THE ESTĒE LAUDER COMPANIES INC.

FISCAL 2023

# *SOCIAL IMPACT & SUSTAINABILITY*

PERFORMANCE SUMMARY

## CAUTIONARY NOTE

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

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

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our social impact and sustainability goals, targets, initiatives, commitments, and activities, as well as our future operations and long-term strategy. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, we cannot assure that actual results or outcomes will not differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and involve a number of known and unknown risks, uncertainties, and other important factors such as those described above and in our recent SEC filings including in "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, and in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We assume no responsibility to update the information contained in this report or to continue to report any information.

# PROGRESS ON OUR GOALS AND COMMITMENTS

## SOCIAL IMPACT & SUSTAINABILITY GOALS AND PROGRESS

Our goals are an important part of our strategy to embed social impact and sustainability into business operations. Below is progress towards our goals as of June 30, 2023. Please see metrics tables (pages 8-19) for year-over-year goal progress.

TARGET MET AND MAINTAINED · ON TRACK · OFF TRACK

| GOAL[1] | | FY23 METRIC | TARGET | NOTES | STATUS |
|---|---|---|---|---|---|
| SUSTAINABILITY | | | | | |
| *Climate and Energy* | Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2018 base year.[2] | 51% reduction Scope 1 and 2 | 50% reduction Scope 1 and 2 (fiscal 2030 target) | We continued to make progress towards our 2030 target through a portfolio of climate solutions. | ON TRACK |
| | Reduce Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and business travel 60% per unit revenue by 2030 from a 2018 base year.[3] | <1% per unit revenue | 60% per unit revenue (fiscal 2030 target) | We set this target in fiscal 2021 and published a Climate Transition Plan in fiscal 2023, updated in fiscal 2024, outlining our reduction strategy. | OFF TRACK |
| | By 2030, 100% of our global corporate fleet vehicles will transition to electric.[4] | 5.3% | 100% | We are in the beginning stages of implementing this goal, focusing on regional transitions within mature EV markets like Europe. | ON TRACK |
| | Since fiscal 2020, we have achieved carbon neutrality across our Scope 1 and Scope 2 emissions and sourced 100% renewable electricity globally for our direct operations each year[5]—commitments that we met again in fiscal 2023 and intend to maintain moving forward. | | | | TARGET MET AND MAINTAINED |
| *Water* | By 2025, we are committed to reducing our water withdrawal from our direct manufacturing sites by 20%, from a fiscal 2019 baseline, focusing on our high and extremely high water-stressed sites.[6] | 18% reduction | 20% reduction | We continued to focus on efficiency and implementation of water management best practices and execution of capital projects. | ON TRACK |
| *Waste* | Since fiscal 2020 we have achieved zero industrial waste-to-landfill for all global manufacturing, distribution, and innovation sites[7], commitments that we met again in fiscal 2023 and intend to maintain moving forward. | | | | TARGET MET AND MAINTAINED |

1. "By 20XX" means by the end of calendar year 20XX, unless otherwise noted.
2. Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements. By 2030 means by the end of fiscal year 2030.
3. Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons $CO_2$ equivalents / net sales in million USD). By 2030 means by the end of fiscal year 2030.
4. Global corporate fleet vehicles include sales, executive benefit and employee perquisite passenger vehicles that are owned or leased by ELC and provided to employees pursuant to their role within the organization. Electric vehicles are defined as battery-electric vehicles and plug-in hybrid vehicles with an all-electric range of at least 50 km.
5. Electricity consumption for all global activities with ELC operational control. Renewable electricity consumption reflects on-site solar generated and consumed at ELC locations, renewable off-site generation (utility contracts), Energy Attribute Certificates (EACs) purchases, and a Virtual Power Purchase Agreement (VPPA).
6. Reduction is from a fiscal 2019 baseline of 1.5 million cubic meters water withdrawal at ELC-operated manufacturing sites. Excludes brands acquired by ELC during or after fiscal 2020 and any manufacturing sites that are not fully operational within the target timeline.
7. Excludes brands acquired by ELC during or after fiscal 2020.

| GOAL[1] | | FY23 METRIC | TARGET | NOTES | STATUS |
|---|---|---|---|---|---|
| SUSTAINABILITY *(continued)* | | | | | |
| *Sourcing* | As part of our continuous efforts to address issues that may exist within complex supply chains, by 2025 we will have identified sensitive ingredient supply chains and developed robust biodiversity and social action plans for them. | We continued to strengthen and implement biodiversity and social action plans for priority ingredients and to embed related programs and partnerships across our operations. | | | |
| | By 2025, at least 95% of our palm-based ingredients[8] (palm oil and its derivatives) will be certified sustainable from RSPO physical supply chains. | 91% (calendar year 2022) | 95% | 100% of our palm-based ingredients[8] are certified under one of RSPO's four certification types. Our share of certified palm-based ingredients from RSPO physical supply chains showed a slight decline from CY21 as certain market factors, including the fluidity of demand patterns and market shortness of mass balance palm oil impacted our ability to obtain the required volume to meet demand in CY22. We continue to monitor market trends, communicate with suppliers, and adjust purchasing to help mitigate these challenges. | |
| *Packaging*[9] | By 2025, 75-100% of our packaging will be recyclable, refillable, reusable, recycled, or recoverable. | 71% | 75-100% | | |
| | By 2025, increase the amount of post-consumer recycled (PCR) material in our packaging to 25% or more. | 19% | ≥ 25% | | |
| | Our ambition is to use responsibly sourced paper products whenever possible with a goal to have 100% of our forest-based fiber cartons FSC certified by 2025. | 99% | 100% | | |
| | By 2030, reduce the amount of virgin petroleum content in our plastic packaging to 50% or less. | 83% | ≤ 50% | | |
| *Ingredient Transparency* | We will develop a glossary of key ingredients that includes descriptions of the ingredients' purpose and will make this information available online by 2025. | Aveda, Bobbi Brown, Bumble and bumble, Clinique, Estée Lauder, Editions de Parfums Frédéric Malle, GlamGlow, La Mer, M·A·C, Origins, Smashbox, Le Labo, and Darphin have published key ingredient glossaries on their brand websites. | | | |
| SOCIAL INVESTMENTS | | | | | |
| *Brand Cause* | Each brand[10] will focus on and support at least one social or environmental cause by 2025. | 96% | 100% | We continue to help our brands to identify and support causes that resonate with their individual brand identities. | |
| EMPLOYEE ENGAGEMENT | | | | | |
| *Employee Safety* | We will drive safety to continue decreasing the total incident rate[11] to ensure continued world class-leading levels, with a goal of 0.15 by 2025. | 0.20 | 0.15 | Globally, ELC had a total incident rate of 0.20 in fiscal 2023, which is unchanged from the rate reported in fiscal 2022. We continue to take steps to identify and eliminate risk across our operations and engage our employees. | |
| *Employee Volunteerism & Giving* | By 2025, we will engage and mobilize employees to contribute a total of $25 million, by completing actions such as donating or volunteering, to nonprofits through ELC's social impact and sustainability engagement program, since its launch in 2015. | $20.8 million[12 13] | $25 million | We continued to make progress towards our 2025 target through a portfolio of employee engagement initiatives. | |

8. Excludes palm-based ingredients not directly procured by ELC, such as those procured by Third-Party Manufacturers (TPMs) and certain acquired brands not yet fully integrated into the relevant ELC systems.
9. Product packaging is defined as any item to be used for the containment, protection, handling, and presentation of products and delivery to ELC's distribution centers that is included on the bill of materials. Excludes DECIEM. For additional information, see Management Assertion.
10. For purposes of this metric the number of brands is 23, and for purposes of this goal, social causes supported by DECIEM are attributed to the DECIEM brands (The Ordinary and NIOD). Similar to DECIEM and its brands, Aramis and the various designer brands (e.g., Donna Karan New York and Michael Kors) were treated as one brand for purposes of this goal. With the termination of the various licenses at the end of fiscal 2022, only Aramis remained as part of that group.
11. Total incident rate is the number of OSHA recordable incidents per 100 workers. Excludes brands acquired by ELC during or after fiscal 2020.
12. Metric reflects information self-reported to ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. During fiscal 2023, the platform was available to eligible employees in 31 markets globally. Eligible employees are those who meet certain criteria, which varies by market, and have access to the platform. Excludes brands acquired by ELC during or after fiscal 2020.
13. Metric includes total cumulative ELC employee donations and amount matched, inclusive of volunteer rewards and Missions rewards, by ELC since the launch of the ELC Good Works platform in November 2015.

# GENDER AND RACIAL EQUITY COMMITMENTS AND PROGRESS

Below is progress towards our gender and racial equity commitments as of June 30, 2023.

