

ESTÉE
LAUDER
COMPANIES

GENDER PAY GAP
REPORT 2021

INTRODUCTION

At Estée Lauder Companies, cultivating a diverse and inclusive environment is a core part of our values. We remain committed to gender equity and providing all our people with a great place to work and opportunities to develop both personally and professionally.

We recognise the value of all the individual strengths and capabilities our people bring, irrespective of demographics and personal characteristics. We strongly believe that to deliver on our aspirations and continuously meet and exceed our consumers' needs, our workforce needs to be reflective of, and embrace, our consumer base and the communities in which we operate.

In early 2021, Estée Lauder Companies was proud to have been named in the 2021 Bloomberg Gender-Equality Index (GEI) for the fourth year in a row. Today, women account for 84% of our global workforce, and over half our leadership team and almost half of our global Board of Directors is female. We are well on track to achieving 50% female representation on our global Board of Directors and in senior leadership positions globally by 2025.

Similar to previous years, our report includes the Gender Pay Gap figures for Estée Lauder Companies UK & Ireland ('ELC UK'), our corporate and point of sale business, and Whitman Laboratories, our UK based manufacturing business. This time we have decided to report three years' worth of data.

Our results show that we still have a both a mean and median gender pay gap for Whitman Laboratories Ltd and ELC UK. We recognise that more should be done to further reduce this gap. While we are continuing to make progress on addressing our gender pay gap, we remain committed to our efforts and initiatives for longer-term improvements, which we invite you to read about further in this report.



Sue Fox,
President,
Estée Lauder Companies
UK & Ireland



John Gander,
Plant Manager,
Whitman Laboratories Ltd

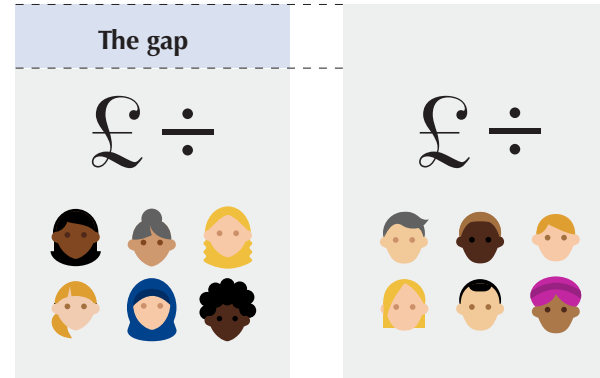
Women are well represented at every level of our UK & Ireland business. 82% of our UK & Ireland Leadership team is female and overall, Estée Lauder Companies UK & Ireland workforce is 86% female.

UNDERSTANDING THE GENDER PAY GAP

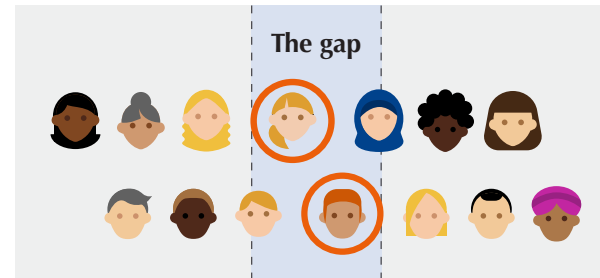
It is important to remember that the UK Gender Pay Gap is a different concept from equal pay and the two should not be confused. Equal pay requires that women and men carrying out the same or similar work in the same employment must receive the same pay. ELC UK is an equal-pay employer.

The Gender Pay Gap measures the difference between the average earnings of women and men across the business (shown as a percentage of men's earnings), regardless of the work they do. This is expressed through reporting the differences in mean and median earnings between women and men calculated on the basis of equivalent hourly rates. This includes base pay, allowances and any other bonus and incentive pay paid.

The gender bonus gap is the difference in all incentive pay received by men and women in the previous 12 months. This includes all bonuses, long-term incentives and sales commission payments.



