

Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

The Estée Lauder Companies Inc. is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance, and hair care products. The Company's products are sold in about 150 countries and territories under brand names including: Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, Tommy Hilfiger, M·A·C, Kiton, La Mer, Bobbi Brown, Donna Karan New York, DKNY, Aveda, Jo Malone London, Bumble and bumble, Michael Kors, Darphin, Tom Ford, Smashbox, Ermenegildo Zegna, AERIN, Marni, Tory Burch, RODIN olio lusso, Le Labo, Editions de Parfums Frederic Malle, GLAMGLOW, By Kilian and Too Faced and Becca. The Estée Lauder Companies Inc. and its subsidiaries are referred to as "The Estée Lauder Companies", "ELC", "we", "us" or "our" in this report.

At The Estée Lauder Companies our vision is to be the global leader in prestige beauty: a well-diversified, brand-building powerhouse of unrivalled creativity and innovation. We are inspired by the beauty around us, and our decisions and actions are driven by the Lauder family values. These values include a commitment to quality and excellence, embedding creativity and innovation across our business and acting responsibly and caring for the communities we serve.

In FY16 (July 1, 2015-June 30, 2016), we set a goal to achieve a net-zero carbon goal by the end of 2020. Our strategy is to improve efficiency in our operations, invest in clean and renewable energy and purchase carbon offsets. We are also committed to improving our waste management and water usage practices. In FY18, we made progress toward our net-zero goal by reducing both emissions intensity and absolute emissions from our owned and operated facilities. Overall we reduced our Scope 1 and 2 carbon emissions by 50% through a combination of renewable energy utility contracts, renewable energy certificates and on-site solar (compared to a FY16 baseline).

Looking back, we can be proud of our achievements. Looking forward, we will continue to work as a caring corporate citizen and careful steward of our communities and environment, so we can build a more beautiful and sustainable world for everyone.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	July 1, 2017	June 30, 2018	No

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- China, Hong Kong Special Administrative Region
- Colombia
- Costa Rica
- Czechia
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- India
- Indonesia
- Israel
- Italy
- Japan
- Luxembourg
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Panama
- Peru
- Philippines
- Poland

Portugal
Republic of Korea
Romania
Russian Federation
Singapore
Slovakia
South Africa
Spain
Sweden
Switzerland
Taiwan, Greater China
Thailand
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela (Bolivarian Republic of)
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	<p>Our Executive Chairman directly oversees an internal Sustainability committee, a cross-functional senior-management-level team charged with integrating citizenship and sustainability considerations into business strategy and operations as of FY20. This committee is chaired by the EVP of Supply Chain and SVP of Global Corporate Citizenship and Sustainability (GCCS). Guided by the Executive Chairman, the committee is responsible for setting the company's citizenship and sustainability policies, including those pertaining to climate change and greenhouse gas (GHG) emissions. GCCS establishes corporate-wide goals and objectives for our company on an annual and long-term strategic basis, in partnership with key internal functions regarding Sustainability. The EVP of Supply Chain and SVP of GCCS provide periodic updates on the Company's citizenship and sustainability performance to the Board's Nominating and Governance Committee. Formerly these updates were provided to the Audit Committee.</p>
Chief Executive Officer (CEO)	<p>Our CEO directly oversees an internal Sustainability committee, which is a cross-functional senior-management-level team charged with integrating citizenship and sustainability considerations into business strategy and operations. This committee is chaired by the EVP of Supply Chain and the SVP of our Global Corporate Citizenship and Sustainability (GCCS). Guided by the CEO, the committee is responsible for setting the citizenship and sustainability policies of the Company, including those pertaining to climate change and greenhouse gas (GHG) emissions. GCCS establishes corporate-wide goals and objectives for our company on an annual and long-term strategic basis, in partnership with key internal functions regarding Sustainability. The EVP of Supply Chain and the SVP of GCCS report directly to the CEO.</p>
Other, please specify Nominating and Governance Committee	<p>The Company's Nominating and Governance Committee is a board-level committee. It is responsible for corporate governance matters and includes oversight of the Company's ESG activities and practices, including citizenship and sustainability matters. Citizenship and Sustainability is a standing agenda item for this committee.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy	GCCS provides periodic updates on the company's citizenship and sustainability initiatives and

Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives	performance at the Board and committee level. As of July 2019, Corporate Citizenship and Sustainability is a standing agenda item for the Nominating and Governance committee. These reports help the board to monitor implementation and how we are performing against our climate-related objectives. Specifically, this committee evaluates how well we are performing on our sustainability goals, which include goals to use 100% renewable energy and to be net zero by the end of 2020. The Company's Nominating and Governance Committee's responsibility for corporate governance matters includes oversight of the Company's citizenship and sustainability matters.
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C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Established in 2017, the Net Zero Steering Committee is a sustainability Steering Committee. Members of ELC's senior leadership sit on this committee and both assess and manage key sustainability initiatives across the company, including those related to climate. This committee meets on a quarterly basis and is responsible for identifying, evaluating and acting on climate-related investments that will be funded through ELC's Net Zero capital fund for sustainability initiatives. These senior leaders were selected to join the committee because they are all able to drive strategy and make decisions about how resources are allocated.

The Members of the Steering Committee include:

- SVP, Global Corporate Citizenship and Sustainability, who is responsible for driving sustainability strategy throughout the business.
- EVP, Global Supply Chain, who drives sustainable initiatives throughout the supply chain.
- Chief Procurement Officer, who drives sustainability through partnerships with our suppliers.
- SVP, Deputy General Counsel and Secretary, who assesses legal risks for our company.
- VP, Environmental Affairs and Safety, who is responsible for sustainability at our owned and operated facilities.
- SVP, Corporate Controller, who oversees financial planning and analysis for our company.

Because the committee has cross functional membership, ELC it is able to make informed business decisions in an efficient and effective manner. Members of this committee both assess and manage key sustainability initiatives across the company, including those related to climate. This committee meets on a quarterly basis and is responsible for identifying, evaluating and acting on climate-related investments that will be funded through ELC's Net Zero capital fund for sustainability initiatives. In addition, this committee steers climate strategy and resources.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Executive officer

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Executive Vice President (EVP) Global Supply Chain annual performance includes the success in meeting the Net Zero GHG Goal.

Who is entitled to benefit from these incentives?

Management group

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Senior Vice President (SVP) Global Corporate Citizenship and Sustainability's annual performance includes the success in meeting the Net Zero GHG Goal.

Who is entitled to benefit from these incentives?

Management group

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Vice President of Global Environmental Affairs & Safety's annual performance includes the success in meeting the Net Zero GHG Goal.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Sustainability managers' annual performance evaluations includes an assessment of their success in reducing energy use and carbon emissions, including meeting the Net Zero GHG goal.

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Facility managers' annual performance evaluations include an assessment of their success in reducing energy use and carbon emissions, including meeting the Net Zero GHG Goal.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	3	6	
Long-term	6	10	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Enterprise risk management process is held annually. ELC monitors regulatory risks on an ongoing basis through weekly regulatory conference calls with internal and external stakeholders.

C2.2b

(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.

ELC takes a formal approach to embedding risk management into existing practices and business processes through the Company’s Enterprise Risk Management (“ERM”) process. Critical Corporate Risks, including climate-related risks, are identified and addressed through a consistent and disciplined process which is appropriately integrated with ELC’s strategic planning process. The ERM process includes a governance structure of risk sub-committees and a Corporate Risk Management Committee. Critical Corporate Risks and Risk Owners are identified by the risk sub-committees and approved by the Corporate Risk Management Committee. Risk Owners identify mitigation strategies and tasks as well as owners for the mitigation strategies and tasks. Each year, management assesses mitigation strategies and tasks and considers their effectiveness. Overall risk assessment considers mitigation effort, impact, likelihood and velocity for each Critical Corporate Risk. In line with our Enterprise Risk Management framework, ELC defines financial impact on a 5-point scale from very low to high. Cross-functional subcommittees identify and evaluate potential risks to the company. When the subcommittee identifies risks that may be significant to the company, the committee alerts the appropriate stakeholders so that they can act.

An inherent risk is considered substantive from a financial point of view when its impact exceeds 1% of annual net sales (\$136 million in FY18). From a strategic standpoint, we consider a risk to be substantive when the reputation of ELC or one of our brands has the potential to be impacted in a meaningful way.

