drawn to this job and this industry because, to me, there is no detaching inclusion from beauty. If you don't feel included where you are, beauty products don't help much. Inclusion is felt within—feeling accepted, comfortable and inspired just as you are—our products are then icing on the cake that make you feel even better. I always say: we are not just in the beauty business; we are in the empowerment business. And that starts with feeling included.

How have the racial justice demonstrations of 2020 impacted your work?

In the wake of the racial justice protests following the killing of George Floyd, The Estée Lauder Companies publicly announced significant I&D commitments. These are not new conversations for our company; however, there has been an elevation and acceleration of these discussions. Our racial equity commitments make this conversation more urgent, visible and focused on action and results. *Read Our Commitment to Act on Racial Equity on our website.* [↗](#)

Recent events have also highlighted the power of allyship. The perception used to be that if there is a diversity or inclusion opportunity, the I&D team would manage it. Now, more people realize that no matter the color of your skin or where you sit in the Company, we all can take responsibility and ask: how can I be part of the solution? For example, many brands are having conversations about race in new ways with our consumers. This openness will likely change and accelerate the impact of what we are trying to achieve.

What do you love most about your job?

I love elevating voices in my job! I always ask myself: did I make someone feel seen or heard or appreciated that previously didn't feel that? Did I create a seat at the table for someone who did not have one? Am I making the Company more inclusive? Our products more inclusive? Has the Company changed because of an action we've taken? This is what keeps me going.

OUR RESPONSE TO COVID-19

AS THE WORLD FACES THE UNPRECEDENTED IMPACT OF THE COVID-19 PANDEMIC, THE ESTÉE LAUDER COMPANIES IS STANDING WITH THE GLOBAL COMMUNITY TO HELP LIMIT THE SPREAD OF THE VIRUS AND EASE THE RELATED ECONOMIC HARDSHIPS FACED BY THE COMMUNITIES IN WHICH WE LIVE AND WORK.



Guided by the Lauder Family values, we are undertaking significant initiatives to support our employees, consumers and communities. We continue to find meaningful ways to address this ongoing crisis, and we are proud of how our global ELC Family is supporting one another and demonstrating extraordinary resilience and compassion.

WE'RE ALL IN THIS *TOGETHER*

#ELCFAMILY



Dr. Vivek Murthy, former U.S. Surgeon General, was the featured speaker during a Town Hall discussion on mental health and wellness, hosted by Maria Cristina (MC) González, Senior Vice President Global Public Affairs, and Nicole Monson, Senior Vice President, Global Compliance and Data Privacy.

EMPLOYEE HEALTH AND SAFETY

To help provide guidance on COVID-19-related matters including employee health and safety protocols, product and packaging safety, we are tapping the expertise of the Company's Medical Affairs team comprised of the Medical Advisory Board, a group of respected medical experts and health professionals, along with cross-functional Company leaders. This team has been an invaluable resource as we manage the concerns of our employees, shape our recovery efforts and implement measures to engage as safely as possible with colleagues and consumers.

Advice from the Medical Affairs team is guiding a variety of actions across our global operations. For example, the team informed the development and implementation of extensive physical distancing, hygiene and sanitization protocols across the enterprise. They also shaped our approach to reopening offices and facilities in a thoughtful, conservative and responsible way that prioritizes the health and well-being of our employees and customers and is mindful of the unique circumstances of local environments.

Along with our focus on the physical health and safety needs of our employees, we are also providing access to mental health and wellness support programs. For example, we enlisted former U.S. Surgeon General Dr. Vivek Murthy to share insights on how best to address the challenges of the crisis from a mental health perspective. Since 2017, Dr. Murthy has studied chronic stress and isolation as prevalent problems that have profound implications for health, productivity and happiness. We were proud to host a virtual Town Hall with Dr. Murthy during which he acknowledged and discussed pandemic-related stressors and provided strategies that employees could use to better manage and enhance their mental well-being.

Read more about our employee programs, including expanded benefits to support employees through COVID-19, in the ELC Family Values chapter on page 66.



DONATIONS

In response to the impact of COVID-19 around the world, The Estée Lauder Companies Inc., its brands and The Estée Lauder Companies Charitable Foundation (ELCCF) made a number of significant donations.*

\$2M
TO DOCTORS WITHOUT
BORDERS/MÉDECINS SANS
FRONTIÈRES

ELCCF awarded a \$2 million grant to Doctors Without Borders/Médecins Sans Frontières (MSF) in support of their continued work around the world and response to COVID-19 in under-resourced countries. MSF teams are addressing COVID-19 impacts on multiple fronts, including caring for patients, providing health education and mental health support and training health workers around the world. To increase the scale of our philanthropic efforts with MSF, participating brands in the United States and Canada are giving consumers the opportunity to add a \$1, \$5 or \$10 donation at checkout. These donations are directly applied to the MSF COVID-19 Crisis Fund.

\$3.1M
FOR LOCAL, FRONTLINE RELIEF
AND RESPONSE EFFORTS

The Company and ELCCF pledged more than \$3.1 million for local, frontline relief and response efforts to regions and countries around the world. They include, but are not limited to, Argentina, Brazil, China, Colombia, Ghana, India, Kenya, Korea, Mexico, Nigeria, South Africa, Spain and the United Kingdom.

In New York City, site of our headquarters, ELCCF partnered with other philanthropic organizations to establish The NYC COVID-19 Response & Impact Fund, administered by the New York Community Trust. This new \$110 million fund is providing critical support for New York City's vital social services and cultural community organizations.

\$9.5M
IN ACCELERATED RENEWAL GRANTS

ELCCF accelerated nearly \$9.5 million in renewal grants to provide current grantee partners with flexible funding in this time of need.

PRODUCT AND IN-KIND DONATIONS

We are significantly expanding our product donation program as our company, brands and affiliates respond to COVID-19. We are participating in BeautyUnited, an industry-wide effort to support healthcare workers, with a donation of more than 22,000 products from 13 of our brands. Additionally:

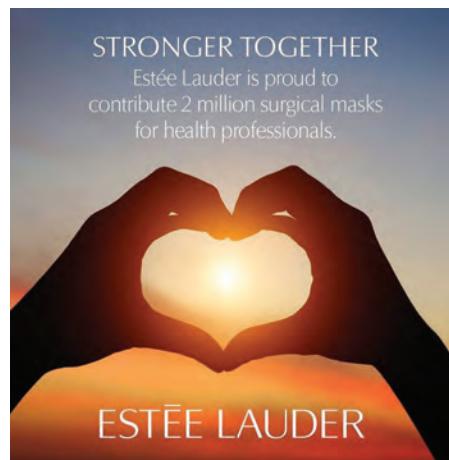
CLINIQUE

Provided 50,000 skin care products to personnel in New York City's hospitals.

AVEDA

Gave more than 100,000 bottles of shampoo, lotion and other Aveda products to organizations and nonprofits helping essential workers in the United States. Aveda also donated \$600,000 in support of The Salon and Spa Relief Fund, which assists salons in the reopening process following mandated closures.



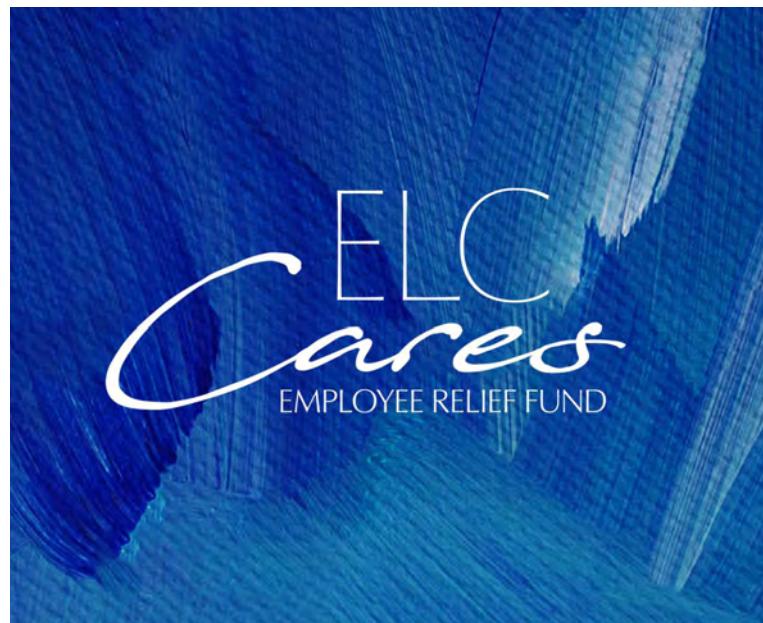


THE ESTÉE LAUDER BRAND | U.S.
Donated 2 million surgical masks in New York.

ESTÉE LAUDER, LA MER, CLINIQUE AND ORIGINS | CHINA
In China, more than 16,000 products from Estée Lauder, La Mer, Clinique and Origins were provided to the China Women's Development Foundation to support frontline medical staff.

CLINIQUE, AVEDA, ESTÉE LAUDER, LA MER AND ORIGINS | U.K.
In the United Kingdom, Clinique, Aveda, Estée Lauder, La Mer and Origins donated more than 11,000 products to support U.K. National Health Services (NHS) frontline medical staff.

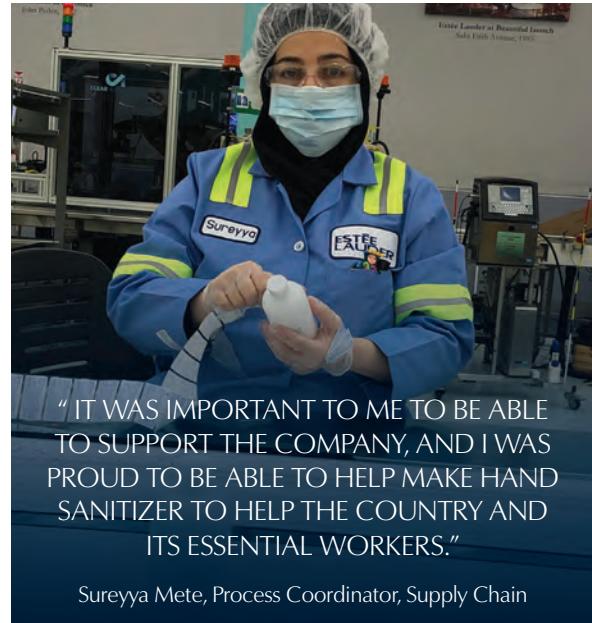
ACROSS OUR MARKETS GLOBALLY,
We have donated products to support hospital and frontline healthcare workers.



ELC CARES EMPLOYEE RELIEF FUND

To support our employees worldwide facing financial hardships due to COVID-19, we established the ELC Cares Employee Relief Fund (ELC Cares Fund), which was made possible thanks to contributions from the Company, the Lauder family and our employees.

The ELC Cares Fund is a testament to the generosity of the entire ELC Family. Eligible employees around the world can donate to the fund, and donations from eligible U.S. and U.K. employees made by the end of fiscal year 2020 received a five times Company match (up to employees' annual Company match cap). More than \$5.5 million has been awarded through more than 10,000 grants with an average amount of \$500 (as of the end of fiscal 2020).



"IT WAS IMPORTANT TO ME TO BE ABLE TO SUPPORT THE COMPANY, AND I WAS PROUD TO BE ABLE TO HELP MAKE HAND SANITIZER TO HELP THE COUNTRY AND ITS ESSENTIAL WORKERS."

Sureyya Mete, Process Coordinator, Supply Chain

HAND SANITIZER PRODUCTION

We have committed to producing one million bottles of hand sanitizer in our New York, U.K., Belgium and Switzerland manufacturing facilities. This effort has been led by our Global Research and Development, Supply Chain, and distribution and transportation teams. Employees leveraged their unique areas of expertise to rapidly pivot, enabling us to mobilize quickly and deliver hand sanitizer to high-need populations, including medical staff and frontline workers.

To learn more about our response to COVID-19, please see the COVID-19 section of our website. [↗](#)

OUR COMMITMENT TO CITIZENSHIP & SUSTAINABILITY

THE ESTÉE LAUDER COMPANIES IS THE LEADING GLOBAL HOUSE OF PRESTIGE BEAUTY AND A *BEAUTY INSPIRED, VALUES DRIVEN* BUSINESS.

We value and promote inclusion, diversity and equity for all; embed sustainability ever more deeply into everything we do; work to deliver long-term value; and strive to bring positive impact to everyone we touch. We are proud of the overall progress we have made, but we also recognize that we have more to do in order to accomplish greater results. We pledge to live our shared values every day and hold ourselves accountable to this commitment and the actions we take at our company and in our communities.

OUR MANAGEMENT APPROACH

We manage our business with a lens for the long-term. Family ownership allows The Estée Lauder Companies to be guided by the principle of patient capital, and this has been true since our founding. Our management processes set the Company's direction by regularly looking out 10 years into the future to inform continuous transformation—in order to remain the global leader of prestige beauty.

Our citizenship and sustainability initiatives help drive innovation, growth and efficiency. Across the business and within our brand portfolio, we incorporate sustainable practices, methodologies and design. At the same time, our citizenship and sustainability goals reflect the link between our commitments and business value creation. For example, by providing greater visibility into ingredients, we satisfy consumers' desire to know what is in their beauty products, influencing purchasing decisions and building loyalty. Our focus on responsible sourcing practices helps support the long-term availability of key ingredients. Our safety goal is a reflection of concern for employees and recognition of the importance of a safe workplace. And our environmental targets support efficiency and conservation within our facilities and internal supply chain, helping to reduce cost and waste.

Citizenship and sustainability work is led by the Senior Vice President (SVP) of Global Corporate Citizenship and Sustainability, who reports to our President and Chief Executive Officer (CEO). The SVP directs a dedicated team that leads corporate-wide sustainability strategy; citizenship efforts; and strategic planning and communications around citizenship and sustainability, including supporting brand-led sustainability strategies.

The sustainability strategic pillar is sponsored by our CEO and our Executive Chairman. The Sustainability Executive Committee is composed of senior leaders from Finance, Supply Chain, Human Resources and Corporate Citizenship and Sustainability, along with additional representation across brands, regions and other functions. This committee drives citizenship and sustainability strategy.

BEAUTY INSPIRED, VALUES DRIVEN

Beauty Inspired, Values Driven is our promise to accelerate progress in areas of strategic importance to our business, our employees, our consumers and our investors in order to continue delivering long-term, sustainable growth.



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 2020, there were 16 directors on our Board, comprised of: (i) our CEO; (ii) 11 nonemployee directors (10 of whom are 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 Governance 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 Governance Committee has oversight responsibility for our company’s environmental, social and governance activities and practices, including citizenship and sustainability matters. The SVP Global Corporate Citizenship and Sustainability attends meetings of the Nominating and Governance Committee and provides updates on topics such as climate, progress against citizenship and sustainability goals and other related matters, as appropriate. In addition, the SVP Global Corporate Citizenship and Sustainability periodically presents at Board meetings.

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 long-term strategy, we follow principles of long-term stewardship and patient capital, and our compensation approach reflects and supports this approach. 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 under citizenship and sustainability goals holistically, within the framework of our corporate strategy, as an input into compensation decisions. For example, the bonuses and long-term incentive awards for executive officers are tied to the achievement of business goals that include goals regarding our citizenship and sustainability strategy. As such, our executive officers are assessed on the achievement of these goals, and compensation decisions are made based on their achievement.

Additional information on our governance practices and information about executive compensation matters can be found in our 2020 Proxy Statement. 

ETHICS

We promote a culture of uncompromising ethics and integrity and put forth standards to uphold the principles and ideals that make us a global leader in prestige beauty. We expect our employees and business partners to conduct business in compliance with applicable laws and regulations and with the high ethical standards and policies laid out in our [Code of Conduct](#) (“Code”) and [Supplier Code of Conduct](#).

Our Code helps to protect our reputation as an ethical corporate citizen. Newly hired employees are required to sign an acknowledgement that they have received, read and will comply with the Code. In addition, periodically, employees above certain levels are required to provide such an acknowledgment. From time to time, we also conduct trainings on the Code for groups of our employees.

Employees are expected to report violations or suspected violations to their supervisor, Human Resources, Global Ethics and Compliance or other corporate functions. In addition, employees are able to report suspected violations anonymously, where permitted by law, through our Compliance Helpline, by calling our toll-free number or visiting our Helpline website or communicating with the Audit Committee. 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 Compliance Program.

Read more about our Supplier Code of Conduct on page 28.



PRIORITY FOCUS AREAS FOR CITIZENSHIP AND SUSTAINABILITY

As part of our strategic planning process, we continually evaluate areas of risk and opportunity for our business. We also conduct analyses to help us define our citizenship and sustainability priority focus areas.

Our priority focus areas are mapped to related Global Reporting Initiative (GRI) Standards. Throughout this report, we provide a closer look at our approach and performance related to these focus areas. In this report, we have included information regarding the Company's response to COVID-19. We also describe our commitments to help address systemic racial injustice.

PRIORITY FOCUS AREAS	GRI STANDARDS
ENERGY AND EMISSIONS	GRI 302: Energy GRI 305: Emissions
CLIMATE RISK MANAGEMENT	GRI 201: Economic Performance (Financial implications and other risks and opportunities due to climate change)
WASTE	GRI 306: Effluents and Waste
RESPONSIBLE SOURCING	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment
PACKAGING AND PRODUCT LIFECYCLE	GRI 301: Materials
INGREDIENT TRANSPARENCY/GREEN CHEMISTRY	GRI 417: Marketing and Labeling
SOCIAL INVESTMENTS AND EMPLOYEE ENGAGEMENT	GRI 201: Economic Performance (Direct economic value generated and distributed: community investmentsss)
ADDITIONAL FOCUS AREAS	GRI STANDARDS
EMPLOYEE SAFETY	GRI 403: Occupational Health and Safety
INCLUSION AND DIVERSITY	GRI 405: Diversity and Equal Opportunity
LEARNING AND DEVELOPMENT	GRI 404: Training and Education

Additional detail on our alignment to the GRI Standards is included in the GRI and SASB Index on page 107.

STAKEHOLDER ENGAGEMENT

We seek to build productive relationships with our key stakeholders, including employees, consumers, investors, retailers, nongovernmental organizations (NGOs), suppliers, regulators and local communities. These relationships depend on active engagement and meaningful dialogue to strengthen bonds and expand trust. As we shape the future of beauty, we incorporate stakeholder perspectives we believe will help drive our future success.

The types of stakeholder engagements and topics discussed concerning citizenship and sustainability (C&S) matters vary widely. For example, we engage with our employees through: 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. C&S topics covered during employee engagement include inclusion and diversity, benefits, learning and development and work-life structure, among others.

Our consumer engagements include: direct interaction in store settings and online; consumer feedback portals, including Consumer Care; satisfaction surveys; and social media and influencer channels. Consumer interest in C&S topics includes product information; ingredient transparency; sourcing practices; and animal testing.

We engage with our investors in a number of ways. We have a comprehensive, strategic investor relations program to help communicate with the investment community about our company's performance and corporate values, as well as to educate current and prospective investors and the sell-side analyst community about our business strategies and performance. From time to time, we also discuss C&S commitments and initiatives with our investors.



Employees at an Estée Lauder Companies Job Fair in New York City.



LEVERAGING THE POWER OF OUR PEOPLE AND BRANDS

As a well-diversified, brand-building powerhouse, our brands lead the Company. While we have corporate-wide citizenship and sustainability efforts, we also leverage the power and individuality of our brands, many of which develop or enhance their own citizenship and sustainability-driven business practices. The dedication and involvement of our brands are key drivers in helping us to achieve our goals.

In fiscal 2020, our brands further developed their own uniquely tailored citizenship and sustainability strategies. Each brand articulated its own brand-relevant positioning, defining the programmatic areas in which to differentiate and focus and also identified key strategic initiatives to support brand strategies.



Q&A WITH JODI EHRENS

EXECUTIVE DIRECTOR,
BRAND AND REGIONAL STRATEGY, GLOBAL
CORPORATE CITIZENSHIP AND SUSTAINABILITY

What is your role at The Estée Lauder Companies?

I sit on the Strategy and Operations team within the Global Corporate Citizenship and Sustainability (GCCS) function. My work is focused on increasing internal awareness of the Company's citizenship and sustainability goals and assisting brands in developing their own uniquely tailored sustainability strategies.

How do you help brands build a sustainability framework that aligns with their business goals?

Each brand has a sustainability lead who champions the development of the brand's sustainability strategy. We help to refine the brand's approach. I play a connector role, making sure the brands have access to subject matter experts throughout the organization that can help them drive their strategy.

Additionally, GCCS hosts frequent webinars to provide brands with new insights, best practices and tools to help them accelerate progress towards meeting brand-specific goals, especially in the areas of packaging, ingredient transparency and cause alignment. With this collaborative approach, we are not only sharing great information, we're also spurring some friendly competition between our brands!

What do you love most about your job?

Our approach right now involves brands working together with GCCS and other functions to meet our corporate goals. I have been proud to work with our brands as they step up in response to the COVID-19 pandemic. We are also focused on standing with the Black community through racial justice actions.

It's an exciting time to be in this position—helping brands find their authentic voice and positioning, and creating a connection of shared values for consumers, employees, the business and the communities we support is fulfilling work!



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 ARE FOCUSING ON FIVE SDGS WHERE WE CAN HAVE THE MOST IMPACT
TO HELP DELIVER ON THE VISION OF A MORE SUSTAINABLE WORLD FOR ALL:



SDG3. GOOD HEALTH AND WELL-BEING:
Ensure Healthy Lives and Promote Well-Being for All.

Please see the Citizenship section on page 84 for more details.



SDG5. GENDER EQUALITY:
Achieve Gender Equality and Empower All Women and Girls.

Please see the ELC Family Values section on page 66 and the Citizenship section on page 84 for more details.



SDG10. REDUCED INEQUALITIES:
Reduce Inequality Within and Among Countries.

Please see the ELC Family Values section on page 66 and Our Commitment to Act on Racial Equity on page 12 for more details.



SDG12. RESPONSIBLE CONSUMPTION AND PRODUCTION:
Ensure Sustainable Consumption and Production Patterns.

Please see the Responsible Sourcing section on page 26 and the Product Responsibility section on page 50 for more details.



SDG13. CLIMATE ACTION:
Take Urgent Action to Combat Climate Change and Its Impacts.

Please see the Environmental Stewardship section on page 36 for more details.

COMMITMENT TO GENDER EQUITY

As the United Nations 2030 Agenda for Sustainable Development states,

“Women and girls must enjoy equal access to quality education, economic resources and political participation as well as equal opportunities with men and boys for employment, leadership and decision-making at all levels.”

We are a company founded by an entrepreneurial and groundbreaking woman. We believe deeply in promoting gender equity and achieving gender equality at The Estée Lauder Companies while standing with women around the world. In this spirit, we commit to three goals:

- Equality of Opportunity
- Equality of Leadership
- Equality of Access to Health and Education

To us, this means implementing policies and programs that create equal opportunities and level the playing field for women inside and outside our company, investing in systemic change to advance women's leadership at the highest levels and partnering with NGOs that are improving access to health and education for young girls and women around the world, creating a pathway for their future success.

RESPONSIBLE SOURCING

WE SOURCE INGREDIENTS AND MATERIALS FROM AROUND THE WORLD TO MANUFACTURE OUR PRODUCTS. WE WORK DILIGENTLY TO SOURCE INGREDIENTS RESPONSIBLY AND WITH ATTENTION TO POTENTIAL IMPACTS ON PEOPLE AND THE ENVIRONMENT.

We collaborate with a wide and diverse network of suppliers. In doing so, we aim to continuously improve and strengthen our sourcing practices while remaining sensitive to the local communities in which we operate. Our policies and programs embody our deeply held values and long heritage of responsibility.