Mean: The mean is calculated by adding up the total pay of employees and dividing by the number of employees in the list. The calculation is completed separately for men and women and the totals are compared.



Median: The median is the middle number of a ranking of pay from lowest to highest and gives us the best view of 'typical' pay.

2019, 2020 & 2021 RESULTS

THE ESTÉE LAUDER COMPANIES UK & IRELAND

	2019		2020		2021	
Mean Gender Pay Gap	34%		37%		20%	
Median Gender Pay Gap	23%		25%		22%	
	M	F	M	F	M	F
Q1	4%	96%	3%	97%	19%	81%
Q2	3%	97%	4%	96%	14%	86%
Q3	7%	93%	9%	91%	18%	82%
Q4	16%	84%	17%	83%	32%	68%
Mean Gender Bonus Gap	78%		67%		77%	
Median Gender Bonus Gap	50%		52%		68%	
% of Males Receiving Bonus	86%		81%		89%	
% of Females Receiving Bonus	93%		91%		92%	

WHITMAN LABORATORIES LTD

	2019		2020		2021	
Mean Gender Pay Gap	18%		19%		21%	
Median Gender Pay Gap	11%		11%		13%	
	M	F	M	F	M	F
Q1	29%	71%	34%	66%	31%	69%
Q2	48%	52%	50%	50%	48%	52%
Q3	68%	32%	58%	42%	61%	39%
Q4	63%	37%	65%	35%	64%	36%
Mean Gender Bonus Gap	61%		25%		114%	
Median Gender Bonus Gap	10%		17%		17%	
% of Males Receiving Bonus	82%		70%		97%	
% of Females Receiving Bonus	78%		70%		95%	

UNDERSTANDING OUR RESULTS

ELC UK

Similar to previous years, our analysis shows that our Gender Pay Gap is largely driven by our workforce profile, with a compounding effect of the following factors:

- Given our business model and the profile of our customers, our employee base is predominantly female (86% of the ELC UK workforce). Moreover, females account for 95% of our workforce in the Retail sector, where pay rates, while market competitive, tend to be lower than for office-based roles. This means that our lowest-paid quartile largely consists of females.
- We are nonetheless very proud of the high representation of females throughout our organisation, including at Director and above, where 77% of our colleagues are female.
- 65% of our Retail roles are occupied by employees working part-time. Part-time positions disproportionately attract females, who are more likely to seek flexibility and/or work-life balance. This inevitably has an impact on our bonus gap results due to prorated levels of sales bonuses and commission.
- In line with guidance for 2021 reporting, our figures are not inclusive of furloughed employees. Given the disproportionate number of females among our employees who participated in the furlough scheme, this had the effect of narrowing our gender pay gap.

WHITMAN LABORATORIES LTD

As a manufacturing site, STEM (Science, Technology, Engineering, Maths) roles play a large part in our everyday activity. We always try to ensure a diverse range of candidates, however the majority of applicants for these technical roles identify as men. We continue to work towards greater gender diversity across all levels, departments, and roles with particular focus on STEM and leadership.

70% of the top 30 ELC UK incentive pay-outs were to women, in line with the proportion of females in senior leadership roles.



() The analysis also highlighted that, all else being equal, men and women are equally likely to be promoted. The study also found that, all else equal, there is no statistical difference in turnover probability between women and men, which suggests relative satisfaction with the company's employment value proposition.*

SUPPORTING CAREER DEVELOPMENT AND FEMALE ADVANCEMENT

At ELC UK, we run and participate in a range of initiatives within and outside the company to nurture female talent and give women the best conditions possible to fulfil their potential.