ELC also monitors climate-related regulatory risks on an ongoing basis through weekly regulatory conference calls with internal and external stakeholders. Cross-functional subcommittees identifies and evaluates potential risks to the company. When the subcommittee identifies risks that may be significant to the company, the committee alerts the appropriate stakeholders so that they can act.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Evaluating current regulations affecting climate change is included in the risk assessment process. Existing regulations that require carbon reporting or mitigation are assessed as part of the risk assessment process. For example, our UK facilities, such as our Whitman Laboratories manufacturing plant, are subject to the Carbon Reduction Commitment. In total, we pay approximately \$150,000

		annually to the UK Carbon Tax.
Emerging regulation	Relevant, always included	Evaluating the emerging regulations affecting climate change is included in the risk assessment process. New regulations that limits the amount of carbon organizations can produce or which tax the emissions of CO2 are evaluated in the process. For example, we are currently monitoring New Zealand's proposed Zero Carbon Bill, which would set a target for the country to reach net zero greenhouse gas emissions (except for methane) by 2050.
Technology	Relevant, sometimes included	ELC sees climate change as a small risk around technology but this is not identified as material. But we have taken some actions to address technological risks that are identified in our risk assessment. When evaluated, technology risks are assessed through the Enterprise Risk Management process for climate risks. For example, we have installed backup generator power at our larger facilities in case of power outages.
Legal	Relevant, always included	Our Legal Team uses internal and external counsel to advise on legal implications that may affect climate change regulations globally by analyzing emerging regulations on a weekly basis. For example, our legal team assesses climate regulations that would limit corporate carbon emissions into the atmosphere. For instance, our regulatory team is monitoring the impacts of Singapore's Carbon Pricing Act.
Market	Relevant, always included	Market risks are always included in our Enterprise Risk Management Climate risk assessment through scenario analysis of possible sustainability market risks. For example, we consider risks associated with investors' perceptions of our actions against climate change.
Reputation	Relevant, always included	Reputational risk is always included in our Enterprise Risk Management assessment through scenario analysis. For example, we consider negative publicity surrounding our products' sustainability. In particular, we look at the reputational risks associated with sourcing commodities linked to deforestation and the reputational risk of being seen as a laggard on climate change.
Acute physical	Relevant, always included	We always consider acute physical risks in our Enterprise Risk Management climate risk assessments. For example, our process evaluates the risk of extreme weather events that may interrupt business and impede the supply of critical raw materials or components needs for the manufacturing of products, and communities affected by disasters require assistance. Superstorm Sandy affected one of our factories in New York in 2012, leading to \$750k in uninsured costs.

Chronic physical	Relevant, always included	We always evaluate chronic physical risks through climate risk scenario analysis as a part of the Enterprise Risk Management process for sustainability risks. Risk scenarios include poor air quality which leads to higher incidence of disease among employees and the community.
Upstream	Relevant, always included	We always evaluate risks associated with our upstream suppliers. This is done as a part of our Enterprise Risk Management process through scenario analysis. It could have a significant impact on our business if suppliers cannot meet our business needs because of a changing climate. For example, we consider the risks associated with our key commodities, such as lack of supply due to deforestation, and have created enhanced sourcing policies for key commodities associated with deforestation.
Downstream	Relevant, always included	We consider downstream consumers in our climate risk assessment as a part of the Enterprise Risk Management process by conducting scenario analysis. For example, we evaluate the risk associated with increased negative publicity from activists, such as that associated with sourcing products from areas with a risk of deforestation.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

ELC takes a formal approach to embedding risk management into existing practices and business processes through the Company’s Enterprise Risk Management (“ERM”) process. Critical Corporate Risks and Risk Owners are identified by the risk sub-committees and approved by the Corporate Risk Management Committee. Risk Owners identify mitigation strategies and tasks as well as owners for the mitigation strategies and tasks. Each year, metrics are reported to assess mitigation strategy and task effectiveness, overall mitigation effort, impact, likelihood and velocity for each Critical Corporate Risk. Based on these ratings, we can prioritize our actions to mitigate the risks. The risks are assigned to responsible personnel based on how it affects their functional areas. The responsible person oversees developing a mitigation strategy to address the risks affecting the organization. We treat management of climate-related opportunities in the same manner as the risk process outlined above.

For each risk, there are at least two sets of activities: (1) our annual ERM process where we formally document the risk analysis process and (2) other business units and functions consider and analyze climate-related risks on an ongoing basis.

Example of a transitional risk:

It may be a reputational risk if ELC is identified as a laggard by not meeting the IPCC's guidelines for Greenhouse Gas emissions reductions. Many of the sustainability stakeholder groups are now working together to address this and in March 2019, we announced that we will release a Science Based Target (in line with the IPCC's guidelines) by the end of 2020. We have also set ambitious targets to adopt 100% of our electricity from renewable sources by the end of 2020.

Example of a Physical Opportunity:

Using the climate-risk scenarios that the cross-functional team develops, we identify current and future opportunities and risk mitigation strategies. The team then prioritizes these opportunities based on the significance of the associated risk and the potential to drive business value, among other factors. These opportunities are shared with the relevant stakeholders, so that they can act upon them. For example, we identified an opportunity to increase our renewable energy consumption, as a way to decrease our dependency on fossil fuels. GHG driven climate change could lead to increased flooding and extreme weather, which could impact our business. In order to address this, our GCCS and Environmental Affairs and Safety teams worked with senior leadership to set an enterprise-wide goal of achieving 100% renewable electricity by the end of 2020.

The Estée Lauder Companies Inc. (the "Company") is a global company with manufacturing and sales in over 150 countries. The Company is subject to the impact of global climate change on its assets and operations. This includes the impact of changes via the following scenarios:

1. Transitional risks including those relating to reduced customer and consumer demand for products and categories that are not responsive to mitigation and adaptation priorities, reduced tourism and demand for products sold via travel retail channels as tourists face weather related travel restrictions. Another potential risk is if ELC is unable to meet the increased demand for products that address water scarcity and the consumer's increased willingness to boycott brands seen as laggards on climate change, in particular with ingredient commodities linked to deforestation, and an increased demand for products that are made with non-fossil fuel derived ingredients.
2. Physical risks including those related to extreme weather events that impede the supply of critical raw materials or components needed for the manufacturing of products; poor air quality can lead to higher incidence of disease among employees in areas where the level of Fine Particulate Matter (PM 2.5), a category of air pollutants, is high (China); financial relief to employees/communities affected by natural disasters, and insurance claims for business interruptions and other liabilities caused by extreme weather, natural disasters.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

In most geographies in which we operate, we are not directly impacted by carbon taxes and carbon trading schemes. However, current carbon taxes in some geographies, including Europe, do affect the costs of operating our facilities, transporting our goods and purchasing materials.

Company specific: Six of our facilities are in Europe and are affected by the EU ETS or the UK Climate Change Levy. It is more likely than not that additional carbon taxes will impact us in other geographies at some point over the coming years. For instance, our Whitman Laboratories manufacturing facility is located in the UK and is subject to the UK Climate Change Levy. Currently, we pay approximately \$150,000 annually in UK Climate Change Levy fees for this facility and our other UK locations.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

These regulations have the ability to affect our raw material, energy and logistics providers. As such, we keep abreast of the regulations and work with our suppliers to ensure that we do not have a disruption of our business or unexpected cost increases. While it is difficult to estimate financial implications of future impacts, we are already impacted by existing carbon taxes. For example, the Carbon Reduction Commitment carbon tax for our operations in the UK is approximately \$150,000 annually. And though this represents less than .1% of our operating costs globally, these costs could grow into the millions of dollars as additional carbon taxes are implemented in additional countries and geographies in which we operate. As a result, we have estimated a that a worst-case scenario, in the medium-term, would be a 10-fold increase in our carbon tax-related operating costs, which would have a financial impact of \$1.5M.

Management method

To manage this risk, we are aiming to decarbonise our energy supply by installing solar panels at our Whitman Labs manufacturing location and by committing to achieve our goal of RE100 by the end of 2020. Through this, we aim to reduce the potential carbon-tax implications going forward. The costs of actions to manage and mitigate against the impacts of such regulation are not directly available, as they fall under more company-wide energy and emissions reduction initiatives.

Case Study: We invested more than 1.1 MM in a one megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17 (July 1, 2016-June 30, 2017). We also outlay costs for the management, verification and reporting of our energy and GHG data that supports the identification of both risks and opportunities, and these costs total less than \$325k per year.

Case Study: We invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17 (July 1, 2016-June 30, 2017). We also outlay costs for the management, verification and reporting of our energy and GHG data that supports the identification of both risks and opportunities, and these costs total less than \$325k per year.

Cost of management

3,000,000

Comment

n/a

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact

Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

While we are not directly impacted by fuel/energy taxes and regulations focused on reducing energy consumption in most geographies, the development and implementation of new and more impactful taxes in geographies in which we operate have the potential risk of increasing the prices of key inputs such as electricity, fuels, and other materials.

Company specific: As stated previously we have six manufacturing and distribution facilities within Europe (in Switzerland, Belgium and the UK), which are subject to the EU ETS or the UK Climate Change Levy and parts of our value chain operate within these regions.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

8,700,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

It is difficult to estimate financial implications of future impacts; however, we are already investing our resources in our green chemistry program to develop new formulations and ingredients that will mitigate against such impacts. (Green chemistry is a set of scientific principles that applies across the lifecycle of a product, including its design, manufacture, use and ultimate disposal.) Due to this investment we rate the potential financial impact to be medium-low. We believe it is highly unlikely that this would affect all of our suppliers at once and thus estimate that increased cost of raw materials could lead to a 0.1% rise in operational costs. This amounts to about \$8.7M.