OUR MANAGEMENT APPROACH

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 ensure that performance is aligned with our goals and objectives. We collaborate with our brands, suppliers, industry groups and peers to continuously advance our practices.

Ensuring supplier diversity is an important component of our approach. We remain committed to broadening our purchasing choices to stimulate economic development across varying demographics. One area of focus is women-owned businesses, where we continue to grow our pool of suppliers and increase our spend. Another is racial equity; in the United States, we have committed to at least double the amount we purchase from Black-owned businesses over the next three years.



We are working with HERproject™ to help strengthen and improve working conditions at this packaging supplier in China.

\$190M

Spend with diverse and/or small suppliers in fiscal 2020

SUPPORTING WOMEN IN THE SUPPLY CHAIN: HERproject™

Our support of supplier diversity extends beyond the money we spend. We also help create inclusive work places that enable women to develop skills within a safe and empowering environment. Many workers in our supply chains are women, and we believe it is vital to provide trainings, resources and services that address the specific challenges and opportunities they encounter. For this reason, we became members of HERproject, an initiative run by BSR, a global nonprofit business network and consultancy dedicated to sustainability that focuses on empowering women who work within supply chains.

In fiscal 2020, we partnered with two of our packaging suppliers in China to implement a two-year program to strengthen and improve conditions for their female workers. The program included trainings and workplace interventions that targeted health and gender equality goals. In fiscal 2020, we trained 2,000 individuals, including 1,500 women and 68 peer educators through this initiative. We also gathered baseline gender data and insights and executed action plans for each site, which included the creation of a new breastfeeding room accessible to all female employees at one of the sites.



Together with Dutjahn Sandalwood Oils, The Esteé Lauder Companies has helped ensure the sustainable harvest of Australian sandalwood trees for essential oil production.

SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct (the Code) is the foundation of our Responsible Sourcing program. It outlines our expectations for suppliers with respect to human rights, the rights of indigenous peoples and local communities, as well as workers' rights in all operations.

CONTINUOUSLY IMPROVING OUR STANDARDS

In fiscal 2020, we updated the Code to reflect new and emerging social, environmental and governance trends. As part of this process, we benchmarked against peers and leading companies to identify best practices and opportunities for improvement. In addition, we consulted with external experts including BSR, EcoVadis and the Rainforest Alliance.

Our updated Code is organized into three sections: engage in lawful and ethical business practices; promote a respectful, fair and diverse workplace; and 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. We also developed a set of Supplier Sustainability Guidelines to provide suppliers with practical actions they can take, building on the foundation of the Supplier Code requirements, to move towards best practices.

We have shared the revised Code with direct suppliers and are collecting supplier acknowledgments, which is one of our Responsible Sourcing Program requirements. In recognition of our diverse and global network of suppliers, we have also translated the Code into several languages.

Download our Supplier Code of Conduct and Supplier Sustainability Guidelines here. [!\[\]\(ba6ba954e46cf978c7cb2eb8a8df1225_img.jpg\)](#)

SUPPLIER EVALUATION & MONITORING

We conduct risk assessments and perform due diligence on select direct and indirect suppliers. In addition, we monitor supplier performance and implement corrective action plans as needed. We use EcoVadis, an online ratings service by which suppliers can be assessed on environmental impact, labor and human rights, ethics and sustainable procurement practices. In fiscal 2020, we rolled out the platform to more than 280 suppliers, bringing the total number of suppliers using it to more than 460.

IMPROVING SUPPLIER SUSTAINABILITY PRACTICES

EcoVadis ranks suppliers with numerical scores that reflect the maturity level of their sustainability programs, practices and initiatives. This system allows suppliers to see how their practices compare to an objective benchmark. We find that suppliers are often motivated to improve their scores based on the visibility EcoVadis provides.

We require our suppliers to achieve at least a "satisfactory" score and require key strategic partners to achieve an "advanced" score.

SUPPLIER RISK ASSESSMENT

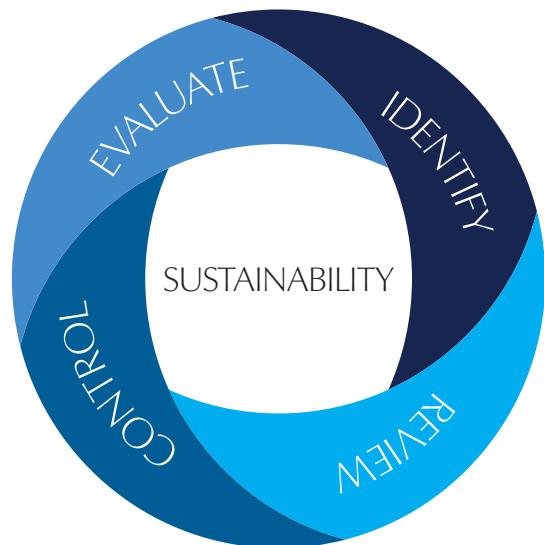
We risk-rank suppliers based on pre-established criteria, such as the location of the operations, type of material being sourced and the impact to our business. Based on the risk ranking of the supplier, we conduct additional due diligence using third-party audits and assessments, including on-site audits. To determine country risk, we use a third party that reviews sustainability topics including environment, health and social issues, corruption and human rights risks.

100%	Percentage of new suppliers* screened using environmental and social criteria in fiscal 2020
98%	Percentage of strategic suppliers** screened using environmental and social criteria in fiscal 2020
67	Number of third-party on-site supplier audits conducted in fiscal 2020

RECOGNIZED FOR OUR ENGAGEMENT

In fiscal 2020, our Responsible Sourcing program was recognized for excellence in sustainability and won the Best Internal Stakeholder Engagement award for North America at the EcoVadis Sustainable Procurement Leadership Awards 2020. EcoVadis noted:

"Program strengths include continuous communication on progress reporting and feedback on the process, participation of C-level leaders and a high level of integration into procurement processes."



ecovadis

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

** Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities. These suppliers comprise more than half of ELC direct spend.

SOURCING KEY INGREDIENTS

Complex supply chains require thoughtful and strategic management. We develop coveted prestige beauty and personal care products from a diverse portfolio of ingredients. Beginning with our work around sensitive supply chains, we seek to procure ingredients with minimal impact to the environment and local communities.



Digital ID cards are provided to farmers to help trace their vanilla using blockchain.

VANILLA

Vanilla is one of the most ubiquitous ingredients in the world, yet 80% of the world's vanilla comes from a single place: the island of Madagascar, where small farms are responsible for most of the production. The livelihood of smallholder vanilla farmers depends on successful harvests, but crop production is a delicate task. Vanilla plants must be tended to for three to four years before bearing pods, and the country is vulnerable to extreme weather conditions such as drought and flooding.

In fiscal 2020, our Responsible Sourcing team and Aveda began a pilot program using blockchain technology to trace our Madagascan vanilla supply chain from harvest through production. We partnered with BSR, (En)Visible and IFF/LMR, one of our strategic suppliers, to bring the project to life.

Farmers were provided a digital ID card that conveys their unique traceability code via a QR reader. Using mobile phones and QR code IDs, data is now captured directly from a farmer upon purchase of the vanilla. The product and producer information is recorded on a blockchain, forming an immutable chain of custody. From the time the vanilla leaves the producers' hands, it is tracked through the supply chain via the blockchain to validate quality and authenticity.

Our objectives with this project are to increase transparency and traceability within one of our more complicated and sensitive supply chains. We also seek to promote fair and inclusive business practices to support those who help us bring the beauty of vanilla to our customers around the world.

PROGRESS TOWARD OUR GOALS

GOAL:

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

We have reviewed our portfolio of more than 4,000 ingredients and prioritized those considered sensitive from a responsible sourcing perspective. We have identified a number of ingredients as priorities and have developed and are implementing biodiversity and social action plans for each. Plans include increasing traceability, developing policies and procedures specific to each ingredient, monitoring suppliers for sustainability risks and identifying projects to generate positive impact on the ground and through industry collaboration. As part of our ongoing review, we will continue to develop and implement additional action plans as per our ongoing review and prioritization process.



Tracking the purchase of vanilla via QR code



Harvesting vanilla in Madagascar



Q&A WITH MINDI DELEARY

EXECUTIVE DIRECTOR, RESPONSIBLE SOURCING

How did The Estée Lauder Companies get involved with the vanilla blockchain project?

This project stems from our Sensitive Supply Chain work. As we prioritize which ingredients to focus on, one of the areas we consider is increasing transparency. When this opportunity to explore blockchain in the vanilla supply chain came our way, we knew it was worth pursuing.

We wanted to test blockchain with vanilla to see how it could bring value. Depending on the results and the feedback, there might be more opportunities to take blockchain technology to additional suppliers for use with other commodities.

What has been the outcome of the project?

I am happy to say that so far it has been a success! The team in Madagascar went from using a system of logging weights and volume into a notebook to recording information digitally, and they did so seamlessly. This was our first proof point. The processor successfully used the technology again when they sold the beans to our supplier. And now that the vanilla has been delivered to us from our supplier, this is the last link in the chain.

We have proved that the software works and that all partners were able to adapt and use the system. The feedback has been great, and we have found many reporting that the new system is much easier than the old methods.

What are the plans moving forward?

We are talking to our partners about how to build on this work and where to go from here. We've gotten to know these partners on the ground and now our focus is on how do we now really make an impact? How do we bring others to the table? We are hopeful that blockchain can play a role to help stabilize the vanilla industry through traceability of supply.

None of us alone have all the answers. But if we put our heads together to make these things scalable and efficient, we can be incredibly powerful.



Vanilla beans that have been harvested and tracked through the supply chain via blockchain technology.

MICA

Beginning in 2005, we partnered with the Kailash Satyarthi Children's Foundation (KSCF) to help address some of the issues surrounding child labor in the mica-mining industry. Through the development of Bal Mitra Grams or Child Friendly Villages (CFVs), KSCF works to eliminate child labor in India by partnering with local communities to develop proactive and sustainable solutions.

Through June 2020, more than 150 CFVs have been created. These villages seek to ensure that none of its children work in the mica mines by promoting education and enrolling children in school. They also assist in the formation of child councils, which empower youth to be self-advocates and find ways to work with local governments to address critical child rights and issues like gender parity and access to food and water.

In the wake of the COVID-19 pandemic, KSCF pivoted to address the devastating impact of the virus on vulnerable CFVs and communities in the mining districts in Jharkhand and Bihar. CFV youth leaders stepped in to spread awareness of ways to prevent COVID-19 transmission. KSCF team members also worked with the government to identify areas of need and distributed food and other supplies, including masks.

Moving forward, we will continue to expand our efforts to address sensitivities in the mica supply chain. Our partnership with KSCF demonstrates how a collaborative model—one that utilizes the expertise of organizations on the ground working directly with local communities and listening to their needs—can lead to lasting solutions to issues that exist in the global supply chains. This model has been recognized as a best practice by the National Commission for Protection of Child Protection Rights (NCPCR) and the University of Delhi School of Social Work.



Mica in its raw form

PALM OIL

Currently, 100% of our purchased palm-based ingredients are certified to Roundtable on Sustainable Palm Oil (RSPO) standards for sustainable production and traceability. We purchased approximately 4,000 metric tons of palm oil-based derivatives in calendar year 2019, which represents approximately 0.05% of the world's annual production of palm oil-based derivatives.

In fiscal 2020, we further strengthened our commitment to responsible palm oil sourcing by becoming one of the founding members of a new coalition, Action for Sustainable Derivatives (ASD). ASD is focused on the complex palm oil derivatives supply chain and comprises a group of personal care companies and their suppliers that use derivatives. ASD intends to increase the transparency of the global derivatives supply chain, collectively monitor risks and activities along the supply chain and implement collective action projects to address social and environmental issues on the ground.

The palm derivative supply chain is complex. Through our ASD membership, we have engaged with key suppliers to establish traceability to the mill level for more than 70% of our palm derivative volumes. This visibility is crucial to help address risks and will allow us to confirm that the sourcing practices of our palm ingredients suppliers align to our principles.



Roundtable on Sustainable Palm Oil (RSPO)

We have been a member of the RSPO since 2014. RSPO is the leading convening body that develops and sets the standards for sustainable palm oil and enables palm oil certification. In fiscal 2020, we signed the RSPO's North American Sustainable Palm Oil Network (NASPON) Charter Agreement, signaling our continued commitment to using certified sustainable palm oil/kernel oil (CSPO). NASPON's vision is to make North America a 100% CSPO market.

We communicate our progress with respect to sustainable palm oil procurement on a yearly basis through the [Annual Communication of Progress](#) (ACOP) in accordance with RSPO requirements.



Palm fruit, harvested for palm oil

PROGRESS TOWARD OUR GOALS

GOALS:

By the end of the calendar year 2020, 50% of our palm-based ingredients will be certified sustainable from RSPO physical supply chains. (Mass Balance, Identity Preserved or Segregated).*

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

We met our interim goal a year ahead of schedule, with 58% of our palm-based ingredients* certified sustainable from RSPO physical supply chains (Mass Balance and Identity Preserved) in calendar year 2019. In total, 100% of our palm-based ingredients* are certified under one of RSPO's four certification types: Mass Balance, IdentityPreserved, Segregated or Book & Claim.

We are on track to meet our goal of 90% RSPO certification from physical supply chains by end of calendar year 2025.

WHAT ARE PALM OIL DERIVATIVES, AND WHY DO WE USE THEM?

Palm oil derivatives refer to the final ingredients created from palm oil that are used in our products. Palm requires less than half the land required by other crops to produce the same amount of oil, making it the highest yield vegetable oil in the world.

Palm oil derivatives are most commonly used in the food industry, with a small percentage found in cosmetics and personal care products. They are odorless, with a smooth and creamy texture that provides emollient benefits. They also have a natural preservative effect which extends the shelf life of products, making them a beneficial ingredient to use in our formulations.



WORKING WITH THIRD-PARTY MANUFACTURERS

While we have direct control over our own purchase of palm-based ingredients, we are also able to influence our larger network of suppliers and partners through continued communication and by outlining our expectations. Products manufactured by Third-Party Manufacturers (TPMs) that contain palm-based ingredients not directly procured by The Estée Lauder Companies are currently excluded from our palm oil goal. In fiscal 2020, we communicated to our third-party manufacturers our expectation that they use palm-based ingredients that are from an RSPO physically certified sustainable source (Mass Balanced, Segregated or Identity Preserved) to further advance our commitment to ensuring sustainable palm oil supply chains.

We will be working with our TPMs to support the increase of RSPO-certified palm-based ingredients in products made on our behalf.



Harvesting palm fruit

SUPPORTING INDEPENDENT SMALLHOLDER FARMERS

Approximately 40% of the world's palm production comes from smallholder farmers (who own or cultivate farms that are on less than 2.0 hectares of land). To support smallholder farmers, in fiscal 2020 we purchased more than 1,000 RSPO Independent Smallholder credits, equivalent to about 25% of our annual palm volumes in 2019. Through these purchases, we supported more than 1,140 independent smallholder palm oil farmers in Indonesia, Malaysia and Thailand.

Project Lampung

We began a three-year project with BASF, RSPO and the nongovernmental organization Solidaridad in fiscal 2019 to work with smallholder farmers in Lampung, Indonesia. The objective is to improve the farmers' livelihoods and their sustainable production of palm oil and palm kernel oil through education and technical assistance.

In fiscal 2020, a team of on-the-ground experts collected and validated data from 1,000 farmers, tracking information about their farms such as yield and land size, as well as personal and household data. This baseline data will be used to monitor and assess progress and measure the farmers' progress on implementing sustainable harvesting practices during the program.

The team also established leadership training and certification management, developed and distributed guidance on RSPO certification and created an online toolkit for farmers, with offline functionality built in for rural and remote areas. The project's goal is to have a minimum of one-third of the supported smallholder farmers certified according to the Smallholder Standard of RSPO by the end of fiscal 2022.

In response to COVID-19, Solidaridad quickly implemented an on-the-ground relief project, funded by The Estée Lauder Companies and BASF. Solidaridad tapped into its network of farm leaders and local partners to distribute PPE kits with face masks, soap and hand sanitizer to the 1,000 farmers and their families. The network also engaged with local government agencies to raise awareness of social distancing and health and hygiene practices to prevent the spread of COVID-19.



Smallholder farmers in Lampung, Indonesia

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



Our NDPE Policy outlines our expectations for no deforestation and no conversion.

COMMITMENT TO RESPONSIBLE SOURCING OF FOREST COMMODITIES

We are a global purchaser of farmed ingredients and have a responsibility to avoid sourcing ingredients that were grown on land that was deforested for crop production, tree plantations or other land uses. To solidify this commitment, in fiscal 2020, we implemented a No Deforestation, No Peat, No Exploitation (NDPE) Policy, which explicitly outlines our expectations for our raw material suppliers regarding no deforestation and no conversion. The NDPE Policy is based on criteria from The [Accountability Framework](#), a set of common norms and guidance for establishing, implementing and monitoring ethical supply chain commitments in agriculture and forestry.

We will conduct due diligence of raw material sourcing to ensure compliance with our NDPE Policy. We will begin by conducting key commodity supplier compliance assessments, which will then further inform commodity-specific action plans. We will report on this process annually as appropriate. *Download our NDPE Policy here.*

Our commitment to ending deforestation extends beyond our ingredients. We aim to use responsibly sourced paper products in our packaging whenever possible, with a goal to have 100% of our forest-based fiber cartons FSC certified by the end of calendar year 2025. *Learn more about our responsible packaging initiatives on page 59.*

For more information about our assessment of risk and response to forest-based commodities, *please read our response to the CDP Forests Questionnaire.*

ENVIRONMENTAL STEWARDSHIP

OUR DEEP COMMITMENT TO ENVIRONMENTAL STEWARDSHIP IS ONE WAY WE DEMONSTRATE OUR FOCUS ON LONG-TERM SUSTAINABLE GROWTH. WE ARE CONTINUING TO DRIVE SUSTAINABILITY INITIATIVES FORWARD, HELPING TO INNOVATE, SOLVE AND CONNECT AT BOTH A LOCAL AND GLOBAL LEVEL.

Resiliency will be more important than ever in the years to come. Our environmental targets position us well to succeed in a changing global economy while advancing the health and beauty of the planet. We will continue to approach environmental management with a spirit of agility and collaboration and plan to further expand on initiatives in this space.

OUR MANAGEMENT APPROACH

Our Global Supply Chain function, which includes the Environmental Affairs and Safety Team, is responsible for managing energy use and greenhouse gas (GHG) emissions, implementing waste-reduction and recycling efforts and reducing water use across our business. Our manufacturing sites have been externally certified to ISO 14001 standards—a voluntary standard to drive improvement—since 2000. As part of maintaining our certification, we continuously improve our environmental and safety management and performance. We also assess our suppliers' performance across a range of environmental issues.



PROGRESS TOWARD OUR GOALS

GOAL:

By the end of calendar year 2020, we will achieve Net Zero carbon emissions and RE100.*

We have achieved our Net Zero goal.*

Net Zero, also referred to as "carbon neutrality," is achieved by removing the same amount of CO₂ from the atmosphere as emitted over a specified period of time.

We have reached the target we set on joining RE100,** sourcing 100% renewable electricity.

Safety management at our facility in Melville, New York

*The Net Zero carbon emissions commitment covers ELC direct business operations (Scope 1 and 2 emissions).

** ELC joined the RE100 campaign in 2017. Please see www.there100.org for more information.

OUR RESPONSE TO CLIMATE CHANGE

The Task Force on Climate-related Financial Disclosures (TCFD) helps companies develop voluntary, consistent climate-related financial risk disclosures for use by investors, lenders, insurers and other stakeholders. We have aligned to the TCFD recommendations with information included in this chapter of our Fiscal 2020 Citizenship and Sustainability Report, *our metrics tables on pages 103-104 and our annual response to the CDP Climate questionnaire.* [↗](#)



*“
We've detailed a robust climate-mitigation strategy that is fully integrated across every brand, region, function and channel. It is this integrated strategy that enables us to remain agile in making progress against a challenging backdrop.
”*

FABRIZIO FREDA,
President and Chief Executive Officer,
The Estée Lauder Companies

GOVERNANCE

We address climate change at the highest levels of our organization. Corporate Citizenship and Sustainability is a standing agenda item for the Nominating and Governance Committee of our Board of Directors. Climate strategy, initiatives and progress against targets are topics reviewed at committee meetings.

Established in fiscal 2017, our Net Zero Steering Committee drives our emissions-reduction strategy and governs financial decision-making related to achieving our Net Zero goal, such as investing in renewable energy projects. In addition, the committee evaluates where we can use our capital to advance energy alternatives to fossil fuel. The Net Zero Steering Committee is composed of senior leaders from various functions who are members of our executive team or report to members of our executive team.

STRATEGY

The leading component of our climate-related strategy is the pursuit of energy efficiency and on-site/off-site renewable energy. These initiatives can reduce the risks associated with regulations that increase the cost of energy and can drive strategic advantage by reducing operating costs.

We have adopted a portfolio approach to reducing greenhouse gases (GHGs), which includes the use of on-site renewables, energy efficiency projects, green utility contracts and renewable energy credits. In support of our 2020 Net Zero goal, we established an annual dedicated capital fund to support low-carbon sustainability initiatives. We strive to invest in technologies that have the potential to positively impact the planet while meeting our business objectives.

We establish goals to reduce our impact and report our progress externally to hold ourselves accountable. By setting goals, we seek to make meaningful progress in advancing the fight against climate change, while using the most up-to-date science as our guide.

RISK MANAGEMENT

We take a formal approach to embedding risk management into existing practices and business processes through our Enterprise Risk Management process. Corporate risks, including climate-related risks, are identified and addressed through a consistent and disciplined process that is appropriately integrated with our strategic planning process.

We conducted a climate risk assessment in fiscal 2019. The assessment included climate scenario analysis of our facilities' exposure to physical risks, such as changing precipitation patterns. We modeled the risks according to two climate scenarios: one in which global emissions trends continue as usual and another in which emissions are aggressively mitigated and global warming stays between 0.3–1.7°C. We have used the results of our climate change scenario analysis to better understand the risks posed to our business activities.

METRICS

For more information about our assessment of climate risk and response to climate change, *please read our response to the CDP Climate questionnaire.* [\[2\]](#)

Please see pages 103-104 for our GHG and energy metrics.



THE ESTÉE LAUDER COMPANIES AT CLIMATE WEEK

We were proud to be a lead sponsor of Climate Week NYC in September 2019 and to be a part of the global coalition addressing climate change. Nancy Mahon, Senior Vice President, Global Corporate Citizenship and Sustainability, spoke on a panel at the opening ceremony to address the role business can play in minimizing the risks climate change poses to the future of our planet.

PROGRESS TOWARD OUR GOALS

GOAL:

By the end of calendar year 2020, we will build upon our Net Zero carbon emissions commitment and set a Science-Based Target (SBT) covering Scopes 1, 2 and 3.

We established Science Based Targets (SBTs) to reduce GHGs, which were validated by the Science Based Targets Initiative (SBTi) in 2020. SBTs are GHG emissions reduction targets adopted by companies and developed using the latest climate science. SBTs must be in line with the scale of reductions required to limit global warming to well-below two degrees Celsius above pre-industrial levels. Our SBTs are aligned with the 1.5 degrees pathway as classified by the SBTi.* These new targets reflect our commitment to reducing our carbon footprint, holding us accountable to external standards, corporate peers and government partners. They are to:

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

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

For more information, *please visit the Science Based Targets website.* [\[2\]](#)

* Our Scope 1 and 2 targets are aligned with a 1.5°C pathway, the most ambitious goal of the Paris Agreement. As of the publication of this report, the SBTi does not classify Scope 3 target ambition. That said, our Scope 3 target, for emissions from our value chain, meets the SBTi's criteria for ambitious value chain goals and is in line with current best practice.

