

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 approximately 150 countries and territories under brand names including: Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, Tommy Hilfiger, M·A·C, Kition, 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, RODIN olio lusso, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, By Kilian, BECCA, Too Faced and Dr. Jart+. 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 Net Zero carbon emissions 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 FY19 (July 1, 2018-June 30, 2019), we made progress toward our Net Zero goal by reducing both emissions intensity and absolute emissions from our owned and operated facilities.

Overall, we achieved 39% progress towards our Net Zero goal in FY19, through a combination of renewable energy utility contracts, renewable energy certificates and on-site solar. 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 | Select the number of past reporting years you will be providing emissions data for |
|----------------|-------------|--------------|---|--|
| Reporting year | July 1 2018 | June 30 2019 | No | <Not Applicable> |

C0.3

(C0.3) Select the countries/areas 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 chosen approach for consolidating your GHG 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 | 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. Example of climate-related decision made: In FY20, the decision to approve our company's new Science Based carbon emissions targets (SBTs) before they were submitted to the Science Based Targets Initiative for verification was made by the Executive Chairman. The Executive Chairman considered the level of ambition, potential levers for achievement and costs to realize the targets. |
| Chief Executive Officer (CEO) | 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. Example of climate-related decision made: In FY20, the decision to approve our company's new Science Based carbon emissions targets (SBTs) before they were submitted to the Science Based Targets Initiative for verification was made by our CEO. The CEO considered the level of ambition, potential levers for achievement and costs to realize the targets. |
| Other, please specify (Nominating and Governance Committee) | 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. |

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 | Scope of board-level oversight | Please explain |
|---|--|--------------------------------|---|
| Scheduled – all meetings | <ul style="list-style-type: none"> Reviewing and guiding strategy 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 | <Not Applicable> | GCCS provides periodic updates on the company's citizenship and sustainability initiatives and performance at the Board and committee level. As of July 2019, Corporate Citizenship and Sustainability is a standing agenda item scheduled for the Nominating and Governance committee of the Board of Directors. 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 achieve Net Zero carbon emissions by the end of 2020. The Company's Nominating and Governance Committee's responsibility for corporate governance includes oversight of the Company's citizenship and sustainability matters. |

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) | Reporting line | Responsibility | Coverage of responsibility | Frequency of reporting to the board on climate-related issues |
|---|------------------|---|----------------------------|---|
| Sustainability committee | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | 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?

| | Provide incentives for the management of climate-related issues | Comment |
|-------|---|---------|
| Row 1 | 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).

| Entitled to incentive | Type of incentive | Activity incentivized | Comment |
|------------------------------------|-------------------|-----------------------------|--|
| Executive officer | Monetary reward | Emissions reduction project | Executive Vice President (EVP) Global Supply Chain's annual performance includes the success in meeting the Net Zero carbon emissions Goal. |
| Management group | Monetary reward | Emissions reduction project | Senior Vice President (SVP) Global Corporate Citizenship and Sustainability's annual performance includes the success in meeting the Net Zero carbon emissions Goal. |
| Management group | Monetary reward | Emissions reduction project | Vice President of Global Environmental Affairs & Safety's annual performance includes the success in meeting the Net Zero carbon emissions Goal. |
| Environment/Sustainability manager | Monetary reward | Emissions reduction project | Sustainability managers' annual performance evaluations includes an assessment of their success in reducing energy use and carbon emissions, including meeting the Net Zero carbon emissions goal. |
| Facilities manager | Monetary reward | Emissions reduction project | Facility managers' annual performance evaluations include an assessment of their success in reducing energy use and carbon emissions, including meeting the Net Zero carbon emissions Goal. |

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

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

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

In line with our Enterprise Risk Management framework, ELC defines financial impact on a 5-point scale ranging from very low to high. An inherent risk is considered substantive from a financial point of view when its impact exceeds 1% of annual net sales (\$14836 million in FY19 as per 10K). 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. (e.g., loss of consumer confidence/trust, loss of sales via boycotts).

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

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 ("CCR"), 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 ("RSC") and a Corporate Enterprise Risk Management Committee ("ERMC"). The RSC members include individuals from different functions of the organization and help form a comprehensive view of the risks and mitigations. The ERMC is comprised of senior members of our leadership team who are responsible for setting the strategy for ELC. New and updates to Critical Corporate Risks (CCRs) and Risk Owners are identified by the risk sub-committees (RSCs) and approved by the Corporate Risk Management Committee (ERMC). The Risk Owners are held accountable for the management and mitigation of the CCRs. They identify and establish mitigation strategies and tasks and assign individuals with the relevant expertise to ensure the execution of the mitigation strategies and tasks in a timely manner. The overall risk assessment considers risk drivers, risk scenarios, mitigation effort, mitigation effectiveness, velocity, impact and probability for each CCR. Each year, the ERM Team generates reporting to help management assess mitigation strategies and tasks and considers their effectiveness. The results are aggregated and presented to the ERMC, Audit Committee and Board of Directors for review and approval. The Enterprise Risk Management process is held annually, however ELC monitors regulatory risks on an ongoing basis through weekly regulatory conference calls with internal and external stakeholders. In addition, 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. The ERM team is included in several internal groups to promote awareness and enable the ERM team to identify, address and escalate risks as applicable. Some examples include Strategy Development, Crisis Management, Global Sustainability initiatives, Ingredient Counsel, IT & Cybersecurity Steering Committee, as well as compliance committees for finance, legal/contract, and IT regulatory. 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. For example, ELC has identified that there is a reputational risk associated with being identified as a laggard by not meeting the IPCC's guidelines for Greenhouse Gas emissions reductions. To address this risk, many of the sustainability stakeholder groups are now working together to address this and in 2020, we set Science Based Targets (in line with the IPCC's guidelines). We have also set ambitious targets to purchase 100% of our electricity from renewable sources by the end of 2020. Additionally, 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.

C2.2a

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

| | Relevance & inclusion | Please explain |
|---------------------|------------------------------|---|
| Current regulation | Relevant, always included | ELC evaluates current regulations affecting climate change as part of our ERM 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 UK Climate Change Levy. In total, we pay approximately \$50,000 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 limit 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 proposed "Green Recovery" plans, which are climate-friendly coronavirus recovery measures. In addition, we are also monitoring the EU Green Deal, a set of policy initiatives by the European with the aim of Commission making Europe carbon neutral 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 timber regulations, such as The Lacey Act and the EU Timber Regulation. These regulations aim to eliminate the import of illegal logging and thus illegal timber. Deforestation is a major contributor to climate change, and deforestation due to illegal logging is a serious problem in many countries. As such, by monitoring these timber regulations we are indirectly monitoring climate change impacts. |
| 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. |

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 & Primary climate-related risk driver

| | |
|--------------------|---------------------------|
| Current regulation | Carbon pricing mechanisms |
|--------------------|---------------------------|

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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: A number of our facilities, including our Whitman Laboratories manufacturing facility, are in the UK and are affected by 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. Currently, we pay approximately \$50,000 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)

500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 UK Climate Change Levy carbon tax for our operations in the UK is approximately \$50,000 annually. And though this represents less than 0.1% 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 \$500,000.