Management method

Case Study: Our process for evaluating regulatory risks focused on the geographies where we have manufacturing, distribution, and Research and Development facilities (North America and Europe) and elsewhere where we have a significant retail presence including North America, Europe, and Asia. In addition, we consider geographies where critical supply chain partners operate and/or source materials. To manage this risk, we continue to develop new global supply chain strategies to manufacture and source our products locally in the markets in which we sell.

We also use this evaluation process when working with our supply-chain, which helps us to minimize our risk to price rises due to carbon taxes. For a cost of management, we have listed the salary costs apportioned as \$100,000 to the regulatory evaluation process.

Cost of management

100,000

Comment

n/a

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

Extreme weather events such as hurricanes and typhoons can interrupt and add costs to our manufacturing, distribution, retail and office operations. Severe weather events also pose risks—such as timely and accurate delivery of products—to our supply chain. Company specific: We previously experienced flood damage due to an extreme weather event (Superstorm Sandy) at our factory in New York. This led to uninsured costs of \$750k. In line with our Enterprise Risk Management framework, ELC measures financial and strategic impact within its own operations on an annual basis. These issues are considered separately, each on a 5-point scale.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Extreme weather events such as hurricanes and typhoons can interrupt and add costs to our manufacturing, distribution, retail and office operations. Significant impacts from Superstorm Sandy in 2012 in the New York region led to uninsured costs of \$750k. We have assumed that a similar incident, adjusted for inflation would be nearer to 1MM dollars if it were to occur now.

Management method

To manage this risk, we will continue to monitor the expected effects of climate change to ensure that our business strategy accounts for potential business risks. We also have purchased insurance for our facilities to protect our business against these risks.

Case Study:

In 2012, Superstorm Sandy hit the East Coast of the United States. Our Melville, NY manufacturing and R&D facility was impacted by this weather. In order to address this, we incurred uninsured costs of \$750k.

Result: We have invested additional resources in energy efficiency and renewable energy initiatives to reduce our greenhouse gas emissions. For instance, we invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17. We continue to make investments in sustainability and resiliency to manage against such climate change risks. In addition, we have purchased insurance to protect our business against these risks.

Cost of management

2,500,000

Comment

n/a

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact

Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon

Company-specific description

Carbon taxes and trading schemes are increasingly likely to be adopted by more countries and regions across the globe. We see an opportunity to reduce the carbon intensity of the electricity we use and avoid current and potential taxes on the carbon we would have emitted.

Company Specific: In FY17, ELC reinforced its commitment to a low carbon future by joining RE100 and co-sponsoring Climate Week 2017. By supporting Climate Week and signing on to RE100, we are underscoring our commitment to climate action and sourcing 100 percent of our global electricity consumption from renewable energy technologies. This will help to lower energy costs in our European operations which are subject to carbon taxes/ trading schemes. This is significant for us because we have 5 facilities in the UK and currently pay approximately \$150,000 in carbon taxes there.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Potential Impact: We would be more resilient to changes in the price of carbon if taxes were to be introduced into the regions we operate in. For example, the carbon tax for our operations in the UK is approximately \$150,000 annually.

Financial impact figure: Given that we operate in 52 countries, if 9 additional markets adopt similar carbon taxes, we estimate that our financial impact would be \$1.5MM. Assuming carbon taxes become more common place, we are therefore avoiding this \$1.5MM burden due to generating renewable energy for our RE100 target.

Strategy to realize opportunity

As part of our strategy to meet our RE100 target we are beginning to install renewable projects to reduce our electricity carbon intensity.

Case Study: We invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK, which contributed to a 318 MT CO₂e emissions reduction in 2017. We also outlay costs for the management, verification and reporting of our energy and GHG data that supports the identification of both risks and opportunities, and these costs total less than \$325k per year. This totals roughly \$2.7M to realize the opportunity so far.

Cost to realize opportunity

2,700,000

Comment

n/a

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

Our efforts to reduce the carbon-intensity of our operations via our Net Zero capital fund and additional actions against our Net Zero GHG emissions by the end of 2020 goal could give us a cost advantage on our competitors. In FY18, we updated our lighting to be more energy efficient in 5 of our locations including our Distribution Centers in Oevel (Belgium), Kites Croft (UK), and Lachen, (Switzerland) and our Manufacturing site in Blaine, MN (USA).

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The main financial impact would be that more energy efficient buildings are cheaper to run due to the reduced energy usage.

Financial impact figure: Based on historical savings from energy efficiency mechanisms, we can conservatively estimate that we will save \$500,000 through energy efficiency initiatives.

Strategy to realize opportunity

As part of our overall strategy we are aiming to reduce our carbon emissions through energy efficiency. Some of our energy efficiency initiatives closely tie in with renewable installations being installed at some of our facilities.

We are already investing or plan to invest \$3MM against our Net Zero capital fund in order to take advantage of the cost reduction, risk mitigation and other opportunities presented by climate change

Case Study: We invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17, which contributed to a reduction of 570 MT CO₂e emissions in 2017. We also outlay costs for the management, verification and reporting of our energy and GHG data that supports the identification of both risks and opportunities, and these costs total less than \$325k per year. This totals roughly \$3M to realise the opportunity so far.

Cost to realize opportunity

3,000,000

Comment

n/a

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

As consumers continue to change their behaviors, preferences and buying habits, the company has an opportunity to gain an advantage over competitors by innovating and offering new products to stay ahead of such developments. Millennials, in particular, are driving demand for such products. Pew Research has called millennials the most sustainable generation to date and Forbes named 'visible sustainability' as one of the six most important CPG trends for millennials. For example, we have set enterprise-wide sustainability goals to address shifting consumer preferences, such as a commitment to sourcing at least 90% of our palm-based ingredients will be certified sustainable from RSPO-certified physical supply chains by the end of 2025.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The primary impact would be increased sales if consumers began to switch products due to sustainable credentials.

Quantifying financial impacts attributable to potential changes in consumer behavior is

difficult, but widely available studies have shown the importance of staying ahead of such trends.

To be conservative we have assumed that our sales could potentially rise by 0.1% if customers increasingly purchase sustainable products. This would represent a \$13MM increase in sales.

Strategy to realize opportunity

Through brands such as Origins Natural Resources Inc., whose products are manufactured using a combination of renewable resources, wind energy, and earth-friendly practices, our company is committed to providing eco-friendly products to those consumers who demand them. We also work to provide innovative product packaging across brands, as for many consumers, packaging is the first introduction to our products.

Case Study: With millennials’ purchasing power growing, we work to develop packaging that meets the needs of both millennials and other consumer groups. For example, both our Aveda and M•A•C brands continue to explore new innovations in sustainable packaging: Aveda has launched a makeup-pencil sharpener that employs 100 percent post-consumer recycled plastic resin derived from makeup components returned through our “Back to M•A•C” program, which encourages guests to bring back used makeup components that can’t be recycled through curbside or residential recycling programs.

Alongside this we have also focused on reducing the carbon intensity of the electricity used in our operations to further make our products more sustainable. We are already investing or plan to invest \$3MM against our Net Zero capital fund in order to take advantage of the cost reduction, risk mitigation and other opportunities presented by climate change.

Cost to realize opportunity

3,000,000

Comment

n/a

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Consumer preferences are essential to our business. Our business has been impacted by an increased preference from our consumers in

		<p>products that are produced from companies who have a high regard for Environment, Social and Governance Priorities. We are responding by rolling out strategies to address sustainability in our products, and our ingredients and our packaging. For example, in our Green Chemistry Program, our chemists have the option of selecting product ingredients based on an environmental score determined through the principles of green chemistry. At the brand level, our Aveda and MAC brands continue to explore new innovations in sustainable packaging. We consider the magnitude of this impact to be low currently but this may change as consumers get increasingly aware of climate-related issues and company performance.</p>
Supply chain and/or value chain	Impacted	<p>Our supply chain has been previously affected by extreme weather events; for example, during Superstorm Sandy in 2012 this caused New York factory to be closed due to flooding. The storm also affected our supply-chain with raw materials being unable to reach our factories and warehouses. Based on the costs from this past event we believe that the magnitude of impact to be low.</p>
Adaptation and mitigation activities	Impacted	<p>We believe that there are numerous physical and transitional climate-related risks that may impact Estée Lauder in the future.</p> <p>As a result, we have set ambitious targets aimed at reducing our impact on climate-change and hopefully mitigating potential associated risks.</p> <p>For example, we have already invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17.</p> <p>We believe that the magnitude of this impact is low-medium.</p>
Investment in R&D	Impacted	<p>The main impact of investment in R&D is that we've begun to develop new product lines and packaging that are more sustainable. We continue to invest in R&D and product development, which includes bringing in new technology, talent and suppliers. We are also focusing on initiatives in green chemistry, responsible sourcing and packaging.</p> <p>For example, both our Aveda and M•A•C brands continue to explore new innovations in sustainable packaging: Aveda has launched a makeup-pencil sharpener that employs 100 percent post-consumer recycled plastic resin derived from makeup components returned through our "Back to M•A•C" program, which encourages guests to bring back used makeup components that can't be recycled through curbside or residential recycling programs.</p>