**Base year is fiscal 2018, and completion year is fiscal 2030.

INTERNATIONAL ALIGNMENT

As a signatory of the Paris Agreement, The Estée Lauder Companies is part of the international community committed to reducing GHG emissions to two degrees Celsius above pre-industrial levels (the temperature cap established by scientists as necessary to protect the earth from catastrophic climate change).

ENERGY USE

We track environmental performance at our facilities and have processes in place to collect energy metrics. We use this data to measure the effectiveness of energy-saving activities, which include energy-reduction projects such as lighting retrofits, air flow and temperature management systems, occupancy sensors and equipment upgrades to decrease overall energy use and carbon emissions.

In fiscal 2020, we joined the U.S. Department of Energy's Better Plants program, a voluntary partnership meant to improve energy efficiency across industrial companies. The Better Plants program provides technical assistance, in-plant and online training, and energy-saving resources such as energy audits and diagnostic equipment lending programs.

RENEWABLE ENERGY

Our renewable energy portfolio reflects a wide variety and scope of renewable technologies and approaches, including ground-mounted and rooftop solar and a Virtual Power Purchase Agreement (VPPA) for wind energy. We also purchase renewable energy credits (RECs) to offset emissions from electricity use.

Ponderosa Wind Farm VPPA

In fiscal 2020, we became the first prestige beauty company to execute a VPPA when we entered an agreement with the Ponderosa wind farm in Beaver County, Oklahoma. Under the VPPA, we will purchase the energy produced by 22 megawatts (MW) of the Ponderosa wind farm, owned and operated by a subsidiary of NextEra Energy Resources, equal to the output of approximately 10 wind turbines.

In a VPPA, a company enters a financial arrangement with a renewable energy project developer to buy and receive the environmental—and often the financial—benefits of that energy production. These agreements are done in collaboration with other companies, allowing projects to be financed at a scale that allows for significant impact.

The wind farm will cover more than half of our global electricity footprint with renewable energy, contributing to the achievement of our global 2020 Net Zero carbon emissions goal and meeting the target we set on joining RE100. This VPPA represents our largest renewable energy deal to date.

The Ponderosa wind farm in Beaver County, Oklahoma



Q&A WITH MICHAEL KATZ

EXECUTIVE DIRECTOR, FINANCE

How were you involved in structuring the VPPA with the Ponderosa Wind Farm?

I work in Corporate Finance, specifically in the special projects group. We are involved in mergers and acquisitions strategy, financial diligence and accounting. We also get involved in other special projects, including ones with the Global Corporate Citizenship and Sustainability (GCCS) group.

When GCCS was first considering the VPPA, as well as other possible environmental investments, I was asked to join the due diligence team. My role is to evaluate financial implications including risks and benefits, as well as the regulatory reporting requirements of such investments.

What did the process look like?

The Estée Lauder Companies has a strong idea of what our environmental commitment should be, and we needed to complement that with strong financial and accounting acumen. We had multiple options we could pursue to achieve our carbon reduction and renewable energy goals, and as a team we needed to analyze the various pros and cons of each project.

Financial return is not the only thing we're looking for in this type of investment. In certain cases, you might select a lower investment return if it makes sense as a way to achieve a longer-term strategic objective.

What does the future hold for environmental investments?

I think it's fascinating what's going on with these types of investments. Climate commitments and related instruments to achieve progress in reducing emissions are relatively new. The portfolio approach we are taking to achieving our climate goals makes sound financial sense—you don't want to put all your eggs in one basket.

The space is evolving so rapidly. There is a growing interest in environmental investment, and there are a lot of different types of projects to consider. Companies are becoming more aware of the role they have in driving demand for creative solutions; the more interest there is, the more opportunities the market will provide that meet corporations' financial and strategic needs.



RECOGNIZED FOR GREEN POWER

The U.S. Environmental Protection Agency (EPA) recognizes U.S. companies and institutions that use green power through its Green Power Partnership. We ranked 12th among the Top 30 Retailers in the 2020 rankings.

EXPANDING OUR PORTFOLIO OF SOLAR PROJECTS

In fiscal 2020, we built an additional 3.8 MW of solar power across our operations, bringing our global company total to more than 5 MW of solar capacity.

Solar projects were completed at the following locations in fiscal 2020:

BLAINE, MINNESOTA

Our Aveda Manufacturing facility completed the installation of a 3.6-acre solar photovoltaic array. This .9 MW system is expected to provide 50% of the manufacturing facility's annual demand. Aveda's new solar array is wildlife friendly, accented by several acres of new landscaping to create a natural pollinator habitat underneath the panels. It is expected to reduce more than 1,100 metric tons of CO₂ emissions annually.



MELVILLE, NEW YORK

We completed construction on a 1.45 MW ground-mounted solar array at our Melville, New York, site. This project is expected to produce more than 1,800 megawatt hour (MWh) annually of solar power from more than 4,300 panels and is expected to reduce 1,300 metric tons of CO₂ emissions annually. The six-acre site has been seeded with a wildflower pollinator mix and will be maintained under contract as a pollinator-supporting wildflower garden. The project also includes the installation of 12 electric vehicle charging units, which will be capable of charging 20 electric vehicles, providing clean power to our employees as they commute to and from our campus.



GALGENEN, SWITZERLAND

We installed a rooftop photovoltaic solar array on the main structure of a new distribution center we built in Galgenen, Switzerland. The 1.52 MW system is expected to generate more than 1600 MWh of solar power and reduce 750 metric tons of CO₂ emissions annually.



PETERSFIELD, UNITED KINGDOM

We continue to produce energy through our 1 MW on-site solar system at our Petersfield-based manufacturing plant (Whitman Laboratories) in the U.K., which was installed in 2017 and provides 10-12% of the manufacturing site's annual electricity requirements (and up to a peak of about 95% during sunny days in the summer months). In fiscal 2020, the system generated 830 MWh of solar, reducing 490 metric tons of CO₂ emissions annually. The system has produced more than 2,000 MWh of clean electricity since it was activated in October of 2017.





GREEN BUILDINGS

In fiscal 2020, we finalized our Green Building Standards for new construction and major renovations. These standards set the baseline for the sustainability practices for our spaces, covering impact areas including energy, water, waste and indoor air quality. We have also developed sustainability practices for our existing and retail spaces, which are focused on driving sustainable behaviors.

Additionally, we developed internal plastics guidelines in order to reduce the use of virgin and nonrecyclable plastic across our business, including within office environments.



GREEN BUILDING CERTIFICATION

As part of our Green Building Standards, we formalized our process for identifying which of our sites should pursue certification, including LEED (Leadership in Energy and Environmental Design), the most widely used building certification program for environmental management, and WELL (a certification standard for ensuring the health and well-being of a building's occupants). Criteria include square footage of the site and expected minimum length of occupancy, among other considerations.

SUSTAINABILITY IN NEW YORK CITY

In fiscal 2020, we completed construction at one of our new office locations in New York City at 1 Queens Plaza in the borough of Queens. This site includes energy-efficient lighting, water-saving appliances, high-efficiency air conditioning and open-air dining, among other features. More than 70% of wood used was FSC certified. In addition, construction waste diversion tactics were utilized to minimize the amount of waste sent to landfill. We also built the space to maximize wellness by focusing on improved indoor air quality, acoustics and access to daylight.



Aveda Bioma salon in São Paulo, Brazil

REAL-TIME ENERGY MONITORING

In fiscal 2020, we partnered with Enertiv, a data-driven building operations platform, to pilot real-time energy monitoring software at Bumble and bumble's headquarter offices and flagship salon in New York City to identify opportunities for energy efficiency. Sensors were installed throughout the building to collect and process real-time data for all major pieces of equipment including HVAC and lighting. After the data were collected and inefficiencies were identified, the site was able to implement changes that should reduce annual energy consumption by 127 MWh, which would prevent approximately 30 tons of GHG emissions from being released each year.

CHAMPIONING ON-SITE SUSTAINABILITY THROUGH OUR BRANDS

AVEDA

Aveda Has long revered Brazil's native natural elements and works with local communities across the country to source some of the brand's key ingredients. So, when it came time to decide where to locate its first sustainable salon, the choice was simple.

Aveda Bioma opened in São Paolo in fiscal 2020 and incorporates sustainability into every facet of its operations. Designed to be as energy efficient as possible, the salon self-produces 30% of its energy consumption via solar panels. Water for hair washing is heated by solar panels, and rainwater is collected and treated by reverse osmosis, enabling it to be used for hair washing.

The salon's walls are made of *taipal*, a sustainable material that is 97% clay. Plants are incorporated throughout to keep the temperature low and reduce the need for air conditioning. Many design elements inside of Bioma were created by the artist Naná Mendes da Rocha, who used materials made by female natives of the Kamayurá tribe from Alto Xingú.

ORIGINS

As part of Origins' ongoing commitment to environmental responsibility, the brand rolled out new guidelines for its retail establishments in fiscal 2020:

- Origins prioritizes the use of low-emitting, recyclable and/or recycled materials in new store fixtures and visual merchandising.
- Wall finishing in new stores contains materials that emit no or low VOCs and/or contain post-industrial recycled content.
- Counters in new stores are made with FSC-certified paper and/or Post Consumer Recycled paper. They are also Greenguard certified.
- Origins is proud to power all freestanding stores in North America with 100% renewable electricity.

Many traditional analog store display units cannot be recycled and are replaced every six-to-eight weeks. As we seek to eliminate use of nonrecyclable displays, we are also working to replace them with digital versions.

M·A·C

In fiscal 2020, M·A·C laid the groundwork to begin moving their launch displayers to digital with pilots planned across all regions. These displayers reduce waste and conserve resources by allowing new launch campaigns to be updated digitally instead of having to be regularly replaced at counter. In addition, digital display units reduce the need for global shipment thereby reducing emissions. Digital screens also allow for more engaging and interactive content and allow regions to feature locally relevant content.

BRINGING SUSTAINABLE SOLUTIONS TO OUR ONLINE BUSINESS

Our products are sold on more than 1,700 websites in more than 50 countries, with online sales being a key driver of business growth. Given the significance of this channel, we are finding new ways to address the environmental impacts that are associated with selling products online. In fiscal 2020, ELC Online developed a three-year online sustainability strategy and roadmap focused on tertiary packaging innovations, emission reductions from transportation, online brand engagement and online employee engagement.

Reducing Emissions

We began piloting efforts to reduce transportation emissions with Aveda in the United States in fiscal 2020. During Earth Month (April) 2020, the brand offset carbon emissions from shipping on all U.S. orders placed on Aveda.com. Aveda allowed customers to choose emissions offsets from a selection of three different projects: a solar or wind power project, each in India, or a hydrologic ceramic water filter project in Cambodia. The project resulted in 179 metric tons of CO₂ offset. Aveda in the United States will continue to offset shipping emissions in fiscal 2021.

Aveda offsets **100% of carbon emissions** from shipping for every U.S. order placed on Aveda.com.¹

¹Aveda is holding these emissions constant by offsetting equivalent shipping emissions from renewable energy sources. Shipping emissions would have contributed to our customers' dietary emissions. Fertilizers were used to grow our corn to help to continue its use for the plant-based products.

WIND POWER PROJECT

The **Prairie Winds Emissions Reduction Project** aids in the transition toward a decarbonized economy, and provides greater access to affordable, reliable, sustainable and efficient energy solutions. With an annual generation of 300,000 MWh of clean energy, this project helps to mitigate climate change and has resulted in the creation of new jobs during the construction phase, and permanent jobs since becoming a working operation.

Fun fact: Aveda has been manufacturing products with wind power² for 10 years.

²through renewable energy credits and carbon offsets.

(Photo Credit: Basin Electric Power Cooperative)

SOLAR POWER PROJECT

The **Solar Grouped Project by ACME in India** helps provide solar energy and renewable power to more than 162,558 homes or nearly 650,000 people. This project contributes to infrastructure development in the region.

Fun fact: In 2020, Aveda installed a 900kW solar array at Aveda headquarters that will provide approximately 50% of the manufacturing facility's annual demand.

[WATCH VIDEO](#)

LIVE CHAT | EMAIL SIGN UP - SAVE 15% | REWARDS PROGRAM | SALONS



EARTH DAY, COMMEMORATED REMOTELY

April 22, 2020, marked the 50th anniversary of Earth Day. While many of us were working from home, COVID-19 reminded us of just how interconnected we truly are, as individuals, communities and countries. The pandemic has highlighted the need to protect the planet and its resources, revealing the extraordinary ties between the environment and the well-being of our collective society. In honor of Earth Day 2020, we communicated our continued commitment to our sustainability goals and our communities, including how to embed sustainability into daily activities.

WASTE

Since fiscal 2003, we have had a zero industrial waste-to-landfill commitment for our manufacturing and distribution sites in the United States, Canada, United Kingdom, Belgium and Switzerland. If waste cannot be reused or recycled, it is converted to energy by licensed power plants or by co-processing at cement kilns.

Our facilities follow the waste-minimization hierarchy—reduce, reuse and recycle—and look for opportunities to share best practices. We are also working with a waste management services company in North America to help us optimize waste streams and find new opportunities for recycling and waste reduction within our supply chain and retail stores. We plan to utilize this approach to continuously improve our waste management practices around the world.

Our facilities manage electronic waste in accordance with our Company policies following country environmental regulations for recycling.

Waste Reduction in Australia

In fiscal 2020, our Australian affiliate engaged a vendor called Close the Loop to help find innovative ways to repurpose and reduce waste. As a result, cardboard and paper are now recycled and processed into new cardboard packaging. Timber (pallets and packing) is recycled and turned into mulch and compost used in potting mix and other garden products. In addition, plastic film and soft plastic is recycled for processing into road surfacing material.

PROGRESS TOWARD OUR GOALS

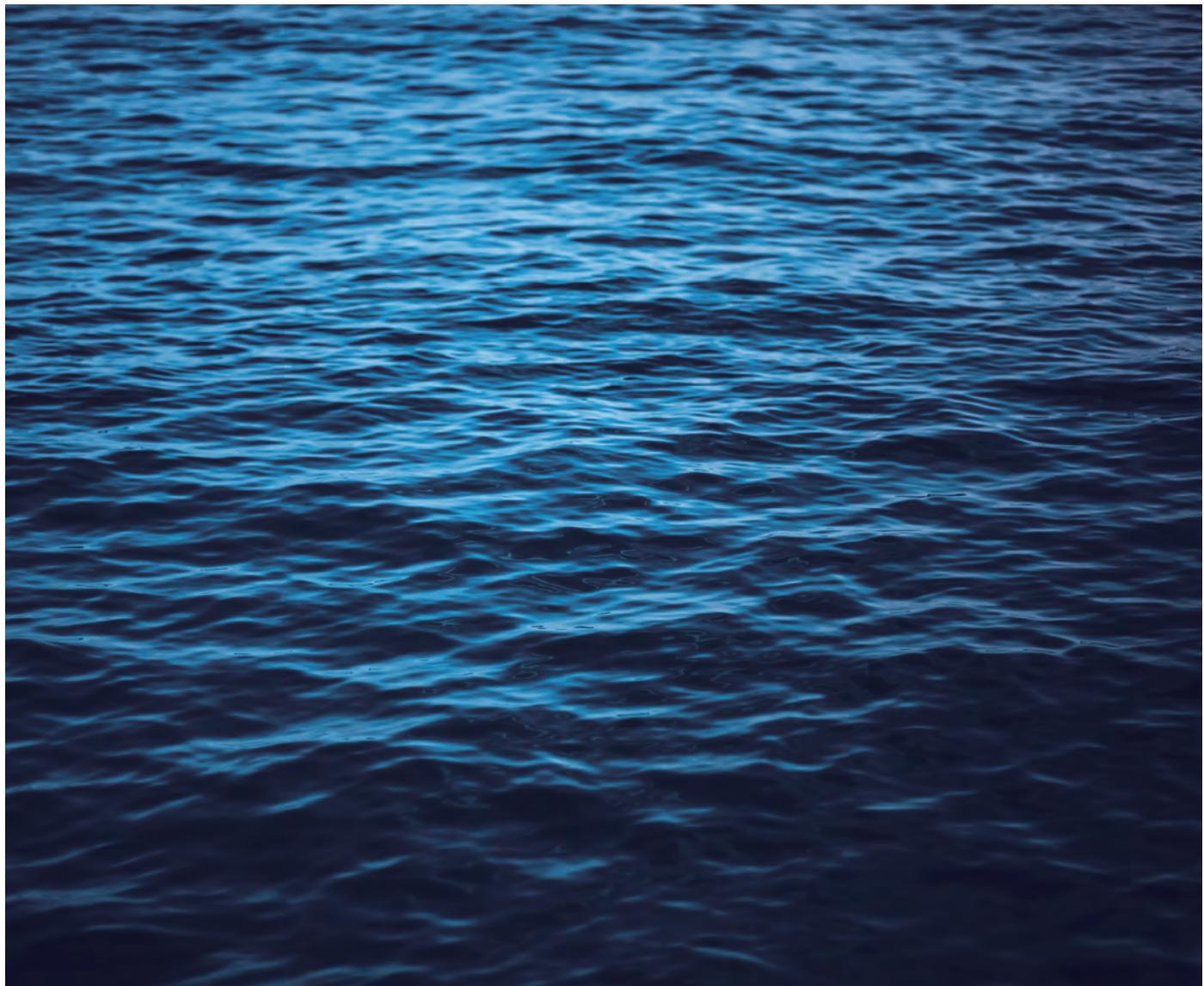
GOAL:

By the end of calendar year 2020, we will achieve zero industrial waste-to-landfill for all global manufacturing, distribution and innovation sites.

We achieved zero industrial waste-to-landfill for 100% of our global manufacturing, distribution and innovation sites. In fiscal 2020, we focused on working with our global sites to identify sustainable waste solutions and ensure procedures and documentation for our zero industrial waste-to-landfill commitment are in place. Going forward, we will continue to maintain this commitment status and onboard new facilities.

“
We have made great progress in Australia, but there is always more to do. We must continue to encourage employees to help identify waste streams that might not be readily apparent so that we can minimize our impact even further. To manage waste successfully the entire team must be vigilant—changing behaviors is critical for success!
”

JOHN KOPPL
Product Safety, Regulatory Affairs and
Sustainability Manager, Australia



WATER

We use water as an ingredient to make our products, as well as for cleaning and cooling manufacturing equipment. In addition, our Research and Development (R&D) and Quality teams rely on water to perform testing, analysis and to develop new products. Our new green building standards have water requirement standards that all new facilities must meet, such as the installation of low-flow fixtures. In addition, for our sites pursuing LEED certification, indoor and outdoor water use reduction is required.

We have water-savings initiatives in place, where possible. We pay close attention to facilities in water-stressed areas, implementing additional measures to ensure we manage our supply and water use responsibly.

We also look to improve existing systems throughout our organization in order to increase water efficiency. For example, in fiscal 2020, we upgraded the water softening system at our Blaine, Minnesota, facility, which is expected to result in a reduction of more than 600,000 gallons of water used each year when operations resume to full capacity.

Combined Efficiency and Watershed Assessment Study in Melville, New York

After an assessment identified our Melville, New York, facility—our largest manufacturing location—as a water-stressed location in fiscal 2019, we initiated a new study to further analyze source water and watershed conditions at the site. Evaluating the current and the long-term sustainability of the local water system is critical to understanding environmental, social and business impacts and for defining the most meaningful opportunities for improvement.

The study will deliver a comprehensive assessment of current and projected watershed conditions including climatic and hydro geological conditions, water supply versus demand and relevant regulatory implications. We are also conducting a stakeholder analysis to determine water-related connections to the local community.

At the same time, we are undertaking an energy and water efficiency study inside the facility at Melville. This efficiency review will identify and prioritize opportunities for decreasing water consumption, increasing energy efficiency and examining the feasibility of alternate power sources and technologies. Combining these assessments is a unique approach that will drive more informed decision-making. It will allow our Melville campus to define performance objectives based on its surrounding environment and transition results into a comprehensive actionable plan.

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



Aveda facility in Blaine, Minnesota

PRODUCT RESPONSIBILITY

AS THE LEADER IN PRESTIGE BEAUTY, WE ARE FOCUSED ON CREATING THE WORLD'S MOST BELOVED PRODUCTS. WE ARE COMMITTED TO PROVIDING CONSUMERS WITH EXCEPTIONAL PERFORMANCE AND LUXURY COUPLED WITH UNCOMPROMISING SAFETY AND QUALITY. OUR PRODUCTS ARE DEVELOPED TO ENSURE THEY MEET OUR HIGH STANDARDS FOR SAFETY AND EFFICACY.

The process by which we bring our products to market is multifaceted, with a wide range of experts contributing their knowledge along the way—from formulation to packaging. We seek to be transparent about this process and to embed sustainability throughout our product value chain.



PRODUCT FORMULATION

Our innovative product formulations enable us to stay at the forefront of the prestige beauty industry. We create breakthrough, high-performing products by tapping into the deep expertise of our scientists and researchers. We strive to meet consumer preference and need by providing a broad range of products, including those geared to consumers looking for natural or vegan ingredients, formulations free of specific ingredients or specially formulated for their skin.



Over the past decade, consumer interest in beauty and personal care product ingredients has soared. Consumers want to know what is in the products they use, what purpose those ingredients serve and if they are safe. We have always believed that increased dialogue with our consumers on our product formulation benefits everyone. We furthered this commitment to transparency by establishing a goal for our brands to develop glossaries of key ingredients by the end of calendar year 2025.

Consumers around the world trust our brands to deliver innovative products with noticeable, meaningful benefits and to do so in a personal, High-Touch way.

CLEAN BEAUTY

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

Consumers around the world trust our brands to deliver the best beauty performance and to do so safely. Across our portfolio we never compromise on safety. We are committed to formulating with people and the planet as our priorities, considering safety, performance, sustainability, green chemistry and overall well-being throughout the product development process.

There is no standard definition of clean beauty. Rather, brands and retailers and consumers approach clean beauty in many ways, for example, by what ingredients are not included in a formula. At The Estée Lauder Companies, some of our brands choose to formulate without certain ingredients as part of their clean beauty positioning.

PRODUCT SAFETY PHILOSOPHY & PROCESS

We evaluate each product for safety throughout its development. We employ a sophisticated testing plan which incorporates a selection of relevant tools, including, for example, a suite of tests such as stability, sensory, safety-in-use and clinical tests, as well as ophthalmologist and dermatologist testing. Our integrated global research and development (R&D) network constantly works to advance modern, scientific cosmetic testing methodologies.

SAFETY REVIEW PROCESS

When we first begin to 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. We then study all aspects of the ingredient. If needed, experiments are conducted in state-of-the-art *in vitro* tests and/or computer-based models to further inform our understanding of the ingredient's safety profile.

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

Once the cosmetic formula meets our safety and quality standards, it is 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 TESTING

We have worked internationally to establish that product safety for cosmetics can be determined via nonanimal, modern, scientific evaluation and methods—leveraging deep knowledge of toxicology, skin biology, historical and current data and evaluations of cosmetic ingredients, while utilizing the most up-to-date scientific methodologies, *in silico*, *in vitro* and clinical. More than 25 years ago, we began using synthetic skin technology to evaluate the effects of products on human skin and have been updating our methodologies ever since.

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

We believe it is our responsibility to contribute to the sustainable solution to end animal testing for cosmetics and are proud to work with organizations advocating for practical solutions and acceptance of alternatives to cosmetic animal testing. We invest in university research programs, industry consortiums and nonprofits that champion a collaborative and effective approach.