Cost of response to risk

3500000

Description of response and explanation of cost calculation

To manage this risk, we are aiming to decarbonize our energy supply by installing solar panels at a number of our sites, including our Whitman Labs, Melville and Blaine manufacturing locations 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. Result: We have invested additional resources in energy efficiency and renewable energy initiatives to reduce our greenhouse gas emissions. For instance, we established a dedicated sustainability capital fund (“Net Zero Capital Fund”) to support low-carbon initiatives. In FY19, we approved a \$2.1M investment to add solar panels to our Lachen campus. In addition, we spent approximately \$1.4M on energy efficiency (lighting, compressed air, HVAC) in FY19.

Comment

n/a

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

| | |
|------------------|--------------------------------------|
| Chronic physical | Other, please specify (Water Stress) |
|------------------|--------------------------------------|

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

We have a large manufacturing and innovation site located at our Melville campus, within this river basin area. The groundwater supply originates from glacial aquifers which we expect will become increasingly stressed due to climate change. At Melville, we manufacture skincare products and fill fragrances for producing the creams and lotions that make up a substantive part of our business. Without the necessary quantity of groundwater, the Melville site would not be able to operate its chilled water distribution system, resulting in a disruption of sales.

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)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We manufacture skincare products, fill fragrances and conduct Research and Development at our Melville campus. All of these processes require water, so if the Melville campus was without water for a week and unable to operate, the financial burden could be as high as 10 MM based on Net Operating Income. We understand this may be a risk to our company because Long Island shows high stress levels for both water quality and quantity based on an increase in population and an increase in water pollution from nitrogen and 1,4 dioxane and regulation in New York State is increasing and water utility infrastructure is getting older. The risk of closing of our Melville manufacturing site due to water stress could have a substantive strategic impact for ELC, given that Melville is our oldest and largest manufacturing site.

Cost of response to risk

11500000

Description of response and explanation of cost calculation

In FY19 we began the process to plan to construct a new chiller system to provide comfort cooling in our manufacturing facility in Melville, New York. Currently, the existing system derives most of its cooling from water extracted from two open-loop groundwater wells. We are replacing the existing chillers with a new closed-loop chilled water distribution system, which will eliminate groundwater use for the manufacturing facility. The proposed solution means we will no longer use the geothermal wells, resulting in a significant decrease in our water withdrawal. By reducing the groundwater withdrawn from the region and replacing it with a mechanical cooling system, we are preserving water for future generations for the Long Island region and mitigating the impacts of water stress on our business. Estimated capital costs associated with the new chiller system are \$11.5MM.

Comment

n/a

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

| | |
|----------------|--|
| Acute physical | Increased severity and frequency of extreme weather events such as cyclones and floods |
|----------------|--|

Primary potential financial impact

Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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)

1000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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.

Cost of response to risk

3500000

Description of response and explanation of cost calculation

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 established a dedicated sustainability capital fund ("Net Zero Capital Fund") to support low-carbon initiatives. In FY19, we approved a \$2.1M investment to add solar panels to our Lachen campus. In addition, we spent approximately \$1.4M on energy efficiency (lighting, compressed air, HVAC) in FY19. 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.

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

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Carbon taxes and trading schemes are increasingly likely to be adopted by more countries and regions across the globe. In FY19, ELC consumed 161,394 MWh of purchased electricity, so 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. We also see this as an opportunity to achieve our RE100 target. Company Specific: In 2017, ELC joined RE100, committing to source 100% of our electricity from renewable sources by the end of 2020. As one strategy to achieve this goal, we are deploying a portfolio of onsite solar arrays. These solar arrays provide an opportunity for ELC to use lower-emissions sources of energy and help to lower our energy costs. 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 \$50,000 in carbon taxes there annually.

Time horizon

Short-term

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)

500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 \$50,000 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 \$500,000. Assuming carbon taxes become more common place, we are therefore avoiding this \$500,000 burden due to generating renewable energy for our RE100 target.

Cost to realize opportunity

9100000

Strategy to realize opportunity and explanation of cost calculation

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 have invested approximately \$9.1M in capital expenditures on onsite solar arrays. These investments include a one-megawatt solar array at our Whitman Labs manufacturing location in the UK, a 900kw ground-mount solar array at our Blaine, Minnesota (USA) manufacturing location, a 1.45MW ground-mount solar array at our Melville, New York (USA) manufacturing location and a 1.6MW solar array at our Trend, Switzerland plant.

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

Primary potential financial impact

Reduced direct costs

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 FY19, we updated our lighting to be more energy efficient in 4 of our locations including Agincourt (Canada) and Blaine (USA), Trevoise (USA) and Whitman (UK) manufacturing sites. In addition, we invested in more efficient cooling technology at our Whitman (UK) facility and optimized compressed air systems at our Lachen (Switzerland) facility. In FY19, ELC consumed 161,394 MWh of purchased electricity, so we see these efforts to improve our resource efficiency as an opportunity to help achieve our RE100 target.

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)

1400000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 approximately \$1,400,000 through energy efficiency initiatives.

Cost to realize opportunity

1400000

Strategy to realize opportunity and explanation of cost calculation

As part of our overall strategy we are aiming to reduce our carbon emissions through energy efficiency. We are already investing against our capital fund in order to take advantage of the cost reduction, risk mitigation and other opportunities presented by climate change. Case Study: We have invested additional resources in energy efficiency and renewable energy initiatives to reduce our greenhouse gas emissions. In FY19, we spent approximately \$1.4M on energy efficiency (lighting, compressed air, HVAC). As previously stated, in FY19, we updated our lighting to be more energy efficient in 4 of our locations including Agincourt (Canada) and Blaine (USA), Trevoise (USA) and Whitman (UK) manufacturing sites. In addition, we invested in more efficient cooling technology at our Whitman (UK) facility and optimized compressed air systems at our Lachen (Switzerland) facility.

Comment

n/a

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced direct costs

Company-specific description

In FY21, ELC undertook a water and energy optimization study at our Melville manufacturing site. During this study, we identified an opportunity to improve the efficiency of our kettle-cleaning processes by installing more efficient kettles and implementing uniform clean-in-place procedures. ELC uses atmospheric kettles to manufacture some of our products, such as creams and lotions. Currently, cleaning these kettles requires ELC to use a substantial amount of water. The cleaning process also requires a substantial amount of energy to heat the water, in order to properly sanitize the kettles. Our strategy to realize this opportunity is to shift to more efficient kettles and to develop uniform clean-in-place procedures for these kettles, which will enable ELC to improve our water and energy efficiency and to improve the efficiency of our manufacturing processes. A case study of where this would be most effective would be at our Melville site. Water and energy efficiency are especially important at here because a recent WRI Watershed Risk assessment identified Melville as a water-stressed site. We anticipate that climate change impacts could exacerbate water stress in this region. The risk of closing our Melville manufacturing site due to water stress would have a substantive strategic impact for ELC, given that Melville is our oldest and largest manufacturing site. We consider this opportunity to be strategically substantive for our company because it will allow us to enhance the efficiency of our manufacturing processes, while reducing our energy and water consumption in a water-stressed region. Because of these factors, we consider the opportunity to have a substantive strategic impact for our business.