TARGET MET ON TRACK

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

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

| COMMITMENT | | FY23 PROGRESS[1,2] | STATUS |
|---|---|---|---|
| RACIAL EQUITY | | | |
| *Listening and Learning* | We are committed to fostering a stronger internal culture of advocacy and inclusion to help employees share their voices, be heard, and collectively affect change. | In fiscal 2023, we launched a new self-paced digital version of the Unconscious Bias training workshop in 14 languages. In addition, we hosted multiple live sessions of Unconscious Bias training.<br>Held employee listening sessions hosted by the Equity and Engagement Center of Excellence. |  |
| *Talent and Opportunity* | We are working to ensure we are providing more equitable access to professional development and advancement for our Black employees in the United States and hold ourselves accountable for creating a workforce that is more representative and responsive to people of all backgrounds. | U.S. Census Data for Black population was 13.6% as of 2020. In fiscal 2023, 18.2% of our U.S. new hires were Black.<br>Black representation at the Director and above level in the United States was 5.0% in fiscal 2023.<br>31.5% of From Every Chair Program participants from the first and second cohort received promotions since its launch in fiscal 2021.<br>Continued to strengthen recruiting network to include a wide cross-section of colleges and universities, including Historically Black Colleges and Universities (HBCUs). |  |
| *Representation* | We are working to ensure that the end-to-end creative process accurately and consistently represents the Black experience, engages Black professionals, and that our products meet the needs of our Black consumers. | Continued to build Creative Agency roster with Certified Black Owned Agencies.<br>Clinique EBCI "See Me" and M·A·C "Perfect Your Pout" campaigns, both developed by Latino-owned Gates Creative, are finalists for 2023 Ogilvy awards.<br>Supported Brands in the development of 360 Degree Action Plans that deliver relevant content to drive strong consumer engagement. |  |
| *Suppliers* | We commit to at least double the amount we spend with Black-owned businesses over the next three years. | We spent $44 million with Black-owned businesses in fiscal 2023—a 120% increase from the baseline fiscal 2020 spend of $20 million. |  |
| *Investing in Change* | We seek to meaningfully support external organizations and nonprofits advancing racial and social justice and addressing disparities. | We have successfully surpassed our 2020 pledge to invest $10 million over a three-year period[4]. |  |

4. Funds distributed by The Estée Lauder Companies Inc., its brands, and the Lauder family, including through The Estée Lauder Companies Charitable Foundation and the Company's matching of employee gifts from June 1, 2020, through June 30, 2023.

# METRICS

CAUTIONARY NOTE REGARDING SOCIAL IMPACT AND SUSTAINABILITY INFORMATION.

## SELECT FINANCIAL DATA

(IN MILLIONS, EXCEPT PER SHARE DATA)

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Net sales | $15,910 | $17,737 | $16,215 |
| Net earnings attributable to The Estée Lauder Companies Inc. | $1,006 | $2,390 | $2,870 |
| Net earnings attributable to The Estée Lauder Companies Inc. per common share – Diluted | $2.79 | $6.55 | $7.79 |

## GLOBAL EMPLOYEES[1]

Amounts may not sum due to rounding

| | JUNE 30 | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Total employees (thousands) | 60.7* | 60.9+ | 60.2 |
| % Total employees, by region | | | |
| *The Americas* | 37.5%* | 38.6%+ | 38.9% |
| *Asia/Pacific* | 28.8%* | 28.1%+ | 28.6% |
| *Europe, the Middle East & Africa* | 33.7%* | 33.2%+ | 32.6% |
| % Total employees, by age group | | | |
| *<30 yo* | 29.3%* | 30.2%+ | 30.7% |
| *30-50 yo* | 54.0%* | 53.7%+ | 53.7% |
| *>50 yo* | 16.7%* | 16.1%+ | 15.6% |
| % Total employees, by gender | | | |
| *Female employees* | 80.4%* | 80.9%+ | 81.7% |
| % Total corporate employees by job level, by gender | | | |
| *Female Vice President and Above* | 59.1%* | 57.4%+ | 55.2% |
| *Female Director and Executive Director* | 62.5%* | 64.2%+ | 65.6% |
| *Female Manager and Below* | 81.8%* | 80.0%+ | 80.2% |
| % Total employees by role type, by gender | | | |
| *Female in Corporate* | 75.5%* | 76.5%+ | 76.8% |
| *Female in Retail* | 88.9%* | 89.5%+ | 89.7% |
| *Female in Manufacturing and Distribution* | 50.9%* | 51.1%+ | 51.7% |
| *Female in STEM* | 62.8%* | 64.9%+ | 65.1% |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

1. Total employees include global full-time, part-time, regular, and temporary employees on active assignment or on leave with pay. Employee metrics in this and other tables exclude approximately 1,560 employees at ELC's DECIEM and Dr.Jart+ business units. These business units are in the process of being fully integrated into ELC human resources data systems.

## GLOBAL EMPLOYEES BY EMPLOYEE TYPE

(THOUSANDS)

Amounts may not sum due to rounding

| | JUNE 30 | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY REGION** | | | |
| Regular employees, by region | | | |
| *The Americas* | 15.4* | 16.2+ | 16.0 |
| *Asia/Pacific* | 16.1* | 16.1+ | 16.7 |
| *Europe, the Middle East & Africa* | 18.9* | 18.8+ | 18.5 |
| Temporary employees, by region | | | |
| *The Americas* | 7.4* | 7.4+ | 7.4 |
| *Asia/Pacific* | 1.4* | 1.1+ | 0.6 |
| *Europe, the Middle East & Africa* | 1.5* | 1.5+ | 1.1 |
| **TOTAL EMPLOYEES BY EMPLOYEE TYPE, BY GENDER** | | | |
| Regular full-time employees, by gender | | | |
| *Female* | 32.6* | 33.5+ | 33.9 |
| *Male* | 9.8* | 9.6+ | 9.1 |
| Regular part-time employees, by gender | | | |
| *Female* | 7.4* | 7.3+ | 7.4 |
| *Male* | 0.6* | 0.6+ | 0.6 |
| Temporary full-time employees, by gender | | | |
| *Female* | 1.4* | 1.5+ | 1.2 |
| *Male* | 0.3* | 0.3+ | 0.3 |
| Temporary part-time employees, by gender | | | |
| *Female* | 7.4* | 7.0+ | 6.6 |
| *Male* | 1.1* | 1.0+ | 1.0 |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

## U.S. EMPLOYEES[2]

Amounts may not sum due to rounding

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

2. Data is only available for U.S.-based employees and race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races and White. Excludes brands acquired by ELC during or after fiscal 2020.
3. As of the date of this report, the latest published ELC Consolidated EEO-1 Report is available to download here (2021 EEO-1 Consolidated Report). The Report represents the ELC U.S.-based employee population as of the close of the 2021 calendar year, in alignment with federally mandated Job Category and Level definitions.

## U.S. EMPLOYEES BY ROLE TYPE

Amounts may not sum due to rounding

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

## U.S. CORPORATE EMPLOYEES BY JOB LEVEL

Amounts may not sum due to rounding

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

## TURNOVER RATE[4]

Amounts may not sum due to rounding

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Total turnover rate | 25.6%* | 27.2%+ | 28.4% |
| Total turnover rate, by leave reason | | | |
| *Voluntary turnover rate* | 20.0%* | 21.5%+ | 15.6% |
| *Involuntary turnover rate* | 5.6%* | 5.6%+ | 12.8% |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

## BOARD OF DIRECTORS

Amounts may not sum due to rounding

| | JUNE 30 | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Total Board count | 16 | 16 | 16 |
| % Female | 43.8% | 43.8% | 43.8% |
| % People of Color | 31.3%[5] | 25.0% | 18.8% |
| % Board composition, by age group | | | |
| *<30 yo* | 0.0% | 0.0% | 0.0% |
| *30-50 yo* | 18.8% | 12.5% | 18.8% |
| *>50 yo* | 81.3% | 87.5% | 81.3% |

## SOCIAL INVESTMENTS

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Total charitable contributions ($ Millions)[6] | $31.2 | $45.2 | $64.6 |

4. Includes regular full-time and regular part-time employees. Excludes temporary full-time, temporary part-time, and intern employees. Turnover rate is calculated by dividing total employees who exited during the fiscal year by average headcount during the fiscal year. Fiscal year average headcount is calculated by adding headcount on the last day of each month and dividing by 12. Excludes brands acquired by ELC during or after fiscal 2020.
5. As of June 30, 2023, one of our directors self-identified as Black or African American, one of our directors self-identified as Afro-Latino, and three of our directors self-identified as Asian.
6. Amounts represent cash and product donations recorded by ELC for such period and include ELC matching contributions related to employee contributions (amounts do not include charitable contributions made by employees). Changes in contribution levels from year to year reflect, in part, the timing of contributions to the ELC Charitable Foundation, the ELC Cares Fund, and the ELC Good Works program.

## EMPLOYEE VOLUNTEERISM & GIVING[7]

(THOUSANDS)

Amounts may not sum due to rounding

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Employee volunteer hours[8] | 19.7* | 14.4+ | 12.8+ |
| Employee donations | $1,134* | $1,166+ | $1,234+ |
| Amount matched by ELC[9] | $1,944* | $1,810+ | $1,721+ |
| Total cumulative employee donations and Company matches through ELC's social impact and sustainability engagement program[10] | $20,815 | $17,738 | $14,763 |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

+Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report and Report of Independent Accountants in the FY21 Social Impact and Sustainability Report.