For more information on our Animal Testing policies, please see our website. [↗](#)

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 also support the International Cooperation on Cosmetics Regulation.





Q&A WITH ALICIA ROMERO

EXECUTIVE DIRECTOR,
LOCAL AND CULTURAL RELEVANCY, NORTH AMERICA

What is your role at The Estée Lauder Companies?

I help brands find opportunities to engage in emotional and meaningful ways with diverse consumers in North America. I like to think of myself as a translator: I take information about a product and help make sure it's relevant for Women of Color. Our goal is to ensure that we are authentically representing the diversity of the market.

Culture is constantly evolving and redefines itself every day. We need to pay attention and take cultural cues into account, for example, when we are styling or marketing our products. We consider things like language, music, clothing and jewelry, the ingredients we're highlighting—all of these offer opportunities to speak with cultural fluency. It's quite nuanced, but at the end of the day, we want our consumers to say: they heard me, they saw me, they know me.

How does your role support the Company's product responsibility efforts?

At The Estée Lauder Companies, nurturing and investing in inclusion and diversity is not only a core value, but a priority. It is our responsibility to make sure all women can see themselves in our products. We can't be a High-Touch organization if we don't know how to relate to our consumers.

How has your role evolved over the years?

When I started my role three years ago, my focus was to provide a baseline understanding of diverse consumers and the market opportunity in North America. Today, my role drives cultural insights to help our brands be more relevant with diverse consumer communities. My team creates a space where we can be mindful of these insights and share this knowledge across the organization.

What do you love most about your job?

One of the most rewarding aspects of my role is ensuring that all consumers authentically see themselves through our brand experiences. There are so many facets that contribute to the richness of diversity; bringing those concepts to life in advertising, social media campaigns and product innovation is very exciting. Respecting culture in breakthrough and multidimensional ways is challenging—and an incredible honor.

OUR INGREDIENTS

FORMULATION PHILOSOPHY

We create products that delight our consumers. We focus on formulating for performance, prioritizing safety, efficacy and sustainability. We comply with regulations regarding the ingredients in our products. We may elect to formulate without certain ingredients, despite those substances being allowed from a regulatory and safety perspective. In doing so, we consider a variety of factors including consumer preference and brand formulation philosophy. Our recently launched ingredient glossaries allow us to share information about the ingredient choices we make.

INGREDIENT GLOSSARIES

Consumers want information about the ingredients in our products, and we fully support their interest. Our ingredient palette is comprised of thousands of materials, and we are developing new ways to share ingredient information.

Specifically, members of our R&D team are collaborating with representatives from our brands to identify key ingredients from their product portfolios. These ingredients are then included in the brand's glossary, which clearly articulates the reasons behind the uses of these ingredients and their benefits.

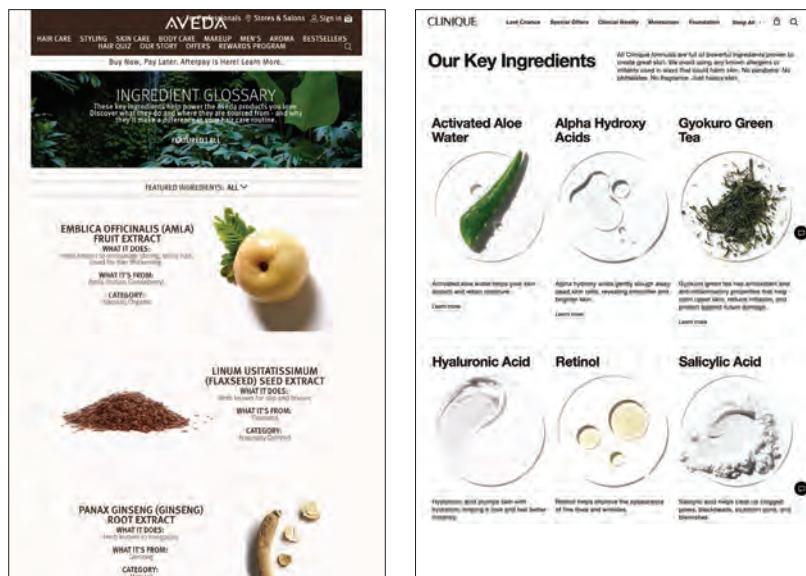
In fiscal 2020, Aveda, Clinique, Origins and La Mer each rolled out their first ingredient glossaries on their respective global websites. The glossaries have been well received by consumers. For example, consumers who visited the glossary page on Aveda.com in the United States spent on average more than three times longer on the site than those who didn't visit the glossary page.

PROGRESS TOWARD OUR GOALS

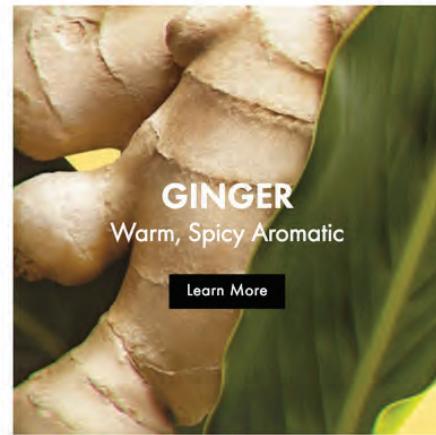
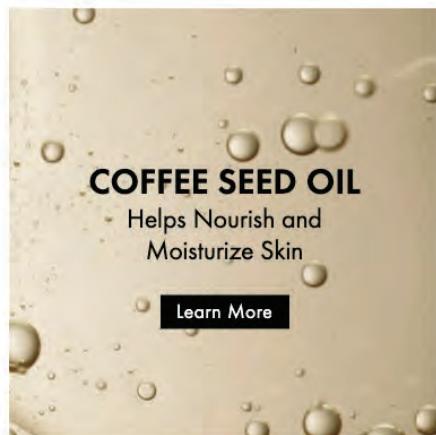
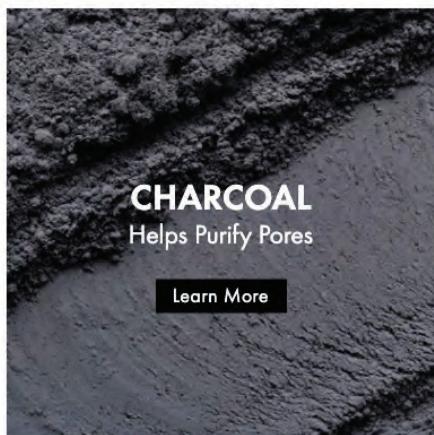
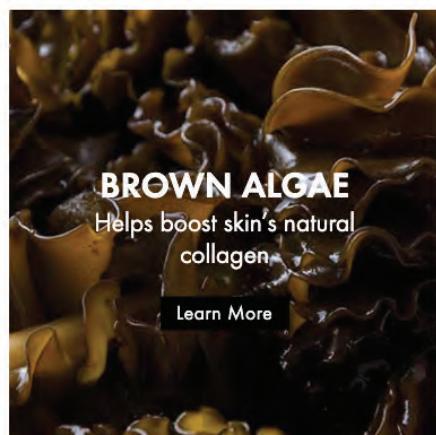
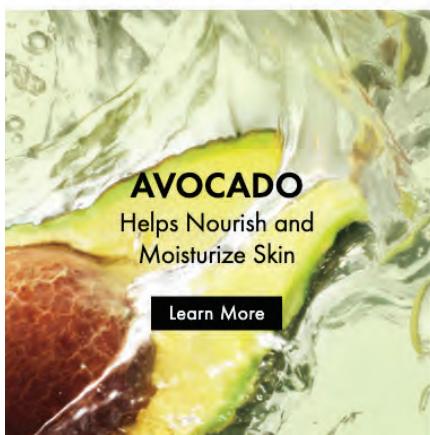
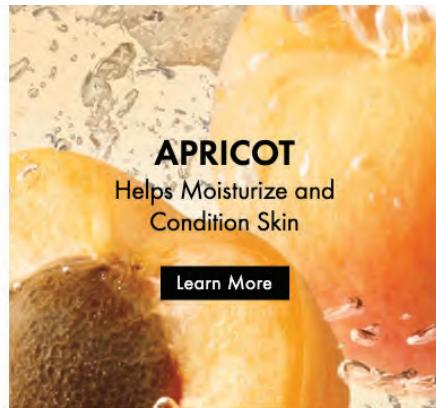
GOAL:

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

We are committed to increased transparency about the ingredients in our products. In fiscal 2020, four of our brands—Aveda, Origins, Clinique and La Mer—published initial ingredient glossaries on their websites.



Highlights from Aveda's Ingredient Glossary



Highlights from Origins' Ingredient Index



GREEN CHEMISTRY

We are proponents of green chemistry and have built a solid foundation to advance our objective of embedding green chemistry principles throughout the product-development process. We aim to integrate these principles not only into our products, but into our thinking, setting ourselves up for a future where all chemistry will be green chemistry and sustainability and product formulation go hand and hand.

Our approach to green chemistry is holistic. We focus on:

- Our talent—training and empowering our chemists on green principles and practices;
- Our processes—creating internal systems that enable us to leverage green chemistry as our foundation; and our expectations, by developing internal objectives and targets to continually advance our progress.

In our approach, we consider ingredient scoring, ingredient innovation and product design. We are also committed to enhancing understanding and education in this area, helping our stakeholders understand the importance and significance of this work.





Origins's GinZing™ Into the Glow Brightening Serum was developed using green chemistry principles.

OUR APPROACH

At the heart of our approach is our Green Score Program, which was developed in partnership with experts from a leading university and officially launched in fiscal 2020. The 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. All The Estée Lauder Companies active ingredients and formulas have been assigned a green score.* We have implemented robust training programs across our formulation teams on the Green Score Program.

Yet, formulation is based on more than combining individual ingredients based on their green scores; it also must consider the interactions among those ingredients. To design a finished product with a favorable green score takes skillful product formulation capabilities.

Accordingly, we created and piloted the Green Formula Design Framework in fiscal 2020 as an important complement to the Green Score Program. Our objective is to train formulators on green formula design, enabling them to better evaluate green chemistry improvements for formulas while continuing to create the high-performance products that our consumers expect. This training will allow them to utilize green scores to design the next generation of products.

HARNESSING THE POWER OF GREEN CHEMISTRY

Origins is at the forefront of creating technologically advanced products while harnessing the power of green chemistry. One of their latest breakthroughs—GinZing™ Into the Glow Brightening Serum—is such an example.

The brand's international team of scientists and botanists applied the principles of green chemistry to formulate the product. This included sourcing naturally derived ingredients, designing a self-preserving formula, which eliminated the need for a synthetic preservative, and using plant-derived emollients and extracts in place of synthetic silicones. GinZing™ Into the Glow Brightening Serum features raw green coffee seed, plant-derived Alpha Hydroxy Acids and Beta Hydroxy Acid from Wintergreen. It delivers high performance for our consumers while being 90% naturally derived.

The serum is packaged in a recyclable glass bottle. The cartons, which are FSC certified, are made with paperboard from responsibly managed forests



Q&A WITH DAN NOWLAN

ASSOCIATE FELLOW,
AVEDA

What is your role at The Estée Lauder Companies?

I am currently an Associate Fellow working at Aveda in Blaine, Minnesota. My focus is hair innovation, specifically color and researching how to advance hair color chemistry. Integrated into my work is the brand's focus on natural and naturally derived raw materials, which is something that Aveda has always prioritized. We work to find ingredients that we can make from natural sources and look to implement green chemistry throughout our processes.

What does green chemistry mean to you?

The principles have matured over the past 25 years since the concept was first introduced, but green chemistry simply means thinking about how to use and manufacture chemicals sustainably. As a chemist I ask: What is the overall life and legacy of a particular chemical? When it is made industrially, are we using the safest, shortest and most energy efficient processes to manufacture it? What happens to the chemical when it goes down the drain? Where can we impact and improve the process along the way?

Essentially, we look at everything and how it goes together across the whole end-to-end process, and we don't just focus on singular raw materials.

What do you love about your job?

I work with amazing people! My colleagues are smart, passionate and, overall, just amazing. They always have the consumer, our fantastic products and each other in mind. This is what brings me in the door every day.

INDUSTRY COLLABORATION TO ADVANCE GREEN CHEMISTRY

We are members of the Green Chemistry and Commerce Council (GC3), a multistakeholder collaborative that drives the commercial adoption of green chemistry by catalyzing and guiding action across industries, sectors and supply chains. In fiscal 2020, we hosted two green chemistry events in partnership with GC3 during climate week in New York City:

- A full-day *Collaborative Innovation Workshop on Silicone Ingredients and Alternatives in Personal Care*
- A half-day workshop focused on *Green Chemistry across Supply Chains*

Participants came from large chemical manufacturers, established specialty manufacturers, start-ups, consumer goods companies in personal care, retailers and toxicology service providers. Our objectives were to advance green chemistry principles in a collaborative setting while developing actionable ways to incorporate green chemistry practices within our industry.





SUSTAINABLE LUXURY PACKAGING

A product's packaging often delivers the first High-Touch moment for our consumers, providing a sense of prestige and luxury right at their fingertips. At the same time, packaging must protect the product inside, which requires that it be sturdy and durable.

Prestige packaging presents a tremendous opportunity for innovation because it plays such an important role in consumer experience. Incorporating more sustainable concepts into packaging designs is a strategic imperative, and we believe our creativity and ingenuity can help advance solutions for our brands and for the personal care and cosmetics industry at large.

OUR MANAGEMENT APPROACH

Responsibility for packaging lies with our Global Packaging Development team, which collaborates with a variety of areas of the business, including Marketing, Creative, Procurement, Environmental Affairs and Safety, Regulatory and Global Corporate Citizenship and Sustainability.

Most brands have been formally assigned a packaging developer dedicated to championing sustainability and ensuring the brand is up to date on the most relevant and innovative design principles. We encourage our package developers to incorporate sustainability into their designs to make new packaging as aligned to our goal as possible (either recyclable, refillable, reusable or using recycled content).



Le Labo's handcrafted fragrances are sold in refillable glass bottles.

SUSTAINABLE PACKAGING GUIDELINES

We are focused on reducing potential environmental impacts of a package across its lifecycle. In fiscal 2020, we launched Sustainable Packaging Guidelines for our package developers, marketers and procurement teams. The guidelines contain an overview of our approach, definitions, material selection guides and FAQs. In addition, the guidelines provide direction for design that enhances packaging sustainability. They outline our priorities, which include:

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

REDUCING TERTIARY PACKAGING IN EMEA

In fiscal 2020, we began efforts to reduce the amount of tertiary packaging used across our online business in our Europe, Middle East and Africa (EMEA) region. New boxes are free of plastic, tape and unnecessary paper. In addition, branded inner boxes have been replaced with plain carton packaging that is FSC certified. We are looking for ways to leverage the work done in EMEA across other regions.

REDUCING PLASTIC USE

We have developed internal plastic guidelines to help drive the reduction of virgin and nonrecyclable plastic across our business. The guidelines aim to advance our commitment to incorporate more sustainable concepts into our packaging, products, offices, retail stores and other facilities. We will be exploring options such as pursuing more sustainable nonrecyclable single-use packaging, replacing plastic applicators used in our retail stores with paper or wood versions, reducing plastic water bottles and cutlery in our spaces and reducing virgin and nonrecyclable plastic in our visual merchandising.

PROGRESS TOWARD OUR GOALS

GOALS:

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

In fiscal 2020, 55% of our packaging by weight is either recyclable, refillable, reusable, recycled or recoverable, increasing from 53% in fiscal 2019.

*We will increase the amount of PCR material in our packaging by up to 50% by the end of calendar year 2025, from a fiscal 2019 baseline.**

In fiscal 2020, we increased the amount of PCR material in our packaging by 15%. We will continue to increase use of PCR material in shippers, bottles, jars, lipsticks, compacts and caps.

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.

In fiscal 2020, 63% of our forest-based fiber cartons are FSC certified, increasing from 28% in fiscal 2019.

* Fiscal 2019 baseline = 8.7% PCR material in our packaging.

SUSTAINABLE PACKAGING IN ACTION

Every year, our brands take steps to incorporate more sustainable design into their packaging. At the same time, we implement company-wide initiatives where applicable to reduce our overall impact.

Brand Initiatives

AVEDA

Today, 90% of Aveda high-density polyethylene (HDPE) plastic bottles use a minimum of 80% PCR content.

BOBBI BROWN

Reduced the use of leaflets and eliminated the use of carriers (transit packing material) where possible.

CLINIQUE

Reduced the use of leaflets and phased in tubes containing bio-polyethylene (PE) and PCR and caps containing PCR to reduce the use of virgin plastic.

ESTÉE LAUDER

Reduced the use of leaflets and reduced the use of plastic through the ongoing transitioning of certain products to glass bottles.

ORIGINS

Incorporated a 100%-recycled material mailer for smaller order parcels.

M·A·C

Working to create sustainable mailers that utilize recycled cardboard, rPET and removable branding.

SMASHBOX

Reduced the use of leaflets and carriers. The brand is transitioning new cartons to Forest Stewardship Council (FSC)-certified board. Holiday set boxes will be in recyclable paper.

Company-Wide Initiatives

We source three quarters of our cartons from a leading sustainable paper mill.

To encourage consumers to recycle their corrugated shipping cartons, "Corrugated Recycles" logos have been added to Outer Shipping Cartons of pilot brands in the United States.

Launched in fiscal 2020 for select pilot brands in the United States, our Digital Packslip initiative eliminates printed packaging slips (with the exception of gift-wrapped orders).

INNOVATING TO CREATE SUSTAINABLE LUXURY PACKAGING

We approach packaging with a spirit of collaboration and innovation. To address the challenges that lie ahead, we plan to continue to develop and expand on our strong network of relationships. We engage with companies, academia and consortiums to help further our collective understanding of sustainable packaging for the benefit of everyone involved.

PARTNERING WITH INDUSTRY

SUSTAINABLE PACKAGING INITIATIVE FOR COSMETICS (SPICE)

We are members of the Sustainable Packaging Initiative for CosmEtcs (SPICE), a cohort of organizations in the cosmetics industry collectively shaping the future of sustainable packaging. Our membership allows us to maintain voting rights, ensuring we have a voice in important discussions, co-creating methodologies and tools to drive the future of sustainable packaging for cosmetics.



ELLEN MACARTHUR FOUNDATION

We are also members of the Ellen MacArthur Foundation, which brings together leaders and innovators in business, governments and academia to contribute to society's transition to a circular economy. Through our membership, ELC employees have access to a portfolio of educational trainings on the importance of shifting to a circular economy and how industry can help expedite that shift.



ASSOCIATION OF PLASTIC RECYCLERS (ARP)

In fiscal 2020, we joined the Association of Plastic Recyclers (APR), the North American trade association representing companies who acquire, reprocess and sell the output of more than 90 percent of the post-consumer plastic processing capacity in North America. Becoming a member of the APR provides us access to industry experts to better understand how to design plastics for recyclability.



SUSTAINABLE PACKAGING COALITION (SPC)

We are proud to be a founding member of the Sustainable Packaging Coalition (SPC), which brings together businesses, educational institutions and government agencies to collectively strengthen and advance the business case for more sustainable packaging. Through the SPC, 250 of our package developers and marketing and creative designers are utilizing the online learning platform, accessing training courses on topics such as the essentials of sustainable packaging, composting, bioresin, ocean plastic and advanced recycling, which is the chemical breakdown of plastic waste into basic components to rebuild new polymers.





Q&A WITH CYNTHIA GRANEY

EXECUTIVE DIRECTOR
PACKAGING DEVELOPMENT, CLINIQUE

What is your role at The Estée Lauder Companies?

I am a Packaging Developer for Clinique. We take a package concept and help make it real, from a design, sustainability and cost perspective. I like to say that we make Marketing and Creative's dreams come true!

It's an exciting job because there is always so much to consider: cost, timelines, creative vision, consumer experience and so on. At the same time, I always need to ask: how will this packaging protect the product? How will it perform in transit? How will it be disposed?

Describe a sustainable packaging project you've worked on.

We recently developed a set for Happy, the Clinique fragrance. These sets require secondary packaging, which is packaging for product already in a package. If the secondary packaging is a set up box, it often has a plastic vacuum form that holds the products in place. In the set up box for our set, we were able to move away from plastic trays and create ones made from FSC-certified paper—not an easy task, as we have stringent transit tests. Other paper structures tend to crumble, but this one holds up very well.

We are always working towards the Company's sustainability goals and we want to get there as soon as possible. However, it is a journey! For example, for secondary packages that still require see-through windows on the box covers, we can use plastic that is made of 25% PCR material. The first step is putting in PCR where we can; the next step is getting rid of plastic altogether in the case of a window box.

How do you work with other brands?

We work across brands whenever it makes sense. For example, if one of us finds a solution to a problem we are all trying to solve, we share it within the group. This also goes for things that don't work. We share our hits and our misses so that we are all collectively working towards our sustainability goals.

What is your outlook for packaging?

Packaging is complex. There are so many elements to address and things are always evolving. I recently attended a packaging event with representatives from different industries. I looked around and realized all of us were working to achieve the same thing—sustainability in packaging. It was inspiring!

We all need to do what we can to improve, little by little, both companies and consumers. And we need to continue to educate each other along the way.

PARTNERING WITH ACADEMIA

YALE UNIVERSITY

For the second year in a row, we have partnered with Yale University's School of Forestry to study how we can further improve our packaging footprint. In fiscal 2020, we continued research on outbound packing materials used for e-commerce distribution to improve shipping efficiency and reduce environmental footprint.



GEORGIA TECH UNIVERSITY

We are also working with Georgia Tech University. Students in the H. Milton Stewart School of Industrial and Systems Engineering and in the School of Public Policy have generated five white papers on material selections to assist our brands with lifecycle analyses on select packaging in our portfolio.



WESTERN MICHIGAN UNIVERSITY

In fiscal 2020, we began a relationship with Western Michigan University's (WMU) paper pilot plant to test and certify that our paper-based secondary packaging materials are recyclable. WMU has certified labs and are a leading authority to test repulpability and recyclability for paper packaging.



TRAININGS AND WORKSHOPS

Keeping employees and suppliers up to date on sustainable packaging initiatives and progress is key to our success. Through in-person and virtual workshops, we can share information and capture new ideas and helpful feedback. In fiscal 2020, we:

- Hosted our first Supplier Sustainability Day. During the full-day event, a cross section of current and prospective suppliers presented their sustainability innovations. Among the approximately 200 attendees were package developers, designers, marketers, procurement professionals and senior leaders. As a result of the ideas shared, we were able to formulate strategies to deliver on our sustainable packaging goals, including greater utilization of advanced recycling.
- Held three sustainability workshops, training more than 300 employees. The objective of the training was to explain our packaging goals in detail and provide corporate guidelines to allow our teams to more easily design for sustainability.
- Hosted environmental webinars with external experts from Lorax EPI. The webinars provide details on up-to-date regulation changes and proposed changes around the world as well as news from retailers, Material Recovery Facilities and recyclers.
- Conducted three Association of Plastic Recyclers training sessions to further educate package developers, designers, marketers and procurement professionals regarding designing for recyclability.



Roberto Magana, Senior Vice President, Chief Procurement Officer, speaks at Supplier Sustainability Day.