- ELC has undertaken work to better understand what most influences career advancement globally across the organisation and to use such learnings to help ensure women are equally well positioned as men to succeed at ELC. We also regularly engage with our colleagues to solicit feedback on how our benefits offering and areas to improve upon.
- We continue to expand the qualifications we offer, which are funded by the Apprenticeship Levy in both ELC UK and Whitman Laboratories Ltd. In January 2021 we launched ELC Elevates, a 24-month Apprenticeship Programme, focusing on qualifications that support critical areas of the business such as Data Analytics, Digital Marketing, Content Production and Leadership. The programme strives to deliver an inclusive experience for our Apprentices, through the facilitation of unconscious bias seminars for all interviewers, people managers and mentors. Currently, 96% of ELC employees completing a qualification are female. At Whitman Laboratories Limited, almost 60% of apprentices are female.
- In February 2020, we launched the Women's Leadership Network to support, encourage and engage all women across the Company to reach their full potential to emerge as true leaders both personally and professionally.
- We are excited to be expanding our menopause offering and will be launching a Menopause Support App in October to provide our female employees, managers, and their partners with the tools to support them through menopause.
- Family is important to us. We have revised our parental leave and care-giving policies, which we implemented on 1 January 2020, to reflect our support for new families, care givers and all employees returning to work. In the UK, ELC offers 20 weeks of fully paid maternity

leave, adoption leave, or shared parental leave (where applicable) to UK & Ireland-based employees. This includes those working in retail, manufacturing supply chain and corporate roles. Employees also have access to a service which provides emergency back-up child or elder care. We believe that providing an array of benefits and support meet the needs of our employees and their families to allow them to be at their best in all aspects of their life.

- Since our last report, we also launched Parents and Carers Platform Circle and Families@Work, a supportive community for employees striving to create a balance between work and family responsibilities, helping them excel both professionally and personally, while recognising that not every family is alike.
- We continue to offer our Reverse Mentoring and our CEO Global Presidential Associate programmes through which our young talent can interact with senior leaders and directly input into our strategy. They include 96% and 88% female representation respectively, reflecting our broader workforce.
- At Whitman Laboratories Ltd, we continue to sponsor and attend STEM events and school fairs (where possible) to attract female students and increase their awareness around Engineering and Technical related areas; as well as encourage male students to explore the breadth of opportunities that we can offer; to ensure more gender diversity in all areas in the longer term.
- Globally we have joined the UN Foundation's Five for 5 Initiative, aimed at driving cross-sector progress towards achieving gender equality and empowering women and girls around the world over the next five years, and pledged our support to the UN Sustainable Development Goal Number 5 to achieve gender equality and empower all women and girls around the world to reach their full potential.



SUPPORTING OUR PEOPLE

2020 and 2021 have been incredibly difficult years for our employees across the world. Globally, COVID-19 has had a disproportionately large impact on women and those in lower-paid employment. In response, we have taken a range of actions over the past year to increase support for our colleagues.

- We increased our Total Rewards benefits offering – introducing an online portal which provides access to our employee benefits and includes several tools to support our employees' financial, physical and mental wellbeing.
- On top of this, ELC launched the ELC Cares Employee Relief Fund, to provide immediate and critical financial relief to employees who have been impacted by the COVID-19 pandemic.
- We also introduced three new providers to support all employees and their families with their mental health. In addition, our internal Mental Health & Wellbeing Employee Resource Group (ERG) supports employees' mental health and wellbeing in the workplace and beyond. The ERG is supplemented by Mental Health First Aiders, trained by Mental Health England to provide support to anyone who is experiencing a mental health concern.
- Our flexible and agile working policies have been updated to formalise our stance on the increased desire for flexibility and part-time work; and to also support our employees' work/life balance and overall retention, especially in light of the COVID-19 pandemic. ELC UK recently updated its Flexible Summer Hours programme as part of its commitment, giving employees the opportunity to sign off at 1pm every Friday between early May - September.
- We have made a significant investment in a new digital learning platform for both Retail and Corporate employees and we continue our partnership with LinkedIn Learning. In 2021, we launched several digital learning programmes providing opportunities for

our employees to develop their skills and capabilities across Leadership, Sustainability and E-Commerce. This included The Open Doors Collection, a new global virtual self-guided leadership development programme designed to help our employees lead from every chair, embrace infinite possibilities, and develop important skills.

EXPANDING INCLUSION, DIVERSITY & EQUITY

- We are continuously working to implement our Global Inclusion, Diversity & Equity Strategy and rolling out mandatory training which helps to equip our managers with the skills to select our talent in an inclusive way. To date, we have achieved an 100% completion rate of the Unconscious Bias training across Head Office, Field, Distribution and Customer Contact Centre teams.
- We are also providing Inclusive Leadership Training in our Fiscal Year 2022 to provide our people managers with the tools to celebrate the diversity of thought and perspective within our teams and we are retaining and growing our greatest asset: our talent.
- In the UK & Ireland, our Inclusion & Diversity Circle, a group of internal champions, is committed to building and embedding I,D&E core principles across our enterprise, guiding how we build our teams, cultivate our leaders and create an inclusive company culture. The Circle reports into our Diversity Council, providing a direct line of feedback between the Circle and senior management, which includes a Regional Director of Inclusion, Diversity & Equity, responsible for setting and implementing our Regional I,D&E strategy.
- We have expanded our GenNext ERG which harnesses new ideas and leverages generational insights, contributing to ELC's strategic business objectives and enhancing the workplace experience of employees of all generations. In addition, wELCome supports LGBTQIA+ employees and offers networking and professional development opportunities.



SPOTLIGHT ON COLLEAGUES

"I have been leading ELC UK & Ireland's approach to inclusivity for over 7 years. In my current role as Regional Director of Inclusion, Diversity & Equity (ID&E), I lead ID&E through the lens of the intersectionality across gender, race, disability, sexuality and overall experience – ensuring that everybody, internally and externally, feels included. I lead the ongoing development of ELC UK & Ireland's I,D&E Strategy, elevating important conversations and initiatives within the Region, overseeing the formation of the Regional Diversity Council and Sustainable I,D&E Circle and establishing locally relevant goals. I have been with ELC for 13 years in the US and UK & Ireland Regions."

Monica Rastogi

Regional Director of Inclusion, Diversity & Equity,
Estée Lauder Companies UK & Ireland

"I am an IT Software Developer, who is evolving my analytical skills to create reports and dashboards on projects. My apprenticeship has given me the chance to learn and develop the valuable skillset needed to be a successful software developer, whilst also gaining first-hand exposure to innovative and impactful projects that work hand in hand with my learning. With so many fantastic training programmes on offer at ELC, I'm excited to see where my career at the company takes me."

Chanelle Corpuz

IT Software Developer and ELC Elevates Apprentice
Estée Lauder Companies UK & Ireland

"As a Commercialisation and Validation Engineering (CVE) Technical Associate, my role is to assist in business continuity, ensuring any dual supplied manufacturing components run within the correct product specifications. I also assist with new-product onboarding for the Darphin brand at Whitman and I am a Co-chair for Women's Leadership Network UK & Ireland."

I started out as a Cost Accountant within the finance for the EMEA region in 2016, where I studied to achieve my Associate of Accounting Technician qualification. Since then, I had the opportunity to do an engineering secondment with the CVE team in 2019 and use my passion for STEM in a completely different way I would never have thought of. This led to a recent promotion into my current role; and I am really enjoying enhancing my new skills. I also appreciate being involved with employee resource groups and such a broad variety of individuals and teams across ELC."

Charlotte Fagg,

Technical Associate, Whitman Laboratories Ltd

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This report has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which require large employers to publish their Gender Pay Gap data. We confirm that the data included in this report is accurate.

Signed:



Carl Caputo

Vice President - Finance,
Estée Lauder Cosmetics Ltd

Signed:



Stephen Pople

Executive Manager, Finance,
Whitman Laboratories Ltd