		We believe the magnitude of impact to be low.
Operations	Impacted	<p>We have established a dedicated Net Zero capital fund to address sustainability in Operations including energy efficiency and on-site renewable energy.</p> <p>For example, we have already invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17.</p> <p>We believe the magnitude of impact to be low</p>
Other, please specify		

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	<p>We do not believe that company revenues have been significantly impacted by climate change. Currently, consumer awareness around climate-related issues and the products they buy is still low. This awareness is likely to increase in the future and we are evaluating future impact in our risk management. Potential future impacts could include consumers switching from competitors to our more sustainable brands. Because of these reasons, revenue risks related to climate change have not yet impacted our financial planning process.</p> <p>For example, both our Aveda and M•A•C brands continue to explore new innovations in sustainable packaging: Aveda has launched a makeup-pencil sharpener that employs 100 percent post-consumer recycled plastic resin derived from makeup components returned through our “Back to M•A•C” program, which encourages guests to bring back used makeup components that can’t be recycled through curbside or residential recycling programs.</p> <p>We believe at this time that the potential magnitude of impact will be low in the short term (1-3 years) and will have a low impact on our financial planning process.</p>

Operating costs	Impacted	<p>Our operations located in countries where carbon emissions are taxed have seen an increase in costs. For example, the Carbon Reduction Commitment carbon tax for our operations in the UK is approximately \$150,000 annually. This represents less than .1% of our operating costs and therefore has a low impact on our overall financial planning process.</p> <p>As a result, we view the magnitude of this impact to currently be low.</p>
Capital expenditures / capital allocation	Impacted	<p>Our capital budget has been increased substantially to address sustainability in Operations including energy efficiency and on-site renewables. This has impacted our financial planning process due to the increased allocation of capital resources to install the renewable installations listed below:</p> <p>We invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17. We also outlay costs for the management, verification and reporting of our energy and GHG data that supports the identification of both risks and opportunities, and these costs total less than \$325k per year.</p> <p>We believe the magnitude of this impact to be low.</p>
Acquisitions and divestments	Impacted	<p>Acquisitions are evaluated for environmental risk as part of the due diligence process and are an added evaluation process during the financial planning process of an acquisition. We view the magnitude of this impact to be medium when assessing acquisitions.</p>
Access to capital	Not yet impacted	<p>Access to capital has not been impacted by climate change. This may affect our ability to fund larger projects in the future. However, we don't anticipate that this will impact our financial planning process either the short or medium term and due to not having been impacted so far we view the potential magnitude of impact to be low.</p>
Assets	Impacted	<p>Assets have been impacted by climate change. For example, we are investing in more sustainable resources for existing and new facilities. This has affected our planning process by allocating larger amounts of capital to fund the facilities.</p> <p>We invested more than 1.1 MM in a one-megawatt solar array at our Whitman Labs manufacturing location in the UK. In addition, we invested more than \$1.3 MM in energy efficiency (lighting and HVAC) retrofits in FY17. We also outlay costs for the management, verification and reporting of our energy and GHG data that supports</p>

		<p>the identification of both risks and opportunities, and these costs total less than \$325k per year.</p> <p>We view the magnitude of this impact to be low.</p>
Liabilities	Impacted	<p>Our liabilities have been impacted by climate change. To address this, ELC has factored insurance coverage for business interruptions and liabilities due to extreme weather events into our financial planning process.</p> <p>We view the magnitude of this impact to be low.</p>
Other		

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Energy efficiency and building on-site/off-site renewable energy is the leading component of our strategy to be influenced by climate change. We view regulation as the most likely near-term climate change-related risk to our business. We believe that our energy efficiency and on-site renewable energy initiatives can reduce the risks associated with regulations that increase the cost of energy and can drive strategic advantage for our business as we reduce operating costs. In support of our Net Zero GHG 2020 goal, we established annual dedicated capital funding to support sustainability initiatives. Our Net Zero GHG 2020 target is evidence that our business strategy is now closely linked to an ambitious emissions reduction target and this can be seen by our commitment to fund initiatives to meet the target along with the numerous changes in business processes that have occurred that will allow Estée Lauder to achieve carbon neutrality.

In FY17, we continued to fund a number of initiatives, such as a 1 MW on-site solar power system at our UK manufacturing plant and energy efficient lighting, aimed at helping us achieve our Net Zero GHG emissions reduction goal by the end of 2020 through improving energy efficiency and deploying clean energy. We believe that this initiative will help us manage the cost of energy as well as the reputational risks associated with climate change, demonstrate environmental leadership to our consumers and employees and establish a leadership position among Personal Care and Beauty products companies.

Reducing emissions requires a combination of company-wide policy and facility-by-facility improvements. For example: At several of our largest manufacturing plants, we have implemented remote, WI-FI-enabled monitoring of the energy consumption of our equipment. This system gives us extraordinary visibility into our energy use, enabling us to reduce inefficiencies, better manage costs, track consumption over time and address problems immediately. Going forward we will expand this technology to all our manufacturing sites and continue to use this software tool we implemented in FY16 to improve and make more uniform our reporting on GHG emissions and other environmental metrics for our facilities worldwide.

One key business decision was the installation of a 1 MW on-site solar system in 2017 at our UK-based manufacturing plant. We chose to do this to reduce our greenhouse gas emissions, which may be associated with an increased risk of flooding and extreme weather. We are also planning to increase our on-site solar capacity and currently we have committed to a substantial solar system of well over 1 MW at our Melville campus. Both of these business decisions have been relevant to our 2018 financial planning. We chose to install large-scale solar systems to align with our 2020 Net Zero GHG emissions target and to help try and mitigate the potential physical impacts of climate change, that will affect our value chain, such as flooding and extreme weather, if global emissions are not reduced.

In addition to this, most of our internal manufacturing occurs at facilities where we either purchase Green-E certified (or international equivalent) renewable electricity directly from our utility, or purchase Green-E certified (or international equivalent) RECs to offset the electricity used by our facilities.

We have used the results of our climate change scenario analysis to better understand the risk posed to our business activities. One example of how this has influenced our business objectives and strategies is that we are now in the process of establishing a Science Based Target to reduce greenhouse gas emissions, which we plan to get verified by the SBTi in 2020. This will form part of our new long-term business objectives and strategy to decarbonise our operations.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
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<p>RCP 2.6 RCP 8.5</p>	<p>The scenarios RCP 2.6 and RCP 8.5 were chosen in order to follow the TCFD recommendations; i.e. choose 2 scenarios with one aligned 2°C. RCP 2.6 represents the 2°C scenario whereas RCP 8.5 represents scenario “Business As Usual”. The inputs come from Regional Climate Models that are available online https://esgf-node.llnl.gov/projects/esgf-llnl/.</p> <p>The analytical method consists of calculating indicators for physical risks based on scientific papers calculations (Indicator for Heat waves = Tx90p, Indicator for extreme precipitations = R95p, etc ...). These indicators are combined with local data, where available, to get the present exposure of ELC sites to some physical risks. For example, we use Aqueduct WRI data (https://www.wri.org/our-work/project/aqueduct) to assess the present exposure to river flooding.</p> <p>The time horizons considered are 2030 for Water stress and for the other physical risk indicators, they are modelled on the future period (2021-2050). These time horizons were chosen due to the effects of climate change, on our business activities, being likely to occur during this period.</p> <p>The areas of ELC that are considered in this scenario analysis are 23 manufacturing/distribution/innovation sites including those in North America (Canada, USA) and Europe (Switzerland, Belgium, UK).</p> <p>The results from the Physical risks scenario analysis showed that ELC sites are vulnerable to the following risks:</p> <ul style="list-style-type: none"> - Extreme precipitations and river flooding - Heat waves - Increase of mean temperature - Water stress - Coastal flooding <p>The difference of impacts varies between Scenario RCP 2.6 and Scenario RCP 8.5, with, on average, a higher magnitude of impact of physical risks on ELC sites following scenario RCP 8.5.</p>
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C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

Targeted % reduction from base year

100

Base year

2016

Start year

2016

Base year emissions covered by target (metric tons CO₂e)

56,973.74

Target year

2020

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

48.4

Target status

Underway

Please explain

Building on several years of working to reduce both emissions intensity and absolute emissions from our owned and operated facilities, the Company set a new long-term goal in FY16: net-zero emissions by the end of 2020. Please note that given that the goal is Net Zero emissions by the end of 2020 the base year has no impact on the magnitude of the goal.