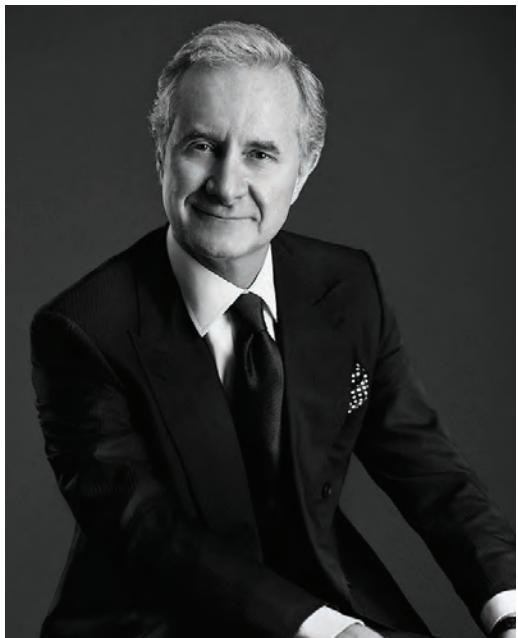
ELC FAMILY VALUES

ROOTED IN THE LAUDER FAMILY VALUES, OUR CULTURE IS BASED ON RESPECT FOR THE INDIVIDUAL, UNCOMPROMISING ETHICS AND INTEGRITY, GENEROSITY OF SPIRIT AND FEARLESS PERSISTENCE.



We encourage employees to embody Mrs. Estée Lauder's legacy of the "challenger spirit" and to embrace continuous growth and personal and professional development. We believe every employee is empowered to lead, regardless of where they sit. Our "Leadership from Every Chair" approach is an extension of our philosophy that all viewpoints and opinions can add value and that every voice deserves to be heard.

Our culture can thrive only in a workplace that is safe, supportive and inclusive, which is why we are committed to promoting a sense of belonging and inclusivity that celebrates differences and unites us in a common purpose. Respecting and valuing the unique identities of everyone we touch—from our employees to our consumers—we create beloved products and experiences that welcome, surprise and delight individuals around the world.



MANAGING THROUGH THE COVID-19 PANDEMIC

The importance of effective communications with our employees has been reinforced by COVID-19-related challenges. We rely on a variety of channels to maintain open dialogue and to provide regular updates on our response to the pandemic, including the global MyELC intranet, employee interactive apps and social media tools, town hall meetings, global roundtables, newsletters, e-mails and videos.

Our senior executives have offered words of encouragement, unity and support, and outlined specific actions responsive to immediate needs as well as plans for a strong recovery. In addition, we have shared guidelines on how to demonstrate our values of inclusion and diversity, stay healthy and safe and take advantage of extended healthcare services and crisis benefits.

We have also offered practical advice on new ways of working, with our Human Resources and IT teams creating comprehensive toolkits to support remote work and facilitate employee connectivity and productivity. These resources have supported employees and managers in co-creating flexible work arrangements responsive to both business objectives and family and personal obligations.

Our global team has continued to keep our business moving forward across brands, regions, functions and channels. While many employees are able to work from home, there are other employees within our manufacturing and distribution centers as well as supporting functions whose roles and responsibilities are dependent on on-site physical presence. We are carefully managing through these unique scenarios, with every decision made through the lens of prioritizing employees' health and safety.

During this unprecedented time, we have been guided by our values of treating our employees with the utmost respect and fairness and honoring our civic responsibilities to the global communities we serve, while remaining focused on maintaining our company's long-term growth. We have taken prudent financial measures to enable us to help protect our people as best as possible, including the temporary reduction of senior- and executive-level employees' salaries. Despite these actions, it was necessary for us to take additional difficult steps, including furloughing and laying-off some of our workforce. We have endeavored to manage through this time with sensitivity and care.



THE CORPORATE ATHLETE PROGRAM

To support employees' personal well-being during shelter-in-place orders, we created the Corporate Athlete Energy for Performance program, a compilation of energy management videos, virtual events, an online community forum and practical tools. The program helps participants make smart investments in personal energy and achieve greater work-life balance by focusing on physical, emotional, mental and spiritual health. From March through June 2020, more than 1,000 employees globally participated in this program.





The Estée Lauder Companies Intern Program brings talented young adults into our organization each year.

LISTENING TO EMPLOYEES

We are continuously reinventing the future of beauty, and our ability to anticipate opportunities and challenges in the constantly evolving landscape is a competitive advantage. We listen intently to our employees' needs and concerns.

The Estée Lauder Companies conducts formal company-wide employee-engagement surveys to gather feedback and measure engagement levels across the organization. In fiscal 2020, our most recent survey year, we increased employee outreach through use of SMS/text messaging communication. This enabled us to reach more of our retail population, and as a result we saw an increase in survey participation. Survey results revealed that we have a strong and positive culture with highly engaged employees. Engagement has risen significantly since fiscal 2017 with many of our engagement drivers remaining consistent.

In fiscal 2020, we aimed to improve employee sentiment towards career development, recognition, flexibility and transformational changes throughout the organization. Efforts like The Reset Day (providing employees an extra paid day off), LinkedIn Learning and Future of Work discussions have taken our organization in a positive direction. We continue to address areas for improvement and remain committed to being responsive to employees.



EMPLOYEE BENEFITS

We offer full-time employees a compelling and competitive benefits package that includes health, survivor and wellness benefits, and retirement savings plans. Specific benefits are based on employees' global location and are aligned to the requirements of local and national regulations.

Family-related benefits for eligible U.S. employees include 20 weeks of paid parental leave, a back-to-work flexibility program and an assistance program to reimburse employees for up to \$10,000 of qualified expenses related to the adoption of a child—regardless of an employee's gender, marital status or sexual orientation. As of fiscal 2020, U.K. and Ireland-based employees also receive 20 weeks of fully paid parental leave. Education-related benefits for eligible U.S. employees include a student loan contribution program, offering up to \$100 per month towards eligible loans with a lifetime maximum of \$10,000, and a tuition-reimbursement program, which offers reimbursement for pre-approved academic courses.

In response to COVID-19, to further assist U.S.-based employees we introduced a COVID-19 Virtual Triage service and added a Crisis Care feature to our Back-Up Care program with Bright Horizons, which included providing an additional 57 days of care per family member, for a total of 72 available Company-subsidized days of care for the 2020 calendar year. To assist employees globally, we launched Rapid Response COVID-19 counseling hotlines in 33 non-U.S. countries. In addition, we accelerated the launch of "Work Life Connections," our new global employee assistance program (EAP), introducing it internationally in June 2020 in more than 45 countries, and launching it in the United States on August 1, 2020.

A graphic design for the "ELC Listens Survey". It features a white central area with the survey title at the top. Below it is a large, bold text reading "USE YOUR VOICE INSPIRE CHANGE". At the bottom, the "ESTĒE LAUDER COMPANIES" logo is displayed. The design is framed by several thick, horizontal brushstrokes in a vibrant red color, which are darker on the left and right sides and lighter in the center where the text is placed.



ELC's Employee Resource Group Open House Event in NYC

INCLUSION & DIVERSITY

At The Estée Lauder Companies, we treasure our inclusive culture, where everyone is welcome. We embrace the beauty of belonging, enabling our diverse workforce to generate the innovative products and practices that make us the most creative, flexible and dynamic company in our industry.

We are proud of our history of publicly driving awareness and acceptance around the world and for standing up for the rights of individuals in the workplace and beyond. Our vision is to be the most inclusive and diverse prestige beauty company in the world, with global recognition as the employer of choice for diverse talent and the brands of choice for diverse consumers.

FEMALE REPRESENTATION
AT EVERY LEVEL
(AS OF JUNE 30, 2020)

65.7%
of STEM employees*

55.3%
of employees Vice President
and above

43.8%
of our Board of Directors

OUR MANAGEMENT APPROACH

Our Chief Inclusion and Diversity Officer is responsible for driving our efforts to create a working environment that supports and celebrates all identities. This role, established in 2004, reports to the Executive Chairman, William P. Lauder, ensuring Inclusion and Diversity (I&D) remain top priorities for the organization.

Our Global Diversity Council, formed in 2006, is composed of a select group of our most senior leaders and co-chaired by our Executive Chairman and our President and CEO. The council meets quarterly and oversees the execution of the inclusion and diversity strategy. In addition, it provides informal support and guidance to the Inclusion and Diversity team on a regular basis.

The Inclusion and Diversity team also works closely with our brands, each of which has an Inclusion and Diversity champion. These champions are passionate about inclusion and diversity and are dedicated to fostering inclusive environments and initiatives for our workforce and consumers. Each brand champion also has a business partner from the Inclusion and Diversity team, who assists with strategy development and implementation.

OUR COMMITMENT TO EQUITY

We at The Estée Lauder Companies believe that we have an important responsibility to advance equity across our organization and within our communities. Behind every action we take as an organization is our fundamental value of respect for the individual experiences of every single one of our employees and our guiding principle of creating a culture of belonging. We have taken several actions to continue to cultivate a community of trust and transparency, including the decision to engage the expertise of a labor economics consultant from a globally reputable firm to assist us in completing a pay equity study for our global workforce. As part of this study, we conducted an in-depth statistical analysis of employee compensation, based on like-for-like jobs, considering factors such as grade, experience, time in role, location and performance, among others.

All else being equal, the results of this study shows that globally, there is a modest statistically significant pay gap for women, who earn 98.2 percent of what men earn and that, overall, in the United States, there is statistical parity with White employees for Black and LatinX as well as other Non-White employees collectively, resulting from a small gap in the aggregate.

We are strongly committed to closing the remaining gaps and believe that gender and racial pay parity is an important step towards achieving full equity in all aspects of employment at The Estée Lauder Companies. We also believe that achieving equity requires a holistic approach; one that further invests in our diverse talent through career advancement, development programs, hiring practices and enhanced talent management to ensure sustainable progress over the long term. We already have many programs underway in support of this, such as the Women's Leadership Network and Racial Equity Program, that we will continue to expand and scale. We are developing a strategy to close any existing pay gaps in a way that addresses identified sources of pay differences and protects against their re-emergence over time.



Tracey T. Travis, Executive Vice President of Finance and Chief Financial Officer, and Deirdre Stanley, Executive Vice President and General Counsel, speaking at a Women's Leadership Network event.

ESTÉE LAUDER COMPANIES



SUPPORTING BUSINESS STANDARDS FOR LGBTI COMMUNITIES

In fiscal 2020, we were proud to announce our support of the United Nations' Global LGBTI Standards of Conduct for Business to support the business community in tackling discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people. The Standards, produced in collaboration with the Institute for Human Rights and Business, build on the UN Guiding Principles on Business and Human Rights and reflect the input of hundreds of companies across diverse sectors.

COMMITTED TO ACHIEVING GENDER EQUITY

Mrs. Estée Lauder was a trailblazer for women in leadership. In the 75 years since our founding, we have honored her legacy of leadership and challenging the status quo.

In the spirit of our founder, we commit to promoting gender equity and achieving gender equality at The Estée Lauder Companies while standing with women around the world.

For more information, please see pages 25 and 75.



INCLUSIVE BEAUTY ADVISORY BOARD

As a consumer-driven organization, we embrace and serve a consumer base that is inclusive and representative of the diverse world in which we live. In fiscal 2020, we launched our first-ever Inclusive Beauty Advisory Board. This internal team was formed in partnership with our Consumer Insights and Corporate Innovation teams. It brings together 28 top performers representing a multitude of ethnicities and generations who work across all levels of our organization—from receptionist to vice president. Their objective is to advise brands on how to reach a more inclusive consumer base.

I&D EDUCATION AND TRAINING

Training is one of the primary ways we promote inclusion and celebrate diversity on a global level. We offer a mix of in-person trainings, eLearning and other digital options.

High-Touch Inclusion

Our foundational in-person training focuses on enhancing self-awareness and valuing different perspectives. Since its inception in fiscal 2014, thousands of employees from more than 25 countries have participated in High-Touch Inclusion. In fiscal 2020, we began offering virtual seminars in order to provide all full-time corporate employees access to this education.

Unconscious Bias

This course tackles the way we unknowingly develop and perpetuate false and unfair stereotypes. In fiscal 2020, we began offering virtual seminars in order to provide access to all full-time corporate employees.

Inclusive Leadership

This highly interactive seminar explores the benefits of inclusive leadership and focuses on three competencies: promoting a sense of belonging, enhancing cross-difference competency and helping team members reach their full potential. This course was piloted in fiscal 2020 and will be rolled out to corporate employees, managers and above, in the United States.

We Love Retail

As of July 1, 2020, more than 8,600 store and counter managers across 60+ countries and in 16 different languages have access to the introductory I&D module in the We Love Retail program created by our Global Learning and Development team. We Love Retail is our flagship onboarding program for retail managers globally.

THE ESTÉE LAUDER COMPANIES CELEBRATES BLACK HISTORY MONTH

In February 2020, we celebrated Black History month with a series of events highlighting African American achievements, contributions and sacrifices.

BLACK, BROWN AND BEYOND: The Beauty of Our Diaspora

Our capstone event brought together a panel of leaders, creative artists and change agents to examine themes of identity and culture.

CHAMPIONING DIVERSITY: A Conversation with Minda Harts

We welcomed Minda Harts, author of the book *The Memo: What Women of Color Need to Know to Secure a Seat at the Table*, for an intimate keynote address. Harts spoke about the need for creating equitable, inclusive work environments and how to champion intersectional inclusion and diversity in the workplace.

JUST MERCY: Screening and Criminal Justice Reform Discussion

The Company's Network of Black Leaders and Executives ERG (NOBLE) hosted a theater buyout for employees to view the film *Just Mercy*, a legal drama based on civil rights defense attorney Bryan Stevenson's work to free a wrongly condemned death row prisoner.

M·A·C BEAUTY BEYOND BOUNDARIES

M·A·C Cosmetics hosted "Beauty Beyond Boundaries, M·A·C Beyond February." The program brought together a panel of experts to discuss the dynamic movers of Black culture and beauty and how Black creatives are finding new way to engage with their audiences.



Celebrating Black History month

ENGAGING WITH THE NEXT GENERATION

To achieve our vision of becoming the most inclusive and diverse prestige beauty company in the world, we must engage with and attract prospective job candidates from a wide and varied pool. Since fiscal 2019, we have been attending career fairs at Historically Black Colleges and Universities in the United States, including Spelman College, Morehouse College, Howard University and Clark Atlanta University. In fiscal 2020, we widened our college outreach program to include Hispanic Serving Universities including Baruch College and The City College of New York.

M·A·C Cosmetics and Aveda Sponsor Howard University 21CAP Program

The Estée Lauder Companies was the first beauty company to become a corporate sponsor of Howard University's 21st Century Advantage Program (21CAP), where Fortune 500 companies "adopt" undergraduate students to help them enhance their business skills and professional development.

In fiscal 2020, M·A·C and Aveda each served as the "parent" company for 15 and 18 Howard University Freshman and Sophomore business students, respectively, providing real-life business opportunities with the brands and mentorship during the school year. Each student was assigned a mentor who provided feedback on their specific brand assignments as well as personal career advice. The students traveled to each brand's headquarters to present their marketing plans, immerse themselves further in the business and speak with key stakeholders in the Company about their career paths and the brands' commitments to inclusion and diversity.



Celebrating Pride at a wELCome ERG Event

ELC Visionaries

It is with great enthusiasm and excitement that ELC Visionaries, The Estée Lauder Companies Creative employee resource group, invites you to an exclusive virtual gathering:

**William P. Lauder ✕ John Demsey
Visionaries in Conversation**



Wednesday, June 3rd
12 noon EST – 1:15pm EST

Corresponding Calendar and Zoom Link to follow

Visionaries Creative ERG hosts a gathering

EMPLOYEE RESOURCE GROUPS (ERGS)

Our ERGs help propel innovation by bringing together different perspectives, experiences and ideas from employees at all levels. They are typically formed around a common social identity such as gender, race, ethnicity, sexual orientation, experiences such as military service or a life stage such as parenthood. All ERGs are inclusive and are open for any full-time employees to join, inspired by the belief that "you don't have to be to belong."

In fiscal 2020, we saw increased participation in ERGs, with 38 active ERGs worldwide in 11 countries with membership of more than 4,500 employees globally. Five new ERGs were launched in fiscal 2020, including Visionaries, for creative professionals, and Mental Health and Wellness, an ERG in the United Kingdom focusing on mental health and wellness in the workplace.

“

wELCome is our ERG aimed at elevating the reputation of the Company as the employer of choice for LGBTQ+ talent. By being a leader of wELCome in Hong Kong, I have a chance to provide tangible support to employees and to advance important social issues such as inclusion and diversity. The ERGs illustrate how strong the family culture is here and how many layers it has. Participating in wELCome makes me proud to be part of the ELC family!

”

CASPER SUN
Consumer Engagement Director,
Too Faced, Hong Kong



Sara Moss, Vice Chairman; Tracey T. Travis, Executive Vice President of Finance and Chief Financial Officer; Jane H. Hudis, Executive Group President; and Marilu Marshall, Senior Vice President, Global Human Resources, and Chief Diversity Officer, at a Women's Leadership Network event.

WOMEN'S LEADERSHIP NETWORK

One of our largest ERGs is the Women's Leadership Network (WLN). The WLN provides opportunities for women to better leverage and expand their resources, knowledge and professional insights to advance personal and business successes on a global level.

The WLN drives membership engagement through inspiring initiatives. The cornerstone "HerStory" series invites female leaders from both within the Company as well as from various outside industries to speak about their personal experiences and share valuable insights. In fiscal 2020, WLN began making these events available to viewers worldwide in livestreamed and videotaped formats.

The WLN's sponsor and mentorship program pairs junior employees with more senior level employees for a 12-month duration. The objective is to elevate the next generation of talent with custom programming designed to develop business acumen among participants. After a successful pilot of the program, the WLN developed its second class of participants in fiscal 2020.

In fiscal 2020, two micro-networks were formed under the umbrella of WLN: Women in Supply Chain (WSC) and Women in Tech (WIT). Both networks focus on engaging, informing and inspiring women to reach their highest potential by providing essential business tools and assets to women in male-dominated fields. In addition to growing within North America, WLN officially kicked-off its global expansion with launches of WLN London and WLN Paris, furthering the Network's global presence in EMEA and the United Kingdom.



LEARNING & DEVELOPMENT

We aim to foster an environment of curiosity and to create a workplace that encourages continuous learning and development. We provide learning and development opportunities to all employees—from our most recent hires to our most seasoned executives.

We determine which learning and development needs are most essential to support our business strategy. Key areas of learning that the organization has deemed critical to employee success are data and analytics, digital skills, advanced marketing capability, accelerated omnichannel retail capability, sustainability behaviors, inclusion and diversity and people leadership. With a focus on developing critical capabilities for long-term growth, we seek to provide our talent with core and advanced skill-building opportunities utilizing a mix of digital learning, virtual instructor-led trainings and, where appropriate, classroom experiences.

In fiscal 2020, learning engagement rose significantly with our flagship enterprise learning programs contributing to the increases. For example, we recognized 2,200 store and counter managers globally who graduated from our award-winning 32-hour digital retail manager training program, We Love Retail, resulting in 76,000 courses completed, bringing the historical total to 230,000 courses completed. We also hosted more than 450 in-person and virtual “live” learning events to meet the evolving needs and interests of our employees. Topics included data analytics, digital skills, manager development, change leadership and agility, working effectively, inclusion and diversity and well-being best practices.

In response to COVID-19, we have adjusted and reprioritized our learning offerings and delivery mechanisms to meet the shifting needs of our employees who were working from home. These changes include delivering learning experiences around subject matters such as managing remotely, mental health awareness and building resilience during uncertain times. Traditional in-person, facilitator-led sessions have pivoted to virtual instructor-led delivery for a variety of topics. In addition, we continue to curate digital content to support “business as usual” focus areas, such as performance development, as well as material of social relevance around racial justice and inclusion and diversity.

PROGRESS TOWARD OUR GOALS

GOAL:

We are committed that by the end of calendar year 2020, 100% of our employees worldwide will have access to training on basic sustainability and corporate social impact programs.

We are on track to launch a virtual learning experience by the end of calendar year 2020 to meet the goal of providing access to sustainability training to all employees. The training will be available to all employees worldwide and will allow them to understand the Company’s citizenship and sustainability goals, our strategy to reach those goals and provide recommendations for how each employee can take personal action in support of citizenship and sustainability.



PARTNERING WITH LINKEDIN LEARNING FOR ENHANCED LEARNING OPPORTUNITIES

Since we became the first prestige beauty company to partner with LinkedIn Learning in fiscal 2018, we have more-than 11,500 employees who activated their complimentary accounts to participate in digital learning initiatives on the platform. We recently expanded access to achieve a total reach of 30,000 employees globally. As of fiscal 2020 end, our comprehensive LinkedIn Learning activity was:

40,960+
courses completed

1,099,396+
videos viewed

54,126+
hours spent advancing our learning objectives

5 hours and 10 minutes
average time per viewer

LEADERSHIP DEVELOPMENT

Leaders motivate, inspire and drive lasting change in an organization. We have developed a set of High-Performance Leadership Competencies (HPLCs) to help employees grow the skills, knowledge and behaviors needed to cultivate strong leadership capabilities. HPLCs are used in individual goal-setting and performance evaluations, with a focus on leveraging individual strengths on employees' career journeys. Our President and CEO, Fabrizio Freda, further reinforces the HPLCs by engaging in yearly dialogue with employees through "Leadership from Every Chair."

OUR SIGNATURE LEADERSHIP PROGRAMS



Romelle Morris, Global Presidential Program participant fiscal 2020

CEO Global Reverse Mentor Program

The CEO Global Reverse Mentor Program pairs Executive Senior Leaders with high-performing, digital savvy Millennial and Gen Z employees so that they can share insights and ideas. Founded by President and CEO Fabrizio Freda in 2015, the program's goal is to help leaders understand the next generation of consumers and their purchasing behaviors while creating a network of young talent empowered to make a positive impact on the business. More than 560 Reverse Mentors and more than 350 Executive Senior Leaders in 29 affiliates have participated in reverse mentoring since the program was established.



CEO Global Presidential Program

The CEO Global Presidential Program is a bespoke, high-touch global rotation program that supports the strategic priorities within our brands, regions, functions and channels. The program recruits a diverse group of highly talented recent graduates (BA/BS or MA/MS/MBA) and develops them through strengths-based coaching and mentorship and a series of curated on-the-job learning experiences over an 18-to 24-month period. Participants discover and leverage their strengths to find their best fit within the organization. The program cultivates high-performing leaders who learn to be agile, creative and innovative by building capabilities and business acumen. The program includes approximately 70 active participants across six regions.



The William P. Lauder Business Symposium at Wharton

Effective Decision-Making in a Fast-Changing World, held annually at the Wharton School of the University of Pennsylvania, brings together high-potential leaders representing our brands, regions, functions and channels with world-class faculty, executive leadership and inspirational industry guests. Hosted by Executive Chairman William P. Lauder, this executive education program reflects his philosophy of learning through exposure to a variety of diverse perspectives and provides participants practical insights inside the classroom as well as unique opportunities for experiential application beyond it.



Employees in our Tokyo offices

DEVELOPING OUR EMPLOYEES

High performance is an integral part of our culture and the foundation for our ability to consistently deliver High-Touch services and experiences. Our corporate-wide Performance Development Plan (PDP) covers all office-based employees across brands, regions, functions and channels. The PDP provides a single structure for employees and their managers to set goals, have ongoing coaching conversations and review performance at the end of each year.

In fiscal 2020, we deployed the PDP in a digital format to more than 16,000 employees in all regions. Digital PDP offers greater transparency around setting goals and receiving feedback. In addition to the ability to track, edit and share goals, employees also can better provide and receive feedback from colleagues and stakeholders.

HEALTH & SAFETY

We are committed to providing a safe and healthy workplace for our employees at all times. We remain a leader in prestige beauty with regard to safety and are proud of the progress we've made to establish safe working environments for our employees.

We have robust policies in place and provide ongoing communications to our employees to keep them engaged and aware of safety in their daily lives. We want all employees to be conscious of their work environment and engage in proactive safe behaviors, which are critical to reaching our ultimate goal of zero workplace incidents.