## EMPLOYEE SAFETY[11]

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

+Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report and Report of Independent Accountants in the FY21 Social Impact and Sustainability Report.

7. Metrics reflect information self-reported to ELC's employee social impact and sustainability engagement program, the ELC Good Works platform, used to report employee volunteerism, employee monetary donations, and ELC charitable matching gifts. In September 2020 (fiscal 2021), the platform expanded to 17 markets outside the United States and the United Kingdom. At the end of fiscal 2022, the platform was available to eligible employees in 19 markets globally. At the start of fiscal 2023, the platform expanded to 12 additional markets providing availability in 31 markets globally. Eligible employees are those who meet certain criteria, which varies by market, and have access to the platform. Excludes brands acquired by ELC during or after fiscal 2020.
8. In fiscal 2022 and fiscal 2021, the COVID-19 pandemic negatively impacted volunteerism rates due to restrictions on assembly.
9. Due to volunteer and Company rewards, as well as campaigns that provide more than a 1-to-1 match, amount matched by ELC is higher than employee donation amount. For more information, see Management Assertion. ELC match amount is also included as part of the "Total Charitable Contributions" metric in the Social Investments data table.
10. Metric includes total cumulative ELC employee donations and amount matched, inclusive of volunteer rewards and Missions rewards, by ELC since the launch of the ELC Good Works platform in November 2015.
11. Data includes employees and contractors under direct supervision. Breakdown by direct employees and contractors is not available. Rates are calculated using OSHA recordability criteria and are based on 200,000 hours worked and the ELC Total Hours Worked for the fiscal year. Excludes brands acquired by ELC during or after fiscal 2020. For additional information, see Management Assertion.
12. Recordable Incidents are measured using OSHA recordability criteria.
13. Main types include the top three most frequently occurring types of recordable injuries as observed over a five-year lookback period.

## ENERGY

(THOUSAND MWH EXCEPT FOR PERCENTAGES)

Amounts may not sum due to rounding

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

+Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report and Report of Independent Accountants in the FY21 Social Impact and Sustainability Report.

14. Fuel consumption for all global activities with ELC operational control. Non-renewable fuel includes diesel, natural gas, mobile gasoline, mobile diesel, fuel oil, liquefied natural gas (LNG), propane, and purchased energy (purchased steam and district heat from natural gas and blended feedstocks). Renewable fuel includes bio-fuel and district heating from wood and wood residuals. For additional information, see Management Assertion.
15. Previously reported metric has been revised to correct an immaterial misclassification of on-site solar generation. This revision resulted in the reclassification of 4.3 thousand MWh of on-site solar generation from "renewable fuel consumption" to "renewable electricity consumption" for fiscal 2022 and fiscal 2021. "Total fuel consumption, by source" and "total electricity consumption, by source" have been revised accordingly to reflect this reclassification in the total.
16. Electricity consumption for all global activities with ELC operational control. Non-renewable electricity consumption reflects utility purchases not covered by renewable off-site generation (utility contracts) and Energy Attribute Certificate (EAC) purchases. Renewable electricity consumption reflects on-site solar generated and consumed at ELC locations, renewable off-site generation (utility contracts), EAC purchases, and a Virtual Power Purchase Agreement (VPPA). For additional information, see Management Assertion.
17. Total estimated annual savings from projects implemented in the reporting period. Total energy and GHG emission savings are attributed to the year in which projects launched, regardless of timing during the fiscal year. For additional information, see Management Assertion.
18. This metric reflects progress towards a goal announced in fiscal 2023. Fiscal 2023 is the first year for which data is being tracked. Global corporate fleet vehicles include sales, executive benefit, and employee perquisite passenger vehicles that are owned or leased by ELC and provided to employees pursuant to their role within the organization. Electric vehicles are defined as battery-electric vehicles and plug-in hybrid vehicles with an all-electric range of at least 50 km.

## GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 1 AND 2

(THOUSAND METRIC TONS $CO_2$ EQUIVALENT EXCEPT FOR PERCENTAGES)

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Scope 1[19] | 29.5* | 27.8+ | 24.1+ |
| Scope 2 Market-based[20] | 1.3* | 1.3+ | <0.0 |
| Scope 2 Location-based[20] | 60.2* | 54.8+ | 54.0+ |
| GHG intensity (normalized to million dollars of net sales)[21] | 0.0* | 0.0+ | 0.0+ |
| % Carbon Neutral | 100% | 100% | 100% |
| % Scope 1 and 2 reduction[22] | 51% | 54% | 59% |
| Reduction of emissions due to conservation and efficiency measures[23] | 0.7* | 0.7+ | 1.0+ |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

+Metrics previously assured by an external third party. See Report of Independent Accountants in the FY22 Social Impact and Sustainability Report and Report of Independent Accountants in the FY21 Social Impact and Sustainability Report.

19. Scope 1 emissions include direct emissions associated with fuel consumption for the operation of ELC owned and leased facilities and vehicles, except emissions associated with refrigerants sources at retail, office, and certain regional distribution and innovation locations. The base year for Scope 1 and Scope 2 emissions is fiscal 2018. Global warming potential (GWP) factors are taken from the Intergovernmental Panel on Climate Change's Fifth (AR5) and Sixth Assessment Reports (AR6) (select refrigerant GWPs are pulled from AR5 if not provided by more recent AR6). For additional information on emissions and emissions accounting standard used, see Management Assertion.
20. Scope 2 emissions include indirect emissions associated with purchased electricity, purchased steam, and district heating for the activities of all ELC owned and leased facilities. Market-based emissions include renewable electricity sourced from contractual agreements (as of fiscal 2022) and the application of country or regionally specific residual mix emission factors for electricity (where available). For additional information on emissions and emissions accounting standard used, see Management Assertion.
21. GHG intensity is calculated based on Scope 1 and Scope 2 market-based emissions including carbon offsets and renewable energy sourced from contractual agreements.
22. Reduction is from a fiscal 2018 baseline and reflects Scope 1 and Scope 2 market-based emissions including renewable energy sourced from contractual agreements.
23. Total estimated annual savings from projects implemented in the reporting period. Total energy and GHG emission savings are attributed to the year in which projects launched, regardless of timing during the fiscal year. For additional information, see Management Assertion.

## GREENHOUSE GAS (GHG) EMISSIONS: SCOPE 3

(THOUSAND METRIC TONS $CO_2$ EQUIVALENT)

Amounts may not sum due to rounding

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Scope 3, by category[24] | 2,280.5 | 2,354.9 | 1,912.8 |
| *Category 1: Purchased goods and services*[25] | 975.7 | 974.6 | 809.6 |
| *Category 2: Capital goods* | 276.7 | 275.0 | 205.9 |
| *Category 3: Fuel and energy-related activities*[26] | 25.5 | 23.6 | 22.4 |
| *Category 4: Upstream transportation and distribution* | 879.9 | 952.8 | 745.3 |
| *Category 5: Waste generated in operations* | 4.4[27] | 4.7 | 5.1 |
| *Category 6: Business travel*[28] | 19.4 | 11.1 | 3.8 |
| *Category 7: Employee commuting* | 41.8 | 40.9 | 37.2 |
| *Category 8: Upstream leased assets* | - | - | - |
| *Category 9: Downstream transportation and distribution* | 3.7 | 4.6 | 5.3 |
| *Category 10: Processing of sold products* | - | - | - |
| *Category 11: Use of sold products* | 17.8 | 25.7 | 36.9 |
| *Category 12: End-of-life treatment of sold products* | 34.1 | 40.9 | 40.2 |
| *Category 13: Downstream leased assets* | - | - | - |
| *Category 14: Franchises* | - | - | - |
| *Category 15: Investments* | 1.4 | 1.1 | 0.8 |
| % Scope 3 reduction per unit revenue[29] | <1% | 7.3% | 20.8% |

24. Scope 3 emissions are reported for all categories that are relevant to ELC. Please refer to ELC's CDP Climate response for additional information. Fiscal 2021 metrics restated due to methodology updates.
25. Category 1 includes Raw Materials, Packaging, Third-Party Manufacturers (TPMs), and indirect procurement of goods and services.
26. Category 3 includes fuel and energy-related activities associated with global activities with ELC operational control.
27. FY23 Category 5 includes Q4 FY22 and Q1-Q3 FY23 data due to data availability constraints.
28. Category 6 includes air travel, hotel stays, rail travel, and car rentals, but excludes out-of-pocket employee travel expenses.
29. This metric includes purchased goods and services, upstream transportation and distribution, and business travel. Reduction is calculated from a fiscal 2018 Scope 3 baseline (Scope 3 in metric tons $CO_2$ equivalents / net sales in million USD).