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, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

16000

Potential financial impact figure – maximum (currency)

107000

Explanation of financial impact figure

Based on initial engineering estimates, we expect that we would save between \$16,000 and \$107,000 per year by improving the efficiency of our kettle-cleaning procedures at our Melville site. This cost savings considers the cost of water used in the cleaning processes and the cost of natural gas used to heat the water for cleaning and sanitization. We consider this opportunity to be strategically substantive for our company because it will allow us to improve the efficiency of our manufacturing processes, while reducing our energy and water consumption in a water-stressed region. We also believe that the impacts of climate change may exacerbate water-stress in this region in the future, so realizing this opportunity will help to mitigate this risk.

Cost to realize opportunity

100000

Strategy to realize opportunity and explanation of cost calculation

Our strategy to realize this opportunity is to shift to more efficient kettles and establish uniform clean-in-place procedures, which will enable ELC to improve our water and

energy efficiency and to enhance the efficiency of our manufacturing processes. This will allow ELC to improve our process for producing the creams and lotions that make up a substantive part of our business. We have calculated a \$100,000 cost to realize this opportunity, associated with conducting water and energy optimization studies and for performing technical engineering studies. The implementation of uniform clean-in-place procedures is considered to be part of ELC employees' jobs and therefore does not require additional costs.

Comment

n/a

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

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

Yes, qualitative and quantitative

C3.1b

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

| Climate-related scenarios and models applied | Details |
|--|--|
| RCP 2.6 RCP 8.5 | <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/. 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 Aqeduct WRI data (https://www.wri.org/our-work/project/aqueduct) to assess the present exposure to river flooding. 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. 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). The results from the Physical risks scenario analysis showed that ELC sites are vulnerable to the following risks: - Extreme precipitations and river flooding - Heat waves - Increase of mean temperature - Water stress - Coastal flooding 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. ELC is incorporating the results from the Climate Related Scenario Analysis into our business strategy by identifying substantive risks to our business and developing plans to mitigate these risks. These plans can include developing strategies to monitor and mitigate risks and investing in capital improvements. Case Study: Our climate-related scenario analysis shows that our facility located in Melville, Long Island is located in a water stressed region and is at risk of experiencing water-stressed events. In FY19 we began to plan to construct a new chiller system in our Melville, New York facilities. Currently, the existing system derives most of its cooling from water extracted from two open-loop groundwater wells. We are replacing the existing chillers with a new closed-loop chilled water distribution system, which will eliminate groundwater use. The proposed solution means we will no longer use the geothermal wells, resulting in a significant decrease in total water withdrawal. By reducing the groundwater withdrawn from the region and replacing it with a mechanical cooling system, we are preserving water for future generations for the Long Island region and mitigating the impacts of water stress on our business. As a follow-up to this high-risk assessment, ELC engaged an engineering consultant to complete a Source Vulnerability Assessment (SVA) of the Melville campus to evaluate current and projected water vulnerabilities, climatic and hydrogeologic conditions, economic development and water supply versus demand, regulatory requirements and stakeholder mapping. As the Melville site withdraws the most water of any of our sites, the results of the SVA will help inform the companies water stewardship program for its manufacturing and research and development facilities.</p> |

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|---------------------------------|---|---|
| Products and services | Yes | Consumer preferences are essential to our business. Our business has been impacted by an increased preference from our consumers in 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 and will be making changes over the short, medium, and long-term. Substantive Decision - For example, in FY19, we set two sustainability goals for our packaging: - By the end of 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled or recoverable. In achieving this goal, we will increase the amount of post-consumer recycled material in our packaging by up to 50%. - Our ambition is to use responsibly-sourced paper products whenever possible with a goal to have 100% of our forest-based fiber cartons FSC certified by the end of 2025 |
| Supply chain and/or value chain | Yes | Climate-related risks and opportunities have influenced our value chain engagement strategy. Harnessing Opportunities: In FY19, we publicly committed to set Science Based Targets, which will address emissions from our own operations (Scope 1 and 2) and emissions from our value chain activities (Scope 3). We believe that setting SBTs, and working with our value chain partners to achieve them, provides us with an opportunity to improve our climate resilience and meet shifting consumer expectations. We will be working to implement this strategy over short, medium and long-term time horizons in line with our SBT target. Strategic decision to mitigate risk: In FY19, we implemented a new process to monitor existing supplier performance via the EcoVadis tool. EcoVadis is an online ratings service by which suppliers can be assessed on environmental impact, labor and human rights, ethics and sustainable procurement practices. Each supplier that participates answers a customized questionnaire and provides supporting documentation on the EcoVadis platform. We are in the process of integrating EcoVadis scorecards into day-to-day business practices in order to drive more sustainable procurement decisions, while positively incentivizing suppliers that align with our corporate citizenship and sustainability expectations. In FY19, we rolled out the platform to more than 150 suppliers. In the future, we plan to expand coverage of strategic suppliers while continuing to leverage the platform to onboard new suppliers and reassess existing suppliers. |
| Investment in R&D | Yes | We believe in embedding sustainability into product formulation. This is due to climate risks of the sustainability of supply-chains along with reputational risk from consumers if we are seen to not be acting. We also understand that early-investment will lead to climate-related opportunities compared to our peers. We have long understood that green chemistry is an important part of this approach, and we recognized many years ago that the principles of green chemistry would play an important role in the future of our business. This work is ongoing; we have been establishing our process carefully over time as both the science and our business evolve and transform. We plan to keep investing in this over our short, medium and long-term time horizons. Strategic decision: Applying green chemistry principles requires a multi-layered and collaborative approach. A decade ago, we began working with external experts to design and pilot a green chemistry assessment and support program. This collaboration helped ensure that our methodology was valuable to our business and our consumers. In addition, it allowed us to monitor the evolution of green chemistry and helped us begin to understand the expectations of our stakeholders. Our early work has led to the development of our proprietary design tool, which we are now validating. The tool will help us evaluate raw materials through the lens of environmental, ecotoxicity and human health impacts. We plan to roll out this tool across our business, so that in the future we can: – Enable our chemists and formulators to better understand the environmental and sustainability implications of their choices and allow them to make comparisons among alternatives in a systematic way – Establish a baseline for our existing portfolio by product subcategory to enable us to benchmark progress and develop clear enterprise improvement targets |
| Operations | Yes | The results from the Physical risks scenario analysis showed that ELC sites are vulnerable to the following risks: - Extreme precipitations and river flooding - Heat waves - Increase of mean temperature - Water stress - Coastal flooding As mentioned previously, our climate scenario analysis covered risks to ELC over long-term time horizons. As a result, we have taken steps to mitigate this risk now and will continue to do so in the long-term. Strategic decision: As part of our strategy to address climate-related risks and opportunities, ELC established a dedicated Net Zero capital fund for sustainability in our Operations. In FY19, we approved a 900 kilowatt (kW) ground-mounted photovoltaic solar array at our Blaine, Minnesota, manufacturing plant. The system went live in our FY20 and should generate more than 1,500 MWh of solar power and reduce GHG emissions by more than 1,000 metric tons annually. We anticipate that renewable energy solutions, like this, will help to mitigate climate-related risks. |