IN FISCAL 2020:

ZERO RECORDABLE ACCIDENTS

Achieved zero recordable accidents across many of our facilities, including two manufacturing sites, 23 distribution centers and five Research and Development (R&D) sites

53 NATIONAL SAFETY AWARDS

Received 53 National Safety Awards in five categories, across 21 supply chain and R&D facilities and 10 North America brand operations, with some facilities receiving multiple awards

TRAINED 12,800+ EMPLOYEES

Trained 12,800+ employees on various safety topics including ergonomic awareness, lab safety and introduction to safety leadership

IDENTIFYING UNSAFE CONDITIONS

Received 6,800+ Take Action! cards identifying unsafe conditions or near-miss events



PROGRESS TOWARD OUR GOALS

GOAL:

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

We achieved a total incident rate of 0.23 in fiscal 2020, a decrease from 0.25 in fiscal 2019. Our global total incident rate has decreased by 86% between fiscal 2009 and fiscal 2020.



OUR MANAGEMENT APPROACH

Safety is overseen by the Executive Vice President, Global Supply Chain, and managed by the Vice President of Global Environmental Affairs and Safety (EAS). There is a global EAS team covering supply chain, research and development, retail and offices, with facility-level EAS management reporting into this team.

Our Environmental Health and Safety Policy establishes the standard we require of our workplaces for all employees, contractors and visitors. Our global EAS management team monitors and implements this policy throughout our manufacturing, distribution and R&D sites. The policy is reviewed on an annual basis, and each site must adopt and sign-off on the policy each year.

We have a global procedure for hazard and risk assessment that we require all our sites to adhere to and implement. We include safety in our internal audits that occur at each facility approximately once every two years.

Our safety program is fully integrated into our environmental management system, which in turn has been certified to ISO 14001 standards at our manufacturing sites. As part of maintaining our certification, we continuously improve our environmental and safety management and performance.

Safety has always been central to our company, but it has become an even stronger focus as we continue to navigate through the COVID-19 pandemic. During this challenging time, we have built on our strong culture of best-in-class safety and have come together to protect the health and well-being of our employees, beauty advisors, consumers and partners. For example, we have adjusted the health and safety requirements across our facilities to support our employees with guidance from our Medical Advisory Board. During the height of the pandemic, some of our facilities were temporarily shut down. For those that remained operational, we implemented a series of measures to minimize the risk of exposure, including modified work schedules (employees working alternating weeks), enhanced cleaning, sanitation and hygiene protocols at each site, temperature monitoring and personal protective equipment (e.g., face masks), along with social/physical distancing guidelines and associated measures.

Read more about the Medical Advisory Board and COVID-19 response efforts on pages 14-15.

ENGAGING EMPLOYEES IN PRIORITIZING SAFETY

We are committed to providing all employees with the tools to practice safe behaviors, and we encourage both individual and collective accountability for safety. To keep safety top of mind for our employees across our sites (including manufacturing, distribution, R&D, retail and office locations), our global EAS team runs campaigns throughout the year highlighting specific safety issues, including ergonomics and how to prevent slips, trips and falls. We ask employees to renew their commitment to actively caring about safety every June.

In addition, our Behavior Based Safety (BBS) program reinforces our safety culture through employee-led initiatives and communications around best practices. In fiscal 2020, we had 41 BBS Steering Teams across 25 facilities in 12 countries. These teams supported more than 4,600 employees, completed more than 35,500 BBS observations and developed and implemented more than 530 projects to improve safety and ergonomic practices at their sites.

Safety is central to our corporate values and always a top priority for our employees. We rely on continuous participation and awareness of each and every individual to ensure our goal of zero injuries is both attained and maintained.

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WOUTER CLAEYS
Manager, Environmental Health and Safety,
EMEA West Hub (Oevel Hub)

LEN VAN OERLE
Executive Manager Operations,
EMEA West Hub (Oevel Hub)

WELLNESS

We support our employees' well-being and connect employees with healthcare benefit programs, fitness and mindfulness classes, educational support covering various financial and emotional health topics and robust wellness programs. Programs offered are locally relevant and vary by country.



Virtual yoga offered as part of our wellness program during COVID-19



A WINNING SAFETY CULTURE

We received a total of 53 National Safety Council (NSC) workplace safety awards in five categories for significant health and safety achievements across the Supply Chain, R&D and North America field operations for calendar year 2019. The NSC awards represent industry leadership in safety and exemplify our Actively Caring commitment to the safety and well-being of all our employees.

SAFETY IN ACTION

MANUFACTURING

In fiscal 2020, 30 manufacturing, distribution and R&D facilities globally achieved zero recordable accidents. Our Bentley manufacturing site in Ontario, Canada, further achieved five years without a recordable injury. These milestones speak to the commitment of our employees around the world in working safely and speaking up when they see unsafe activities to avoid injuries.

Additionally, our distribution center in Rancho Dominguez, California, celebrated 10-plus years without a lost time injury. While our goal is to avoid employee injuries of any kind, lost time injuries are more severe and cause an employee to be away from work, so ensuring safety measures are in place to avoid those types of cases is critical.



RETAIL

“Safety Gems” is an award program designed to recognize our North American free-standing stores that meet and exceed a collection of safety metrics over a designated time period. Metrics include completing monthly safety checklists, sharing monthly safety topics with on-site employees and providing feedback on safety to the corporate safety team.

In fiscal 2020, we recognized more than 70 stores across North America for their excellence in safety through the “Safety Gems” program. Our global EAS team is currently exploring how to implement similar programs in other regions and retail environments.

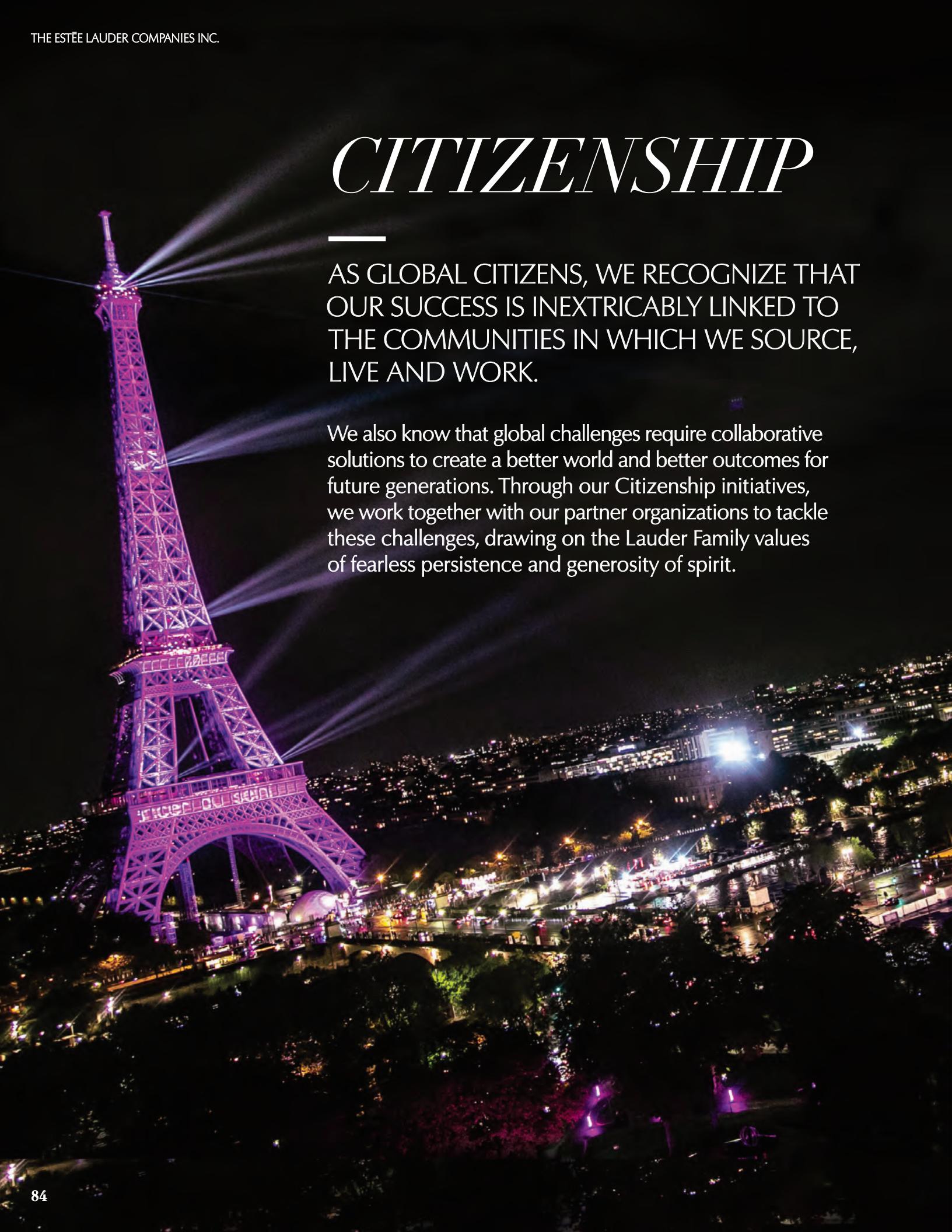


LABORATORIES

Laboratory workers are exposed to unique hazards that require specialized protective measures. For this reason, we created A Lab Safety First: Safety Training Series for Lab Safety Reps program in March 2020, providing in-depth safety training and resources. Participants in this 10-month program focus on a different element of lab safety each month, attending sessions via Skype and successfully passing the corresponding quiz. The inaugural class roster includes more than 80 employees from 13 global sites. Participants also have access to the materials to create site-specific safety trainings to share with their colleagues.



CITIZENSHIP



AS GLOBAL CITIZENS, WE RECOGNIZE THAT OUR SUCCESS IS INEXTRICABLY LINKED TO THE COMMUNITIES IN WHICH WE SOURCE, LIVE AND WORK.

We also know that global challenges require collaborative solutions to create a better world and better outcomes for future generations. Through our Citizenship initiatives, we work together with our partner organizations to tackle these challenges, drawing on the Lauder Family values of fearless persistence and generosity of spirit.

DELIVERING POSITIVE IMPACT

As a global company, we have many opportunities for meaningful engagement with social impact causes that matter to our employees, customers and partners. In places where we work, source or sell our products, we dedicate resources to address issues focused around three pillars: health, education and the environment.

We make financial, product, matching and in-kind donations across our company, our brands and through The Estée Lauder Companies Charitable Foundation (ELCCF). Fueled by our values and employees' passions, the ELCCF's mission is to improve the well-being of our diverse global communities, with an emphasis on women and girls. In addition, we support organizations through our robust employee volunteering program. Our Global Corporate Citizenship and Sustainability team is responsible for the management and execution of our citizenship work.

PROGRESS TOWARD OUR GOALS

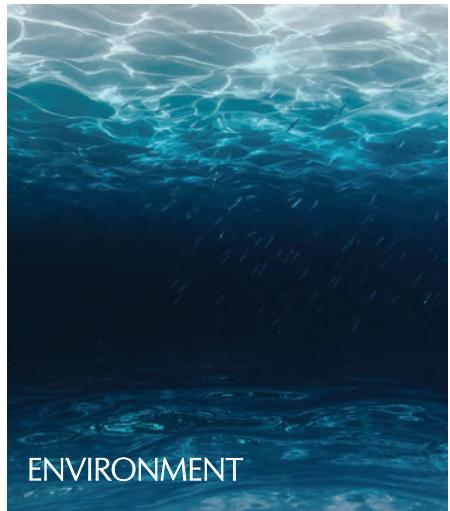
GOAL:

*By the end of calendar 2020, our programs and grants focused on health, education and environmental programs will impact the well-being of 10 million individuals around the world.**

Over the last two years, our programs and grants have positively impacted the lives of more than 20 million individuals worldwide. Our success in meeting this goal will be carried forward through continued health, education and environmental initiatives funded by the Company and ELCCF.

* Impact associated with fiscal 2019 grants tracked in fiscal 2020

ELCCF'S THREE PILLARS



\$9.5M
IN GRANTS

In response to the COVID-19 pandemic, ELCCF has accelerated nearly \$9.5 million in grants to provide current grantee partners with flexible funding in this time of need. Read more on page 14.

GRANTS TO SUPPORT RACIAL EQUITY AND SOCIAL JUSTICE

In fiscal 2020, The Estée Lauder Companies Inc., its brands and the Lauder family pledged to give, including through The Estée Lauder Companies Charitable Foundation and the Company's matching of employee gifts, a total of \$10 million over the next three years to support racial and social justice and to continue to support greater access to education through groups such as NAACP Legal Defense and Educational Fund, Inc., Equal Justice Initiative and The Young Women's Leadership Schools (TYWLS), a program of the Student Leadership Network.



THE ESTÉE LAUDER COMPANIES' BREAST CANCER CAMPAIGN

Through the collective support of our consumers, employees and partners worldwide, The Campaign has:^{*}

- Raised more than \$99 million globally, funding lifesaving research, education and medical services
- Supported more than 60 breast cancer organizations globally
- Distributed approximately 173 million pink ribbons at our brands' beauty counters worldwide
- Mobilized our diverse employees worldwide



Real progress against this disease has been made, and we are proud to inspire action through our global community. We continue to transform hope into impact that positively affects people everywhere.

HEALTH

HOPE FOR A CURE UNITES US ALL #TIMETOENDBREASTCANCER

Breast cancer is the most common cancer in women worldwide. The Estée Lauder Companies has been a leader in the global breast cancer movement since Evelyn H. Lauder co-created the Pink Ribbon and started The Breast Cancer Campaign in 1992, inspiring meaningful action and impact against the disease. As our largest corporate social impact program, The Estée Lauder Companies' Breast Cancer Campaign (The Campaign) unites people around the world in The Campaign's mission to create a breast cancer-free world. The Campaign is a true testament to who we are as a company, the dedication of our people, our family values and, most importantly, the lives we can have a positive impact on around the world through our efforts as global citizens.

Around the world, we are proud of how The Breast Cancer Campaign continues to positively impact our global communities in so many ways:

EDUCATION AND EARLY DETECTION

Highlighting the importance of education and early detection by convening discussions with medical experts and thought leaders as well as producing informative materials

BUILDING AND EXPANSION

Supporting the building and expansion of care centers to treat breast cancer patients

MAMMOGRAMS AND SCREENINGS

Funding medical resources including access to mammograms and screenings

SUPPORT, THERAPY AND COUNSELING PROGRAMS

Positively impacting people with breast cancer and their families through support, therapy and counseling programs

MEDICAL RESEARCH

Funding medical research throughout the world

RESEARCH IN ACTION

The Estée Lauder Companies' Breast Cancer Campaign has raised more than \$99 million dollars globally—with more than \$80 million funding 321 medical research grants through the Breast Cancer Research Foundation® (BCRF). BCRF was also founded by the late Evelyn H. Lauder and is The Estée Lauder Companies' leading partner in The Campaign.

As the highest-rated nonprofit breast cancer organization in the United States, BCRF is dedicated to advancing the world's most promising research to eradicate breast cancer. The Estée Lauder Companies is the largest corporate donor for BCRF, funding a total of 33 research grants in fiscal 2020 and BCRF investigators in seven countries across the globe.



The Estée Lauder Companies BCRF-Funded Researcher Jill Bargonetti (PhD, Chair, Molecular Cellular and Development PhD Subprogram in Biology at the City University of New York Graduate Center)

Through BCRF, the research our Campaign supports spans the entire continuum of cancer research—from basic biology of how healthy cells go awry and become cancer, to developing new diagnostic tests and new treatments, to research to improve a patient's quality of life both during and after treatment.



Elizabeth Hurley, Global Ambassador, The Estée Lauder Companies' Breast Cancer Campaign, pictured with The Estée Lauder Companies BCRF-Funded Researcher Dame Lesley Fallowfield (DBE, BSc, DPhil, FMedSci, Professor, Psycho-oncology at Brighton & Sussex Medical School, University of Sussex, U.K.) and colleagues.

GLOBAL IMPACT

In every region where we operate, The Campaign supports local organizations aligned to our goal of funding research, education and medical services. Here are some highlights of our impact:

MEXICO

Since 2013, ELC Mexico has supported Fundación de Cáncer de Mama (FUCAM) in their mission to seek early diagnosis and provide specialized breast cancer treatment, with emphasis on the most vulnerable and marginalized socioeconomic groups in Mexico. FUCAM provides education and awareness about the importance of early detection and supports the training of specialists in breast radiology, treatment, research and rehabilitation.

KOREA

Since The Campaign's 2001 inception in the region, ELC Korea has maintained its long-standing partnership with the Korean Cancer Society (KCS) to support public education, outreach initiatives and medical services for breast cancer patients who reside in low-income areas of the country.

SOUTH AFRICA

For the past 16 years, ELC South Africa has worked with Look Good Feel Better to support women with breast cancer undergoing treatment to look and feel their best during incredibly challenging times. The affiliate continues its partnerships with Cricket South Africa to renovate Charlotte Maxeke Johannesburg Academic Oncology Clinic and HospiceWits South Africa to donate funds, hygiene supplies and more to help terminally ill cancer patients and their families.

U.K. & IRELAND

ELC U.K. & Ireland partnered with Breast Cancer Now to create educational materials about the signs and symptoms of breast cancer to drive awareness and education for self-examinations among women in the market. The region continues to raise funds for BCRF to support: breast cancer research; Breast Cancer Haven, which provides holistic care for women undergoing treatment; and Future Dreams, which raises funds for breast cancer support, awareness and research.



M·A·C employees volunteer in support of World AIDS Day.

M·A·C VIVA GLAM

Since its inception in 1994, M·A·C VIVA GLAM has raised more than \$500 million in support of people and communities in need. Through this trailblazing campaign, 100% of the selling price of VIVA GLAM Lipstick goes to organizations that work to provide assistance to people living with and affected by HIV/AIDS and to promote healthy futures and equal rights for all. In recent years, we have increased our efforts to focus on women and girls and the LGBTQ+ community.

In the wake of the COVID-19 pandemic, M·A·C VIVA GLAM has committed \$10 million* to 250 frontline organizations around the world to help people at higher risk during the COVID-19 pandemic. The additional support supplied M·A·C's existing partners with emergency COVID-19 relief funds to continue providing vital services, including delivering food, ensuring clients remain informed and on medication, and testing and treating diagnosed cases, particularly for those who are immunocompromised.

M·A·C VIVA GLAM GRANT RECIPIENTS MOBILIZE ON EMERGENCY COVID-19 RELIEF FUNDS

HARLEM UNITED, a NYC-based nonprofit serving historically excluded populations, is helping those who have been impacted by COVID-19 by providing access to healthcare, housing, food and social support services. Within Harlem United's geographic service area, infection rates have at times been double the average of more affluent areas of New York, and more than 90% of their clients are people of color with multiple underlying conditions.

A M·A·C VIVA GLAM Fund partner for the past 25 years, Project Angel Food is providing vital services to the critically ill in Los Angeles County, delivering medically tailored meals in addition to three weeks of emergency meals to its clients. The organization is also addressing employment needs by hiring out-of-work restaurant chefs and workers whose livelihoods have been impacted by the crisis to cook and deliver meals.

GHESKIO is a research, treatment and training nonprofit in Haiti devoted to HIV/AIDS and related diseases. The organization is serving vulnerable populations by raising awareness about how to prevent COVID-19 transmission, helping those with symptoms of the virus get tested and treating patients at its hospital while providing in-home support, including food and medicine, to milder cases.

MENTAL HEALTH

It is estimated that mental illness afflicts up to one in four people worldwide. Though treatments are available, many are reluctant to seek help due to perceived stigma and the potential for discrimination. Raising awareness is an important step to help to reduce the stigma, and we are proud of the work our brands are doing to support mental health organizations.

JO MALONE LONDON

Funded through the sale of Jo Malone London Charity Home Candles, the brand supports organizations that help to raise awareness about mental health. Through its partnership with The Anna Freud National Centre for Children and Families, Jo Malone London sponsored an outreach program that impacted 8,000 schools in the United Kingdom, raising awareness of mental illness and prevention and helping to identify and address the mental health needs of children at an early age.

The brand also supports the creation of community gardens that serve as safe havens for those with mental illness as well as provide them with horticulture skills to use as they seek employment. Jo Malone London stylists also volunteer across various projects. In fiscal years 2017 through 2020, U.K. stylists gave 3,755 hours of their time to help raise awareness of mental health.



BECCA COSMETICS

To raise awareness around mental health, BECCA Cosmetics raised money for the Jed Foundation between May and June 2020 by donating \$5 from the sale of every full-size Shimmering Skin Perfector Pressed Highlighter in the United States during that time. The Jed Foundation is a nonprofit that protects emotional health and prevents suicide for teens and young adults. BECCA's donation will help fund the creation and operation of Jed's new online, interactive Mental Health Support Center for one year. The Support Center is a digital resource platform that will support more than 100,000 people annually.

B E C C A®



jedfoundation.org



PROGRESS TOWARD OUR GOALS

GOAL:

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

As of fiscal 2020, 76% of our brands are focused on an environmental or social cause. The remaining ones are working with our Global Corporate Citizenship and Sustainability and Sustainability team to identify causes that are meaningful to them and resonate with their individual brand identities.

In addition, in fiscal 2020, 14 brands participated in supporting COVID-19 response efforts via consumer donations at checkout, financial donations or product donations; and 14 brands donated funds to racial justice organizations to support Black communities.



Pooja is a student from Pratham's Second Chance center in Jabalpur in India's western state of Madhya Pradesh. Pratham is one of ELCCF's Girls' Education Initiative grantee partners.

Supporting Girls and Women in Hong Kong

The Estée Lauder Companies partners with The Women's Foundation, a nonprofit dedicated to improving the lives of women and girls in Hong Kong. We support the Foundation's Girls Go Tech STEM efforts, which work to inspire underprivileged girls to view STEM subjects and careers as viable options and aims to build a pipeline of local female STEM talent and empower at-risk girls to achieve their full potential. We were also one of the leading sponsors of The Women's Foundation's 15 Year Anniversary Gender Equality Summit, held in Hong Kong September 2019.

Bobbi Brown Pretty Powerful Fund

The Bobbi Brown Pretty Powerful Fund addresses gender equality through support of girls' education. In fiscal 2020, the Pretty Powerful Fund partnered with She's the First, a global nonprofit that finds, funds and supports solutions to educate and empower girls and build up the communities where they can flourish.

The Pretty Powerful Fund supported She's the First to assist in the development of the Girls' Bill of Rights digital toolkit, an online hub that can be utilized by girls worldwide who seek to take action in their local communities. In July 2020, the Pretty Powerful Fund sponsored She's the First's educational programming, leadership summits and local outreach initiatives around the world.

Supporting Literacy in the United Kingdom and Ireland

The National Literacy Trust is an independent charity that works with schools and communities to give disadvantaged children the literacy skills they need to succeed in life. In fiscal 2020, The Estée Lauder Companies U.K. & Ireland committed to The Trust's Vision for Literacy Business Pledge 2020, signaling our support to advance literacy in the United Kingdom.

The Estée Lauder Companies in the U.K. & Ireland have also donated more than 6,000 books through November 2019 and directly impacted more than 1,000 children via our partnership with United Way's Reading Oasis program, which builds dedicated reading spaces in primary schools in disadvantaged areas.