Please note that our base year emissions have reduced from our report for FY17 because we have factored in green power over gross scope 1 & 2 (market-based)

emissions.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable electricity production

KPI – Metric numerator

MW

KPI – Metric denominator (intensity targets only)

N/A

Base year

2016

Start year

2017

Target year

2020

KPI in baseline year

1

KPI in target year

4

% achieved in reporting year

50

Target Status

Underway

Please explain

Through dedicated annual capital fund, plans are in place to develop megawatt/year renewable energy onsite for four years, beginning in 2017.

Part of emissions target

Abs1

Is this target part of an overarching initiative?

RE100

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	14	1,882
Implementation commenced*	7	941
Implemented*	11	15,620
Not to be implemented	17	1,500

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy installation

Description of initiative

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

837.05

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

266,480

Investment required (unit currency – as specified in C0.4)

3,500,000

Payback period

11-15 years

Estimated lifetime of the initiative

21-30 years

Comment

Ground mount solar system 1.3 MW

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

328.53

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

177,000

Investment required (unit currency – as specified in C0.4)

435,000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Interior LED lighting fixtures & control

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

210.82

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

51,000

Investment required (unit currency – as specified in C0.4)

313,000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

Interior LED lighting fixtures & control

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

55.56

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

12,800

Investment required (unit currency – as specified in C0.4)

163,000

Payback period

11-15 years

Estimated lifetime of the initiative

11-15 years

Comment

Interior LED lighting fixtures & control

Initiative type

Low-carbon energy installation

Description of initiative

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

13.66

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5,000

Investment required (unit currency – as specified in C0.4)

144,000

Payback period

>25 years

Estimated lifetime of the initiative

21-30 years

Comment

additional Solar panels (higher efficiency)

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

184.46

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

40,500

Investment required (unit currency – as specified in C0.4)

136,000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

Interior LED lighting fixtures & control

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

21.4

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

7,100

Investment required (unit currency – as specified in C0.4)

95,400

Payback period

11-15 years

Estimated lifetime of the initiative

11-15 years

Comment

Interior LED lighting fixtures & control

Initiative type

Energy efficiency: Building fabric

Description of initiative

Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

20.49

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5,000

Investment required (unit currency – as specified in C0.4)

90,000

Payback period

16-20 years

Estimated lifetime of the initiative

11-15 years

Comment

rooftop duct insulated

Initiative type

Energy efficiency: Processes

Description of initiative

Other, please specify
Equipment

Estimated annual CO2e savings (metric tonnes CO2e)

49.19

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

11,340

Investment required (unit currency – as specified in C0.4)

86,000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

Variable Frequency Drive Pump

Initiative type

Low-carbon energy installation

Description of initiative

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

9.88

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5,600

Investment required (unit currency – as specified in C0.4)

31,000

Payback period

4 - 10 years

Estimated lifetime of the initiative

21-30 years

Comment

solar panel replacement

Initiative type

Low-carbon energy purchase

Description of initiative

Other, please specify
RECs

Estimated annual CO2e savings (metric tonnes CO2e)

13,889

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

78,962

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

Purchased Renewable Energy Certificates. Investment stated matches total RECs purchased for the reporting year.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Dedicated budget as a percentage of the Global Supply Chain annual capital allocation. The budget is allocated based on the return on investment.
Lower return on investment (ROI) specification	Energy savings projects are approved based on the return on investment. However, the company has approved energy savings projects with greater than a nine-year return.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

July 1, 2007

Base year end

June 30, 2008

Base year emissions (metric tons CO₂e)

35,725.7

Comment

Scope 2 (location-based)

Base year start

July 1, 2007

Base year end

June 30, 2008

Base year emissions (metric tons CO₂e)

68,606.49

Comment

Scope 2 (market-based)

Base year start

July 1, 2007

Base year end

June 30, 2008

Base year emissions (metric tons CO₂e)

68,606.49

Comment

The location-based result has been used as a proxy since a market-based result cannot be calculated for the base year.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

34,537.08

Start date

July 1, 2017

End date

June 30, 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

This is the third year we have calculated both a location-based and market-based scope 2 emissions response. For our Scope 2, market-based figure, we incorporated residual mix factors for our facilities in the European Union, as well as the purchases of utility supplied green purchased power, REC purchases, and on-site solar PV. We otherwise reverted back to regional emission factors (e.g., for our facilities in the United States) as we were unable to obtain supplier or contractual rates. We expect to acquire more of this information and provide more accurate market-based figures in future years.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

59,390.15

Scope 2, market-based (if applicable)

15,049.82

Start date

July 1, 2017

End date

June 30, 2018

Comment

This is the third year we have calculated both a location-based and market-based scope 2 emissions response. For our Scope 2, market-based figure, we incorporated residual mix factors for our facilities in the European Union, as well as the purchases of utility supplied green purchased power for three of our European facilities and one North American facility, REC purchases for operations in North America, and on-site solar PV

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

HFC emissions from HVAC equipment in leased office and retail space

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

Scope 1 emissions from HVAC HFC emissions are considered de minimis after an initial estimate that they would constitute less than 1% of aggregate Scope 1 emissions. There would be no Scope 2 emissions from this source

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,990,035

Emissions calculation methodology

CO₂e emissions associated with this category (1,990,035) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated related to the expenditures in a listed economic sector, using environmental input-output (EIO) data sets based on the World Input-Output Database (WIOD) and the Open IO Database. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

n/a

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

164,954

Emissions calculation methodology

CO₂e emissions associated with this category (164,954) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated related to the expenditures in a listed economic sector, using environmental input-output (EIO) data sets based on the World Input-Output Database (WIOD) and the Open IO Database. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

n/a

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

20,971

Emissions calculation methodology

CO₂e emissions associated with this category (20,971) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool. The FY17 Scopes 1 & 2 emissions we reported are interpreted by the tool, where upstream emissions are calculated for purchased fuel using fuel types, quantities and units identified by the user, fuel indirect emissions are linked to upstream emissions datasets (ecoinvent v2.2 fuel data set without direct emissions but with GWPs), and electricity upstream emissions are determined by the user's choice of country (linked to custom data of production mix per country and adjusted to exclude direct emissions).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant emission Scope 3 category for ELC given the nature of our business. ELC generally does not control the transmission and distribution of the energy used in our buildings and has limited ability to affect the GHG emissions associated with energy production and/or delivery.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

307,976

Emissions calculation methodology

CO₂e emissions associated with this category (307,976) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated

related to the expenditures in a listed economic sector, using environmental input-output (EIO) data sets based on the World Input-Output Database (WIOD) and the Open IO Database. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

n/a

Waste generated in operations

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

11,483

Emissions calculation methodology

CO2e emissions associated with this category (11,483) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated related to the expenditures in a listed economic sector, using environmental input-output (EIO) data sets based on waste management from the Open IO emissions data set. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

ELC completed a full value chain assessment of our GHG emissions, and emissions associated with waste generated in operations are not considered to be relevant as they were calculated to represent less than 1% of Scope 3 emissions. ELC currently tracks the waste generated in our global manufacturing operations but we do not have complete data on waste from offices, warehouses, and retail stores. In FY2017, we diverted all of the waste from our global manufacturing and select distribution center operations from landfills. ELC recycled 16,122.13 metric tons (MT) of waste from our global manufacturing and select distribution center operations which avoided more than 45,544 MT CO2e emissions relative to landfilling. In addition, we sent 2,233.09 MT of waste to waste-to-energy facilities which avoided 146 MT CO2e relative to landfilling.

Business travel

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

15,811.11

Emissions calculation methodology

Flight data is provided by The Estée Lauder Companies' corporate travel agency, HRG. The data represent both flights booked through the travel agency for US employees and include flights originating internationally by international employees. In FY18, the Estée Lauder Companies' employee business travel flight data for all markets (North America and international) were provided by flight leg and then categorized by short (0-300 miles), medium (301-2300 miles) and long haul (>2301 miles) flight legs. Prior to FY18, the Estée Lauder Companies' employee business travel flight data for international employees were provided by mileage traveled per month, per country without information on haul length. The proportion of short-, medium-, and long-haul flights observed in North American flights were then applied to international business air travel flight mileage for each country. Total short-, medium-, and long-haul flight mileage was thus identified for each country in which The Estée Lauder Companies operate. The short, medium- and long-haul emissions factors are applied respectively to the corresponding total mileage per country to calculate emissions from employee business travel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant Scope 3 emission category for ELC.

Employee commuting

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

20,400

Emissions calculation methodology

CO2e emissions associated with this category (20,400) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which has estimated that the average employee emits 1.7 mTCO2-eq per year. This estimate is based off US Department of Transportation, ecoinvent 2.2, and GWP impact assessment data sets, along with unknown assumptions about commuting and work schedules. The estimate is most appropriate to the US and is likely to vary depending on both country and location of facilities. The number of ELC employees is from our Annual Report.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant Scope 3 emission category for ELC.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

ELC reports the GHG emissions associated with its leased assets as Scope 1 and 2 emissions. ELC does not operate any leased assets not already included in scope 1 and scope 2. As such, Scope 3 emissions are estimated at 0 for this category, and this category is not relevant.