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

| | Financial planning elements that have been influenced | Description of influence |
|-------|---|---|
| Row 1 | Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Assets Liabilities | Currently, climate-related risks and opportunities are influencing our financial planning on a short, medium and long-term basis. In the short-term, we allocate funds on an annual basis to enable the deployment of climate-related initiatives, including implementation of our Net Zero and RE100 goals. In the medium-term, we have created cost estimates to achieve each of our sustainability goals, including our packaging goals. In the long-term, we have estimated the costs to achieve our 2030 SBTs and are factoring those costs into future financial plans. Case study: In support of our 2020 Net Zero goal, we established a dedicated Net Zero capital fund to support low-carbon sustainability initiatives. We have created a Net Zero Steering Committee, composed of senior leaders from various functions, that drives our emissions-reduction strategy and governs the investments we make to achieve the Net Zero goal, such as renewable energy investments. This capital fund has influenced our financial planning by requiring the need to forecast and allocate funds needed for large-scale capital projects. |

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

62102

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

50

Covered emissions in target year (metric tons CO2e) [auto-calculated]

31051

Covered emissions in reporting year (metric tons CO2e)

59066.13

% of target achieved [auto-calculated]

9.77704421757754

Target status in reporting year

Underway

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

The Estée Lauder Companies Inc. commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2018 base year. The Estée Lauder Companies Inc. also commits to reduce scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and business travel 60% per unit revenue over the same timeframe.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2016

Figure or percentage in base year

49

Target year

2020

Figure or percentage in target year

100

Figure or percentage in reporting year

66.2

% of target achieved [auto-calculated]

33.7254901960784

Target status in reporting year

Underway

Is this target part of an emissions target?

Abs1

Is this target part of an overarching initiative?

RE100

Please explain (including target coverage)

ELC is a member of RE100 and has committed to achieving 100% renewable electricity by the end of 2020. Please note that given that the goal is 100% renewable electricity by the end of 2020, the base year has no impact on the magnitude of the goal.

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* | 0 | 0 |
| Implementation commenced* | 0 | 0 |
| Implemented* | 9 | 322.67 |
| Not to be implemented | 0 | 0 |

C4.3b

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

Initiative category & Initiative type

| | |
|--------------------------------|----------|
| Energy efficiency in buildings | Lighting |
|--------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

6.17

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

53635

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

200000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|--------------------------------|----------|
| Energy efficiency in buildings | Lighting |
|--------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

34.23

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

9075

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

100000

Payback period

11-15 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|---|----------------|
| Energy efficiency in production processes | Compressed air |
|---|----------------|

Estimated annual CO2e savings (metric tonnes CO2e)

6.53

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

34500

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

215000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|------------------------------|----------|
| Low-carbon energy generation | Solar PV |
|------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

1.45

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

7673

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

205000

Payback period

>25 years

Estimated lifetime of the initiative

21-30 years

Comment

n/a

Initiative category & Initiative type

| | |
|------------------------------|----------|
| Low-carbon energy generation | Solar PV |
|------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

30.52

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

161250

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

1338408

Payback period

4-10 years

Estimated lifetime of the initiative

21-30 years

Comment

n/a

Initiative category & Initiative type

| | |
|--------------------------------|----------|
| Energy efficiency in buildings | Lighting |
|--------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

102.49

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

44481

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

233000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|--------------------------------|----------|
| Energy efficiency in buildings | Lighting |
|--------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

7.28

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

4275

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

95000

Payback period

21-25 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|---|--------------------|
| Energy efficiency in production processes | Cooling technology |
|---|--------------------|

Estimated annual CO2e savings (metric tonnes CO2e)

92.24

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

51150

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

346000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

Initiative category & Initiative type

| | |
|---|--------------------|
| Energy efficiency in production processes | Cooling technology |
|---|--------------------|

Estimated annual CO2e savings (metric tonnes CO2e)

4174

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

24505

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

217000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

n/a

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. |
| Dedicated budget for other emissions reduction activities | Dedicated ring-fenced capital fund (Net Zero Capital Fund) to achieve our Net Zero goal. This has financed emissions reductions initiatives, such as onsite solar installations. |

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)

35725.7

Comment

Scope 2 (location-based)

Base year start

July 1 2007

Base year end

June 30 2008

Base year emissions (metric tons CO2e)

68606.49

Comment

Scope 2 (market-based)

Base year start

July 1 2007

Base year end

June 30 2008

Base year emissions (metric tons CO2e)

68606.49

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 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)

31946.05

Start date

<Not Applicable>

End date

<Not Applicable>

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 fourth 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 and REC purchases. 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

59124.72

Scope 2, market-based (if applicable)

27120.08

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

This is the fourth 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, our United Kingdom affiliates, and one North American facility, as well as REC purchases for operations in North America.

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 gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1268520

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with our purchased raw material, packaging, third-party manufacturing, as well as other indirect procurement spend (e.g. marketing, professional services). Emissions are calculated using a combination of spend-based method leveraging the CEDA V5 I-O emissions factors, process-based method usingecoinvent and Redipoint emissions factors, and hybrid methodology where suppliers reported third-party verified Scope 1, 2, and 3 emissions. Data pertains to our FY18 year.

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

27

Please explain

n/a

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

155806

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with our PP&E spend. Using a hybrid supplier specific calculation approach, emissions are calculated using cost data from procurement - indirect spend, supplier specific data (where available) and CEDA V5 I-O emission factors. Data pertains to our FY18 year.

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

4

Please explain

n/a

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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

21012

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with well-to-tank and transmission & distribution loss from the fuel and energy consumption. Using energy (Scope 1 & 2) data captured from operational facilities, emissions are calculated using DEFRA 2018 and IEA 2017 factors. Data pertains to our FY18 year.

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

0

Please explain

n/a

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

365106

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with all transportation arranged (paid for) by ELC, inclusive of both inbound and outbound shipment. Also included is third-party warehousing. Emissions have been calculated using a spend-based method with CEDA V5 I-O. Data pertains to our FY18 year.

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

0

Please explain

n/a

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4006

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with waste generated in our operations. Primary data including production and excess obsolete (EXOB) waste were collected from 22 locations (8 manufacturing, 7 Distribution Centers, 2 Packaging and Assembly facilities, 1 Returns Center and 2 Innovation Sites). This has been uplifted using global site level information. Emissions are calculated using DEFRA 2018 emission factors. Data pertains to our FY18 year.

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

12

Please explain

n/a

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

34900

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 includes flights originating internationally by international employees. In fiscal 2019, 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 fiscal 2018, the Estée Lauder Companies' employee business travel flight data for international employees were provided by mileage travelled 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. Data pertains to our FY19 year.

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

100

Please explain

n/a

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

34717

Emissions calculation methodology

Emissions are calculated using a third-party commuting model. This uses research into average commuting times and most popular forms of transport by country to estimate emissions. Data pertains to our FY18 year.

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

0

Please explain

n/a

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions in this category are not relevant as The Estée Lauder Companies do not have leased assets that are not already included in the Scope 1 and 2 emissions.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

88777

Emissions calculation methodology

It is understood that circa. 50% of outbound distribution is collected by our customers and thus fall under the downstream transportation and distribution category. Emissions were calculated using the same methodology as upstream transportation and distribution. Data pertains to our FY18 year.

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

0

Please explain

n/a

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions in this category are not relevant as The Estée Lauder Companies manufactures, markets, and sells finished goods that do not require further processing.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

30300

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. Data pertains to our FY19 year.

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

100

Please explain

n/a

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

65620

Emissions calculation methodology

The Estée Lauder Companies reports emissions associated with the end-of-life treatment of the packaging materials of our sold products. Process-based LCA calculation have been completed on packaging types using ecoinvent emission factors. Emission factors are applied to the quantity (mass) of packaging material of sold products in the reporting period. Data pertains to our FY18 year.

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

0

Please explain

n/a

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions in this category are not relevant as The Estée Lauder Companies do not have any downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions in this category are not relevant as The Estée Lauder Companies does not have any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions in this category are not relevant as The Estée Lauder Companies is not a financial institution and does not have any investments.

Other (upstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

C6.7

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

Yes

C6.7a

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

| | CO2 emissions from biogenic carbon (metric tons CO2) | Comment |
|-------|--|--|
| Row 1 | 48.16 | 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

0.00000613

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

91070.77

Metric denominator

unit total revenue

Metric denominator: Unit total

14863000000

Scope 2 figure used

Location-based

% change from previous year

11.8

Direction of change

Decreased

Reason for change

Revenues increased 8.6% year-over-year, while scope 1 & 2 emissions decreased 4.2% year-over-year. 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

1.89730771

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

91070.77

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

48000

Scope 2 figure used

Location-based

% change from previous year

8.19

Direction of change

Decreased

Reason for change

Scope 1 & 2 emissions decreased 4.2% year-over-year, while total FTE employees increased 4.4% year-over-year. As a result, our emissions per FTE employee decreased by 8.19% compared to the previous year. 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 | 31101.16 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CH4 | 20.52 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O | 33.16 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs | 791.21 | 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 | 272.39 |
| Austria | 110.68 |
| Belgium | 1992.84 |
| Brazil | 3.54 |
| Bulgaria | 9.18 |
| Canada | 2322.66 |
| Chile | 43.17 |
| China | 12.64 |
| Czechia | 52.62 |
| Denmark | 201.34 |
| Finland | 14.34 |
| France | 405.35 |
| Germany | 573.89 |
| Greece | 244.9 |
| China, Hong Kong Special Administrative Region | 48.94 |
| Hungary | 58.56 |
| India | 27.35 |
| Israel | 158.7 |
| Italy | 879.15 |
| Japan | 125.04 |
| Republic of Korea | 187.46 |
| Luxembourg | 13.97 |
| Malaysia | 28.53 |
| Mexico | 371.54 |
| Netherlands | 433.52 |
| New Zealand | 47.13 |
| Norway | 43.88 |
| Peru | 2.33 |
| Poland | 256.88 |
| Portugal | 57.1 |
| Russian Federation | 205.83 |
| Singapore | 4.62 |
| South Africa | 546.45 |
| Spain | 4175.99 |
| Sweden | 53.33 |
| Switzerland | 431.12 |
| Thailand | 67.8 |
| Turkey | 86.92 |
| United Arab Emirates | 8.54 |
| United Kingdom of Great Britain and Northern Ireland | 2700.07 |
| United States of America | 14552.72 |
| Venezuela (Bolivarian Republic of) | 11.63 |
| Philippines | 0 |
| Romania | 97.8 |
| Viet Nam | 0 |
| Taiwan, Greater China | 0 |
| Colombia | 0 |
| Panama | 0 |
| Slovakia | 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) | 1082.85 |
| ELC Office | 1985.25 |
| ELC RnD | 801.71 |
| ELC Salon | 55.35 |
| ELC Manufacturing | 8199.98 |
| ELC Warehouse | 668.08 |
| ELC Distribution Center | 5842.48 |
| ELC Packaging and Assembly | 229.3 |
| ELC Returns Center | 178.78 |
| Sales Fleet | 12902.26 |

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 | 5842.48 |
| Manufacturing | 8199.98 |
| Office | 2013.52 |
| Packaging | 229.3 |
| R&D | 801.71 |
| Retail | 1082.85 |
| Returns Center/Warehouse | 178.78 |
| Salon | 27.09 |
| Warehouse | 668.08 |
| Sales Fleet | 12902.26 |

C7.5

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

| Country/Region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh) |
|--|--|--|--|--|
| Argentina | 89.79 | 89.79 | 238.25 | 0 |
| Australia | 1761.11 | 1761.11 | 2168.05 | 0 |
| Austria | 64.57 | 225.46 | 425.43 | 0 |
| Belgium | 1983.23 | 327.22 | 11459.02 | 8793.48 |
| Brazil | 174.39 | 174.39 | 2134.5 | 0 |
| Bulgaria | 147.61 | 160.06 | 311.68 | 0 |
| Canada | 584.48 | 0 | 16085.16 | 16085.16 |
| Chile | 453.08 | 453.08 | 1019.22 | 0 |
| China | 4169.39 | 4169.39 | 6613.85 | 0 |
| Taiwan, Greater China | 501.94 | 501.94 | 851.47 | 0 |
| Czechia | 228.42 | 263.66 | 429.15 | 0 |
| Denmark | 110.06 | 267.75 | 530.16 | 0 |
| Finland | 2.39 | 7.11 | 20.39 | 0 |
| France | 136.79 | 149.14 | 2601 | 0 |
| Germany | 684.05 | 1114.95 | 1524.14 | 0 |
| Greece | 675.77 | 808.87 | 1294.26 | 0 |
| China, Hong Kong Special Administrative Region | 1544.54 | 1544.54 | 2094.25 | 0 |
| Hungary | 137.63 | 171.36 | 501.93 | 0 |
| India | 44.62 | 44.62 | 61.1 | 0 |
| Israel | 1068.64 | 1068.64 | 1881.62 | 0 |
| Italy | 883.84 | 1268.84 | 2662.67 | 0 |
| Japan | 1367.07 | 1367.07 | 2504.88 | 0 |
| Republic of Korea | 862.2 | 862.2 | 1647.59 | 0 |
| Luxembourg | 10.6 | 10.6 | 50.8 | 0 |
| Malaysia | 1408.34 | 1408.34 | 2142.67 | 0 |
| Mexico | 234.42 | 234.42 | 511.84 | 0 |
| Netherlands | 105.75 | 120.41 | 226.9 | 0 |
| New Zealand | 36.18 | 36.18 | 345.29 | 0 |
| Norway | 0.51 | 31.85 | 63.78 | 0 |
| Peru | 40.58 | 40.58 | 153.39 | 0 |
| Philippines | 73.54 | 73.54 | 120.69 | 0 |
| Poland | 321.69 | 371.39 | 445.01 | 0 |
| Portugal | 10.08 | 13.39 | 34.96 | 0 |
| Romania | 168.77 | 222.78 | 524.5 | 0 |
| Russian Federation | 96.05 | 96.05 | 267.75 | 0 |
| Singapore | 317.32 | 317.32 | 803.02 | 0 |
| South Africa | 2475.41 | 2475.41 | 2606.97 | 0 |
| Spain | 475.52 | 859.28 | 1925 | 0 |
| Sweden | 1 | 2.13 | 81.69 | 0 |
| Switzerland | 83.51 | 275.25 | 2941.47 | 1564.3 |
| Thailand | 456.73 | 456.73 | 946.75 | 0 |
| Turkey | 1798.62 | 1798.62 | 3860.15 | 0 |
| United Arab Emirates | 194.27 | 194.27 | 293.68 | 0 |
| United Kingdom of Great Britain and Northern Ireland | 3946.93 | 1038.76 | 14652.54 | 11818.43 |
| United States of America | 28953.32 | 0 | 68324.08 | 68324.08 |
| Venezuela (Bolivarian Republic of) | 1.51 | 1.51 | 5 | 0 |
| Viet Nam | 24.43 | 24.43 | 54.27 | 0 |
| Colombia | 111.27 | 111.27 | 502.91 | 0 |
| Panama | 90.95 | 90.95 | 375.03 | 0 |
| Slovakia | 11.8 | 13.42 | 74.45 | 0 |

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 (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|----------------------------|--|--|
| Free Standing Store (FSS) | 22846.3 | 15129.97 |
| ELC Office | 9773.46 | 4955.41 |
| ELC RnD | 2296.19 | 105.83 |
| ELC Salon | 728.54 | 212.51 |
| ELC Manufacturing | 13719.97 | 0 |
| ELC Warehouse | 356.43 | 45.34 |
| ELC Distribution Center | 8133.68 | 6671.02 |
| ELC Packaging and Assembly | 856.1 | 0 |
| ELC Returns Center | 414.05 | 0 |

C7.6c

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

| Activity | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|--------------------------|--|--|
| Distribution Center | 8133.68 | 6671.02 |
| Manufacturing | 13719.97 | 0 |
| Office | 9829.29 | 4958.68 |
| Packaging | 856.1 | 0 |
| R&D | 2296.19 | 105.83 |
| Retail | 22952.29 | 15300.97 |
| Returns Center/Warehouse | 414.05 | 0 |
| Salon | 566.72 | 38.24 |
| Warehouse | 356.43 | 45.34 |

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 | 503.63 | Decreased | 0.81 | 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 (503.63/62,102.43)*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 | 290.69 | Decreased | 0.47 | As reported in C4.3b, non-renewable energy consumption emission reduction projects led to an approximate savings of 290.69 mTons CO2e. Operational and energy efficiency initiatives in manufacturing, research & development, packaging, retail and distribution facilities have had an estimated impact of 0.47% 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 (290.69/62,102.43)*100. |
| Divestment | 0 | No change | 0 | ELC had no divestments, acquisitions, or mergers in FY19 that would affect our GHG Inventory |
| Acquisitions | 0 | No change | 0 | ELC had no divestments, acquisitions, or mergers in FY19 that would affect our GHG Inventory |
| Mergers | 0 | No change | 0 | ELC had no divestments, acquisitions, or mergers in FY19 that would affect our GHG Inventory |
| Change in output | 0 | No change | 0 | Revenues increased 8.6% year-over-year. This change in output likely caused an increase in emissions although this increase was more than offset of decreases in energy and fuel consumption leading to an overall decrease in emissions |
| Change in methodology | 0 | No change | 0 | ELC always uses the most up-to-date emission factors to calculate its GHG inventory. The most recent factor updates impacted both FY18 and FY19, and so no change to emissions has occurred |
| Change in boundary | 0 | No change | 0 | n/a |
| Change in physical operating conditions | 0 | No change | 0 | n/a |
| Unidentified | 2241.98 | Decreased | 3.61 | Scope 1 and market-based Scope 2 emissions decreased by 3,036.30 mTons CO2e in FY19 when compared with FY18, from 62,102.43 to 59,066.13 mTons CO2e. Of this, 503.63 mTons can be attributed to an increase in renewable energy consumption and 290.69 mTons CO2e can be attributed to energy consumption and emissions reductions projects implemented in FY19. The remaining reduction of 2,241.98 mTons CO2e is not attributable to any one source and is assumed to be a result of natural changes in general consumption patterns, operational activities, and location opening and closures occurring over the reporting period. Emissions reductions due to unidentified causes had an estimated impact of 3.61% reduction in total Scope 1 and market-based scope 2 emissions. This was calculated in the following manner: (Change in Scope 1+2 emissions attributed to the reason/Previous year Scope 1+2 emissions)*100 or (2,241.98/62,102.43)*100. |
| Other | 0 | No change | 0 | n/a |

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 undertook this energy-related activity in the reporting year |
|--|---|
| 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 (renewable and non-renewable) MWh |
|---|----------------------------|----------------------------|--------------------------------|---|
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 205.85 | 153467.6 | 153673.46 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 106585.45 | 54808.92 | 161394.36 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 942.23 | <Not Applicable> | 942.23 |
| Total energy consumption | <Not Applicable> | 107733.53 | 208276.52 | 316010.05 |

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

1197.48

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.96

Unit

kg CO2e per liter

Emissions factor source

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

Comment

n/a

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

20068.85

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

10.25

Unit

kg CO2e per gallon

Emissions 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

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

30236.94

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

8.88

Unit

kg CO2e per gallon

Emissions 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

Fuels (excluding feedstocks)

Natural Gasoline

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

101964.33

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

182.65

Unit

kg CO2e per MWh

Emissions factor source

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

Comment

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

Fuels (excluding feedstocks)

Other, please specify (Ethanol (E100))

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

205.85

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

5.76

Unit

kg CO2e per gallon

Emissions factor source

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

Comment

n/a

C8.2d

(C8.2d) 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 | 942.23 | 942.23 | 942.23 | 942.23 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

C8.2e

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

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed accounted for at a zero emission factor

22176.2

Comment

Our manufacturing facilities at Whitman Labs (United Kingdom), Oevel (Belgium), Lachen (Switzerland), our Lachen distribution facility, and our UK Affiliates (which include all UK Free Standing Stores (FSSs) and UK offices) 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'.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed accounted for at a zero emission factor

8495.07

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'.

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed accounted for at a zero emission factor

75914.17

Comment

Our operations in US and Canada and Corporate operations also purchase RECs to cover part of the electricity consumption during the reporting year. A Total of 85,300 RECs were purchased across ELC corporate (US and Canada); as this exceeded total consumption in NA, only 75,914.17 MWh were utilized and accounted for here.

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 emissions, and attach the relevant statements.

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 FY19_FINAL.PDF

Page/ section reference

p. 1 "Data Verified"

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

99

C10.1b

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

Scope 2 approach

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 FY19_FINAL.PDF

Page/ section reference

p. 1 "Data Verified"

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

99

Scope 2 approach

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 FY19_FINAL.PDF

Page/ section reference

p. 1 "Data Verified"

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

99

C10.1c

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

Scope 3 category

Scope 3: Business travel

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 FY19_FINAL.PDF

Page/section reference

p. 1 "Data Verified"

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Use of sold products

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 FY19_FINAL.PDF

Page/section reference

p. 1 "Data Verified"

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

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 | Year on year change in emissions (Scope 1 and 2) | ISO14064-3 | ELC calculates the year-over-year change % change, total Scope 1 GHG emissions and this data has been verified by our assurance provider ELC calculates the year-over-year change % change, Scope 2 market-based GHG 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 % change, for Scope 3 Business Travel and Use of Sold Products, aerosols GHG emissions and this data has been verified by our assurance provider |
| C8. Energy | Energy consumption | ISO14064-3 | ELC calculates the total energy consumed in FY19 in MWh from direct and indirect sources and this data has been verified by our assurance provider ELC calculates the total non-renewable fuel consumed from direct sources in FY19 in MWh, which includes consumption of natural gas, motor gasoline, motor diesel, and fuel oil, and this data has been verified by our assurance provider ELC calculates the total renewable electricity consumed from indirect sources in FY19 in MWh, which includes utility purchases not covered by offsite generation (utility contracts) and REC purchases, and this data has been verified by our assurance provider |
| C8. Energy | Renewable energy products | ISO14064-3 | ELC calculates the total renewable fuel consumed from direct sources in FY19 in MWh, which includes consumption of onsite solar and biofuel, and this data has been verified by our assurance provider ELC calculates the total renewable electricity consumed from indirect sources in FY19 in MWh, which reflects offsite generation and REC purchases, 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 you are regulated by.

Other carbon tax, please specify

Period start date

July 1 2018

Period end date

June 30 2019

% of total Scope 1 emissions covered by tax

5.4

Total cost of tax paid

50753

Comment

USD

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

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. In FY19, we paid a Climate Change Levy of \$USD 50,753 (USD \$3,508 for natural gas and \$47,245 USD for electricity). Our strategy for complying with the tax system is through reducing our emissions with a combination of company wide policy and facility-by-facility improvements. Our manufacturing facility in the UK is equipped with a 1MW roof top solar power system that is responsible for generating about 25% of the electrical power for the building. In addition, our large Manufacturing and Distribution facilities have implemented energy monitoring of our equipment, a system that gives us visibility into our energy use, enabling us to reduce inefficiencies. In FY20, we completed energy audits at select manufacturing, distribution and retail locations using external engineering professionals to identify additional opportunities to reduce energy and carbon emissions. In support of our Net Zero carbon emissions goal we continue to support the use of renewable electricity and have signed contracts with Orsted Power to secure renewable electricity for all of our operations in the UK where we are responsible for the electricity supply.

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)

674

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

674

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)

1803

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

1803

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)

18738

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

18738

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)

25

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

25

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

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

85

% total procurement spend (direct and indirect)

48

% of supplier-related 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 over half of our Direct Spend. As a result, we aim to create close ties with these suppliers 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 Labour 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*. We partner with suppliers to improve CSR performance, through continuous improvement plans. The EcoVadis assessment 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. Measure of success: 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 which represents more than 50% of our direct spend. With this coverage of engagement, we aim to track and encourage energy saving, reporting to CDP and other disclosures, and the setting of Science Based Targets. Impact of Engagement: Prior to 2019, six of our suppliers had set verified Science Based Targets. Through EcoVadis engagement we now understand that this number has increased by 50% to nine suppliers with a further five committing to setting an SBTi-approved Science Based Target. In fiscal 2020, 58% of our strategic suppliers improved their Sustainability performance compared to their last assessment by implementing continuous improvement plans. Both examples point to a link that our aim to engage with 100% of suppliers is encouraging our supply chain to improve. *EcoVadis is an internationally recognized, collaborative CSR platform that helps us measure and drive suppliers' CSR improvements in the areas of labor & human rights, environmental management and ethical business practices.

Comment

Our % of suppliers and % of total procurement refers to our JVC and strategic suppliers.

C12.1d

(C12.1d) 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.

Examples of engagement with NGOs:

In June 2019 we announced that it was working with the Ellen MacArthur Foundation by becoming a member of the Circular Economy 100 (CE100) programme. The CE100 is a global platform that brings together cross-industry corporations, governments, cities, academic institutions and emerging innovators from around the world to accelerate the transition to a circular economy. The network enables members to collaborate and unlock new opportunities that support the objective of building a framework for an economy that is restorative and regenerative by design. Through acceleration workshops, Co.Projects, an extensive portfolio of learning materials and an annual summit, members have access to a broad range of learning, networking and collaboration opportunities.

The CE100 membership reinforces The Estée Lauder Companies' long-standing commitment to securing long-term and sustainable growth and is the latest collaborative initiative that supports the Company's sustainable packaging goals. Through this membership and those with the Sustainable Packaging Coalition (SPC) and the Sustainable Packaging Initiative for Cosmetics (SPICE), The Estée Lauder Companies will continue to learn, build capacity, and collaborate on sustainable packaging innovation.

The Estée Lauder Companies is actively identifying opportunities to take advantage of advances in bio-sourced materials, substitute virgin content for recycled content, and use components from less carbon-intensive materials. It also has a range of packaging return schemes. The Company has a number of key pledges and programmes in place reflecting its commitment to the circular economy, including:

- By the end of 2025, 75-100% of ELC brands' packaging will be recyclable, refillable, reusable, recycled or recoverable; in achieving this goal, the Company will increase the amount of post-consumer recycled material in packaging by up to 50%
- ELC's ambition is to use responsibly sourced paper products whenever possible with a goal to have 100% of its forest-based fibre cartons FSC certified by 2025
- To achieve these goals, ELC's packaging designers and engineers are re-engineering the packaging portfolio, including low-impact sourcing, bio-sourcing, material substitution, weight elimination and integration of recycled content
- Aveda was the first beauty company to use 100% post-consumer recycled PET. As of today, more than 85% of its skin care and hair styling PET bottles and jars contain 100% post-consumer recycled materials
- Origins created the first cosmetic container recycling programme in the industry, 'Return to Origins', and M.A.C. also runs a packaging return scheme, 'Back2MAC'
- ELC is on target to meet its 2020 goal to achieve net zero carbon for Scope 1 and 2 and to source 100% renewable electricity (RE100) across all global operations. The Company recently announced it would build upon this existing net zero commitment and set a science-based target covering Scopes 1, 2 and 3 by 2020
- At ELC UK & Ireland, the Kite's Croft Distribution Centre and Whitman Laboratories manufacturing facility are using 100% Green Energy tariff, ahead of the 2020 target

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 the end of 2025. In CY2019, we procured 4026 Metric Tonnes of palm ingredients (palm oil and its derivatives). Of these volumes, 2313.24 MT were RSPO Mass Balance, 1.81 were RSPO Identify Preserved and the remainder of our volume was covered by RSPO Book & Claim credits, including 1,007 Independent Smallholder credits.

In FY19, The Estée Lauder Companies joined the Circular Economy 100 (CE100) programme, the world's leading circular economy network, run by the Ellen MacArthur Foundation. The CE100 membership reinforces The Estée Lauder Companies' long-standing commitment to securing long-term and sustainable growth and is the latest collaborative initiative that supports the Company's sustainable packaging goals.

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 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.

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

2018-elc-10k.pdf

Page/Section reference

1-final

Content elements

Risks & opportunities

Comment

n/a

Publication

In voluntary sustainability report

Status

Complete

Attach the document

elc-fy19-cr-report.pdf

Page/Section reference

1-final

Content elements

Governance
Strategy
Emissions figures
Emission targets
Other metrics

Comment

In November 2019, The Estée Lauder Companies Inc. (NYSE: EL) released its Fiscal 2019 Corporate Responsibility Report (CR Report). The report entitled, "Inspired by Beauty, Driven by Our Values," underscores the company's progress and commitment to strengthening efforts across core citizenship and sustainability focus areas and highlights key milestones demonstrating industry leadership in inclusion and diversity (I&D) practices. The company continually strives to enhance the depth and transparency of its citizenship and sustainability disclosure to better meet the expectations of key stakeholders, including consumers, investors and employees. The report applies the internationally recognized Global Reporting Initiative (GRI) Standards at the "Core in Accordance" level as well as generally aligning to the Sustainability Accounting Standards Board (SASB) disclosure recommendations.

Publication

In voluntary communications

Status

Complete

Attach the document

ELC Announces its 2020-2025 Environmental, Social and Governance (ESG) Goals – The Estée Lauder Companies Inc_.pdf

Page/Section reference

1-final

Content elements

Emission targets

Comment

During FY19, ELC announced our 2020-2025 Environmental, Social and Governance goals at our Investor Day and on our company website. These goals include a commitment to expand upon our current Net Zero and RE100 targets and set Science Based Targets covering Scopes 1, 2 and 3 emissions. (Source: <https://www.elcompanies.com/en/news-and-media/newsroom/company-features/2019/elc-announces-its-2020-2025-environmental-social-and-governance-goals>)

C15. 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.

-

C15.1

(C15.1) 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 |

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

N/A

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

| | Annual Revenue |
|-------|----------------|
| Row 1 | 14863000000 |

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

| | ISIN country code (2 letters) | ISIN numeric identifier and single check digit (10 numbers overall) |
|-------|-------------------------------|---|
| Row 1 | US | 518439104 |

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

Nordstrom, Inc.

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO₂e

622.95

Uncertainty (±%)

0

Major sources of emissions

Gas and Fuel use through our direct operations

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Taken our verified Scope 1 figures. The breakdown can be found in section 7 and 8 of our 2020 public CDP response. Allocating scope 1 emissions in proportion of revenue that Nordstrom represents. (1.95%) Our emissions are generated creating the products we sell downstream.

Requesting member

Nordstrom, Inc.

Scope of emissions

Scope 2

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO₂e

1152.9

Uncertainty (±%)

0

Major sources of emissions

Electricity use through our direct operations (location based).

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Taken our verified Scope 2 (location-based) figures. The breakdown can be found in section 7 and 8 of our 2020 public CDP response. Allocating scope 2 Location Based emissions in proportion of revenue that Nordstrom represents. (1.95%) Our emissions are generated creating the products we sell downstream.

Requesting member

Nordstrom, Inc.

Scope of emissions

Scope 2

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO₂e

528.84

Uncertainty (±%)

0

Major sources of emissions

Electricity (market based) use through our direct operations.

Verified

Please select

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Taken our verified Scope 2 (market based) figures. The breakdown can be found in section 7 and 8 of our 2020 public CDP response. Allocating scope 2 Market Based emissions in proportion of revenue that Nordstrom represents. (1.95%) Our emissions are generated creating the products we sell downstream.

Requesting member

Nordstrom, Inc.

Scope of emissions

Scope 3

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO₂e

38470.46

Uncertainty (±%)

5

Major sources of emissions

Following scope 3 emission categories: -Purchased Goods and Services -Capital Goods - Fuel-and-energy-related activities (not included in Scope 1 or 2) - Upstream transportation and distribution - Waste generated in operations - Business travel - Employee commuting - Downstream transportation and distribution

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Taken our Scope 3 figures in section 6.5. The methodology for each category calculation is included there.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

We utilized the Net Sales figure disclosed in our company's FY19 Annual Report to allocate emissions. You can access the annual report here:

<https://www.elcompanies.com/en/investors/earnings-and-financials/annual-reports>

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

| Allocation challenges | Please explain what would help you overcome these challenges |
|-----------------------|--|
| We face no challenges | N/A |

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

ELC currently has the capabilities to allocate emissions to our customers. In addition, based on the structure of our business, most of our impact is upstream, so we are not planning to further develop our capabilities to allocate emissions to our customers.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC3.1

(SC3.1) Do you want to enroll in the 2020-2021 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2019-2020 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I am submitting to | Public or Non-Public Submission | Are you ready to submit the additional Supply Chain Questions? |
|-----------------------------|------------------------|---------------------------------|--|
| I am submitting my response | Investors Customers | Public | Yes, submit Supply Chain Questions now |

Please confirm below

I have read and accept the applicable Terms