EDUCATION

THE GIRLS' EDUCATION INITIATIVE

Educating a girl creates ripple effects that often benefit an entire community. Through the ELCCF's Girls' Education Initiative, we support organizations working to enhance girls' access to quality education—particularly girls age 12-18 years old—and provide the skills they need to bring about lasting change for themselves, their families and their communities. The Initiative takes a comprehensive approach and supports groups that focus not only on education but also health, counseling, tutoring, extracurricular activities, social and family support, life-skills training, entrepreneurial skills-building and mentorship. Some of this support includes a focus on underserved communities and at-risk populations. The program also seeks to reach boys alongside girls, recognizing that to change social norms and ensure equitable outcomes for girls, we must also reach boys.

In fiscal 2020, as COVID-19 presented new barriers to in-school learning and unique challenges for girls and young women around the world, ELCCF's Girls' Education Initiative continued to provide an unwavering investment in girls' education. ELCCF's support has helped enable our partner organizations to adapt to the crisis and direct funding where it was most urgently needed, such as paying staff salaries, providing virtual learning opportunities, funding essential technology and resources for their local communities or pivoting programmatic priorities.



Q&A WITH THANH DAU

BRAND GENERAL MANAGER,
VIETNAM

What is your role at The Estée Lauder Companies?

My role is Brand General Manager of the Estée Lauder and Bobbi Brown brands in Vietnam. I have been with the Company for 10 years.

What is The Estée Lauder Companies Scholars program?

The Estée Lauder Companies has been involved with The Asia Foundation since 2010, when we helped to launch and support a secondary school scholarship program for disadvantaged female students in the southern province of An Giang in the Mekong Delta. So far, more than 300 girls from the provinces of Can Tho and An Giang have completed the program. An additional cohort of a hundred girls is enrolling in secondary school this fall. In addition to the strong emphasis on academic performance, the program also provides girls with training on soft skills, leadership and English, as well as opportunities for networking and mentoring.

Please describe how you have been involved with the program.

Fellow colleagues and I have visited the homes of scholarship recipients to hear their heartwarming stories on how the program changed their lives and brought hope that their dreams will come true. I have spoken to representatives from The Asia Foundation to understand the value of educating girls and the impact of this program for the girls in this part of Vietnam. I was also honored to have been able to participate in their Scholarship Awards Ceremony, which celebrates the participants and their achievements.

How has participating impacted you?

I feel proud that I work for a company that takes girls' education so seriously and understands its importance. This is especially true because educating a girl has a multiplier effect, helping not only a single girl but her family and the community around her.

As a woman with higher education, I know that education allows women to be more independent and enables us to realize our career dreams. What I find so meaningful about this program is that it doesn't just cover tuition fees and educational materials, but it also equips girls with the life and leadership skills necessary to make them and their communities more resilient, to live better and healthier lives.

The world is changing so quickly! Those who succeed will need to be confident, for sure, but they will need to have strength and flexibility, which this program helps develop and support.

THE ENVIRONMENT

LA MER | Supporting Ocean Conservation Efforts

La Mer is committed to protecting ocean habitats across the globe. Through awareness-raising initiatives and charitable donations by the La Mer Blue Heart Oceans Fund in support of ocean conservation projects, the brand strives to ensure a future with healthy seas for generations to come. Grant recipients have included EarthEcho International, Oceano de Azul, ADM Capital Foundation and The Nature Conservancy.

In fiscal 2020, the La Mer Blue Heart Oceans Fund supported organizations focused on educating future generations about the ocean and empowering them to become change agents in their local communities. La Mer also launched a partnership with Tencent to drive consumer awareness and participation in ocean conservation in China. In addition, each year, La Mer team members around the world lead an effort to clean their local shores and beaches.



AVEDA | Working to Provide Access to Safe Drinking Water

Through its Earth Month campaigns, Aveda has raised nearly \$65 million since 1999 for environmental causes. More than \$60 million of that amount has been directed to protecting and providing clean water.

Aveda is currently working with global partner, charity: water, to bring clean, safe drinking water to more than 50,000 people in need in key sourcing countries India, Nepal, Madagascar and Ethiopia. This work is more important than ever before as the basic preventative measures that are keeping families safe from COVID-19 start with clean water and good hygiene. Aveda's goal is to double its impact with charity: water during Earth Month 2021, bringing clean water to more than 100,000 people in need.



ORIGINS | Keeping Forests Healthy

Origins is committed to keeping forests healthy to safeguard the future of our planet. Since 2009, the brand has partnered with American Forests' Global ReLeaf and other environmental nongovernmental organizations (NGOs) to protect and restore threatened and damaged wildland forests around the world. Through these efforts, Origins has planted and pledged more than 1,300,000 tree saplings and committed to planting more than 625,000 trees in 2020 to help offset carbon emissions and combat climate change.





PROGRESS TOWARD OUR GOALS

GOAL:

By 2025, we will engage 50% of eligible employees in regional, brand or local volunteerism and giving programs such as ELC Good Works, The Breast Cancer Campaign and the M·A·C Global Volunteer program.*

In fiscal 2020, 31% of eligible employees participated in volunteerism and giving programs as recorded via the ELC Good Works program.

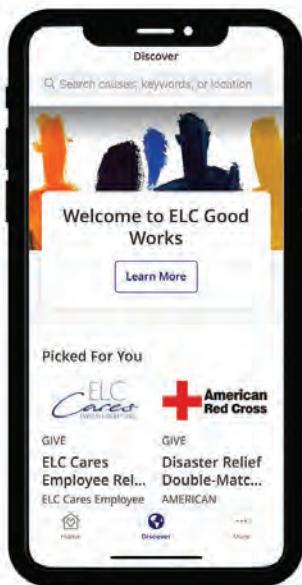
EMPLOYEE ENGAGEMENT

We are inspired by the energy and generosity of our employees and support them in their efforts to donate their time and money to causes close to their hearts.

EMPOWERING EMPLOYEES' GOOD WORKS

The Estée Lauder Companies recognizes the causes that matter to our employees and seeks to bolster the contributions they make. ELC Good Works, our charitable matching gifts and volunteerism program in the United States and United Kingdom allows eligible employees to create and sign up for volunteer activities, as well as request to have their donations and volunteer hours matched by the Company. Eligible U.S. employees can give to eligible nonprofits through donations and payroll deductions. Donations are matched dollar-for-dollar, and volunteer time is rewarded with an equivalent of \$20 for each hour volunteered. In the United States, The Estée Lauder Companies matches up to \$5,000 in total per fiscal year per full-time employee and up to \$2,500 in total per fiscal year per part-time employee.

In fiscal 2020, we enhanced ELC Good Works through a new digital platform and expanded the program to include additional employee populations in the United Kingdom. We also lowered our donation minimum to \$1 equivalent for all employee donations and Company matches and offered a \$20 reward equivalent for all first-time users to donate to a nonprofit of their choice.



“

It is so rewarding to be part of the United Way's Reading Buddies Program and to work with children who might not have the opportunity, support or resources to read at home. After every session, I know that I am leaving a positive and lasting impact on the children I am paired up with. Not only am I helping children in my local community, I am also able to log my time in ELC Good Works so that my volunteering hours are matched with a corporate donation. It feels wonderful to have the Company support a cause so close to my heart!

”

ONJONA BEGUM
Personal Assistant and Commercial Coordinator, ELC U.K.

*Eligible employees include U.S. regular full-time and regular part-time employees; U.K., Jo Malone Global and Travel Retail corporate regular full-time, regular part-time and fixed-term contract employees; and regular full-time, regular part-time and fixed-term contract employees at the Whitman manufacturing site.



Students from The Young Women's Leadership School (TYWLS) of East Harlem and ELC volunteers at the annual ELC x TYWLS Project Beauty event.

ALIGNING VOLUNTEERISM WITH SOCIAL IMPACT

In addition to the numerous organizations our employees engage with directly, they also work with nonprofits supported by the Company and ELCCF. For example, The Young Women's Leadership Schools (TYWLS) is a network of all-girls, public, secondary schools for families in underserved communities operated by Student Leadership Network (SLN). A longtime nonprofit partner of the Company and ELCCF, TYWLS puts college preparatory education at the forefront, impacting more than 2,500 girls at five public schools in New York City. At TYWLS East Harlem, ELCCF supports SLN's highly successful CollegeBound Initiative (CBI), a comprehensive, school-based program that delivers personalized college access services to all students. More recently, ELCCF supported SLN's national expansion with the founding of the Girls Leadership Academy of Los Angeles (GALA). During the 2019-20 school year, 98% of TYWLS East Harlem seniors and 100% of GALA seniors graduated from high school.

In fiscal 2020, the Company participated in New York City's first-ever Career Discovery Week organized by the NYC Department of Education and the Partnership for New York City. As part of Career Discovery Week, The Estée Lauder Companies hosted 60 students from the Art and Design High School and Queens Technical High School. The Global Corporate Citizenship and Sustainability team, in partnership with Origins and Global Human Resources, developed an interactive program to spur interest in a wide range of career paths.

Building on our long-standing commitment to supporting our communities, we also piloted a partnership with New York Cares, the largest volunteer network in New York City, to expand our volunteer programming across our health, environment and education focus areas.

DRIVING EMPLOYEE IMPACT

We believe that employees can lead from any chair, and we apply this principle to our corporate citizenship efforts. The Community Impact Grant, formerly the Employee Advised Fund (EAF), was created in 2014 to give ERG members the unique opportunity to fund and volunteer with the nonprofit(s) that they care about and that are aligned to the Company's values. In fiscal 2020, eight ERGs supported 11 nonprofits, including Feeding America, Habitat for Humanity and the Ocean Conservancy, among others.

BRAND-LED VOLUNTEERING

To complement M·A·C's grant-making initiatives, M·A·C employees continue to donate their time to local community-based organizations. Through M·A·C's World AIDS Day Global Volunteer Initiative in fiscal 2020, approximately 1,800 employees volunteered more than 4,400 hours of their time with local HIV/AIDS organizations, representing nearly 30 international markets and approximately 75 cities in North America.



Q&A WITH KENYA BRYANT

ASSISTANT MANAGER, PHILANTHROPIC PARTNERSHIPS
GLOBAL CORPORATE CITIZENSHIP AND SUSTAINABILITY

What is your role at The Estée Lauder Companies?

I am the Assistant Manager of Philanthropic Partnerships within the Global Corporate Citizenship and Sustainability (GCCS) function. I manage grantmaking across The Estée Lauder Companies Charitable Foundation's girls' education and racial equity grants, and M·A·C VIVA GLAM's international grantmaking portfolio focused on HIV/AIDS, women and girl's health and empowerment, and LGBTQ+ rights. I also work across GCCS on the measurement, evaluation and data management of our charitable programs.

Can you describe the ELC x Student Leadership Network Virtual Career Coaching program that is being developed as part of the company's partnership with The Young Women's Leadership Schools (TYWLS)?

The Company has a longstanding relationship with the Student Leadership Network (SLN) and has partnered with the organization in many capacities, from hosting events like Project Beauty, Sustainability Day and the "Cool Women, Hot Jobs" career fair, to our support of the Girls Leadership Academy of Los Angeles (GALA) affiliate school and the CollegeBound Initiative at the TYWLS East Harlem school.

Traditionally, our efforts have been focused on students currently enrolled in TYWLS, specifically in grades 6 through 12. This past year, I noticed that there was an opportunity for us to extend the support we provide to also include graduates of the TYWLS schools, especially as they begin to navigate the professional world. I presented the idea to fellow members of the ELC x TYWLS Board and to TYWLS, and they loved it!

What will this new program entail?

As we roll out the program in fiscal 2021, we will pair employee coaches with TYWLS alumni who are currently in college or already in the workforce. The objective is to support TYWLS alumni as they develop and enhance their professional capabilities. We'll do this through strengths-based leadership skills workshops, network building and by providing practical guidance such as resume and cover letter writing. Members of our ELC Employee Resource Group NOBLE (Network of Black Leaders and Executives) will serve as volunteer career coaches. This approach ensures that coaches themselves are representative of the diverse TYWLS alumni population and that TYWLS alumni are mentored by women of color employees.

How has it felt to help bring this program to life?

I'm beyond proud to help to launch this program! It is incredibly satisfying to have the opportunity to expand the partnership with TYWLS in this way. The Company takes a very holistic approach to our partnerships—reinforcing a 360-degree strategy around girls' education and empowerment. I feel that the ELC x SLN Virtual Career Coaching program will be a great example of how we are willing and able to creatively evolve our support to nonprofit partners.



METRICS

SELECT
FINANCIAL
DATA
(IN MILLIONS, EXCEPT
PER SHARE DATA)

	FY20	FY19	FY18
Net sales	\$14,294	\$14,863	\$13,683
Net earnings	\$684	\$1,785	\$1,108
Net earnings per diluted share	\$1.86	\$4.82	\$2.95

GLOBAL EMPLOYEES¹

Amounts may not sum due to rounding

	JUNE 30		
	2020	2019	2018
Total employees (thousands)	73.9	76.6	76.5
% Total employees, by region			
<i>The Americas</i>	42.6%	43.1%	43.2%
<i>Asia/Pacific</i>	24.3%	23.4%	22.1%
<i>Europe, the Middle East & Africa</i>	33.1%	33.6%	34.7%
% Total employees, by age group			
<30 yo	35.7%	38.9%	39.8%
30-50 yo	51.3%	48.7%	48.0%
>50 yo	13.0%	12.4%	12.2%
% Total employees, by gender			
<i>Female employees</i>	83.7%	84.3%	85.0%
% Total corporate employees by job level, by gender			
<i>Female Vice President and above</i>	55.3%	55.1%	53.7%
<i>Female Director and Executive Director</i>	65.9%	65.9%	65.9%
<i>Female Manager and below</i>	80.4%	80.8%	80.8%

JUNE 30

2020 | 2019 | 2018

GLOBAL EMPLOYEES continued

Amounts may not sum due to rounding

% Total employees by role type, by gender

	2020	2019	2018
<i>Female in Corporate</i>	77.0%	77.6%	77.6%
<i>Female in Retail</i>	90.3%	90.7%	91.0%
<i>Female in Manufacturing and Distribution</i>	53.4%	54.6%	54.9%
<i>Female in STEM</i> ²	65.7%	65.8%	65.4%

GLOBAL EMPLOYEES BY TYPE

(THOUSANDS)

Amounts may not sum due to rounding

TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY REGION

Regular employees, by region

	2020	2019	2018
<i>The Americas</i>	18.9	19.2	19.4
<i>Asia/Pacific</i>	17.0	16.6	15.4
<i>Europe, the Middle East & Africa</i>	22.7	23.0	23.7

Temporary employees, by region

	2020	2019	2018
<i>The Americas</i>	12.5	13.8	13.7
<i>Asia/Pacific</i>	1.0	1.3	1.5
<i>Europe, the Middle East & Africa</i>	1.8	2.7	2.9

TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY GENDER

Regular full-time employees, by gender

	2020	2019	2018
<i>Female</i>	38.1	37.8	37.1
<i>Male</i>	9.3	9.0	8.6

Regular part-time employees, by gender

	2020	2019	2018
<i>Female</i>	10.3	11.1	12.0
<i>Male</i>	0.8	0.9	0.8

Temporary full-time employees, by gender

	2020	2019	2018
<i>Female</i>	1.5	2.2	2.1
<i>Male</i>	0.3	0.4	0.4

Temporary part-time employees, by gender

	2020	2019	2018
<i>Female</i>	12.0	13.5	13.9
<i>Male</i>	1.6	1.7	1.6

	JUNE 30		
	2020	2019	2018
U.S. EMPLOYEES³	% TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY		
Amounts may not sum due to rounding	White	47.0%	47.3%
	Not self-identified	5.4%	5.0%
	People of Color	47.7%	47.7%
	<i>American Indian or Alaskan Native</i>	0.4%	0.4%
	<i>Asian</i>	12.1%	12.5%
	<i>Black or African American</i>	13.4%	12.7%
	<i>Hispanic or Latino</i>	19.5%	19.5%
	<i>Native Hawaiian or Pacific Islander</i>	0.6%	0.5%
	<i>Two or more races</i>	1.6%	2.1%
			3.0%

3. Data is only available for U.S.-based employees and ethnic category is defined according to the Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian or Pacific Islander, Black (except Hispanic), Native Hawaiian or Other Pacific, Hispanic or Latino and two or more races.

	JUNE 30		
	2020	2019	2018
U.S. EMPLOYEES BY ROLE TYPE	% U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY		
Amounts may not sum due to rounding			
White	66.3%	67.0%	67.7%
Not self-identified	1.7%	1.3%	1.9%
People of Color	32.0%	31.7%	30.4%
<i>American Indian or Alaskan Native</i>	0.1%	0.1%	0.1%
<i>Asian</i>	14.4%	13.9%	12.7%
<i>Black or African American</i>	5.9%	5.9%	6.1%
<i>Hispanic or Latino</i>	10.6%	10.4%	10.1%
<i>Native Hawaiian or Pacific Islander</i>	0.3%	0.3%	0.3%
<i>Two or more races</i>	0.8%	1.0%	1.1%
% U.S. RETAIL EMPLOYEES, BY RACE/ETHNICITY			
White	40.3%	40.0%	40.0%
Not self-identified	7.9%	7.8%	9.3%
People of Color	51.8%	52.2%	50.7%
<i>American Indian or Alaskan Native</i>	0.6%	0.6%	0.4%
<i>Asian</i>	6.1%	5.9%	5.5%
<i>Black or African American</i>	16.4%	15.8%	14.5%
<i>Hispanic or Latino</i>	25.6%	26.2%	25.4%
<i>Native Hawaiian or Pacific Islander</i>	0.9%	0.8%	0.7%
<i>Two or more races</i>	2.2%	3.0%	4.2%
% U.S. MANUFACTURING & DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY			
White	38.0%	38.0%	40.8%
Not self-identified	1.4%	1.4%	1.1%
People of Color	60.7%	60.6%	58.0%
<i>American Indian or Alaskan Native</i>	0.4%	0.5%	0.5%
<i>Asian</i>	33.4%	34.9%	32.3%
<i>Black or African American</i>	15.3%	13.7%	13.4%
<i>Hispanic or Latino</i>	10.6%	10.7%	10.8%
<i>Native Hawaiian or Pacific Islander</i>	0.2%	0.1%	0.2%
<i>Two or more races</i>	0.7%	0.6%	0.9%

JUNE 30

2020

2019

2018

U.S. CORPORATE EMPLOYEES BY JOB LEVEL

Amounts may not sum due to rounding

% U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY

White	72.8%	75.4%	78.3%
Not self-identified	1.9%	1.1%	1.1%
People of Color	25.3%	23.6%	20.6%
<i>American Indian or Alaskan Native</i>	0.0%	0.0%	0.0%
<i>Asian</i>	13.6%	12.9%	11.8%
<i>Black or African American</i>	3.9%	3.6%	2.9%
<i>Hispanic or Latino</i>	7.4%	6.4%	5.5%
<i>Native Hawaiian or Pacific Islander</i>	0.0%	0.0%	0.0%
<i>Two or more races</i>	0.4%	0.6%	0.4%

% U.S. DIRECTOR AND EXECUTIVE DIRECTOR CORPORATE EMPLOYEES, BY RACE/ETHNICITY

White	70.0%	70.8%	71.7%
Not self-identified	1.5%	1.3%	1.6%
People of Color	28.5%	27.9%	26.7%
<i>American Indian or Alaskan Native</i>	0.1%	0.1%	0.1%
<i>Asian</i>	16.6%	15.9%	14.5%
<i>Black or African American</i>	4.0%	3.9%	4.4%
<i>Hispanic or Latino</i>	7.1%	7.1%	7.1%
<i>Native Hawaiian or Pacific Islander</i>	0.1%	0.0%	0.0%
<i>Two or more races</i>	0.7%	1.0%	0.7%

% U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY

White	64.0%	64.6%	65.1%
Not self-identified	1.8%	1.4%	2.1%
People of Color	34.2%	34.0%	32.7%
<i>American Indian or Alaskan Native</i>	0.1%	0.1%	0.1%
<i>Asian</i>	13.5%	13.3%	12.1%
<i>Black or African American</i>	6.9%	7.0%	7.0%
<i>Hispanic or Latino</i>	12.3%	12.1%	11.7%
<i>Native Hawaiian or Pacific Islander</i>	0.4%	0.4%	0.5%
<i>Two or more races</i>	0.9%	1.1%	1.3%

	JUNE 30			
	2020	2019	2018	
BOARD OF DIRECTORS Amounts may not sum due to rounding	Total Board count	16	16	17
	% Female	43.8%	43.8%	47.1%
	% People of Color ⁴	18.8%	18.8%	23.5%
	% Board composition, by age group			
	<30 yo	0.0%	0.0%	0.0%
	30-50 yo	18.8%	18.8%	23.5%
	>50 yo	81.3%	81.3%	76.5%

	JUNE 30		
	FY20	FY19	
PARENTAL LEAVE (THOUSANDS)	Total # of U.S. employees eligible for parental leave ⁵	10.9	10.6
	Total # of U.S. employees that took parental leave	0.4	0.4

4. In fiscal 2020, one of our directors self-identified as Black or African American and two of our directors self-identified as Asian.
 5. Eligible U.S. employees include U.S. regular full-time employees that have been employed for at least three months.

		FY20	FY19	FY18
SOCIAL INVESTMENTS (\$ MILLIONS)	Total charitable contributions ⁶	\$41.3	\$41.7	\$41.1
EMPLOYEE ENGAGEMENT (THOUSANDS, EXCEPT ERGS)	Employee volunteer hours ^{7,8}	17.1	26.0	24.9
	Employee donations ⁷	\$1,541	\$798	\$884
	Amount matched by ELC	\$4,008	\$1,090	\$1,139
	% eligible employees participating in volunteerism and giving programs ⁹	31%	n/a	n/a
	# Employee Resource Groups (ERGs) ¹⁰	39	30	27
EMPLOYEE SAFETY	Total Recordable Incident Rate ¹¹	0.23	0.25	0.24
	Days Away, Restricted or Transfer Rate (DART)	0.19	0.20	0.18
	Lost time frequency rate	0.18	0.17	0.15
	Total fatalities	0	0	0
	Total Recordable Incidents	137	155	145
	# Recordable work-related injuries, by main types			
	<i>Slips, trips and falls</i>	50	55	58
	<i>Ergonomic injuries</i>	21	27	28
	<i>Cuts and lacerations</i>	18	13	7

6. Fiscal 2019 and fiscal 2018 values restated due to updated collection methodology. Does not include charitable contributions made by employees but does include related Company matching contributions.
7. Volunteer hours and donations include only those self-reported to ELC Good Works. ELC Good Works is available to U.S. regular full-time and regular part-time employees; U.K., Jo Malone Global and Travel Retail corporate regular full-time, regular part-time and fixed-term contract employees; and regular full-time, regular part-time and fixed-term contract employees at the Whitman manufacturing site.
8. In fiscal 2020, the COVID-19 pandemic negatively impacted volunteerism rates due to restrictions on assembly.
9. This metric reflects a goal announced in fiscal 2019. Fiscal 2020 is the first year for which data is being tracked against this goal.
10. Total number includes all global chapters, representing 16 unique ERGs.
11. 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.