Downstream transportation and distribution

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

63,791

Emissions calculation methodology

CO₂e emissions associated with this category (63791) are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated related to expenditures using environmental input-output (EIO) datasets based on the Open IO emissions data set. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant Scope 3 emission category for ELC.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

ELC completed a full value chain assessment of our GHG emissions, and ELC generally does not sell products that require additional processing; therefore, Scope 3 emissions associated with this category are estimated at 0, and this category is not relevant.

Use of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

22,877.34

Emissions calculation methodology

ELC reports emissions associated with the release of refrigerants as a result of the use of sold products containing aerosol propellants. The refrigerant used in products with an aerosol propellant is assumed to be HFC-152a (R-152a). Use of sold products data is received as units sold per product type with the associated declared content amount and chemical composition. The weight of refrigerants consumed per product type is calculated by multiplying the number of units sold by the declared content by the refrigerant percent of the product type. The resulting total weight of refrigerants consumed in the use of sold products is multiplied by the emissions factor for HFC-152a to determine total emissions associated with the use of sold products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant Scope 3 emission category for ELC.

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

97

Emissions calculation methodology

CO₂e emissions are calculated via the GHG Protocol / Quantis Scope 3 Evaluator tool, which is largely based off the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. Emissions are calculated by associating the weights of packaging material groups to US landfilling emission factors from the US EPA and assumes that 100% of waste is landfilled in order to provide the most conservative estimation. Data pertains to our FY17 year. We are currently evaluating our Scope 3 footprint and plan to disclose new methodology next year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

ELC completed a full value chain assessment of our GHG emissions and this category was calculated at less than 1% of our Scope 3 emissions and therefore are not a relevant Scope 3 emission category for ELC.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

ELC does not generally lease or sublease its facilities, ELC completed a full value chain assessment of our GHG emissions and this category is estimated at less than 1% and therefore are not a relevant emission Scope 3 category for ELC given the nature of our business.

Franchises

Evaluation status

Not relevant, explanation provided

Explanation

GHG emissions associated with franchises are not relevant as ELC does not have franchises. ELC completed a full value chain assessment of our GHG emissions and, correspondingly, this category is estimated at 0 emissions, and therefore is not a relevant emission Scope 3 category for ELC given the nature of our business.

Investments

Evaluation status

Not relevant, explanation provided

Explanation

GHG emissions associated with investments are not relevant. ELC completed a full value chain assessment of our GHG emissions and this category is estimated at 0 emissions, and therefore is not a relevant emission Scope 3 category for ELC given the nature of our business. In addition, ELC has limited ability to influence to the emissions associated with our investments and these GHG emissions are not considered to represent a risk to our company.

Other (upstream)

Evaluation status

Explanation

Other (downstream)

Evaluation status

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

Yes

C6.7a

(C6.7a) Provide the emissions from biologically sequestered carbon relevant to your organization in metric tons CO2.

Row 1

Emissions from biologically sequestered carbon (metric tons CO2)

0.35

Comment

Ethanol fuel consumed in Brazil fleet vehicles

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00000685

Metric numerator (Gross global combined Scope 1 and 2 emissions)

93,727.76

Metric denominator

unit total revenue

Metric denominator: Unit total

13,683,000,000

Scope 2 figure used

Location-based

% change from previous year

15.22

Direction of change

Decreased

Reason for change

Revenues increased 15.7% year-over-year, while scope 1 & 2 emissions decreased 0.5% year-over-year. Our intensity figure for FY17, reported here last year, was 0.00000808. Continued focus on improving the energy efficiency of our facilities – for example, our factories are certified to ISO 14001 standards for environmental management and have moved to the newer ISO 14001:2015 standards for all global manufacturing sites – has supported the realized decrease in scope 1 & 2 emissions.

Intensity figure

2.04

Metric numerator (Gross global combined Scope 1 and 2 emissions)

93,727.76

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

46,000

Scope 2 figure used

Location-based

% change from previous year

1.91

Direction of change

Decreased

Reason for change

Scope 1 & 2 emissions decreased 0.5% year-over-year. while we remained largely stable in our total FTE employees at fiscal year--end. As a result, our emissions per FTE employee decreased by 1.91% compared to the previous year. Our intensity figure for FY17, reported here last year, was 2.08. Continued focus on improving the energy efficiency of our facilities – for example, our factories are certified to ISO 14001 standards for environmental management and have moved to the newer ISO 14001:2015 standards for all global manufacturing sites – has supported the realized decrease in scope 1 & 2 emissions.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	33,413.57	IPCC Fifth Assessment Report (AR5 – 20 year)
CH4	21.96	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	34.23	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	1,067.33	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	3.6
Australia	330.24
Austria	180.56
Belgium	2,350.47
Brazil	0.21
Bulgaria	9.18
Canada	2,587.9
Chile	43.17
China	12.64
Czechia	291.84
Denmark	201.34
Finland	14.34

France	357.98
Germany	512.06
Greece	318.63
China, Hong Kong Special Administrative Region	74.99
Hungary	64.19
India	19.89
Israel	158.7
Italy	1,155.78
Japan	108.45
Republic of Korea	199
Luxembourg	13.97
Malaysia	28.53
Mexico	339.28
Netherlands	500.91
New Zealand	9.52
Norway	43.88
Peru	2.33
Poland	256.88
Portugal	70.85
Russian Federation	501.44
Singapore	14.34
South Africa	546.45
Spain	4,519.26
Sweden	53.33
Switzerland	437.1
Thailand	2.85
Turkey	705.69
United Arab Emirates	14.35
United Kingdom of Great Britain and Northern Ireland	2,900.06
United States of America	14,571.81
Venezuela (Bolivarian Republic of)	9.09
Philippines	0
Romania	0
Viet Nam	0
Taiwan, Greater China	0

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Free Standing Store (FSS)	1,216.3
ELC Office	2,675.51
ELC RnD	756.49
ELC Salon	236.18
ELC Manufacturing	9,017.09
ELC Warehouse	565.92
ELC Distribution Center	6,440.15
ELC Packaging and Assembly	289.05
ELC Returns Center	174.69
Sales Fleet	13,165.69

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Distribution Center	6,440.15
Manufacturing	9,017.09
Office	2,675.51
Packaging	289.05
R&D	756.49
Retail	1,216.3
Returns Center/Warehouse	174.69
Salon	236.18
Warehouse	565.92
Sales Fleet	13,165.69

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Argentina	11.06	11.06	29.36	0
Australia	1,599.71	760.67	1,937.7	518
Austria	47.65	126.61	313.97	75.07
Belgium	1,828.69	84.14	10,566.13	5,880.71
Brazil	161.92	138.78	1,981.92	183.24
Bulgaria	119.58	111.09	252.49	36.18
Canada	943.71	0.16	16,896	15,598.46
Chile	268.79	85.52	604.66	312.28
China	3,243.93	1,474.24	5,145.79	807.22
Taiwan, Greater China	648.08	288.18	1,099.39	360.53
Czechia	267.69	302.78	502.91	10.1
Denmark	136.5	32.54	657.49	332.15
Finland	1.68		14.34	14.34
France	127.81	113.44	2,430.25	251.87
Germany	550.71	610.06	1,227.02	43.07
Greece	559.92	304.62	1,072.38	184.97
China, Hong Kong Special Administrative Region	2,069.94	842.7	2,806.64	914.03
Hungary	130.81	144.42	477.09	54.06
India	48.6		66.55	66.55
Israel	1,726.49	1,613.48	3,039.93	98.98
Italy	857.37	899.19	2,582.92	445.97
Japan	1,306.51	454.98	2,393.93	810.26
Republic of Korea	925.74	239.26	1,769	561.8
Luxembourg	13.67	29.9	65.5	