## WASTE[30]

(THOUSAND METRIC TONS)

Amounts may not sum due to rounding

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| **HAZARDOUS WASTE** | | | |
| Total hazardous waste, by management method | 1.4 | 1.4 | 1.4 |
| Diverted from disposal | | | |
| *Recycling* | 0.02 | 0.02 | 0.02 |
| *Other Recovery*[31] | 0.11 | - | - |
| Directed to disposal | | | |
| *Energy Recovery* | 1.0 | 1.3 | 1.3 |
| *Landfill* | 0 | 0 | 0 |
| *Incineration* | 0.23 | 0.08 | 0.03 |
| *Other treatment method*[32] | <0.01 | <0.01 | <0.01 |
| **NON-HAZARDOUS WASTE** | | | |
| Total non-hazardous waste, by management method (excluding reuse)[33] | 28.7 | 30.0 | 26.5 |
| Diverted from disposal | | | |
| *Reuse* | 7.6 | 4.1 | 4.3 |
| *Recycling*[33] | 16.1 | 16.9 | 14.7 |
| *Composting* | 0.04 | 0.03 | 0.02 |
| *Other Recovery*[31] | 0.57 | - | - |
| Directed to disposal | | | |
| *Energy Recovery* | 11.6 | 13.0 | 11.7 |
| *Landfill*[33, 34] | 0.10 | 0.11 | <0.01 |
| *Incineration*[35] | 0.26 | - | - |
| *Other Treatment Method*[32] | 0.02 | - | - |

30. Fiscal 2023 waste data reflects production and surplus waste from 52 locations (13 manufacturing sites, 31 distributions sites, and 8 innovation sites). Sludge waste and product giveaways are not included. Excludes brands acquired by ELC during or after fiscal 2020.
31. Other recovery methods in fiscal 2023 include anaerobic digestion and co-processing. Fiscal 2023 is the first year this metric is tracked, due to more accurate data capture.
32. Other treatment methods in fiscal 2023 include wastewater treatment. Fiscal 2023 is the first year this metric is tracked for 'Non-hazardous waste', due to more accurate data capture.
33. Fiscal 2022 "Non-hazardous landfill", "Recycling" and "Total non-hazardous waste" restated due to more accurate data capture.
34. Metric includes Municipal Solid Waste (MSW), a non-industrial waste stream that is not part of the scope of ELC's zero industrial waste-to-landfill goal.
35. Fiscal 2023 is the first year this metric is tracked for "Non-hazardous waste", due to more accurate data capture.

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

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

36. Fiscal 2023 Withdrawal, Consumption, and Discharge data reflects 182 locations operated by ELC (15 manufacturing sites, 46 distribution sites, 8 innovation sites, and 113 offices). For additional information, see Management Assertion.
37. Office locations were added for fiscal 2023 reporting and previously reported water metrics were revised for comparability. The impact of the addition of offices was evaluated and only certain previously reported metrics required revision (specifically, fiscal 2021 and fiscal 2022 water consumption intensity and fiscal 2021 discharge). Other fiscal 2021 and fiscal 2022 metrics did not require revision as it was concluded there was no impact to the previously reported metrics.
38. A water risk assessment conducted in fiscal 2023 indicates 75 locations are present in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct). Fiscal 2023 data includes DECIEM and Dr.Jart+. For additional information, see Management Assertion.
39. Reduction is from a fiscal 2019 baseline of 1.5 million cubic meters water withdrawal at ELC operated manufacturing sites. Excludes brands acquired by ELC during or after fiscal 2020 and any manufacturing sites that are not fully operational within the target timeline.
40. Suppliers are those that provide direct raw material, ingredient, packaging, and Third-Party Manufacturing to ELC.
41. Excludes DECIEM.
42. Strategic suppliers include those with broad and unique capabilities, proven value creation, and a high level of collaboration. These suppliers comprise more than half of ELC direct spend in the periods reported.
43. Includes third-party audits requested by ELC, as well as other mutually recognized audits that (i) align to ELC's audit standard; (ii) are conducted by third-party auditors; and (iii) meet ELC's validity date criteria.

## PALM OIL[44]

Amounts may not sum due to rounding

| | CY22 | CY21 | CY20 |
|---|---|---|---|
| Total amount of palm oil sourced (thousand metric tons) | 5.1* | 5.1+ | 3.6 |
| % Total palm oil certified by RSPO, by certification type | 100%* | 100%+ | 100% |
| *Identity preserved* | <1%* | <1%+ | <1% |
| *Segregated* | <1%* | <1%+ | 0% |
| *Mass Balance* | 91%* | 92%+ | 70% |
| *RSPO Credits[45]* | 9%* | 8%+ | 29% |
| % Total palm-based ingredients sourced through certified-sustainable physical supply chains | 91%* | 92%+ | 71% |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

## PACKAGING[46]

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| % Packaging that is recyclable, refillable, reusable, recycled, or recoverable | 71%* | 63%+ | 59% |
| % Post-consumer recycled (PCR) material | 19%* | 17%+ | 15% |
| % Forest-based fiber cartons FSC certified | 99%* | 95%+ | 89% |
| % Virgin petroleum content in plastic packaging[47] | 83%* | 87%+ | - |
| Total weight of product packaging, by type (thousand metric tons) | 66.2* | 71.6+ | 65.3 |
| *Non-renewable* | 52.2* | 54.8+ | 50.6 |
| *Renewable[48]* | 14.0* | 16.8+ | 14.7 |
| Total weight of materials reclaimed through consumer take back programs (thousand metric tons)[49] | 0.2* | 0.2+ | 0.2 |
| % Packaging reclaimed through consumer take back programs[49] | 0.25%* | 0.25%+ | 0.33% |
| % Packaging made from post-consumer recycled content and/or renewable materials | 40%* | 40%+ | 38% |

*Metrics assured by PricewaterhouseCoopers LLP. See PwC's Report of Independent Accountants and Management Assertion.

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

44. Palm oil sourcing is reported by Calendar Year (CY) in alignment with the Roundtable on Sustainable Palm Oil (RSPO) Annual Communication of Progress (ACOP) guidelines. Excludes palm-based ingredients not directly procured by ELC, such as those procured by Third-Party Manufacturers (TPMs) and certain acquired brands not yet fully integrated into the relevant ELC systems.
45. Previously reported as "Book & Claim", now reported as 'RSPO Credits' due to a new RSPO naming convention.
46. Product packaging is defined as any item to be used for the containment, protection, handling, and presentation of products and delivery to ELC's distribution centers that is included on the bill of materials. Excludes DECIEM. For additional information, see Management Assertion.
47. This metric reflects progress towards a goal announced in fiscal 2021. Fiscal 2022 was the first year for which data was tracked.
48. Renewable materials are those composed of biomass from a living source and are replenished at a rate equal to or greater than the rate of depletion.
49. Materials collected in North America, EMEA, and Australia only.

# REPORT OF INDEPENDENT ACCOUNTANTS

To the Management of The Estée Lauder Companies Inc.

We have reviewed the accompanying management assertion of The Estée Lauder Companies Inc. that the metrics as of or for the year ended June 30, 2023, other than the palm oil metrics, which are presented for the year ended December 31, 2022, in management's assertion are presented in accordance with the assessment criteria set forth therein. The Estée Lauder Companies Inc.'s management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

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

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

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

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

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

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

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

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

New York, New York
October 25, 2023

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

# THE ESTĒE LAUDER COMPANIES INC. MANAGEMENT ASSERTION

## OVERVIEW

With respect to the following metrics[1] reported by The Estée Lauder Companies Inc. ("ELC" or the "Company") as of or for the year ended June 30, 2023 (fiscal 2023), other than palm oil metrics, which are presented for the year ended December 31, 2022 (calendar year 2022), ELC's management asserts that such metrics, which are also included in the Fiscal 2023 Social Impact and Sustainability Report metrics tables as identified by the "*" symbol, are presented in accordance with the assessment criteria set forth below.

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

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

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

# EMPLOYEES

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

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

## GLOBAL EMPLOYEES

| FISCAL 2023 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING) | |
|---|---|
| Total employees (thousands) | 60.7 |
| % Total employees, by region | |
| *The Americas* | 37.5% |
| *Asia/Pacific* | 28.8% |
| *Europe, the Middle East & Africa* | 33.7% |
| % Total employees, by age group | |
| *<30 yo* | 29.3% |
| *30-50 yo* | 54.0% |
| *>50 yo* | 16.7% |
| % Female employees | 80.4% |
| % Total corporate employees by job level, by gender | |
| *Female Vice President and Above* | 59.1% |
| *Female Director and Executive Director* | 62.5% |
| *Female Manager and Below* | 81.8% |
| % Total employees by role type, by gender | |
| *Female in Corporate* | 75.5% |
| *Female in Retail* | 88.9% |
| *Female in Manufacturing and Distribution* | 50.9% |
| *Female in STEM* | 62.8% |

**MANAGEMENT CRITERIA**

Age group and gender is reported according to the date of birth, and gender as self-reported by the employee and recorded in the ELC HR Data System.

Region is based on the employee work location, as recorded in the ELC HR Data System.

Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.

Role types of Corporate, Retail, Manufacturing and Distribution, and STEM (Science, Technology, Engineering, and Mathematics) are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.

## GLOBAL EMPLOYEES BY EMPLOYEE TYPE

(THOUSANDS)

| | |
|---|---|
| Regular employees, by region | |
| *The Americas* | 15.4 |
| *Asia/Pacific* | 16.1 |
| *Europe, the Middle East & Africaz* | 18.9 |
| Temporary employees, by region | |
| *The Americas* | 7.4 |
| *Asia/Pacific* | 1.4 |
| *Europe, the Middle East & Africa* | 1.5 |

Regular employees include employees in the employment categories ‘Regular full-time’ and ‘Regular part-time’, as recorded in the ELC HR Data System.

Temporary employees include employees in the employment categories of ‘Temporary full-time’ (temporary full-time and intern) and ‘Temporary part-time’ (temporary part-time and on-call/freelance), as recorded in the ELC HR Data System.

Region is based on the employee work location, as recorded in the ELC HR Data System.

Gender is reported according to the gender as self-reported by the employee and recorded in the ELC HR Data System.

## GLOBAL EMPLOYEES BY EMPLOYEE TYPE

(THOUSANDS)

*(continued)*

| FISCAL 2023 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING) | |
|---|---|
| Regular full-time employees, by gender | |
| *Female* | 32.6 |
| *Male* | 9.8 |
| Regular part-time employees, by gender | |
| *Female* | 7.4 |
| *Male* | 0.6 |
| Temporary full-time employees, by gender | |
| *Female* | 1.4 |
| *Male* | 0.3 |
| Temporary part-time employees, by gender | |
| *Female* | 7.4 |
| *Male* | 1.1 |

MANAGEMENT CRITERIA

Regular employees include employees in the employment categories "Regular full-time" and "Regular part-time", as recorded in the ELC HR Data System.

Temporary employees include employees in the employment categories of "Temporary full-time" (temporary full-time and intern) and "Temporary part-time" (temporary part-time and on-call/freelance), as recorded in the ELC HR Data System.

Region is based on the employee work location, as recorded in the ELC HR Data System.

Gender is reported according to the gender as self-reported by the employee and recorded in the ELC HR Data System.

## U.S. EMPLOYEES

| % TOTAL U.S. EMPLOYEES, BY RACE/ETHNICITY | |
|---|---|
| White | 47.9% |
| Not Self-Identified | 1.3% |
| People of Color | 50.9% |
| *American Indian or Alaskan Native* | 0.5% |
| *Asian* | 15.4% |
| *Black or African American* | 13.0% |
| *Hispanic or Latino* | 18.1% |
| *Native Hawaiian or Pacific Islander* | 0.4% |
| *Two or More Races* | 3.5% |
| % U.S. CORPORATE EMPLOYEES, BY RACE/ETHNICITY | |
| White | 61.6% |
| Not Self-Identified | 0.3% |
| People of Color | 38.1% |
| *American Indian or Alaskan Native* | 0.1% |
| *Asian* | 16.8% |
| *Black or African American* | 7.5% |
| *Hispanic or Latino* | 11.1% |
| *Native Hawaiian or Pacific Islander* | 0.3% |
| *Two or More Races* | 2.3% |

Race/ethnicity is reported according to the race and ethnicity as self-identified by the employee and recorded in the ELC HR Data System.

Data is only available for U.S.-based employees. Race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White.

Role types of Corporate, Retail, and Manufacturing and Distribution are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.

Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.

## U.S. EMPLOYEES *(continued)*

| FISCAL 2023 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING) | |
|---|---|
| % U.S. RETAIL EMPLOYEES, BY RACE/ETHNICITY | |
| White | 41.2% |
| Not Self-Identified | 2.5% |
| People of Color | 56.3% |
| *American Indian or Alaskan Native* | 0.8% |
| *Asian* | 6.3% |
| *Black or African American* | 16.0% |
| *Hispanic or Latino* | 26.8% |
| *Native Hawaiian or Pacific Islander* | 0.6% |
| *Two or More Races* | 5.8% |
| % U.S. MANUFACTURING AND DISTRIBUTION EMPLOYEES, BY RACE/ETHNICITY | |
| White | 32.4% |
| Not Self-Identified | 0.5% |
| People of Color | 67.1% |
| *American Indian or Alaskan Native* | 0.5% |
| *Asian* | 33.6% |
| *Black or African American* | 18.4% |
| *Hispanic or Latino* | 13.4% |
| *Native Hawaiian or Pacific Islander* | 0.3% |
| *Two or More Races* | 0.9% |
| % U.S. VICE PRESIDENT AND ABOVE CORPORATE EMPLOYEES, BY RACE/ETHNICITY | |
| White | 70.1% |
| Not Self-Identified | 0.6% |
| People of Color | 29.4% |
| *American Indian or Alaskan Native* | 0.0% |
| *Asian* | 15.1% |
| *Black or African American* | 5.0% |
| *Hispanic or Latino* | 7.1% |
| *Native Hawaiian or Pacific Islander* | 0.0% |
| *Two or More Races* | 2.2% |

### MANAGEMENT CRITERIA

Race/ethnicity is reported according to the race and ethnicity as self-identified by the employee and recorded in the ELC HR Data System.

Data is only available for U.S.-based employees. Race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White.

Role types of Corporate, Retail, and Manufacturing and Distribution are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.

Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System.

| | FISCAL 2023 METRIC VALUE (AMOUNTS MAY NOT SUM DUE TO ROUNDING) | | MANAGEMENT CRITERIA |
|---|---|---|---|
| U.S. EMPLOYEES *(continued)* | % U.S. DIRECTOR AND EXECUTIVE DIRECTOR CORPORATE EMPLOYEES, BY RACE/ETHNICITY | | Race/ethnicity is reported according to the race and ethnicity as self-identified by the employee and recorded in the ELC HR Data System.<br>Data is only available for U.S.-based employees. Race/ethnicity category is defined according to Equal Employment Opportunity Commission (EEOC) guidelines as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races, and White.<br>Role types of Corporate, Retail, and Manufacturing and Distribution are high level groupings of job roles classified based on specific Job Functions, Job Subfunctions, and Job Areas within the ELC Job Hierarchy, as recorded in the ELC HR Data System.<br>Job levels of Vice President and Above, Director and Executive Director, and Manager and Below are based on the internal ELC Global Grade System, as recorded in the ELC HR Data System. |
| | White | 66.3% | |
| | Not Self-Identified | 0.3% | |
| | People of Color | 33.5% | |
| | *American Indian or Alaskan Native* | 0.1% | |
| | *Asian* | 19.0% | |
| | *Black or African American* | 4.8% | |
| | *Hispanic or Latino* | 7.8% | |
| | *Native Hawaiian or Pacific Islander* | 0.1% | |
| | *Two or More Races* | 1.7% | |
| | % U.S. MANAGER AND BELOW CORPORATE EMPLOYEES, BY RACE/ETHNICITY | | |
| | White | 58.6% | |
| | Not Self-Identified | 0.3% | |
| | People of Color | 41.1% | |
| | *American Indian or Alaskan Native* | 0.1% | |
| | *Asian* | 16.0% | |
| | *Black or African American* | 9.0% | |
| | *Hispanic or Latino* | 13.1% | |
| | *Native Hawaiian or Pacific Islander* | 0.4% | |
| | *Two or More Races* | 2.5% | |
| TURNOVER RATE | Total turnover rate | 25.6% | Includes regular full-time and regular part-time employees globally. Excludes temporary full-time and temporary part-time employees globally.<br>Turnover rate is calculated by dividing total global regular employees who exited during the fiscal year by average global regular employee headcount for the fiscal year. Fiscal year average global regular employee headcount is calculated by adding headcount on the last day of each month and dividing by 12. |
| | *Voluntary turnover rate* | 20.0% | |
| | *Involuntary turnover rate* | 5.6% | |

# EMPLOYEE VOLUNTEERISM AND GIVING

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

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

During fiscal 2023, "eligible employees" included regular full-time and regular part-time employees in Argentina; Australia; Belgium; Brazil; Canada; Chile; Colombia; Denmark; France; Germany; Hong Kong, SAR of China; India; Italy; Japan; Luxembourg; Mexico; Netherlands; New Zealand; Norway; Panama; Peru; Philippines; Poland; Portugal; Romania; South Africa; Spain; Sweden; Switzerland; and the United States. In the United Kingdom, "eligible employees" included corporate and point of sale regular full-time, regular part-time, and fixed-term contract[2]; all Jo Malone Global and Travel Retail employees; and regular full-time, regular part-time, temporary full-time, and temporary part-time employees at the Whitman manufacturing site.

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| Employee volunteer hours | 19.7 | Employee volunteer hours are hours that eligible employees self-report through ELC Good Works with regard to leading, organizing, or participating in either Company-organized volunteer efforts or individual eligible activities outside of normal working hours, in accordance with the ELC Good Works guidelines available to employees. |
| Employee donations | $1,134 | Employee monetary donations are donations that eligible employees self-report through ELC Good Works and must be personal donations from employees' own assets that are given to a 501(c)(3) organization in the United States or to similar organizations outside of the United States. Eligible organizations are determined under the ELC Good Works guidelines available to employees. |
| Amount matched by ELC | $1,944 | ELC charitable matching gifts include: Company matches of employees' monetary donations at a 1:1 ratio unless specified otherwise by ELC; Company matches of employees' volunteer time (volunteer rewards such as $20 per hour volunteered earned and redeemed by the employee to make donations to 501(c)(3) organizations in the United States); Company matches of employee social impact and sustainability actions on Missions – ELC Good Works' purpose driven action hub (Missions rewards such as $25 (or local currency equivalency) per 500 missions points earned and redeemed by the employee to make donations to 501(c)(3) organizations); and Company rewards which are gifted donation credits that employees can donate through ELC Good Works.<br><br>To be eligible for matching, employees' donations, volunteer time, and Missions actions must be recorded through ELC Good Works and be in accordance with the ELC Good Works guidelines.<br><br>At specified times during fiscal year 2023, there were special matching campaigns during which ELC double matched (2x) eligible employee donations. Due to double match campaigns, volunteer rewards, Missions rewards, and Company rewards, the total amount matched by ELC was higher than the total employee donations.<br><br>Rewards are gifted monetary credits that the Company has added to the ELC Good Works accounts of eligible employees. Employees can use these rewards to make donations to organizations of their choosing through ELC Good Works. Fiscal 2023 metric includes rewards redeemed within the fiscal year.<br><br>Through Missions, eligible employees in all 31 markets where ELC Good Works is available can track personal social impact and sustainability actions—such as using less water or learning about ELC's commitments–which convert into ELC Good Works rewards. |

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

# EMPLOYEE SAFETY

Employee Safety metrics include data related to ELC regular full-time, regular part-time, temporary full-time, and temporary part-time employees globally who are on active assignment or on leave with pay, and third-party paid contractors under direct supervision of an ELC employee globally. Information related to brands acquired during or after fiscal 2020 (Dr.Jart+ and DECIEM) is excluded from the fiscal 2023 metrics.

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

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| Total Recordable Incident Rate | 0.20 | Total Recordable Incident Rate is calculated using Occupational Safety and Health Administration (OSHA) recordability criteria defined as follows: (Total number of Recordable Incidents* 200,000) / Total ELC Hours Worked for the fiscal year. |
| Days Away, Restricted or Transfer Rate (DART) | 0.17 | DART is calculated using the OSHA recordability criteria defined as follows: (Total number of Recordable Incidents that resulted in Days Away, Restricted, or Transferred * 200,000) / Total ELC Hours Worked for the fiscal year.<br>DART incidents are any occupational injury or illness which results in an employee remaining away from work, restricted in their work activities, or transferring to another job. |
| Lost Time Frequency Rate | 0.15 | Lost time frequency rate is calculated using the OSHA recordability criteria defined as follows: (Total number of Recordable Incidents with Lost Time* 200,000) / Total ELC Hours Worked for the fiscal year.<br>Lost time incidents are any occupational injury or illness which results in an employee being unable to work a full assigned work shift [i.e., time off from work, or loss of productive work (absenteeism or delays)]. |
| Total fatalities | 0 | Fatalities are calculated using the OSHA recordability criteria (defined as an employee death resulting from a work-related incident or exposure; in general, from an accident or an illness caused by or related to a workplace hazard). There were no reported fatalities for the fiscal year ended June 30, 2023. |
| Total Recordable Incidents | 102 | Total Recordable Incidents are measured using OSHA recordability criteria, by which an injury or illness is considered recordable if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a physician or other licensed health care professional. |
| # Recordable work-related injuries, by main types | | Main types include the top three most frequently occurring types of recordable injuries as observed over a five-year lookback period. |
| Slips, trips, and falls | 40 | Recordable work-related incidents using OSHA recordability criteria and classified as slips, trips, and falls. |
| Ergonomic injuries | 8 | Recordable work-related incidents using OSHA recordability criteria and classified as ergonomic injuries. |
| Struck by | 24 | Recordable work-related incidents using OSHA recordability criteria and classified as struck by injuries. |

# ENERGY AND GREENHOUSE GAS (GHG) EMISSIONS

ELC uses the operational control approach in accordance with the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition*, and *GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard* (from hereon referred to as the "GHG Protocol") to report energy consumption and direct and indirect GHG emissions for locations where ELC has operational control. These locations include freestanding store, manufacturing, distribution, office, innovation, and salon locations that were in operation for all or part of fiscal 2023.

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

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| ENERGY | | |
| Total energy consumption within the organization | 331.4<br>Thousand MWh | Energy from total fuel consumption and total electricity consumption for the operation of ELC owned and leased locations globally. |
| Total fuel consumption, by source | 152.4<br>Thousand MWh | Energy from consumption of non-renewable and renewable fuel sources. |
| *Non-renewable* | 151.4<br>Thousand MWh | • Non-renewable fuels include diesel, fuel oil, natural gas, liquified natural gas (LNG), propane, mobile gasoline, mobile diesel, purchased steam, district heat from natural gas, and district heat from blended feedstock. LNG, propane, and district heat from blended feedstock were added for fiscal 2023 reporting. This is the first year these fuels were emitted by certain ELC locations or is the first year these fuels are included in our reporting.<br>• Diesel and fuel oil are used at certain manufacturing, distribution, office, and innovation locations. Natural gas is used at certain freestanding store, manufacturing, distribution, office, innovation, and salon locations. LNG is used at certain manufacturing locations. Propane is used at certain distribution locations. Mobile gasoline and mobile diesel are used by ELC owned and leased fleet vehicles in certain countries where ELC operates. Purchased steam is used at certain office locations. District heat from natural gas is used at certain freestanding store and office locations. District heat from blended feedstock is used at certain freestanding store, distribution, and office locations.<br>• Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are determined by fuel source type and are used when actual data is not available. Estimates are determined based on our estimation methodology described in the Estimation Methodology section. |
| *Renewable* | 1.0<br>Thousand MWh | • Renewable fuels include bio-fuel and district heat from wood and wood residuals.<br>• Bio-fuel (mobile ethanol) is transport fuel used by ELC owned and leased fleet vehicles in certain countries where ELC operates. District heat from wood and wood residuals are used at certain distribution locations.<br>• For fiscal 2023, energy from on-site solar is categorized as renewable electricity versus renewable fuel. This recategorization also affects the total fuel and total electricity consumption metrics. We have revised for comparability the fiscal 2021 and 2022 metrics.<br>• Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are determined by fuel source type and are used when actual data is not available. Estimates are determined based on our estimation methodology described in the Estimation Methodology section. |

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| ENERGY *(continued)* | | |
| Total electricity consumption, by source | 179.0<br>Thousand MWh | Electricity consumed from non-renewable and renewable electricity sources. |
| *Non-renewable* | 0.0<br>Thousand MWh | • Non-renewable electricity includes electricity purchased other than electricity purchased through off-site generation (utility contracts), Energy Attribute Certificates (EACs), and a Virtual Power Purchase Agreement (VPPA) by manufacturing, distribution, innovation, office, salon, and freestanding store locations.<br>• Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are used when actual data is not available and are determined based on our estimation methodology described in the Estimation Methodology section. |
| *Renewable* | 179.0<br>Thousand MWh | • Renewable electricity includes on-site solar and electricity purchased through off-site generation (utility contracts), EACs, and a VPPA.<br>• Off-site generation of renewable electricity is through contractual agreements between ELC and a utility or energy service provider to have all or a percent of electricity supplied in whole or in part from renewable energy sources such as wind, solar, geothermal, hydropower, and/or biomass. On-site solar energy is generated at and consumed by certain manufacturing, distribution, and office locations through solar photovoltaic (PV) installations.<br>• EACs (e.g., Renewable Energy Certificates (RECs) and Renewable Energy Guarantees of Origin (REGOs)) are tradable commodities that package the environmental benefit achieved from a specific renewable energy project. One EAC is issued for each MWh unit of renewable electricity produced.<br>• The VPPA agreement generates RECs through the Ponderosa wind farm project in North America.<br>• For accounting for on-site solar energy, we assume that on-site solar generation substitutes the consumption of "brown energy" (i.e., non-renewable consumption) on a one-to-one basis.<br>• Actual activity data is sourced from direct measurement or third-party invoices when possible. Estimates are used when actual data is not available and are determined based on our estimation methodology described in the Estimation Methodology section. |
| Energy intensity<br>(MWh normalized to million dollars of net sales) | 20.8<br>MWh per $M of net sales | Energy intensity is calculated as follows: Total energy consumption within the organization in MWh/Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K. |
| % Global energy sourced from renewable energy | 54.3% | Percentage of global energy sourced from renewable energy is calculated as follows: (Renewable Fuel + Renewable Electricity in MWh) / (Total energy consumption within the organization in MWh) X 100. |

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| GHG EMISSIONS | | |
| SCOPE 1 | 29.5<br>Thousand metric tons $CO_2$ equivalent | • Direct GHG emissions associated with on-site fuel consumption (diesel, fuel oil, natural gas, LNG, and propane), stationary refrigerants for the operation of ELC owned and leased locations globally, transport fuel for ELC owned and leased non-electric fleet vehicles (mobile ethanol, mobile gasoline and mobile diesel), and mobile refrigerants for the ELC owned and leased fleet vehicles.<br>• Excludes refrigerant sources at freestanding store, salon, office, and certain regional distribution and innovation locations. LNG and propane were added for fiscal 2023 reporting. This is the first year these fuels were emitted by certain ELC locations or is the first year these fuels are included in our reporting.<br>• Does not take into account biogas/green gas certificates at locations that use natural gas (which are treated as offsets), offsets, or "carbon" offsets purchased to cover Scope 1 emissions.<br>• GHGs included as part of Scope 1 emissions are carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), and hydrofluorocarbons (HFCs). The other GHGs of sulfur hexafluoride ($SF_6$), perfluorocarbons (PFCs) and nitrogen trifluoride ($NF_3$), are not emitted by ELC locations.<br>• Scope 1 emissions are based on direct on-site fuel consumption, stationary refrigerants and mobile refrigerants, and transport fuel consumption multiplied by their associated emission factor and/or global warming potential (GWP).<br>• Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections. |
| SCOPE 2: MARKET-BASED | 1.3<br>Thousand metric tons $CO_2$ equivalent | • Indirect emissions associated with purchased electricity (inclusive of electric and hybrid vehicle charging at non-ELC locations), district heat, and purchased steam for the operation of ELC owned and leased locations globally. District heat from blended feedstock was added for fiscal 2023 reporting. This is the first year this fuel was emitted by certain ELC locations or is the first year this fuel is included in our reporting.<br>• GHGs included as part of Scope 2 emissions are $CO_2$, $CH_4$ and $N_2O$. The other GHGs of HFCs, $SF_6$, PFCs, and $NF_3$ are not emitted by ELC locations.<br>• Scope 2 location-based emissions are based on purchased electricity, district heat, and purchased steam multiplied by their associated country or regionally specific emission factor and GWP.<br>• Scope 2 market-based emissions include renewable electricity sourced from contractual agreements including utility contracts, EACs, a VPPA and the application of country or regionally specific residual mix emission factors for electricity (where available) or location-based emission factors for electricity, district heat or purchased steam, and GWP. The EACs and VPPA have been verified by a third party against an accepted standard and retired within the fiscal year of purchase.<br>• Our estimation methodology and emission factors used are described in the Emission Factors and Estimation Methodology sections. |
| SCOPE 2: LOCATION-BASED | 60.2<br>Thousand metric tons $CO_2$ equivalent | |
| GHG intensity (Thousand metric tons $CO_2$ equivalent normalized to million dollars of net sales) | 0.0<br>Thousand metric tons $CO_2$ equivalent per $M of net sales | • GHG intensity is calculated as follows: [(Scope 1 emissions (net of carbon offsets)) + (Scope 2 market-based emissions (net of renewables and carbon offsets))] / Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K.<br>• Offset or "carbon" offset is a unit or $CO_2$ equivalent that is reduced, avoided, or sequestered to compensate for emissions occurring elsewhere. Carbon offsets have been verified by a third party against an accepted standard and retired within the fiscal year of purchase.<br>• Renewables include off-site generation (utility contracts), EACs (e.g., Renewable Energy Certificates (RECs) and Renewable Energy Guarantees of Origin (REGOs)), and a VPPA.<br>• This metric is calculated in accordance with management's criteria and is not based on requirements set forth in the GHG Protocol (e.g., this metric includes carbon offsets). |

| METRIC | FISCAL 2023 METRIC VALUE (THOUSANDS) | MANAGEMENT CRITERIA |
|---|---|---|
| ENERGY CONSERVATION PROJECTS | | |
| Reduction of energy consumption due to conservation and efficiency measures | 2.3<br>Thousand MWh | • Total estimated annual energy savings from projects implemented during fiscal 2023. Total energy savings are attributed to the year of project launch, regardless of timing during the fiscal year.<br>• Energy reduction is estimated based on engineering analyses provided by vendors, external consultants, and internal sources.<br>• Includes projects implemented at certain manufacturing, distribution, and innovation locations where project plan, estimated savings, and funding is approved internally. |
| Reduction of emissions due to conservation and efficiency measures | 0.7<br>Thousand metric tons $CO_2$ equivalent | • Emissions reductions are based on estimated annual energy savings from projects implemented during fiscal 2023 multiplied by their associated country or regionally specific location-based emission factor.<br>• For projects at locations based in the United States, United States (U.S.) Environmental Protection Agency (EPA) Emissions & Generation Resource Integrated Database eGRID 2021 (released January 2023) emission factors are used. For projects at locations based in Canada, National Inventory Report: 1990-2021 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2023) emission factors are used. For projects at locations based in the United Kingdom, BEIS (Department for Business, Energy & Industrial Strategy) 2023 DECC's GHG Conversion Factors for Company Reporting – UK Electricity (released in June 2023) emission factors are used. For projects at locations based in all other countries, International Energy Agency 2022 $CO_2$ Emissions from Fuel Combustion (published September 2022), Emission Factors for Greenhouse Gas Inventories (issued in April 2023) emission factors are used. |

## BASE DATA

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

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

## EMISSION FACTORS

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

| METRIC | EMISSIONS SOURCE TYPE | EMISSION FACTOR EMPLOYED |
|---|---|---|
| SCOPE 1 | Natural Gas | United States (U.S.) Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Fuel Oil No. 2 | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Diesel | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | LNG | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Propane | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Refrigerants (stationary and mobile) | Global Warming Potential from the Intergovernmental Panel on Climate Change Fifth and Sixth Assessment Reports (2013 and 2021) (certain refrigerant GWPs from AR5 are used if not provided by the more recent AR6) |
| SCOPE 1 | Mobile Diesel | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Mobile Gasoline | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 1 | Mobile Ethanol (Bio-fuel) | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 2 | Purchased Electricity (U.S.)<br>(inclusive of electric and hybrid vehicle charging at non-ELC locations) | Market-based: 2022 Green-e® Residual Mix Emissions Rates (2020 Data) (issued in July 2022)<br>Location-based: U.S. EPA eGRID 2021 (released January 2023) |
| SCOPE 2 | Purchased Steam (U.S.) | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 2 | District Heat<br>(Wood and Wood Residuals) | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023) |
| SCOPE 2 | District Heat (Blended Feedstock) | U.S. EPA Emission Factors for Greenhouse Gas Inventories (issued in April 2023)<br>Blended feedstock is a weighted combination of the emission factors for wood and wood residuals, municipal solid waste, natural gas, and distillate fuel oil No. 2. It was calculated using a blended emissions factor tailored to the city's district heat production, which is a composite of U.S. EPA emissions factors for wood and wood residuals (30%), municipal solid waste (30%), natural gas (30%), and distillate fuel oil No. 2 (10%). In developing this emission factor, ELC assumes an 80% boiler thermal efficiency (same as U.S. EPA assumes for natural gas steam). |
| SCOPE 2 | District Heat (Natural Gas) | BEIS 2023 DECC's GHG Conversion Factors for Company Reporting – UK (released in June 2023) |
| SCOPE 2 | Purchased Electricity (Canada) | National Inventory Report: 1990-2021 Greenhouse Gas Sources and Sinks in Canada - Annex 13 (updated in April 2023) |
| SCOPE 2 | Purchased Electricity (Australia) | Australia's Department of Climate Change, Energy, the Environment and Water- Australian National Greenhouse Accounts Factors - Table 1 (updated in February 2023) |
| SCOPE 2 | Purchased Electricity<br>(United Kingdom)<br>(inclusive of electric and hybrid vehicle charging at non-ELC locations) | BEIS 2023 DECC's GHG Conversion Factors for Company Reporting – UK Electricity (released in June 2023) |
| SCOPE 2 | Purchased Electricity<br>(All other markets)<br>(inclusive of electric and hybrid vehicle charging at non-ELC locations) | Market-based (Europe): Association of Issuing Bodies European Residual Mixes 2022: Version 1.0 2023-06-01; Table 2: Residual Mixes 2022<br>Location-based: International Energy Agency 2022 $CO_2$ Emissions from Fuel Combustion (published September 2022) |

## ESTIMATION METHODOLOGY

Estimation procedures were used to determine energy and GHG emissions data where measurement data is not readily available as noted in the table below. These estimates account for approximately 36% of reported Scope 1 and approximately 36% of reported Scope 2 location-based emissions and approximately 99% of Scope 2 market-based emissions (representative of emissions after contractual agreements have been applied).

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

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

## EXCLUSIONS

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

## UNCERTAINTY

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

# WATER

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

| METRIC | FISCAL 2023 METRIC VALUE | MANAGEMENT CRITERIA |
|---|---|---|
| Withdrawal | 1.6 million cubic meters | • Water withdrawal is sourced from third parties and groundwater. There was no water withdrawal directly from surface water.<br>• Water withdrawal data is sourced from direct measurement or third-party invoices when possible. When actual data is not available for manufacturing, distribution, and innovation locations, estimates are formed using building square footage multiplied by a location type-specific intensity factor, which is derived from ELC manufacturing, distribution, or innovation locations reporting actual water withdrawal data. When actual data is not available for office locations, estimates are formed using a headcount-based methodology including office headcount as of the beginning of the fiscal year, gender, workdays, and in-office capacity. Multiplying these datapoints by the standard or water-efficient plumbing fixture rates (as defined by the Environmental Protection Agency (EPA), U.S. Green Building Council (USGBC) or LEED and dependent on office location) for daily domestic water uses typical of office locations (drinking water, sanitation, and hygiene) results in an estimate of water withdrawal for each office. When the headcount as of the beginning of the fiscal year, gender, workdays, and in-office capacity datapoints are not available for offices, estimates are formed using rentable square footage multiplied by a location type-specific intensity factor, which is derived from the water withdrawal estimated using the headcount-based methodology.<br>• Approximately 9% of the reported water withdrawal is estimated. |
| Consumption | 0.2 million cubic meters | Consumption is calculated as the difference between water withdrawal and water discharge. |
| Discharge | 1.4 million cubic meters | • Water is discharged to third parties, groundwater, and surface water.<br>• Water discharge data is sourced from direct measurement or third-party invoices when possible. When actual data is not available for manufacturing, distribution, and innovation locations, estimates are formed using a discharge ratio based on a location type-specific intensity factor, which is derived from ELC manufacturing, distribution, or innovation locations reporting actual water discharge data. Actual discharge data was not available for office locations. Since the main water usage at these office locations is for domestic purposes (drinking water, sanitation, and hygiene), it was assumed that 95% of withdrawal is discharged.<br>• Discharge associated with non-contact cooling water activities at the Melville manufacturing location is estimated based on the actual location water withdrawal minus known water discharge activities (industrial and sanitary wastewater), known water used in finished products, and estimated water consumption (irrigation and human consumption).<br>• Approximately 26% of the reported water discharge is estimated. |
| % Water consumption from all areas with high or extremely high water stress | 46.4% | • Areas of high or extremely high water stress include ELC locations located in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct 3.0). |
| % Water withdrawn from all areas with high or extremely high water stress | 67.8% | • Areas of high or extremely high water stress include ELC locations located in areas of high or extremely high water stress as defined by the World Resources Institute's Water Risk Atlas tool (Aqueduct 3.0). |
| Water consumption intensity (cubic meters normalized to million dollars of net sales) | 10.3 | • Water consumption intensity is calculated as follows: Water consumption (cubic meters) / Net Sales for fiscal 2023 in million U.S. dollars from the Annual Report on Form 10-K. |

# PALM OIL

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

The metrics in the table below are for the calendar year ended December 31, 2022 (calendar year 2022), which is consistent with ELC's Annual Communication of Progress (ACOP) report submitted to the RSPO. Calendar year 2022 metrics exclude information related to palm-based ingredients i) directly procured and/or received by Third-Party Manufacturers (TPMs); and ii) directly procured and received by brands acquired during or after fiscal 2020 (Dr.Jart+ and DECIEM). Unless otherwise indicated within the management criteria, relevant data (e.g., raw material volume) is obtained from internal ELC raw materials management and procurement systems.

| METRIC | CALENDAR YEAR 2022 METRIC VALUE | MANAGEMENT CRITERIA |
|---|---|---|
| Total amount of palm oil sourced | 5.1 Thousand metric tons | Palm oil sourced is calculated by multiplying the percentage of palm-based ingredients in each raw material directly procured and received by ELC by the raw material volume.<br>Palm-based ingredients include palm oil, palm kernel oil, and other relevant palm-based derivatives.<br>Raw materials are determined to contain palm-based ingredients based on documentation provided by the raw material supplier. Composition of raw materials, including percentage of palm-based materials, is obtained from the raw material supplier. |
| % Total Palm oil certified by RSPO, by certification type<br>Amounts may not sum due to rounding | 100% | Raw material suppliers provide confirmation of RSPO certification status and type for palm oil producers who supplied the raw materials directly procured and received by ELC.<br>Accredited RSPO Certifying Bodies certify palm oil producers through verification of the production process in alignment with RSPO Principles and Criteria for the Production of Sustainable Palm Oil.<br>RSPO certification types include identity preserved, segregated, mass balance, and RSPO Credits. |
| Identity Preserved | <1% | Identity preserved is palm oil from a single identifiable certified source and is kept separately from ordinary palm oil throughout the supply chain. |
| Segregated | <1% | Segregated is palm oil from different certified sources and is kept separate from ordinary palm oil throughout the supply chain. |
| Mass Balance | 91% | Mass balance is palm oil from certified sources and is mixed with ordinary palm oil throughout the supply chain. |
| RSPO Credits | 9% | An RSPO Credit is proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer, and has entered the global palm oil supply chain. By purchasing RSPO Credits, buyers encourage the production of certified sustainable palm oil.<br>Includes palm oil and palm kernel oil credits purchased by ELC through RSPO from independent smallholders by April 2023 that were claimed for palm oil directly procured and received in calendar year 2022. |
| % Total palm-based ingredients sourced through certified-sustainable physical supply chain | 91% | Certified-sustainable physical supply chains include the percentage of total palm oil certified by RSPO for the identity preserved, segregated, and mass balance certification types. |

# PACKAGING

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

Product packaging excludes materials used to transport products (e.g., pallets, e-commerce shippers, etc.), if not included on the BOM. It is ELC's policy to include acquired brands in the reporting of its packaging metrics when actual data is available. Packaging data pertaining to Dr.Jart+ is partially included in the reported packaging metrics as integration into ELC packaging reporting systems began during fiscal 2023. Packaging data pertaining to DECIEM is not available and is excluded from the fiscal 2023 metrics.

Relevant weight and packaging attribute data (e.g., post-consumer recycled content [PCR], Forest Stewardship Council certification [FSC]) is obtained from supplier information recorded in ELC's internal packaging management and procurement systems.

| METRIC | FISCAL 2023 METRIC VALUE | MANAGEMENT CRITERIA |
|---|---|---|
| % Packaging that is recyclable, refillable, reusable, recycled, or recoverable | 71% | Packaging is categorized as recyclable, refillable, reusable, recycled, or recoverable by ELC based on ELC's criteria as follows:<br>• Recyclable means that a package or packaging component can be widely recycled through current recycling streams.<br>• Refillable or reusable means that packaging is designed to be used for the same purpose multiple times.<br>• Recycled means that materials are post-consumer recycled or have been recovered or diverted from the waste stream through ELC's consumer take back programs and are reintroduced into ELC's new packaging.<br>• Recoverable means that materials would have otherwise been disposed of to a landfill but have instead been collected through ELC's take back programs.<br>% Packaging that is recyclable, refillable, reusable, recycled, or recoverable, as defined by ELC, is calculated as follows: [(Total weight of packaging materials classified as recyclable, refillable, reusable, recycled, or recoverable / Total weight of product packaging material)*100] - 0.3%.<br>• Previously, a 10% discount was applied to the overall percentage to account for attributes not currently included in ELC packaging specifications. These attributes include packaging color, decoration, dimensions, and recycling separability. However, due to improved data quality, the 10% discount no longer applies; beginning in fiscal 2023, a discount percentage of less than 1% is being applied.<br>• Packaging material weight is only counted once across the categories of recyclable, refillable, reusable, recycled, or recoverable to avoid overstating goal progress through double counting (i.e., a material cannot be counted in multiple categories). |
| % Post-consumer recycled (PCR) material | 19% | PCR material is material generated by consumers in their role as end-users of the product, and which can no longer be used for its intended purpose. PCR material includes returns of material from the distribution chain, but excludes pre-consumer material, such as industrial scrap.<br>% PCR material is calculated as follows: (Total weight of packaging materials classified as PCR / Total product packaging material weight)* 100. |
| % Forest-based fiber cartons FSC certified | 99% | Forest-based fiber cartons FSC certified includes packaging cartons made from forest-based fiber materials (e.g., paper) that are certified through the Forest Stewardship Council (FSC). FSC certification is the practice of sourcing renewable materials that are grown and harvested, produced, packed, and transported using management practices that maintain the productivity of natural systems without compromising their capacity for future generations.<br>% Forest-based fiber cartons FSC certified is calculated as follows: (Total distinct count of forest-based fiber carton codes classified as FSC certified / Total distinct count of forest-based fiber carton codes)* 100. |

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

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