		FY20	FY19	FY18
GREENHOUSE GAS (GHG) EMISSIONS (THOUSAND METRIC TONS CO ₂ EQUIVALENT)	Scope 1 ^{12*}	27.2	28.9	30.4
	Scope 2 ^{13*}	59.5	62.4	61.6
	Scope 3 for measured categories, by category ^{14*} (FY20 data available in CY21)	n/a	2,124.6	1,805.2
	<i>Category 1: Purchased goods and services*</i>	n/a	1,486.6	1,268.5
	<i>Category 2: Capital goods*</i>	n/a	167.9	155.8
	<i>Category 4: Upstream transportation and distribution*</i>	n/a	435.2	365.1
	<i>Category 6: Business travel*</i>	n/a	34.9	15.8
	GHG intensity (normalized to net sales) ¹⁵	0.0	3.6	4.4
	Reduction of emissions due to conservation and efficiency measures ¹⁶	0.9	0.3	1.1
	% progress towards Net Zero*	100%	39%	38%

*Data verified by Apex Companies, LLC

12. Scope 1 emissions are calculated for all worldwide activities with ELC operational control. Emissions data is updated and restated on an annual basis to reflect updates to ELC sites and GHG Protocol calculation methods. GHGs included as part of this inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs). The other GHGs, sulfur hexafluoride (SF₆), perfluorocarbons (PFCs) and nitrogen trifluoride (NF₃) are not emitted as Scope 1 or Scope 2 emissions in ELC's GHG inventory. Scope 3 emissions include all applicable GHGs listed above. The base year for Scope 1 and Scope 2 emissions is fiscal 2008. The base year for Scope 3 emissions is fiscal 2018. The base years were chosen due to the completeness of availability of data for all emissions sources within the boundary conditions set. Any changes in inventory methodology, boundary conditions (operational or organization), or facility portfolio are tracked against the base year inventory. Global warming potential (GWP) factors are taken from the IPCC's fifth Assessment Report. Fiscal 2019 and fiscal 2018 Scope 1 GHG emissions metrics restated due to updated EPA and IEA emission factors and more accurate data capture.
13. Scope 2 refers to market-based Scope 2 emissions and the GHGs included in this inventory are CO₂, CH₄ and N₂O. For electricity purchased in the United States, emissions factors taken from the most recent EPA Emissions & Generation Resource Integrated Database (eGRID) are used to calculate GHG emissions. Province or territory-specific factors from Environment Canada and the Australian Government are applied to Canadian and Australian locations, respectively. Country-specific emissions factors are applied at all other locations including utilizing residential mix emission factors for locations in the European Union.
14. Scope 3 reporting is updated to align with the process for setting Science-Based Targets. We are disclosing Categories 1, 2, and 4 as reflective of significant impact, with Category 6 reflecting stakeholder interest. Increased business travel emissions in fiscal 2019 are due to expanded global data capture. All other Scope 3 Categories are considered de minimis; please refer to [ELC's CDP Climate response](#) for additional information. Full Scope 3 data for fiscal 2020 not available at time of publication due to limitations associated with the timing of suppliers' release of value chain data.
15. GHG intensity is calculated based on Scope 1 and Scope 2 market-based emissions including renewables. Fiscal 2019 GHG emissions intensity metric restated due to updated EPA and IEA emission factors and more accurate data capture.
16. Total estimated annual savings from projects implemented in the reporting period. Fiscal 2018 value restated to reflect the exclusion of savings due to RECs.

		FY20	FY19	FY18
ENERGY (THOUSAND MWH) Amounts may not sum due to rounding	Total energy consumption within the organization*	289.0	299.3	303.8
	Total fuel consumption by source ^{17 18*}	129.8	137.9	143.2
	<i>Non-renewable</i> *	128.4	136.8	142.6
	<i>Renewable</i> *	1.4	1.1	0.6
	Total electricity consumption, by source ^{19*}	159.2	161.4	160.6
	<i>Non-renewable</i> *	0	54.8	56.2
	<i>Renewable</i> *	159.2	106.6	104.4
	Energy intensity (normalized to net sales)	20.2	20.1	20.4
	% Global energy sourced from renewable energy	55.6%	36.0%	34.6%
	Reduction of energy consumption due to conservation and efficiency measures	2.3	2.6	3.8
	% Renewable electricity*	100%	66%	65%

*Data verified by Apex Companies, LLC

		FY20	FY19	FY18
WASTE ²⁰ (THOUSAND METRIC TONS) Amounts may not sum due to rounding	Total hazardous waste, by disposal method ^{21*}	1.2	1.0	0.9
	<i>Recycling</i> *	0.01	n/a	n/a
	<i>Recovery; including energy recovery</i> *	1.2	n/a	n/a
	<i>Landfill</i>	0	n/a	n/a
	<i>Incineration</i> *	0.01	n/a	n/a
	<i>Other treatment method</i> ^{22*}	<0.01	n/a	n/a
	Total non-hazardous waste, by disposal method*	29.6	31.1	25.3
	<i>Reuse</i> *	4.4	4.5	2.6
	<i>Recycling</i> *	15.3	17.0	15.7
	<i>Composting</i> *	0.03	0.01	0.01
	<i>Recovery; including energy recovery</i> *	9.9	9.5	7.0
	<i>Landfill</i> ^{23*}	<0.01	0	0

*Data verified by Apex Companies, LLC

17. Fuel consumption for all worldwide activities with ELC operational control. Non-renewable fuel includes natural gas, motor gasoline, motor diesel and fuel oil. Renewable fuel includes on-site solar and bio-fuel.
18. Fiscal 2019 and fiscal 2018 metrics restated due to more accurate data capture. Restated metrics include 'Total energy consumption within the organization', 'Total fuel consumption (non-renewable)', 'Energy intensity', and '% Global energy sourced from renewable energy'.
19. Electricity consumption for all worldwide activities with ELC operational control. Non-renewable electricity consumption reflects utility purchases not covered by off-site generation (utility contracts) and REC purchases. Renewable electricity consumption reflects off-site generation (utility contracts) and REC purchases.
20. Waste data reflects production and excess obsolete (EXOB) from 28 primary locations (13 manufacturing sites, 12 distribution sites, and 3 innovation sites); data does not include 26 additional sites that are included in the zero industrial waste-to-landfill goal. Sludge waste and product giveaways are not included. Disposal information is provided by the waste disposal contractors except for reuse, which is carried out by ELC.
21. Fiscal 2020 is the first year for which hazardous waste by disposal method data is being tracked.
22. Other treatment methods include wastewater treatment and chemical treatment.
23. 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.

		FY20	FY19	FY18
WATER ²⁴ (MILLION CUBIC METERS)	Withdrawal ^{25*}	1.5	1.6	1.6
	Consumption [*]	0.3	0.4	0.3
	Discharge ^{25*}	1.2	1.2	1.3
	% Water consumption from all areas with water stress ^{26*}	69.7%	68.8%	84.0%
	% Water withdrawn from all areas with water stress [*]	76.9%	82.4%	82.1%
	Water consumption intensity (thousand cubic meters normalized to net sales)	0.02	0.02	0.02

*Data verified by Apex Companies, LLC

		FY20	FY19	FY18
RESPONSIBLE SOURCING ²⁷	% of new suppliers screened using environmental and social criteria	100%	100%	100%
	% of strategic suppliers screened using environmental and social criteria ²⁹	98%	85%	80%
	Number of third-party on-site supplier audits	67	51	70

		CY19	CY18	CY17
PALM OIL ²⁹ Amounts may not sum due to rounding	Total amount of palm oil sourced (thousand metric tons)	4.0	4.6	3.5
	% Total palm oil certified by RSPO, by certification type	100%	100%	100%
	<i>Identity Preserved</i>	<1%	<1%	0%
	<i>Segregated</i>	0%	0%	0%
	<i>Mass Balance</i>	57%	47%	32%
	<i>Book & Claim</i>	42%	52%	68%
	% Total palm-based ingredients sourced through certified-sustainable physical supply chains	58%	47%	32%

- 24. Expanded data capture in fiscal 2019 reflects estimated withdrawal and discharge from additional distribution and innovation sites. Restated fiscal 2019 metrics include 'Consumption', 'Discharge' and '% Water consumption from all areas with water stress'.
- 25. Withdrawal and discharge data reflects 57 Sites (13 manufacturing sites, 38 distribution sites, and 6 innovation sites). Data includes groundwater withdrawal and return at the Melville manufacturing facility from approximately April through October each year as a result of cooling activities.
- 26. ELC's Melville, New York, facilities are located in areas of water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct) and account for the majority of water withdrawal and consumption.
- 27. Suppliers are those that provide direct raw material, ingredient, packaging and Third-Party Manufacturing to ELC.
- 28. Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities. These suppliers comprise more than half of ELC direct spend.
- 29. 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 The Estée Lauder Companies, such as those procured by Third-Party Manufacturers (TPMs).

		FY20	FY19
PACKAGING (THOUSAND METRIC TONS)	% Packaging that is recyclable, refillable, reusable, recycled or recoverable	55%	53%
	% Increase in the amount of post-consumer recycled (PCR) material in packaging (from FY19 baseline) ^{30 31}	15%	n/a
	% Forest-based fiber cartons FSC certified	63%	28%
	Total weight of product packaging, by type ³²	58.3	63.1
	<i>Non-renewable</i>	42.2	43.7
	<i>Renewable</i> ³³	16.1	19.4
	Total weight of materials taken back through consumer returns programs ³⁴	0.3	0.4
	% Packaging reclaimed through consumer returns programs ³⁴	0.50%	0.65%
	% Packaging made from post-consumer recycled content and/or renewable materials	38%	39%

30. Fiscal 2019 baseline = 8.7% PCR material in packaging.

31. This metric reflects a goal announced in fiscal 2019. Fiscal 2020 is the first year for which data is being tracked against this goal.

32. 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.

33. 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.

34. Materials collected in North America, U.K., and Australia only. In fiscal 2020, data availability expanded to include materials taken back in the U.K. and Australia. Business impacts of COVID-19 resulted in diminished ability to collect product take back returns.



GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
GRI 102: GENERAL DISCLOSURES 2016	102-1	Name of the organization	The Estée Lauder Companies Inc.
	102-2	Activities, brands, products, and services	FY20 Form 10-K, pp. 2-8 ↗
	102-3	Location of headquarters	767 Fifth Avenue, New York, New York
	102-4	Location of operations	FY20 Form 10-K, pp. 8, 21 ↗ Global Operations ↗
	102-5	Ownership and legal form	FY20 Form 10-K, p. 2 ↗
	102-6	Markets served	Global Operations ↗ FY20 Form 10-K, pp. 2-8 ↗
	102-7	Scale of the organization	Metrics, p. 96 (Total employees, employees by region) FY20 Form 10-K, p. 8 ↗ (Distribution/total number of operations) Metrics, p. 96 (Net sales) FY20 Form 10-K, pp. 25 and F-72 ↗ (Net sales by region) FY20 Form 10-K, pp. 3, 25, F-71 ↗ (Net sales by product category)
	102-8	Information on employees and other workers	Metrics, p. 97 There are no significant seasonal variations in our workforce, and we do not use non-employees to perform a significant portion of the organization's activities.
	102-9	Supply chain	Responsible Sourcing, pp. 26-35 FY20 Form 10-K, pp. 10-11 ↗
	102-10	Significant changes to the organization and its supply chain	FY20 Form 10-K, pp. 27-31 ↗
	102-11	Precautionary Principle or approach	Product Responsibility, pp. 56-58 (Green Chemistry)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
GRI 102: GENERAL DISCLOSURES 2016	102-12	External initiatives	The Estée Lauder Companies aligns, in whole or in part, with numerous citizenship and sustainability related third-party charters, principles and initiatives, including the United Nations Sustainable Development Goals, the 12 Green Chemistry Principles and various ISO standards, among others. We have included information about these initiatives throughout our report.
	102-13	Membership of associations	We maintain membership in many citizenship and sustainability related associations, including: Action for Sustainable Derivatives (ASD), AIM-Progress, Association of Plastic Recyclers (APR), Business Council for International Understanding, Business for Social Responsibility (BSR), Canadian Manufacturers and Exporters, Cosmetics Alliance (Canada), Cosmetics Europe, Cruelty Free International, the Ellen MacArthur Foundation, Green Chemistry and Commerce Council (GC3), Humane Society International, The Humane Society of the United States, Institute for In Vitro Sciences (IIVS), National Association for Environmental Management (NAEM), National Retail Federation, Personal Care Products Council (PCPC), Retail Industry Leaders Association, Roundtable on Sustainable Palm Oil (RSPO), Sustainable Brands, Sustainable Packaging Coalition (SPC), Sustainable Packaging Initiative for CosmEtics (SPICE), U.S. Chamber of Commerce and WeConnect.
STRATEGY			
GRI 102: GENERAL DISCLOSURES 2016	102-14	Statement from senior decision-maker	Letter from William P. Lauder and Fabrizio Freda, pp. 6-8
	102-15	Key impacts, risks, and opportunities	Our Commitment to Citizenship and Sustainability, pp. 18-25 Citizenship and Sustainability Goals and Progress, pp. 10-11 FY20 Form 10-K, pp. 14-20 (Risk Factors) ↗
ETHICS AND INTEGRITY			
GRI 102: GENERAL DISCLOSURES 2016	102-16	Values, principles, standards, and norms of behavior	Culture and Values ↗ Code of Conduct ↗
	102-17	Mechanisms for advice and concerns about ethics	Code of Conduct, pp. 6-8, 14-19 ↗

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
GOVERNANCE			
GRI 102: GENERAL DISCLOSURES 2016	102-18	Governance structure	Corporate Governance ↗ 2020 Proxy Statement, p. 10 ↗ The Nominating and Governance Committee is responsible for citizenship and sustainability oversight. Nominating and Governance Committee Charter, p. 1 ↗
	102-19	Delegating authority	The Nominating and Governance Committee is responsible for citizenship and sustainability oversight. Nominating and Governance Committee Charter, p. 1 ↗ Our Commitment to Citizenship and Sustainability, pp. 18-25
	102-20	Executive-level responsibility for economic, environmental, and social topics	Our Commitment to Citizenship and Sustainability, pp. 18-25
	102-22	Composition of the highest governance body and its committees	2020 Proxy Statement, pp. 11-21 ↗
	102-23	Chair of the highest governance body	2020 Proxy Statement, pp. 16, 22 ↗
	102-24	Nominating and selecting the highest governance body	2020 Proxy Statement, pp. 10, 20-21 ↗
	102-25	Conflicts of interest	2020 Proxy Statement, pp. 11-18, 25-30, 32, 46, 64 ↗ Code of Conduct, pp. 14-15 ↗
	102-27	Collective knowledge of the highest governance body	Corporate Governance Guidelines, p. 9 ↗
	102-35	Remuneration policies	2020 Proxy Statement, pp. 42-89 ↗ Our Commitment to Citizenship and Sustainability, p. 20 (Corporate Governance and Executive Compensation)
	102-36	Process for determining remuneration	2020 Proxy Statement, pp. 42-89 ↗
STAKEHOLDER ENGAGEMENT			
GRI 102: GENERAL DISCLOSURES 2016	102-40	List of stakeholder groups	Our key stakeholders include employees, consumers, investors, retailers, nongovernmental organizations (NGOs), suppliers, regulators and local communities.
	102-41	Collective bargaining agreements	FY20 Form 10-K, p. 12 ↗

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
GENERAL DISCLOSURES			
STAKEHOLDER ENGAGEMENT (CONTINUED)			
GRI 102: GENERAL DISCLOSURES 2016	102-42	Identifying and selecting stakeholders	We engage with certain stakeholders (individuals and organizations) who have the potential to influence our business strategy and operations and whom our business impacts in turn.
	102-43	Approach to stakeholder engagement	Our Commitment to Citizenship and Sustainability, p. 22 (Stakeholder Engagement) We did not undertake any specific stakeholder engagements as part of the report preparation process.
	102-44	Key topics and concerns raised	Our Citizenship and Sustainability goals reflect our priority focus areas, as informed by stakeholder concerns and sentiments. Additional information on specific stakeholder topics of interest are included throughout this report.
REPORTING PRACTICE			
GRI 102: GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements	FY20 Form 10-K, p. 2  This report covers The Estée Lauder Companies and its subsidiary operations unless otherwise specified.
	102-46	Defining report content and topic Boundaries	Our Commitment to Citizenship and Sustainability, p. 21 (Priority Focus Areas) About this Report, pp. 4-5
	102-47	List of material topics	Our Commitment to Citizenship and Sustainability, p. 21 (Priority Focus Areas)
	102-48	Restatements of information	Information on restatements of citizenship and sustainability data are included in the footnotes to the tables in the Metrics section of this report, pp. 96-106
	102-49	Changes in reporting	None
	102-50	Reporting period	July 1, 2019 - June 30, 2020
	102-51	Date of most recent report	The fiscal 2019 Corporate Responsibility Report was published on November 8, 2019.
	102-52	Reporting cycle	Fiscal year (annual)
	102-53	Contact point for questions regarding the report	Please use our online form for inquiries regarding this report.
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55	GRI content index	GRI content index, pp. 107-114
	102-56	External assurance	About this Report, p. 4 Apex Companies, LLC, assurance letter 

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
ECONOMIC PERFORMANCE			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	FY20 Form 10-K ↗ Citizenship, pp. 84-95
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value distributed: community investments	Metrics, p. 102 (Social investments)
	201-2	Financial implications and other risks and opportunities due to climate change	2020 CDP Climate Response, pp. 6-11 ↗ Environmental Stewardship, pp. 38-39 (Our Response to Climate Change)
MATERIALS			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Product Responsibility, pp. 59-64 (Sustainable Luxury Packaging) More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
GRI 301: MATERIALS 2016	301-1	Materials used by weight or volume	Metrics, p. 106 (Packaging)
	301-3	Reclaimed products and their packaging materials	Metrics, p. 106 (Packaging) We do not currently track reclaimed product and packaging materials by product category.
ENERGY			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Environmental Stewardship, pp. 37, 40-43 (Our Management Approach; Energy Use; Expanding Our Portfolio of Solar Projects) More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2020 CDP Climate Response, pp. 12-18, 29-33 ↗
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	Metrics, p. 104 (Energy)
	302-3	Energy intensity	Metrics, p. 104 (Energy)
	302-4	Reduction of energy consumption	Metrics, p. 104 (Energy)
WATER AND EFFLUENTS			
GRI 303: WATER AND EFFLUENTS 2018	303-3	Water withdrawal	Metrics, p. 105 (Water) 2020 CDP Water Response, pp. 3-4 ↗
	303-4	Water discharge	Metrics, p. 105 (Water) 2020 CDP Water Response, pp. 3-5 ↗
	303-5	Water consumption	Metrics, p. 105 (Water) 2020 CDP Water Response, pp. 3-4 ↗

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
EMISSIONS			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Environmental Stewardship, pp. 37-39 (Our Management Approach; Our Response to Climate Change) More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2020 CDP Climate Response, pp. 2-4, 11-20, 36-37 🔗
GRI 305: EMISSIONS 2016	305-1 305-2 305-3 305-4 305-5	Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions GHG emissions intensity Reduction of GHG emissions	Metrics, p. 103 (GHG Emissions) Metrics, p. 103 (GHG Emissions) Metrics, p. 103 (GHG Emissions) Metrics, p. 103 (GHG Emissions) Metrics, p. 103 (GHG Emissions) 2020 CDP Climate Response, pp. 14-17, 28-29 🔗
EFFLUENTS AND WASTE			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Environmental Stewardship, pp. 37 and 47 (Our Management Approach; Waste) More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables.
GRI 306: EFFLUENTS AND WASTE	306-2	Waste by type and disposal method	Metrics, p. 104 (Waste)
ENVIRONMENTAL COMPLIANCE			
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	In fiscal 2020, we were not subject to any environmental fines or penalties.
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Responsible Sourcing, pp. 26-35 More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2020 CDP Forests Response, pp. 5-8, 10 🔗
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	Metrics, p. 105 (Responsible Sourcing) Responsible Sourcing, p. 29 (Supplier Evaluation and Monitoring)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
EMPLOYMENT			
GRI 401: EMPLOYMENT 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ELC Family Values, p. 69 (Employee Benefits)
	401-3	Parental leave	Metrics, p. 101 (Parental Leave/United States) We currently do not break out this information by gender.
OCCUPATIONAL HEALTH AND SAFETY			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-5	Worker training on occupational health and safety	ELC Family Values, p. 80 (Health and Safety)
	403-6	Promotion of worker health	Our Response to COVID-19, p. 15 (Employee Health and Safety) ELC Family Values, p. 67 (Managing Through the COVID-19 Pandemic, Employee Benefits) ELC Family Values, p. 82-83 (Engaging Employees in Prioritizing Safety; Safety in Action)
	403-9	Work related injuries	Metrics, p. 102 (Employee Safety) There were no high-consequence work-related injuries in fiscal 2020.
TRAINING AND EDUCATION			
GRI 404: TRAINING AND EDUCATION 2016	404-2	Programs for upgrading employee skills and transition assistance programs	ELC Family Values, pp. 76-79 (Learning and Development)
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	Metrics, pp. 96, 99-101 (Global Employees, U.S. Employees by Role Type, U.S. Corporate Employees by Job Level, Board of Directors) Employees, Board of Directors
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: MANAGEMENT APPROACH 2016	103-1,	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Responsible Sourcing, pp. 26-35
	103-2, 103-3		More information about the topic boundary and definitions is included in the About this Report section and in footnotes to the Metrics tables. 2020 CDP Forests Response, pp. 8, 10 
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	Metrics, p. 105 (Responsible Sourcing) Responsible Sourcing, p. 29 (Supplier Evaluation and Monitoring)

GRI STANDARD	DISCLOSURE	DESCRIPTION	RESPONSE
TOPIC-SPECIFIC STANDARDS			
PUBLIC POLICY			
GRI 415: PUBLIC POLICY 2016	415-1	Political contributions	Political Engagement <input checked="" type="checkbox"/> Consistent with U.S. federal law, The Estée Lauder Companies does not make political contributions to candidates for federal office. As of 2018, as a matter of policy, The Estée Lauder Companies has decided not to make political contributions in state or local races or to political parties.
CUSTOMER HEALTH AND SAFETY			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Product Responsibility, pp. 52-58 (Product Safety Philosophy and Process; Our Ingredients; Green Chemistry)
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	We assess 100% our products for health and safety. All of the ingredients present in our products undergo a comprehensive safety review and evaluation, and we will continue to comply with regulations regarding the ingredients used in our products, ensuring our overarching commitment to product safety.
MARKETING AND LABELING			
GRI 103: MANAGEMENT APPROACH 2016	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; the management approach and its components, and the evaluation of the management approach	Product Responsibility, pp. 54-55 (Our Ingredients)
GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	Product Responsibility, pp. 54-55 (Our Ingredients) We comply with laws and regulations related to product labeling. We have set a goal to develop a glossary of key ingredients that includes descriptions of the ingredients' purpose and will make this information available online by the end of calendar year 2025. In fiscal 2020, four of our brands—Aveda, Origins, Clinique and La Mer—posted a live glossary of key ingredients on their websites.

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. 105 (Water)
CG-HP-140A.2 Description of water management risks and discussion of strategies and practices to mitigate those risks	
Environmental Stewardship, pp. 48-49 (Water)	
PRODUCT ENVIRONMENTAL, HEALTH, AND SAFETY PERFORMANCE	
CG-HP-250A.3 Discussion of process to identify and manage emerging materials and chemicals of concern	Product Responsibility, pp. 52-58 (Product Safety Philosophy and Process; Our Ingredients; Green Chemistry)
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. 106 (Packaging)
CG-HP-410A.2 Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Product Responsibility, pp. 59-64 (Sustainable Luxury Packaging)
ENVIRONMENTAL & SOCIAL IMPACTS OF PALM OIL SUPPLY CHAIN	
CG-HP-430A.1 Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) identity preserved, (b) segregated, (c) mass balance, or (d) Book & Claim	Metrics, p. 105 (Palm Oil)
ACTIVITY METRIC	
CG-HP-000.B Number of manufacturing facilities	FY20 Form 10-K, p. 21 

We develop prestige beauty products from a diverse portfolio of ingredients and seek to procure ingredients with minimal impact to the environment and local communities.

COVER IMAGE: AVEDA

Amla, also known as Indian Gooseberry, is a key product ingredient from Aveda.