Malaysia	765.51	711.53	1,164.66	82.13
Mexico	215.38	35.32	470.26	293.15
Netherlands	64.08	50.04	137.5	43.2
New Zealand	23.02		219.63	219.63
Norway	0.35	13.18	43.55	17.17
Peru	11.01	1.22	41.63	37.02
Philippines	62.99	62.99	103.37	
Poland	281.86	257.98	389.92	80.79
Portugal	22	4.27	76.28	65.14
Romania	114.53	37.47	355.94	167.71
Russian Federation	100.34		279.71	279.71
Singapore	276.62	126.63	700.03	279.57
South Africa	2,268.39	1,643.97	2,388.94	157.6
Spain	446.43	455.86	1,807.21	85.98
Sweden	0.6	0.78	49.04	18.91
Switzerland	54.59	28.14	1,922.84	782.07
Thailand	406.81	72.16	843.28	693.71
Turkey	1,634.37	1,541.33	3,507.64	99.67
United Arab Emirates	126.97	126.97	191.94	
United Kingdom of Great Britain and Northern Ireland	4,126.86	1,117.49	13,002.44	4,671.61
United States of America	30,736.51	39.17	72,303.81	71,197.94
Venezuela (Bolivarian Republic of)	25.15	25.15	83.35	
Viet Nam	20.77	20.77	46.15	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Free Standing Store (FSS)	22,526.64	14,191.93
ELC Office	8,672.03	798.9
ELC RnD	2,394.79	0
ELC Salon	689.32	43.9
ELC Manufacturing	14,329.08	0
ELC Warehouse	395.29	0
ELC Distribution Center	9,117.22	15.09
ELC Packaging and Assembly	849.43	0
ELC Returns Center	416.35	0
Sales Fleet	0	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Distribution Center	9,117.22	15.09
Manufacturing	14,329.08	0
Office	8,672.03	798.9
Packaging	849.43	0
R&D	2,394.79	0
Retail	22,526.64	14,191.93
Returns Center/Warehouse	416.35	0
Salon	689.32	43.9
Warehouse	395.29	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	11,381.69	Decreased	18.64	This response is based off our Scope 1 emissions and market-based Scope 2 emissions and is calculated in the following manner: (Change in Scope 1+2 emissions attributed to reason/Previous year Scope 1+2 emissions)*100 or (12096/61058.06)*100. Both years follow our market-based approach (and include green purchased utility power, and RECs, incremental over the prior reporting year), and in terms of including residual mix factors for our facilities in the European Union as well as all our use of green power.
Other emissions reduction activities	870.48	Decreased	1.43	As reported in C4.3b, non-renewable energy consumption emission reduction projects led to an approximate savings of 870.48 mTons CO2e. Operational and energy efficiency initiatives in manufacturing, research & development, packaging, retail and distribution facilities have had an estimated impact of 1.43% reduction in total Scope 1 and 2 emissions. This was calculated in the following manner: (Change in Scope 1+2 emissions attributed to reason/Previous year Scope 1+2 emissions)*100 or (870.48/61058.06)*100.
Divestment	0	No change		ELC had no divestments, acquisitions, or mergers in FY18 that would affect our GHG inventory.
Acquisitions	0	No change		ELC had no divestments, acquisitions, or mergers in FY18 that would affect our GHG inventory.

Mergers	0	No change		ELC had no divestments, acquisitions, or mergers in FY18 that would affect our GHG inventory.
Change in output	1,500	Increased	2.45	Scope 1 & Scope 2 (market-based) emissions decreased 18.79% year-over-year with efficiency improvements driving an emissions reduction of 1.43% and renewable energy driving an emissions reduction of 19.81%. Revenues increased 15.7% year-over-year. This change in output likely caused an increase in our emissions, but it is difficult to attribute a specific emissions value and percentage to such change.
Change in methodology	0	No change		ELC always uses the most updated emission factors to calculate its GHG inventory. The most recent factor updates impacted both FY17 and FY18, and so no change to emissions has occurred.
Change in boundary	0	No change		Not applicable
Change in physical operating conditions	0	No change		Not applicable
Unidentified	0	No change		
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0.74	165,108.29	165,109.03
Consumption of purchased or acquired electricity		106,832.55	51,283.17	158,115.71
Consumption of self-generated non-fuel renewable energy		594.97		594.97
Total energy consumption		107,428.26	216,391.46	323,819.72

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes

Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Fuel Oil Number 5

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

2,382.94

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

Fuels (excluding feedstocks)

Other, please specify

Motor Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

23,469.5

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

27,892.01

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

Fuels (excluding feedstocks)

Natural Gasoline

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

111,363.81

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

Fuels (excluding feedstocks)

Other, please specify

Ethanol (E100)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

0.74

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Fuel Oil Number 5

Emission factor

2.96

Unit

kg CO2e per liter

Emission factor source

WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. April 2014.

Comment

Motor Gasoline

Emission factor

8.88

Unit

kg CO2e per gallon

Emission factor source

U.S. EPA, Emission Factors for Greenhouse Gas Inventories (Nov 2015); Australian Government Department of Climate Change: National Greenhouse Accounts (NGA) Factors. August 2017

Comment

Average of U.S., International, and Australian emissions factors

Natural Gasoline

Emission factor

182.65

Unit

kg CO2e per MWh

Emission factor source

U.S. EPA, Emission Factors for Greenhouse Gas Inventories (Nov 2015); Australian Government Department of Climate Change: National Greenhouse Accounts (NGA) Factors. August 2017

Comment

Average of U.S., International, and Australian emissions factors

Other

Emission factor

5.76

Unit

kg CO2e per gallon

Emission factor source

U.S. EPA, Emission Factors for Greenhouse Gas Inventories (Nov 2015).

Comment

Ethanol (E100)

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	594.97	594.97	594.97	594.97
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Wind

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

15,562.59

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

Our manufacturing facilities Whitman Labs (United Kingdom), Oevel (Belgium), and Lachen (Switzerland), as well as our Lachen distribution facility, have all contracted with local suppliers or utilities for green purchase power, which we have accounted for under the market-based method as having emissions factors of '0'.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Wind

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

8,226.96

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

Our Aveda facilities Institute (Mpls), Blaine (Manufacturing), and Blaine (Midwest Distribution Center) have all contracted with local suppliers or utilities for green purchase power, which we have accounted for under the market-based method as having emissions factors of '0'.

Basis for applying a low-carbon emission factor

Energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

83,043

Emission factor (in units of metric tons CO2e per MWh)

Comment

Our operations in US and Canada and Corporate operations also purchase RECs to cover part of the electricity consumption during the reporting year.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Estee Lauder CDP Verification Statement FINAL 6.19.2019.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Estee Lauder CDP Verification Statement FINAL 6.19.2019.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Estee Lauder CDP Verification Statement FINAL 6.19.2019.pdf

Page/ section reference

1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

 Estee Lauder CDP Verification Statement FINAL 6.19.2019.pdf

Page/section reference

1-2

Relevant standard

ISO14064-3

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

 Estee Lauder CDP Verification Statement FINAL 6.19.2019.pdf

Page/section reference

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Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Other, please specify Scope 3, Business Travel	ISO14064-3	Scope 3, Business Travel: CO2e emissions were calculated from our scope 3, business travel activities from the FY18 year. Flight and train passenger miles, as well as car rental fuel and hotel nights stayed, are tracked through the corporate travel vendor for the business travel of ELC employees globally. Emissions factors from U.S. EPA, Emission Factors for Greenhouse Gas Inventories were applied to air and train passenger-miles, as well as motor gasoline use by rented cars, to calculate GHG emissions. Hotel stays comprised the total

			hotel nights stayed by ELC employees with emissions calculated using the Orbitz emission factor for hotel stays (15.14kg/night). Business air travel, analyzed by long-, medium-, and short-haul flights, accounted for more than 92% of ELC's business travel emissions in FY18. Total emissions calculated from this process were verified by our assurance provider.
C6. Emissions data	Other, please specify Scope 3, Use of Sold Product, aerosols:	ISO14064-3	Scope 3, Use of Sold Product, aerosols: ELC calculates the GHG emissions associated with HFC aerosol propellants for our products. The mass of the HFC propellant released in product use phase is estimated based on total units sold in FY18 and the amount of propellant per unit. CO2e emissions are calculated using the 100-year GWPs from the IPCC 5th Assessment Report. Total emissions calculated from this process were verified by our assurance provider.
C6. Emissions data	Year on year change in emissions (Scope 1)	ISO14064-3	ELC calculates the Year-Over-Year % Change, total Scope 1 and this data has been verified by our assurance provider.
C6. Emissions data	Year on year change in emissions (Scope 2)	ISO14064-3	ELC calculates the Year-Over-Year % Change, Scope 2 market-based emissions excluding renewables and this data has been verified by our assurance provider.
C6. Emissions data	Year on year change in emissions (Scope 3)	ISO14064-3	ELC calculates the Year-Over-Year % Change, total Scope 3 and this data has been verified by our assurance provider.
C7. Emissions breakdown	Renewable energy products	ISO14064-3	ELC calculates the renewable energy purchased in FY18 in MWhs and this data has been verified by our assurance provider.
C8. Energy	Other, please specify Energy consumption (direct energy):	ISO14064-3	Energy consumption (direct energy): ELC calculates the total direct energy consumed in FY18 in MWh and this data has been verified by our assurance provider.
C8. Energy	Other, please specify Energy consumption (indirect energy):	ISO14064-3	Energy consumption (indirect energy): ELC calculates the total indirect energy consumed in FY18 in MWh and this data has been verified by our assurance provider.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Other carbon tax, please specify

UK Climate Change Levy

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

Other carbon tax, please specify

Period start date

July 1, 2017

Period end date

June 30, 2018

% of emissions covered by tax

7.9

Total cost of tax paid

83,678

Comment

USD

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Our UK ELC operations have engaged Schneider Electric to help support carbon emissions management and create a strategy for monitoring, reporting and reducing energy usage for our UK facilities.

Schneider Electric supports our CRC EES reporting and in FY18 we paid \$USD 83,678. In addition, we paid a Climate Change Levy for natural gas USD \$17,637 and for electricity USD

\$42,773. In FY17, in support of our Net Zero GHG Goal, the company decided to make a commitment to install a 1 MW on-site solar system in 2017 at our UK-based manufacturing plant. Our strategy for complying with the tax system is through reducing emissions with a combination of company wide policy and facility-by-facility improvements. For example at our large scale manufacturing plant in the UK, we have implemented remote, WI-FI-enabled monitoring of the energy consumption of our equipment, a system that gives us extraordinary visibility into our energy use, enabling us to reduce inefficiencies, better manage costs, track consumption over time and address problems immediately and we are expanding this technology to our distribution center in the UK. Going forward our reporting on GHG emissions and other environmental metrics will be easier and more uniform for our facilities worldwide due to a new reporting software tool we implemented back in FY16. In support of our Net Zero GHG goal we have explored additional opportunities in the UK region to support the use of renewable power and have recently signed a contract with Orsted Power to secure renewable energy for all of our operations in the UK for FY19 and will continue to do so on an annual basis.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Native Energy: Project Sky Wind Project

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO₂e)

684

Number of credits (metric tonnes CO₂e): Risk adjusted volume

684

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Native Energy: Project Sky Wind Project

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO₂e)

26,105

Number of credits (metric tonnes CO₂e): Risk adjusted volume

26,105

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Climate change is integrated into supplier evaluation processes

% of suppliers by number

80

% total procurement spend (direct and indirect)

13

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We identify our Strategic and Joint Value Creation (JVC) suppliers, which we define as critical suppliers with broad and unique capabilities. These Suppliers comprise almost half of our Direct Spend. As a result, we aim to create close ties with these supplies and seek to engage with them on climate-related issues; helping to align our supply chain with our targets. This helps reduce our supply chain partners' risk to climate-change as well as the risk to our supply chain.

Impact of engagement, including measures of success

We aim to develop long-lasting, trusting and mutually beneficial relationships with suppliers who share our strong values and who demonstrate the same commitment to operating responsibly and ethically across all facets of business.

Our Supplier Code of Conduct (COC), based on internationally recognized standards including the Universal Declaration of Human Rights and the International Labor Organization's Fundamental Conventions, sets clear Corporate Social Responsibility (CSR) expectations for our partners to meet in regard to labor and human rights, environmental management and ethical business practices.

We assess suppliers' CSR performance through COC-aligned audits conducted by a leading third-party monitoring organization or through EcoVadis assessments. EcoVadis is an internationally recognized, collaborative CSR platform that help us measure and drive supplier's CSR improvements in the areas of labor & human rights, environmental management and ethical business practices.

We partner with suppliers to improve CSR performance, through corrective action plans.

The EcoVadis assessment in particular, considers a range of CSR issues, including the Environment. Climate related areas are covered such as Energy Consumption & GHGs, Water, and Pollution, among others. For example, suppliers are assessed on the actions they have in place regarding the reduction of energy consumption and the emissions of GHG.

To measure success we track several indicators, including:

% of participation, % of suppliers demonstrating a structured and proactive Environmental, Social and Governance (ESG) approach with established policies and tangible actions on major ESG topics, % of suppliers reporting on energy consumption & GHGs, % reporting to CDP and % of suppliers that are part of the Science Based Targets Initiative (SBTi). Ultimately, Ultimately, we aim to have 100% of our key (strategic and JVC) suppliers enrolled in the program

80% of our strategic suppliers, including 100% of our JVC suppliers, representing more than 50% of our direct spend is today engaged through EcoVadis. 100% of our JVC suppliers are reporting on energy consumption & GHGs and 59% are disclosing to CDP.

Comment

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We consider NGOs to be partners in our value chain and pursue partnerships with NGOs to engage with our value chain. Our climate-related strategy is driven by our enterprise-wide goals, which include a commitment to using 100% renewable power and achieving net zero carbon emissions by the end of 2020. We prioritize engagements with NGOs that will help us achieve these goals. In addition, we prioritize engagements that address areas of our value chain that were identified as material to our business in a 2018 materiality study. Each of the projects that we undertake with an NGO partner has its own set of KPIs to measure success. We also measure our success through year over year progress on our goals. Some of our NGO partners include the Ellen MacArthur Foundation, The Climate Group and the Roundtable on Sustainable Palm Oil.

An example of engagement with NGOs:

Addressing complex problems requires long-term commitment with the right local partners. That's why in November 2018, we kicked off Project Lampung, a smallholder farmer initiative focused on more sustainable palm oil production. Led by the global NGO Solidaridad, this collaboration also includes BASF, one of our long-term ingredient suppliers, the Roundtable on Sustainable Palm Oil (RSPO), Business Watch Indonesia (BWI), and the Indonesian Agency for Agricultural Extension (KTNA), a local farmers association. Project Lampung's goal is to strengthen the ability of 1,000 smallholder farmers (i.e. farmers who own or cultivate farms that are less than 2.0 hectares of land) in the Lampung Province of Indonesia to produce sustainable palm oil that minimizes environmental impacts and contributes to improved incomes and livelihoods by the end of 2021.

While The Estée Lauder Companies (ELC) is a relatively small consumer of palm oil globally, 40% of the palm oil and palm kernel oil consumed globally across industries is supplied by farms like those participating in this initiative. Improving farming practices and facilitating

dialogue among all parties involved in its production will help protect and provide opportunities to the farmers and, by extension, to their families, communities, the environment and industry as a whole.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

Other

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

ELC participates in industry trade organizations around the world, such as the Roundtable for Sustainable Palm Oil (RSPO). The Estée Lauder Companies has committed that at least 90% of our palm-based ingredients (palm oil and its derivatives) will be certified from RSPO physical supply chains by 2025. In 2018, The Estée Lauder Companies procured 47% of its PKO derivative ingredients through RSPO certified physical supply chains (Mass Balance). We procured 0.05% Identity Preserved palm-based ingredients in 2018. Our remaining volume of PKO derivative ingredients is covered annually through the purchase of PalmTrace RSPO Credits to ensure that every ton of PKO purchased supports the production of sustainable palm oil.

Since FY16, we also continued to develop an ethical framework for sourcing from biodiverse areas that includes protocols to ensure sustainable use of materials, as well as respect for local communities including equitable sharing of benefits linked to the use of "genetic resources." Toward that end, we've continued to explore how we can align our sourcing of raw materials with the Nagoya Protocol in order to promote benefit-sharing, further incentivize the conservation and sustainable use of natural resources and preserve critical biodiversity. In addition to our own efforts, we are working with our fellow members of AIM-Progress, a forum of 44 consumer goods manufacturers and suppliers with the main initiative to develop mutual recognition of sourcing audits among member companies, effectively increasing the effectiveness of auditing suppliers against ELC's Code of Conduct.

Also, since FY14, Aveda Corporation, a subsidiary of ELC, has been engaging with NGOs to indirectly influence policy on climate change. The brand engages on policy issues through its partnerships with NGO groups, such as its role as a founding member of the Coalition for Environmentally Responsible Economies (Ceres), by providing industry perspectives. The

brand provides additional input on policy through Ceres' partner advocacy coalition, Business for Innovative Climate & Energy Policy (BICEP), and signed the Climate Declaration that calls on lawmakers to spur meaningful growth towards a low-carbon economy.

In FY16, we added further focus on our philanthropy with the creation of the The Estée Lauder Companies Charitable Foundation, whose mission is "to help build a more beautiful and sustainable world." The Foundation's Board of Directors consists of The Estée Lauder Companies executives as well as several members from outside the Company.

Finally, ELC has set carbon reduction goals and a target to achieve net-zero greenhouse gas emissions by the end of 2020.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

ELC's participation in climate change policy is led by the Global Corporate Citizenship and Sustainability team and our individual brands implement initiatives related to climate change or other initiatives and reports on these to the Global Corporate Citizenship and Sustainability team for review. We elevated citizenship and sustainability in our governance structure so that the team responsible for those efforts, led by our Senior Vice President for Global Corporate Citizenship and Sustainability, now reports directly to the Executive Chairman and CEO. This change, in particular, reflects our belief that citizenship and sustainability are essential to our success as a business and our responsibility as a Company. Further, as policymakers focus more on passing legislation related to climate change/water issues, the Global Corporate Citizenship and Sustainability team will ensure alignment with internal stakeholders such as our Global Public Affairs team as well as external associations and partners to support or shape those efforts.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

 form-10-k-document.pdf

Page/Section reference

1-final

Content elements

Risks & opportunities

Comment


Publication

In voluntary communications

Status

Complete

Attach the document

 2018-corporate-sustainability-communication-progress.pdf

Page/Section reference

1-final

Content elements

Strategy
Emissions figures
Emission targets
Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive Chairman	Board chair

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms