Estee Lauder Companies Inc. - Water Security 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

The Estée Lauder Companies Inc. (ELC) is one of the world's leading manufacturers, marketers, and sellers of quality skin care, makeup, fragrance, and hair care products. The company's products are sold in approximately 150 countries and territories under brand names including: Estée Lauder, Aramis, Clinique, Lab Series, Origins, M·A·C, La Mer, Bobbi Brown, Aveda, Jo Malone London, Bumble and bumble, Darphin Paris, TOM FORD BEAUTY, Smashbox, AERIN Beauty, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, KILIAN PARIS, Too Faced, Dr.Jart+, and the DECIEM family of brands, including The Ordinary and NIOD.

The responses to this questionnaire contain 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.

This disclosure covers ELC's Fiscal Year 2022 (FY22) – July 1, 2021 through June 30, 2022.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	July 1 2021	June 30 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Argentina
Australia
Austria
Belgium
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Cyprus
Czechia
Democratic People's Republic of Korea
Denmark
Finland
France
Germany
Greece
Hong Kong SAR, China
Hungary
India
Indonesia
Israel
Italy
Japan
Kazakhstan
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Panama
Peru
Philippines
Poland
Portugal
Romania
Russian Federation
Saudi Arabia
Singapore
Slovakia
South Africa
Spain
Sweden
Switzerland
Taiwan, China
Thailand
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
We are reporting for our primary operational sites including all global manufacturing, distribution centers, warehouses, and research and development sites (which also include return and packaging sites). Excluded from reporting boundaries are all retail stores, owned salons, and offices.	The facility types included in reporting represent the majority of our operational water use for manufacturing, testing, and distribution purposes. Our global retail stores and administrative offices primarily use water for sanitation / potable consumption. Therefore, the water withdrawal at our retail stores, salons, and offices is not considered to have a significant contribution to our overall water footprint. These facilities are also sometimes leased, and we are currently not collecting water data from leased locations since we do not consider its usage to be a significant contribution or data is not available at the time of this report. Water use at distribution centers, warehouses, and research and development sites is estimated where monitoring or metering is not available. Estimates are based on our water accounting methodology which leverages actual metered data of similar facility types as well as facility size to most accurately represent our water use portfolio. For FY2022, we estimate our excluded locations account for approximately 10 % of our overall water withdrawal. This estimate is based on facility type, size, estimated water withdrawal volumes based on operations type, and/or employee headcount.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	NYSE: EL

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	The most important use of freshwater in our direct operations is in the manufacture of our products. Without access to sufficient volumes of good quality freshwater, our production could be compromised. Other uses of freshwater within our direct operations include sufficient amounts of good quality freshwater for our Research and Development and Quality teams to perform testing, analysis and develop new products. Water is also used for cleaning equipment that directly comes in contact with our products. Thus, having enough good quality freshwater is important to our business' direct water use and ensuring business continuity. We also consider freshwater quality and quantity to be important for our indirect use because many of the raw materials and ingredients that we procure depend on it. Scarcity of freshwater upstream in our value chain could have impact on sales. Water risk was considered as part of an assessment conducted to determine the list of priority ingredients for the development of sustainability action plans. Good quality freshwater is important to the manufacture of our products, and therefore we expect that our future dependency on good quality freshwater within our direct and indirect operations will remain the same in the medium- to long-term because manufacturing volumes will increase. ELC set a public-facing goal to reduce water withdrawal in direct manufacturing and has initiated projects to improve our efficiency and reuse of water. We are in the process of developing and implementing site-specific action plans to help ensure we can meet our demands sustainably and improve our water intensity.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	We use treated, recycled water for utilities, water closets, landscape irrigation, and cleaning production equipment at some of our direct manufacturing sites. Recycled water is important as it allows us to reduce our reliance on freshwater withdrawals and improve our water efficiency. Produced water (ultra-pure deionized) is important to our direct operations as it is used as an ingredient for manufacturing products and to support laboratory testing for research and development and quality standards. Additionally, some of our products are manufactured by Third Party Manufacturers and require produced (ultra-pure) water as an ingredient for the manufacturing process. Thus, we consider the quality and quantity of recycled/brackish/produced water to be important for our business' indirect water use. Recycled and produced water is important to the manufacture of our products, and therefore we expect that our future dependency on recycled and produced water within our direct and indirect operations will remain the same because manufacturing volumes will increase; however, ELC has made improvements in the efficiency of its operations and will continue to do so. ELC is working to reduce the water intensity of our products so that we can meet our future demand sustainably.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Yearly	Total volumes of water withdrawal are measured by direct monitoring via local water meters, utility billing, or is estimated. Where meter readings or utility data is unavailable (e.g., leased locations), withdrawal is based on facility type water intensity (m3 / m2).	All of our sites that we monitor source water from third-party municipal supplies, where water usage is measured monthly with water meters and/or from utility bills, which are distributed at different intervals, at least quarterly. For two locations that also draw their own groundwater, wells are equipped with water meters that are read at a minimum of quarterly when operational. For distribution centers, warehouses, and research and development facilities where metered or utility data are unavailable, we annually estimate water withdrawal according to our water accounting methodology, which leverages actual metered data of similar facility types to estimate the average water withdrawal per square meter (m3/m2). Water data is accumulated across all sites annually.

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – volumes by source	100%	Yearly	Total volumes of water withdrawal by source are measured by direct monitoring via local water meters, utility billing, or are estimated. Where meter readings or utility data is unavailable (e.g., leased locations), withdrawal is based on facility type water intensity (m3 / m2).	Water sources include third-party municipal supplies, well water, rainwater, and/or recycled water and are measured and monitored monthly by water meters and/or by utility bills, which are distributed at different intervals, at least quarterly. Where applicable, groundwater wells are equipped with meters that can be accessed at any time but are read at a minimum of quarterly when operational. For distribution centers, warehouses, and research and development sites where metered or utility data are unavailable, we annually estimate water withdrawal according to our water accounting methodology, which leverages actual metered data of similar facility types to estimate the average water withdrawal per square meter (m3/m2). Water data is accumulated across all sites annually.
Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Yearly	We rely on annual water quality data published by municipal suppliers to show water quality performance with respect to local regulations. In our manufacturing and R&D facilities, water quality is measured via in-line monitoring and / or grab samples collected for Total Organic Carbon (TOC), conductivity, and microbial contaminants.	Municipal water supplies are the primary water sources of our operations. Municipal suppliers sample water quality to meet local regulations. Our facilities are provided with a water quality report summarizing these results at least annually. For some of our activities, the quality of incoming water is important especially for use in products. For these activities, incoming and/or post treatment water quality is monitored through in-line monitoring and/or through weekly sampling by our on-site QC teams.
Water discharges – total volumes	100%	Yearly	Water discharge volumes are measured via direct monitoring by meters and/or by utility billing. Where meter readings or utility data are unavailable, discharge is estimated based on average discharge percentage of that facility type. For facilities where the primary water usage is for WASH purposes and where meter readings or utility data is unavailable, discharge was estimated to be 95% of water withdrawn.	At facilities where discharge is monitored, total discharge volumes are monitored through monthly metering and/or public utility invoicing that is received periodically. For sites where discharge data is unavailable, discharge is annually estimated according to our water accounting methodology that leverages actual metered data of similar facility types (e.g., manufacturing facilities reported an average of 82% of withdrawal was discharged; research and development reported 64%). Water is mainly used for WASH at distribution centers and warehouses, and therefore, discharge was estimated at 95% of water withdrawn from these facility types.
Water discharges – volumes by destination	100%	Yearly	Water discharge volumes to third parties and to groundwater are measured via direct monitoring by meters and/or by utility billing. Where meter readings or utility data is unavailable, discharge to third parties and to freshwater is estimated based on average discharge percentage of that facility type. For facilities where the primary water usage is for WASH purposes and where meter readings or utility data is unavailable, discharge to a third parties was estimated to be 95% of water withdrawn.	The majority of wastewater from our operational boundary is sent to public utilities for treatment off-site and is monitored by local meters and/or utility invoicing that is received periodically. In FY22, one location had permitted discharge of treated wastewater to freshwater; this volume was estimated. In FY22, one location discharged non-contact cooling water to groundwater where it is estimated that withdrawal (metered data) equals discharge, due to minimal losses. Additionally, water used in single pass cooling of equipment from this location was also returned to the aquifer without treatment, in accordance with our permit. Distribution centers and warehouses are often located in rented buildings shared with other companies, and therefore, monitoring of water discharge is not directly possible. For sites where discharge data is unavailable, discharge is annually estimated according to our water accounting methodology that leverages actual metered data of similar facility types.
Water discharges – volumes by treatment method	100%	Yearly	Volumes for on-site treatment are metered. Volumes to third parties and to groundwater are measured via direct monitoring by meters and/or by utility billing. Where data is unavailable, discharge to third parties and to freshwater is estimated based on average discharge percentage of that facility type. For facilities where the primary water usage is for WASH purposes and where meter readings or utility data is unavailable, discharge to a third parties was estimated to be 95% of water withdrawn.	Most of our discharge volume is from manufacturing sites, where treated or untreated manufacturing effluent is sent off-site for treatment by the public utility. Volumes by treatment method for on-site treatment are metered. Volumes for off-site treatment are monitored monthly using water meters, invoicing received periodically from the public utility, or, where data is unavailable, is estimated according to our water accounting methodology. In FY22, one location had permitted discharge of treated wastewater to freshwater; this volume was estimated. Distribution centers and warehouses are often located in rented buildings shared with other companies, and therefore, the monitoring of water discharge is not directly possible.
Water discharge quality – by standard effluent parameters	100%	Yearly	Industrial wastewater discharge quality is monitored with in-line sensors and/or through analytical testing. We require manufacturing wastewater discharge to third parties be analyzed for pH, BOD or COD, and suspended solids. We require manufacturing wastewater discharge to freshwater be sampled for pH, BOD, COD, total nitrogen (T-N), total phosphorus (T-P) and suspended solids. Additional parameters are analyzed depending on local regulations.	This water aspect is only relevant to our manufacturing and research and development facilities as this represents locations with industrial wastewater discharge. At these locations, treated or untreated effluent is sent off-site for treatment by public utilities. In FY22, one location had permitted discharge of treated wastewater to freshwater. Effluent is monitored with in-line sensors and samples are collected for analysis periodically to confirm compliance with local requirements regarding standard effluent parameters. In FY22, all ELC facilities were in compliance with local requirements regarding wastewater effluent.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not monitored	<Not Applicable>	<Not Applicable>	This water aspect is only relevant to one of our manufacturing facilities that was permitted to discharge treated wastewater to freshwater in FY22. This is a new facility that began operating in FY22. We require manufacturing wastewater discharge to freshwater be sampled for pH, BOD, COD, total nitrogen (T-N), total phosphorus (T-P) and suspended solids. Additional parameters are analyzed depending on local regulations. We are implementing additional measures to monitor the flow of discharge to freshwater for future reporting and disclosure.

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water discharge quality – temperature	100%	Yearly	Industrial wastewater discharge quality is monitored with in-line sensors and/or through analytical testing. We require manufacturing wastewater discharge to third parties be analyzed for pH, BOD or COD, and suspended solids. We require manufacturing wastewater discharge to freshwater be sampled for pH, BOD, COD, total nitrogen (T-N), total phosphorus (T-P) and suspended solids. Additional parameters such as temperature are analyzed depending on local regulations.	This water aspect is only relevant to our manufacturing and research and development facilities as this represents locations with industrial wastewater discharge. At these locations, treated or untreated effluent is sent off-site for treatment by public utilities. Effluent is monitored with in-line sensors and samples are collected for analysis periodically to confirm compliance with local requirements regarding standard effluent parameters. In FY22, all ELC facilities were in compliance with local requirements regarding wastewater effluent.
Water consumption – total volume	100%	Yearly	The total consumption volume is calculated using total water withdrawal and total water discharge data (Consumption = Withdrawal minus Discharge).	The majority of water consumption takes place in our manufacturing locations, as water is a raw material in many of our products. At each of the sites where water withdrawal and discharge are monitored, water consumption is calculated by subtracting total discharge from total withdrawal. Water withdrawal and discharge is monitored monthly through water meters and utility invoices that are received periodically. For sites where metered withdrawal and discharge data is unavailable, consumption is annually estimated according to our water accounting methodology that leverages actual metered data of similar facility types (e.g., manufacturing facilities reported an average of 18%; R&D reported 36% consumed in operations). Consumption from distribution centers and warehouses is estimated to be 5% of the withdrawal from these facility types.
Water recycled/reused	100%	Monthly	Water recycled/reused is monitored via local water metering.	We monitor recycled water at a 100% of facilities where wastewater recycling systems are installed. These sites are equipped with water meters that can be accessed at any time but are monitored at least monthly. Depending on the site, treated wastewater is recycled water for uses such as utilities, water closets, landscape irrigation, and cleaning production equipment.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yearly	We assess WASH access through annual surveys.	We provide WASH services at all our global operation locations. The water use for WASH services is typically included in total water withdrawal monitoring. All global facilities are equipped with an appropriate number of restrooms and sinks to provide adequate WASH access to all employees at the location. WASH stations are within reasonable walking distance from work areas, and meet the needs of the employees, the local health codes, and regulatory requirements. We regularly assess if all new owned and leased facilities and buildings have WASH facilities.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	1474	About the same	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	FY22 total water withdrawal is 5% lower than FY21 water withdrawal (FY21 restated water withdrawal = 1,557 megaliters/year), which qualifies as 'about the same' for comparison purposes. When comparing FY22 data to previous year FY21 data, the following approach is used to determine the magnitude of change: up to +/- 5% change year over year is referred to as "about the same" and up to +/- 15% will be “lower/higher”. Our FY21 value was restated to include withdrawal attributed to recently acquired sites. We expect overall water withdrawal volume to decrease in FY23, as it is largely driven by our groundwater use at Melville, and we anticipate the improvements completed in FY22 to be fully realized in our FY23 water withdrawal and discharge reporting. We remain focused on improving water efficiency across all operations.
Total discharges	1351	Lower	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	FY22 total water discharge is 6% lower than FY21 water discharge (FY21 restated discharge = 1,444 megaliters/year), which qualifies as 'lower' for comparison purposes. When comparing FY22 data to previous year FY21 data, the following approach is used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”. Our FY21 value was restated to include discharge attributed to recently acquired sites. We expect overall water discharge volume to decrease in FY23, as it is largely driven by our groundwater use at Melville and we anticipate the improvements completed in FY22 to be fully realized in our FY23 water withdrawal and discharge reporting. We remain focused on improving water efficiency across all operations.
Total consumption	123	Higher	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	FY22 total water consumption is 8% higher than the restated FY21 consumption (FY21 restated = 114 megaliters/year). Water consumption is calculated as water withdrawal minus water discharge. When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”. Our FY21 value was restated to include consumption attributed to recently acquired sites. ELC's primary water consumption is within our operations, where water is used as a raw material in our products. The increase in total consumption can be explained by an increase in production, as compared to FY21. In the future, we expect this to decrease based on production volumes, water efficiency projects, and capital improvements.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	76-99	Lower	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	WRI Aqueduct	FY22 total water withdrawal from water stressed areas is 8% lower than the restated FY21 withdrawal from water stressed areas (FY21 restated = 1,244 megaliters/year). When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”. In FY22, a third- party consulting firm conducted an enterprise-wide multi-phased water risk assessment. The consultant used the datasets from the WRI Aqueduct Water Risk Atlas Tool; facilities with a Baseline Water Stress score greater than 3 are considered water stressed.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	ELC did not withdraw water from fresh surface water sources during the reporting year.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	ELC did not withdraw water from brackish surface water sources during the reporting year.
Groundwater – renewable	Relevant	657	Much lower	Increase/decrease in efficiency	Groundwater is relevant to our Melville, NY manufacturing location and to our new engineering innovation center in Japan, which use groundwater withdrawn from on-site wells for operational processes. Renewable groundwater withdrawal volume is 20% lower than the previous reporting year (restated FY21 = 825 megaliters/year) due to the implementation and completion of a well water reduction project conducted at our Melville, NY location. Our FY21 groundwater withdrawal value was restated due to our revised well water accounting methodology, which was formerly reported in a calendar year cycle. The accounting methodology was updated to align reporting groundwater withdrawal on a fiscal year cycle. When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	ELC did not withdraw water from non-renewable groundwater sources during the reporting year.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	ELC did not withdraw water from entrained water sources during the reporting year.
Third party sources	Relevant	816	Higher	Increase/decrease in business activity	The majority of our manufacturing, research and development, warehouses, and distribution centers withdraw water from municipalities/third-party sources for use in production, operation processes, sanitation, cooling, and other relevant processes. Third-party source water withdrawal is approximately 11% higher than previous reporting year (FY21 restated = 733 megaliters/year) due to increased production volumes, a newly opened engineering innovation center, and new acquisitions. Our FY21 value was restated to include withdrawal attributed to recently acquired sites and to account for the update to reporting groundwater withdrawal on a fiscal year cycle instead of a calendar year cycle. When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	17	Higher	Facility expansion	Prior to FY22, the “Fresh surface water” parameter was not relevant; therefore, this volume is “higher” than FY21 as our new engineering innovation center in Japan started operating in FY22. This facility is permitted to discharge treated wastewater to fresh surface water. In FY22, this discharge volume was estimated according to our water accounting methodology. We are implementing additional measures to monitor the flow of discharge to freshwater for future reporting and disclosure.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	ELC did not directly discharge water to brackish surface water during the reporting year.
Groundwater	Relevant	891	Lower	Increase/decrease in efficiency	Groundwater discharge is relevant to our Melville, NY manufacturing location, where groundwater from on-site wells is used only for HVAC and is returned to the aquifer without treatment. Additionally, city water used in single pass cooling is returned to the aquifer without treatment, in accordance with our State Pollutant Discharge Elimination System (SPDES) permit. Groundwater discharge is 15% lower (FY21 restated = 1,050 megaliters/year) due to completion of a well water reduction project. Our FY21 value was restated to account for water returned to the aquifer and also due to our revised well water accounting methodology, which was formerly reported in a calendar year cycle and now aligns with our fiscal year. When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Third-party destinations	Relevant	443	Higher	Increase/decrease in business activity	Third-party discharge volume is 12% higher than previous reporting year (FY21 restated volume = 394 megaliters/year) due to increased production volumes, a new facility opening, and new acquisitions. Our FY21 value was restated to include discharge attributed to recently acquired sites, to account for the update to reporting groundwater discharge on a fiscal year cycle instead of a calendar year cycle, and to remove the volume of water discharged to the environment without treatment per our SPDES permit (which is included above). When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	51	Much higher	Facility expansion	1-10	The level of treatment was determined based on our waste stream and local regulatory requirements for wastewater effluent. Our manufacturing location in Oevel and our new engineering innovation center in Japan complete tertiary treatment of wastewater discharge, in compliance with the wastewater permit standards. At both locations, wastewater undergoes primary treatment through an interceptor and basic filter, then passes through a dissolved air floatation to a membrane biological reactor. Water is reused in processes as a result of reverse osmosis. Our FY22 discharge volumes increased from FY21 (19 megaliters/year) by 167% due to new site operations and production ramp up. When comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher” and >15% is considered “much higher” and <15% “much lower”
Secondary treatment	Relevant	38	Higher	Increase/decrease in business activity	1-10	The level of treatment was determined based on our waste stream and local regulatory requirements for wastewater effluent. Our Whitman Laboratories site completes secondary treatment of wastewater via filtration and separation through interceptors, before receiving a final pH adjustment. A monthly effluent analysis is conducted by utility provider and onsite services. Our Whitman facility treats wastewater to comply with permit effluent standards. From FY21 to FY22, secondary treatment increased by 17% due to production ramp up. Comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Primary treatment only	Relevant	269	Higher	Increase/decrease in business activity	1-10	The level of treatment was determined based on our waste stream and local regulatory requirements for wastewater effluent. Some of our manufacturing sites complete primary treatment of wastewater through interceptor filtration and/or pH adjustments prior to discharge, in compliance with local regulatory requirements. Primary treatment increased by 10% (FY21 restated volume = 243 megaliters/year) due to production ramp up. Comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Discharge to the natural environment without treatment	Relevant	890	Lower	Increase/decrease in efficiency	1-10	Discharge to the natural environment without treatment volume is 15% lower than previous reporting year (FY21 restated volume = 1,050 megaliters/year) due to the implementation and completion of a well water reduction project conducted at our Melville, NY location. Our FY21 value was restated to account for the update to reporting groundwater discharge on a fiscal year cycle instead of a calendar year cycle. For our manufacturing location that sources water from on-site wells, the groundwater is used only in the HVAC system and is returned to the aquifer without treatment. This water is not used in the manufacturing of any product. Additionally, water used in single pass cooling of equipment is returned to the aquifer without treatment, in accordance with our State Pollutant Discharge Elimination System (SPDES) permit. This water is not used in the manufacturing of any product . Comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Discharge to a third party without treatment	Relevant	76	Higher	Increase/decrease in business activity	11-20	Several sites discharge wastewater to a third party without treatment. Sites monitor discharge as required and in compliance with the effluent permits in place. This is applicable to several manufacturing locations and all research and development sites. From FY21 to FY22, discharge to a third party without treatment increased by 12% due to equipment changes and production ramp up. (FY21 restated volume is 66 megaliters/year). Comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.
Other	Relevant	27	Lower	Facility closure	61-70	We do not currently track discharge treatment level for distribution centers or warehouses as primary water use is for sanitation / potable consumption and these facility types are often located in rented buildings shared with other companies, and therefore, the monitoring of water discharge treatment is not directly possible at this time. Comparing FY22 data to previous year FY21 data, the following approach was used to determine the magnitude of change: up to +/- 5% year over year is referred to as "about the same" and up to +/- 15% will be “lower” or “higher”.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	17737000000	1474	12033242.8765265	Going forward, we anticipate that our water withdrawal efficiency will improve due to the implementation of the well water reduction project and efficiency improvements in our manufacturing processes, resulting in a lower volume of water withdrawn per unit revenue.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	Please select	<Not Applicable>

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	Yes	<Not Applicable>	<Not Applicable>
Other value chain partners (e.g., customers)	Yes	<Not Applicable>	<Not Applicable>

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)
Supplier dependence on water
Supplier impacts on water availability
Supplier impacts on water quality
Procurement spend

Number of suppliers identified as having a substantive impact

3

% of total suppliers identified as having a substantive impact

Less than 1%

Please explain

In FY22, ELC engaged a consultant to rate ELC's key Third party Manufacturers (TPMs), which were selected because they include ones with broad and unique capabilities and proven value creation. Basin status was assessed using indicators from the WRI Aqueduct Water Risk Atlas Tool and ratings from the consulting firm's Regional Water Experts. The scores from the two water risk ratings were combined to provide an average Composite Risk Rating for in-scope facilities. For those suppliers that had a Composite Risk Score >3.0, ELC further assessed supplier dependence on water, impacts on availability and on water quality through a survey. ELC's threshold for substantive impact is a Composite Risk Score >3.0 in the Water Risk Assessment. Based on this, three supplier locations were identified as being in areas of high-water risk and combined with other factors are considered as having a substantive impact on water security in these locations.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	Yes, suppliers have to meet water-related requirements, but they are not included in our supplier contracts	<Not Applicable>

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement
Reporting against a sustainability index with water-related factors (e.g., DJSI, CDP Water Security questionnaire, etc.)

% of suppliers with a substantive impact required to comply with this water-related requirement
100%

% of suppliers with a substantive impact in compliance with this water-related requirement
100%

Mechanisms for monitoring compliance with this water-related requirement
Supplier scorecard or rating

Response to supplier non-compliance with this water-related requirement
Retain and engage

Comment
We have targeted our key strategic suppliers in our EcoVadis Assessments. In FY22, these suppliers comprised more than half of our direct spend. As a result, we aim to create close ties with those with substantive impact on water security, as defined in W1.5a, and seek to engage with them on water-related issues.
We use EcoVadis to help us assess suppliers on environmental policies, practices and reported results among other metrics. The tool ranks suppliers reflecting the maturity level of their sustainability programs. The assessment considers factors material to suppliers' industry including water, among others. This includes, without limitations, setting water reduction targets, reporting on water and setting environmental policy on water.

Water-related requirement
Reducing total water withdrawal volumes

% of suppliers with a substantive impact required to comply with this water-related requirement
100%

% of suppliers with a substantive impact in compliance with this water-related requirement
26-50

Mechanisms for monitoring compliance with this water-related requirement
Supplier scorecard or rating

Response to supplier non-compliance with this water-related requirement
Retain and engage

Comment
In 2022, we established a collaborative initiative with key Third-Party Manufacturers (TPMs) to accelerate and drive improvement on aligned sustainability goals and leverage internal expertise to share best practices. Through this collaboration, we aim to increase awareness of water withdrawal and reduction measures within our supply chain and promote increased water efficiency.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement
Information collection

Details of engagement
Collect water management information at least annually from suppliers
Collect information on water-related risks at least annually from suppliers
Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)
Collect water quality information at least annually from suppliers (e.g., discharge quality, pollution incidents, hazardous substances)
Collect WASH information at least annually from suppliers

% of suppliers by number
1-25

% of suppliers with a substantive impact
None

Rationale for your engagement
FY22 was the first year ELC participated in CDP Supply Chain Water. ELC focused on the requests from over 100 select key direct suppliers with the plan to expand this scope in coming years.

Impact of the engagement and measures of success
Measures of success:
In FY22, we launched a campaign to request supplier disclosure to CDP Water. ELC measured the success of this engagement through the response rate. In FY22, we received a response from over 40% of requested suppliers.

Impact of engagement:
ELC uses water as an ingredient to make our products, as well as for cleaning and cooling manufacturing equipment. Access to high-quality water is essential to our business, and we are committed to reducing our impact on local water resources through implementation of our water stewardship strategy. We participate annually in the CDP Water initiative. Each year, we disclose our water impacts through our CDP Water response. We also consider freshwater quality and quantity to be important for our indirect use because many of the raw materials and ingredients that we procure depend on it. In FY22, ELC invited select suppliers to also disclose their water impacts to CDP Supply Chain Water for the first time. Inviting suppliers to disclose helps ELC better understand water risks and opportunities in our upstream supply chains as well as the actions taken to reduce their environmental impacts. Through these efforts, we aim to strengthen ties with these suppliers and seek to further engage with them on water-related issues. By inviting our suppliers to respond to CDP Supply Chain Water, we are demonstrating that water is a priority issue. We aim to increase engagement, pinpoint risks within our supply chain, and identify opportunities for future collaboration. Based on the responses, ELC is developing supplier engagement content to build capability among suppliers on water topics. Additionally, as we expand this engagement, we are inviting those suppliers determined to have substantive impact on water security to participate in CDP Supply Chain Water.

Comment

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder
Other, please specify (Local communities, NGOs, consumers)

Type of engagement
Education / information sharing

Details of engagement
Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Rationale for your engagement
Our social investments and brand engagement efforts relating to water seek to strengthen the communities where we operate, while amplifying our work to help protect the planet and raise awareness about important environmental issues.

Impact of the engagement and measures of success
Through our work with our Charitable Foundation (ELCCF), with Plastics for Change, we are working to enhance livelihoods for waste collectors in India, the majority of whom are women, while diverting plastics from the ocean.
Some of our brand's social investments, that make up a facet of their brand's social impact strategies, around water-related issues include supporting ocean conservation and provision and protection of clean water access.
Through the La Mer Blue Heart Oceans Fund, the brand supports organizations that are dedicated to marine habitat restoration and youth education around ocean conservation. With a grant, La Mer Blue Heart Oceans Fund supports GreenWave's mission to scale regenerative ocean farming to coastal and Indigenous communities around North America. La Mer's partnerships assist EarthEcho's organization of coastal restoration projects across 5 countries, while GreenWave significantly progresses toward their goal of building the first indigenous-owned kelp hatchery on the east coast.
Aveda is also committed to raising awareness and funds to help provide access to clean water globally and help protect clean water locally through its signature annual giving campaign, Aveda Earth Month. A measurement of success of this project is that, since 1999, Aveda has raised more than $69 million for hundreds of local and global environmental organizations providing clean water to more than 1.5 million people and protecting thousands of local watersheds.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?
No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Row 1	No	<Not Applicable>	

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified	Please explain
Row 1	Yes, we identify and classify our potential water pollutants	Potential water pollutants were identified and classified for our new engineering innovation center in Japan, which began operating in FY22, during the business licensing and permitting process and are based on local, prefectural, and national regulations. This new facility has a tertiary wastewater treatment system that was designed to recycle approximately 60% of the city water we use back into operations. The remaining treated wastewater is permitted to discharge to fresh surface water. The effluent is analyzed monthly to confirm compliance with permit requirements. In FY22, this facility was compliant with wastewater permit requirements. At this facility and our other directly owned operations, we follow federal, state/provincial/regional, and local regulations to identify and classify potential water pollutants. Additionally, our environmental protection policy applies to all ISO 14001:2018 Certified ELC Locations, and all other supply chain distribution centers and global R&D facilities not included within the scope of the ISO certification. The policy includes spill prevention, critical infrastructure and containment, unloading transfer operations, wastewater management and monitoring, stormwater, waste and recycling, air emissions, and property inspection. The objectives to meet our commitment to protect the environment and the communities in which we operate is also documented in our Global Environment, Health, and Safety (EHS) Policy Statement.	<Not Applicable>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category
Inorganic pollutants

Description of water pollutant and potential impacts
Inorganic pollutants include heavy metals such as zinc. While naturally occurring in the environment, zinc, for example, could be released to the environment from direct operations due to improperly treated wastewater, industrial and chemical accidents, or improper management of solid waste. High concentrations of zinc in freshwater can be toxic to fish and aquatic plants.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts
Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain
We have an established environmental protection policy that applies to all ISO 14001:2018 Certified Estée Lauder Companies Locations, and all other supply chain distribution centers and global R&D facilities not included within the scope of the ISO certification. The environmental protection policy includes spill prevention, critical infrastructure and containment, unloading transfer operations, wastewater management and monitoring, stormwater, waste and recycling, air emissions, and property inspection. The specific objectives to meet our commitment to protect the environment and the communities in which we operate is also documented in our Global Environment, Health, and Safety (EHS) Policy Statement. At the Japan facility referenced in W3.1, we deploy tertiary treatment prior to discharging to the fresh surface water body. The treated effluent is sampled and analyzed monthly for zinc to confirm compliance with local requirements. In FY22, this facility was compliant with local requirements regarding wastewater effluent.

Water pollutant category
Oil

Description of water pollutant and potential impacts
Oil and other fuel derivatives such as diesel fuel could be released to the environment from direct operations due to improperly treated wastewater, industrial and chemical accidents, or improper management of solid waste. When released into the environment, oil spreads over surfaces, which can prevent oxygen from getting to plants and animals that live in water.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain
We have an established environmental protection policy that applies to all ISO 14001:2018 Certified Estée Lauder Companies Locations, and all other supply chain distribution centers and global R&D facilities not included within the scope of the ISO certification. The environmental protection policy includes spill prevention, critical infrastructure and containment, unloading transfer operations, wastewater management and monitoring, stormwater, waste and recycling, air emissions, and property inspection. We have secondary containment and robust spill prevention management for any tanks stored outdoors. The specific objectives to meet our commitment to protect the environment and the communities in which we operate is also documented in our Global Environment, Health, and Safety (EHS) Policy Statement. Where applicable, we also treat our industrial wastewater to remove oil and grease (e.g., through interceptors) in compliance with regulatory requirements. At the Japan facility referenced in W3.1, we deploy tertiary treatment prior to discharging to the fresh surface water body. The treated effluent is sampled and analyzed monthly for oil to confirm compliance with local requirements. In FY22, this facility was compliant with local requirements regarding wastewater effluent.

Water pollutant category
Nitrates

Description of water pollutant and potential impacts
While naturally occurring in the environment, nitrates could be released to the environment from direct operations due to improperly treated wastewater. In excess amounts, nitrates can cause water quality problems such as eutrophication.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts
Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain
At the Japan facility referenced in W3.1, we deploy tertiary treatment prior to discharging to the fresh surface water body. The treated effluent is sampled and analyzed monthly for total nitrates to confirm compliance with local requirements. In FY22, this facility was compliant with local requirements regarding wastewater effluent.

Water pollutant category
Phosphates

Description of water pollutant and potential impacts
While naturally occurring in the environment, phosphates could be released to the environment from direct operations due to improperly treated wastewater. In excess amounts, phosphates can cause water quality problems such as eutrophication.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts
Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain
At the Japan facility referenced in W3.1, we deploy tertiary treatment prior to discharging to the fresh surface water body. The treated effluent is sampled and analyzed monthly for total phosphates to confirm compliance with local requirements. In FY22, this facility was compliant with local requirements regarding wastewater effluent.

Water pollutant category
Other nutrients and oxygen demanding pollutants

Description of water pollutant and potential impacts
Other nutrients and oxygen demanding pollutants impact water quality through the depletion of dissolved oxygen. These types of pollutants could be released to the environment from direct operations due to improperly treated wastewater, industrial and chemical accidents, or improper management of solid waste.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts
Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain
We have an established environmental protection policy that applies to all ISO 14001:2018 Certified Estée Lauder Companies Locations, and all other supply chain distribution centers and global R&D facilities not included within the scope of the ISO certification. The environmental protection policy includes spill prevention, critical infrastructure and containment, unloading transfer operations, wastewater management and monitoring, stormwater, waste and recycling, air emissions, and property inspection. The specific objectives to meet our commitment to protect the environment and the communities in which we operate is also documented in our Global Environment, Health, and Safety (EHS) Policy Statement. At the Japan facility referenced in W3.1, we deploy tertiary treatment prior to discharging to the fresh surface water body. The treated effluent is sampled and analyzed monthly for Biological Oxygen Demand and Chemical Oxygen Demand to confirm compliance with local requirements. In FY22, this facility was compliant with local requirements regarding wastewater effluent.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases
Other

Tools and methods used

WRI Aqueduct
WWF Water Risk Filter
Enterprise Risk Management
Alliance for Water Stewardship Standard
ISO 14001 Environmental Management Standard
Regional government databases
External consultants
Source Water Vulnerability Assessment

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Impact on human health
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

In FY22, we executed an enterprise-wide multi-phased water risk assessment. Water related business risks were assessed for direct operations including manufacturing, research and development, distribution, warehouse, administrative offices, and global retail locations. ELC engaged an external consulting firm which used data from the WRI Aqueduct Water Risk Atlas Tool; sites were prioritized for further assessment based on overall risk, baseline water stress and projected water stress indicators. The consultant's Regional Water Experts provided additional insights on local conditions with respect to the conditions of local water supplies, infrastructure, stakeholder conflicts, water regulatory frameworks, and social issues within the local communities of the prioritized sites. Insights were also collected from employees within manufacturing, research and development, and select distribution centers located in water stressed locations to help uncover water-related opportunities for efficiency, education, and business resiliency. The overall water risk scoring matrix blended the WRI Aqueduct Tool indicators with the consultant's regional Water Experts ratings and insights to develop a composite water risk ranking score. This analysis was used by ELC to determine the water withdrawn from water stress areas that ELC operates in, as well as exposure to other water-related business risks, such as water quality, flood risk, regulatory, and social / reputational risks within our operations. We use the results of our water risk assessment to inform our business decision-making. Additionally, at the site level we conduct internal ISO compliance audits at our manufacturing sites approximately once every two years. Our manufacturing sites are also audited by our third-party registrar, as is our global EHS office, to maintain our conformance to ISO 14001 standard and maintain our certification. We additionally conduct internal EHS compliance audits, which occur at each facility approximately once every two years. New facilities that are the result of acquisitions are assessed for risk, and plans are made to integrate those operations. In FY23, we updated our water risk assessment using WWF Water Risk Filter to confirm water stress locations, keep a pulse on risk conditions, and inform decision making.

Value chain stage

Supply chain

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise risk management
Other

Tools and methods used
EcoVadis
Enterprise Risk Management
Internal company methods

Contextual issues considered
Implications of water on your key commodities/raw materials
Status of ecosystems and habitats

Stakeholders considered
Suppliers

Comment
ELC considers supply chain risk through the following mechanisms:

1. Enterprise Risk Management: As outlined above, Enterprise Risk Management (“ERM”) at ELC is a structured and dynamic process to understand the risks, interrelationships and to drive proactive mitigation. This is supported by a formalized governance and committee structure that ensures appropriate oversight of key risks and associated mitigation strategies along with internal / external partnerships to identify leading practices and validate emerging risks.

2. We take a risk-based approach to supplier due diligence. We conduct due diligence as part of new supplier qualifications and assess risk of existing direct and indirect suppliers annually. We risk-rank direct and indirect suppliers globally based on preestablished criteria, such as location of operations, type of goods or services being sourced, and potential impact to our business. Based on the risk ranking of the supplier, we conduct additional due diligence using third-party on-site audits or assessments, as appropriate. To help us determine country risk, we use a third-party provider that assesses each country based on its approaches to social impact and sustainability topics including water risks. We use EcoVadis to help us assess direct and indirect suppliers on environmental impact, labor and human rights, and ethical procurement practices. The assessment integrates water risks. We nearly doubled the number of indirect suppliers ranked by EcoVadis in FY22. Overall, in FY22, we increased the total number of direct and indirect suppliers ranked by EcoVadis to more than 1,000. We expect our direct strategic suppliers to achieve an “advanced” EcoVadis score and other direct suppliers to achieve at least a “satisfactory” score. Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities, proven value creation in one or multiple pillars, and highest level of collaborative partnership. These suppliers comprised more than half of ELC direct spend in FY22. We engage with direct suppliers to help them improve; more than 60% of strategic suppliers improved their EcoVadis scorecard performance from their previous assessment.

Value chain stage
Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as a standalone issue

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise risk management
Databases
Other

Tools and methods used
WRI Aqueduct
WWF Water Risk Filter
Regional government databases
Other, please specify (External consultants)

Contextual issues considered
Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Impact on human health
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

In FY22, we executed an enterprise-wide multi-phased water risk assessment which included other stages of the value chain (e.g., key Third Party Manufacturers; TPMs). These key TPMs include highly critical suppliers with broad and unique capabilities, proven value creation in one or multiple pillars and highest level of collaborative partnership. ELC engaged an external consulting firm which used data from the WRI Aqueduct Water Risk Atlas Tool to assess indicators for water availability, water quality, aquatic ecosystem health, and impact on human health at the basin/catchment level. Sites were prioritized for further assessment based on overall risk, baseline water stress and projected water stress indicators. The consultant's Regional Water Experts provided additional insights on local conditions with respect to the conditions of local water supplies, infrastructure, stakeholder conflicts, water regulatory frameworks, and social issues within the local communities of the prioritized sites. Insights were also collected from key TPMs located in water stressed locations to help uncover water-related opportunities for efficiency, education, and business resiliency. The overall water risk scoring matrix blended the WRI Aqueduct Tool indicators with the consultant's regional Water Experts ratings and insights to develop a composite water risk ranking score. This analysis was used by ELC to determine exposure to water-related business risks such as water quality, flood risk, regulatory, and social / reputational risks within other stages of our value chain. In FY23, we updated our water risk assessment using WWF Water Risk Filter to confirm water stress locations, keep a pulse on risk conditions, and inform decision making.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	Stage and Coverage: Includes direct operations (full) and supply chain (full). For supply chain, we have 2 approaches. The first includes due diligence of direct and indirect suppliers which is risk-ranked based on preestablished criteria, such as location, type of goods or services, and potential business impact. The second includes a water risk assessment of key TPMs. Tools and Methods: Enterprise Risk Management ("ERM") at ELC is a structured and dynamic process to understand risks and interrelationships to drive proactive mitigation. Water risk assessments leverage indicators such as overall water risk and baseline water stress from WRI Aqueduct and water scarcity from WWF Water Risk Filter for site prioritization. External consultants collect information from Regional Water Experts and local government databases to further inform our understanding of local issues. Alliance for Water Stewardship (AWS), Source Vulnerability Assessments (SVAs), and water efficiency studies are leveraged at our key manufacturing locations to inform future action plans. ISO 14001 compliance audits are used to maintain conformance and reduce risk. EcoVadis assessments are conducted at the supplier level to assess and monitor sustainability risks. Risk Classification: The results of the assessments inform the ERM process. The SVAs and water efficiency studies inform our water stewardship program and our decision-making to secure capital funding to reduce our water-related impacts.	• Water availability and quality at the basin /catchment level is considered because water is a key ingredient in many of our products and is needed for WASH services. • Stakeholder conflicts concerning water resources and impact of human health at the basin /catchment level are considered because water is a shared resource; understanding local issues and building relationships with local stakeholders is part of our water stewardship strategy and is in alignment with the AWS . • Keeping a pulse on regulatory frameworks helps us anticipate the potential for increased operational costs due to, for example, more stringent industrial discharge quality requirements. • Evaluating the status of aquatic ecosystem habitats at the basin /catchment level will inform future action plans for potential restoration or collective action projects. • Implications of water on key commodities/raw materials is assessed to inform our responsible sourcing strategy. • WASH is accessed at all new and leased facilities to promote a healthy and safe workplace for all employees.	• Consumers are a key stakeholder of our business; as a global leader in prestige beauty, we seek to delight consumers with quality products while pioneering innovation in ingredient selection, formulations, and processes. • Our employees are critical to our business and therefore, they are considered as they support water-related risk mitigation. • Investors are relevant as company exposure and proactive mitigation to water-related business risks could impact investment decisions. • Local communities, NGOs, and water utilities are important, especially at our manufacturing locations, which are our biggest water users. Building relationships with local stakeholders and NGOs is a part of our water stewardship program, helps inform our understanding of local risks and opportunities, and aligns with the AWS. • Regulators are relevant as there is a potential for changing regulations to impact our business. • We consider our highly critical suppliers due to their broad and unique capabilities, proven value creation in one or multiple pillars and highest level of collaborative partnership. • Other water users at the basin/catchment level such as large water users, industrial sites, agricultural locations, etc. are relevant as they help inform our understanding of competition for local water resources and water quality impacts.	For direct operations, we understand manufacturing water withdrawal represents approximately 96% of our total water withdrawal. We recently set a public-facing water withdrawal reduction target, focusing on direct manufacturing sites within water stressed locations. We are also aligning our manufacturing sites with the AWS Standard and conducting water efficiency studies and SVAs which inform our water stewardship program, stakeholder engagement, and our decision-making to secure funding and implement capital projects to reduce our water-related impacts. In FY22, these studies were completed at our Oevel, Belgium, and Whitman Laboratories, United Kingdom sites. Suppliers: In 2022, we established a collaborative initiative with key TPMs to accelerate and drive improvement on aligned sustainability goals, leveraging internal expertise to share best practices, as well as existing tools, such as the EcoVadis platform and CDP Supply Chain, to track and measure impact. Through this collaboration, we aim to increase awareness of water withdrawal and reduction measures within our extended value chain and promote increased water efficiency. We use EcoVadis to help us assess direct and indirect suppliers on environmental impact, labor and human rights, and ethical procurement practices. We engage with direct suppliers to help them improve EcoVadis scores; in FY22, more than 60% of strategic suppliers improved their EcoVadis scorecard performance from their previous assessment.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

The Enterprise Risk Management framework is a structured risk-based approach to prioritize, review and measure risks. ELC assigns a rating based on the residual risk which is measured by estimates of velocity, impact, and probability. A residual risk may be considered to have a substantive financial impact depending on its potential effect on net operating profit or sales growth. Potential scenarios for substantive financial impact may be those that could exceed $100 million in net operating profit or 1% annual net sales, in each case on a consolidated basis; however, this is not a definitive metric that defines our assessment of financial significance, and any risk is subject to further evaluation prior to any conclusion on financial impact. The financial impact metric is one component for risk evaluation. There are additional contributing factors ELC would consider (e.g., if a risk could impact our ability to comply with regulations or could cause an operational disruption). From a strategic standpoint, we consider a risk to be substantive when our ability to achieve strategic goals could be impacted or if the reputation of ELC or one of our brands has the potential to be impacted in a meaningful way (e.g., loss of consumer/employee confidence/trust, loss of sales via boycotts). With respect to water-related business risks, these contributing factors are informed through our annual water risk assessment process.

In FY22, ELC engaged an external consulting firm, who rated ELC's facilities water-related risk exposure using WRI Aqueduct Water Risk Atlas Tool according to Overall Water Risk, Baseline Water Stress, and Baseline Water Stress Projected to 2030. An 'Overall External Risk Rating' was calculated with weighting factors applied to provide a single external risk rating. In addition, the external consulting firm's Regional Water Experts provided an additional rating based on 'Overall Business Risk' (30%), 'Supply Quantity' (30%), 'Municipal Infrastructure' (5%), 'Regulations & Governance' (20%) and 'Social/Media' (15%). The scores from the two water risk ratings were combined with equal weighting to provide an average Composite Risk Rating for all facilities. Medium to high water risk was assigned to facilities that had a composite score >3.0. Therefore, ELC's threshold for substantive impact is a Composite Risk Score >3.0 in the Water Risk Assessment and / or the associated financial impact could exceed $100 million in net operating profit or 1% annual net sales, in each case on a consolidated basis.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	2	1-25	Two of 15 manufacturing sites, representing 13% of ELC operated factories and producing approximately 40% of directly manufactured finished goods, have been identified as being exposed to substantive water risk. These facilities are within a region of water stress. We classified all our substantive risk sites using WRI's Aqueduct. The facilities included here (detailed further in W5) are the facilities that pose the biggest financial/strategic risk of impact to our organization based on the definition we have given in W4.1a.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

United States of America	Other, please specify (City water - Glacial and Magothy Aquifers)

Number of facilities exposed to water risk
1

% company-wide facilities this represents
1-25

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Unknown

Comment
ELC thresholds for substantive impact is a Composite Risk Score >3.0 in the Water Risk Assessment and / or the associated potential financial impact could exceed $100 million in net operating profit or 1% annual net sales, in each case on a consolidated basis, and/or impact reputation of ELC or one of our brands has the potential to be impacted in a meaningful way. (e.g., loss of consumer/employee confidence/trust, loss of sales via boycotts). This site is located in a water stressed region. In FY22, there were no water restrictions reported for the manufacturing site; however, the site team is working to improve efficiency to reduce our water withdrawal. For example, in FY22, we implemented a well water bypass project which reduced groundwater pumping from two wells to one well, theoretically reducing pumping by approximately 50% (approximately 400,000 m3). However, the actual volume withdrawn is dependent on outside ambient temperatures, as we use this groundwater for our HVAC cooling system. By investing in this capital project to optimize our groundwater-fed HVAC cooling system, we are reducing groundwater withdrawal from the Magothy Aquifer. With our new water withdrawal reduction target, we are initiating additional projects at this site to further reduce our freshwater withdrawal. By investing and implementing projects, we are reducing our withdrawal from a water-stressed region which reduces our water-related risks.

Country/Area & River basin

Belgium	Other, please specify (Centraal Kempisch System)

Number of facilities exposed to water risk
1

% company-wide facilities this represents
1-25

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Unknown

Comment
ELC thresholds for substantive impact is a Composite Risk Score >3.0 in the Water Risk Assessment and /or the associated potential financial impact could exceed $100 million in net operating profit or 1% annual net sales, in each case on a consolidated basis, and/or impact reputation of ELC or one of our brands has the potential to be impacted in a meaningful way. (e.g., loss of consumer/employee confidence/trust, loss of sales via boycotts). This site is located in a water stressed region. In FY22, there were no water restrictions reported for the manufacturing site; however, the site team is working to improve efficiency to reduce our water withdrawal. For example, in FY22, the site treated and recycled approximately 54% of total water used back into process cleaning. A water efficiency study and Source Water Vulnerability Assessment were also completed for the site which will inform our local action plan. With our new water withdrawal reduction target, we are initiating additional projects at this site to further reduce our freshwater withdrawal. By investing and implementing projects, we are reducing our withdrawal from a water-stressed region which reduces our water-related risks.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

United States of America	Other, please specify (Upper Glacial Aquifer (groundwater) and city water (Glacial and Magothy aquifers))

Type of risk & Primary risk driver

Chronic physical	Water stress

Primary potential impact
Reduction or disruption in production capacity

Company-specific description
As one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products, ELC relies on the smooth operation of its manufacturing facilities. Based on the Water Risk Assessment performed in FY22, our largest manufacturing site located in Melville, New York USA is exposed to medium to high water risk. The primary risk driver for this site is water stress. Disruption to operations due to water stress at this site has the potential to result in a substantive strategic and financial impact at a corporate level.

The Melville site draws water from two separate water supplies. Most of the water supply is from groundwater beneath the manufacturing site and the rest of the water supply is from municipal supplier, the South Huntington Water District, and originates from the glacial aquifers that run beneath the entire island and supply the Long Island region. The region is considered high water stress based on 40-80% of the available water resources are in demand for consumption. Future risks expect this region to become increasingly stressed due to climate change impacting the hydrological cycle and recharge of the aquifer. At Melville, we manufacture skincare products, including creams and lotions, and fill fragrances that make up a substantive part of our business. Therefore, without the necessary quantity of groundwater for production, the Melville site would not be able to operate at the same capacity, resulting in a disruption of in production capacity.

Timeframe
More than 6 years

Magnitude of potential impact
Medium-low

Likelihood
About as likely as not

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
53000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
We manufacture skincare products, fill fragrances, and conduct Research and Development at our Melville campus. All of these processes require water, so if the Melville campus was without water or had to significantly reduce water usage for two weeks, we estimate that we could potentially lose sales of roughly $53 million. Our approach to calculating this figure uses the estimated value of finished goods produced and sold over two weeks to assess the potential sales value. This does not assume any mitigating actions that we would take, including a shift of production to other facilities.

We understand this may be a risk to our company because Long Island shows high stress levels for both water quality and quantity based on: An increase in population; an increase in water pollution from nitrogen and 1,4 dioxane; increasing regulation in New York State; and water utility infrastructure is getting older. The risk of closing of our Melville manufacturing site due to water stress could have a substantive strategic impact for ELC, given that Melville is our largest manufacturing site.

Primary response to risk
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
In FY22 we implemented and completed a project to reduce our withdrawal of groundwater at our plant in Melville, New York. Currently, the Melville plant uses a groundwater chilling system for comfort cooling, which utilizes two open-loop groundwater wells. The well water bypass system reduced pumping from two wells to one, which theoretically reduced pumping by approximately 50% (approximately 400,000 m3). However, the actual volume withdrawn is dependent on outside ambient temperatures, as we use this groundwater for our HVAC cooling system. In addition, we are leveraging the results of our previous Source Water Vulnerability Assessment and combined energy/water efficiency study performed at this site to build employee awareness on the local watershed conditions and inform our action plan for achieving our public-facing commitments. For example, we are continuing to drive efficiency in manufacturing by improving water metering and monitoring, improving maintenance regimes, and replacing valves which is estimated to reduce our withdrawal and discharge by approximately 34,500 m3, which we expect to be realized in FY23. We are also conducting studies to improve our cleaning times and improve water efficiency through product scheduling and batch campaigning. Finally, we are working with our landscaping and irrigation vendors to improve our irrigation efficiency and are planning a study for improving the sustainability of the campus landscapes which we anticipate to be completed in FY24.

Cost of response
375000

Explanation of cost of response
The cost of response figure represents the sum of costs spent to implement a well water bypass reduction system ($190,000) which was a one-off cost implemented in FY22. Additional costs with timescales in FY23 include water metering ($100,000); a water reuse study ($51,000); and a landscape study ($34,000). The cost of response figure was calculated by summing the costs to complete these projects and study ($190,000 well water project + $100,000 water metering + $51,000 water reuse study + $34,000 landscape study) = $375,000. We anticipate additional capex and opex investment will be required in the future to continue advancing our water stewardship program for this site.

Country/Area & River basin

Belgium	Other, please specify (Centraal Kempisch System)

Type of risk & Primary risk driver

Chronic physical	Water stress

Primary potential impact
Reduction or disruption in production capacity

Company-specific description
As one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products, ELC relies on the smooth operation of its manufacturing facilities. Based on the Water Risk Assessment performed in FY22, one of our largest manufacturing sites located in Oevel, Belgium is exposed to medium to high water risk. The primary risk driver for this site is water stress. Disruption to operations due to water stress at this site has the potential to result in a substantive strategic and financial impact at a corporate level.

The Oevel site draws water from two separate water supplies. Approximately 46% of the water supply is from groundwater sourced from the municipal water supplier, Pidpa, which originates from the 'Centraal Kempisch System.' The rest of the water supply is treated and recycled on-site for reuse in cleaning operations. The region is considered extremely high-water stress based on greater than 80% of the available water resources are in demand for consumption. Future risks expect this region to remain stressed due to climate change. At Oevel, we manufacture skincare products, including creams and lotions, and cosmetic products that make up a substantive part of our business. Therefore, without the necessary quantity of groundwater for production, the Oevel site would not be able to operate at the same capacity, resulting in a disruption of in production capacity.

Timeframe
4-6 years

Magnitude of potential impact
Medium-low

Likelihood
About as likely as not

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
80000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
We manufacture skincare products, fill fragrances, and conduct Research and Development at our Oevel campus. All of these processes require water, so if the Oevel campus was without water or had to significantly reduce water usage for two weeks, we estimate that we could potentially lose sales of roughly $80 million. Our approach to calculating this figure uses the estimated value of finished goods produced and sold over two weeks to assess the potential sales value. This does not assume any mitigating actions that we would take, including a shift of production to other facilities.

We understand this may be a risk to our company because the region shows high stress levels for both water quantity and quality. For example, the regional population is increasing and future consumer demand on the local utility is expected to increase, especially in combination with the climate pressures and current and future water stress. Additionally, the region is subject to periodic droughts that are causing public concerns with relation to the groundwater levels within the Centraal Kempisch System, which is a source of water for the facility. With respect to water quality, the local aquifer is highly permeable and there has been an increase in water pollution from PFAS, point sources of Cadmium, Zinc and Arsenic and non-point high nutrient loads. Additionally, the water utility infrastructure is getting older and requires public sector investment. The risk of closing of our Oevel manufacturing site due to water-related risks could have a substantive strategic impact for ELC, given that Oevel is one of our largest manufacturing sites.

Primary response to risk
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
We continue to invest in our tertiary wastewater treatment at this facility to reduce our reliance on locally stressed freshwater supplies. In FY22, we recycled approximately 54% of our treated wastewater back into process cleaning. We are also using the results of a water efficiency assessment and Source Water Vulnerability assessment completed at this site in FY22 to build employee awareness on the local watershed conditions and inform ways that we can reduce our water withdrawal. For example, we are continuing to drive efficiency in manufacturing by improving water metering and monitoring and improving maintenance regimes. We are also conducting studies to improve our cleaning times and improve water efficiency through product scheduling and batch campaigning. These programs are being initiated in FY23 with savings anticipated to be realized in FY24. Furthermore, a conceptual design of a new wastewater treatment plant with an improved reuse ambition was completed in FY23.

Cost of response
205000

Explanation of cost of response
This figure represents the sum of costs spent to treat and operate our wastewater treatment plant in FY22 ($70,000), which allows us to recycle water on-site. Additional costs incurred in FY22 include completion of a water efficiency study and Source Water Vulnerability Assessment ($35,000). Costs with timescales in FY23 include wastewater treatment plant operation ($70,000) and the conceptual design of a new wastewater treatment system with expanded recycling capability ($30,000). The cost of response figure was calculated by summing the costs to operate our wastewater treatment and recycling system and to complete these projects and studies: ($70,000 in wastewater system costs in FY22 + $35,000 SVA and water efficiency study + 70,000 in wastewater system costs in FY23 + $30,000 for conceptual design) = $205,000. We anticipate additional capex and opex investment will be required in the future to continue advancing our water stewardship program for this site.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

France	Seine

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Chronic physical	Water stress

Primary potential impact
Reduced revenues from lower sales/output

Company-specific description
ELC is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. A core aspect of ELC's marketing strategy is the distribution of product samples to attract new business.

ELC works with a supplier located in the Seine River basin, France, who plays a strategic role in creating finished samples at a corporate level. Water stress within this river basin could have a long-term effect on the suppliers manufacturing capacity and emergency preparedness. The Seine River crosses several important urbanized areas of France. It has a length of 754KM, originating near Dijon in the east of France, flows through Paris, and discharges in the English Channel. The basin hosts 25-30% of the national industrial activity. This is not a financially substantive risk for our business, but strategically it is important for ELC because samples are linked to major saleable products and product launches.

Timeframe
More than 6 years

Magnitude of potential impact
Medium

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
13000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
Financial impact relates to loss of revenue associated with the products manufactured at our supplier's France site. We estimate that inability to sell the products tied to these samples would have an impact of $13M per year based on historic trends. Therefore, this is the maximum financial impact ELC would experience if the supplier ceased to operate. This is not a financially substantive risk for our business, but strategically it is important for ELC because samples are linked to major saleable products and product launches.

Primary response to risk

Supplier engagement	Promote greater due diligence among suppliers

Description of response
As part of our enterprise-wide water risk assessment conducted in FY22, ELC further assessed this supplier's dependence on water as well as opportunities for efficiency, education, and business resiliency. Through our sustainability initiative, which was planned in FY22 and launched in FY23, our intention is to share best practices with this French supplier. By sharing best practices on water, we aim to inform them of processes to identify, assess, and mitigate water-related risks which could impact on their ability to provide the final products to ELC. Having completed a Source Water Vulnerability Assessment for our direct operations and having identified water stress as a similar risk to disruption to production in our operations, our intention is to share best practices with this French supplier by late FY23 to ensure they have processes in place to identify, assess, and mitigate water-related risks which could impact on their ability to provide the sample and final products to ELC. One of the best practices we are encouraging is to work with a consultant to conduct a Source Water Vulnerability Assessment (SVA) to understand the local watershed and related risks, in addition to a Water efficiency study and true cost of water analysis. Having completed these studies for our direct operations and having identified water stress as a similar risk to disruption to production in our operations, it is our experience that these studies take approximately 3 to 6 months to complete and cost approximately $50,000. From this, the supplier will be able to design and implement a strategy to respond to this risk. This supplier is a multi-national supplier with the ability to manufacture products in different subsidiaries mitigating the risk identified here.

Cost of response
50000

Explanation of cost of response
This figure represents the estimated costs for the supplier to conduct the SVA, detailed water efficiency study, water balance, and true cost of water analysis. The Source Water Vulnerability Study will help the supplier understand the local watershed and related risks and opportunities. The water efficiency study will support the supplier in identifying opportunities for improvements in water efficiency, water reuse and recycling and to fully understand the site water balance as well as how and where water is being used. This figure represents the sum of costs to complete these studies ($20,000 SVA + $30,000 detailed water efficiency study, mass balance, and true cost analysis = $50,000).

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
In FY22 we implemented and completed a project to reduce our withdrawal of groundwater at our plant in Melville, New York. Currently, the Melville plant uses a groundwater chilling system for comfort cooling, which utilizes two open-loop groundwater wells. The well water bypass system reduced pumping from two wells to one, which theoretically reduced pumping by approximately 50% (approximately 400,000 m3). However, the actual volume withdrawn is dependent on outside ambient temperatures, as we use this groundwater for our HVAC cooling system. In addition, we are leveraging the results of our previous Source Water Vulnerability Assessment and combined energy/water efficiency study performed at this site to build employee awareness on the local watershed conditions and inform our action plan for achieving our public-facing commitments. For example, we are continuing to drive efficiency in manufacturing by improving water metering and monitoring, improving maintenance regimes, and replacing valves which is estimated to reduce our withdrawal and discharge by approximately 34,500 m3, which we expect to be realized in FY23. We are also conducting studies to improve our cleaning times and improve water efficiency through product scheduling and batch campaigning. Finally, we are working with our landscaping and irrigation vendors to improve our irrigation efficiency and are planning a study for improving the sustainability of the campus landscapes which we anticipate to be completed in FY24.

Estimated timeframe for realization
Current - up to 1 year

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
705000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
The well water bypass project is anticipated to save approximately $30,000 per year through reduced pumping energy related costs. With respect to valve repairs and improved maintenance regimes, this reduced withdrawal and industrial discharge in FY23 and saved approximately $600,000 (one-time fee associated with permit renewal) on wastewater permitting fees, approximately $17,000 per year in incoming water costs, and approximately $58,000 per year in wastewater treatment and discharge costs. The potential financial impact was determined by adding the savings associated with project implementation, for example: $30,000 + $600,000 + $17,000 + $58,000 = $705,000.

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
In FY22, we completed water efficiency studies and true cost of water analyses at our Oevel, Belgium, and Whitman Laboratories, United Kingdom sites to inform future action plans. Further technical analysis was completed at our Whitman Laboratories location in early FY23 identifying approaches for potential projects and their feasibility. We are incorporating this into our local action plan, estimating to complete a water reduction project at this location within the next 3 years.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
76000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
The technical analysis completed at Whitman Laboratories identified approaches to modify our existing equipment to reduce our water withdrawal. If all the feasible projects were implemented, we estimate that it would reduce the site's annual withdrawal by approximately 10,000 m3. Based on the true cost of water analysis for the Whitman Laboratories, United Kingdom facility, which indicates an average of $7.60/m3, the associated projects have the potential to save up to $76,000 annually ($7.60 * 10,000 m3 = $76,000).

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number
Facility 1

Facility name (optional)
Melville, NY - Manufacturing

Country/Area & River basin

United States of America	Other, please specify (City water - Glacial and Magothy Aquifers)

Latitude
40.779654

Longitude
-73.408784

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
1029

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
649

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
380

Total water discharges at this facility (megaliters/year)
1019

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
649

Discharges to third party destinations
370

Total water consumption at this facility (megaliters/year)
10.4

Comparison of total consumption with previous reporting year
Lower

Please explain
Groundwater is relevant to our Melville, NY manufacturing location, which uses groundwater in production and as part of operational processes. Groundwater withdrawal and discharge volumes for our HVAC system, measured through local water meters, are lower (21% lower) as compared to the previous reporting year (FY21 restated = 825 megaliters/year). When combined with our withdrawal from our municipal supplier, measured through utility-owned meters, overall withdrawal and discharge volumes decreased from FY21 by approximately 14%. Consumption values also decreased by approximately 24% as compared to FY21. The decrease in withdrawal and discharge is attributed to the well water bypass project implemented in FY22. The decrease in consumption is attributed to production changes; while finished mass slightly decreased, production of units increased. In FY22 we updated our groundwater accounting methodology to include withdrawal and discharge volumes within the fiscal year, versus the calendar year, as previously reported. We expect overall withdrawal volume to decrease in FY23, as it is largely driven by Melville's groundwater use, and we anticipate the full benefits of the well water bypass project to be realized in FY23. We remain focused on improving water efficiency across all operations. To determine the magnitude of change across fiscal years, the following approach is applied: +/- 5% year over year is referred to as "about the same" and +/- 15% will be "lower" or "higher".

Facility reference number
Facility 2

Facility name (optional)
Oevel, Belgium - Manufacturing

Country/Area & River basin

Belgium	Other, please specify (Centraal Kempisch System)

Latitude
51.136822

Longitude
4.92274

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
43.7

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
43.7

Total water discharges at this facility (megaliters/year)
33.5

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
33.5

Total water consumption at this facility (megaliters/year)
10.2

Comparison of total consumption with previous reporting year
Lower

Please explain
Withdrawal from our municipal supplier, which was estimated in FY22 based on a water accounting methodology, increased from FY21 by approximately 30%. Discharge to the municipal utility for offsite treatment was also estimated based on a water accounting methodology and increased from FY21 by 75%. We attribute these increases to our estimation of the withdrawal and discharge volumes and are working in FY23 to obtain more precise data through local water metering. This site also has tertiary wastewater treatment; in FY22, we recycled approximately 54% of our treated wastewater back into process cleaning. We continue to invest in our tertiary wastewater treatment at this facility to reduce our reliance on locally stressed freshwater supplies. Finally, while consumption values decreased by approximately 29% as compared to the previous reporting year, production increased from the FY21. We remain focused on improving water efficiency across all operations. To determine the magnitude of change across fiscal years, the following approach is applied: +/- 5% year over year is referred to as "about the same" and +/- 15% will be “lower” or “higher”.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified
76-100

Verification standard used
Water withdrawal data has been verified by an independent entity, PricewaterhouseCoopers LLP (PwC). PwC's 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.

Please explain
<Not Applicable>

Water withdrawals – volume by source

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify water withdrawals, volume by source data through a third party; however, this data is reviewed through internal controls.

Water withdrawals – quality by standard water quality parameters

% verified
76-100

Verification standard used
The quality of incoming water is monitored by the municipal water provider, which provides water quality reports validating compliance with drinking water standards and local regulations. The quality of treated water used in the manufacturing of our products is monitored through our standard procedures and led by our QC teams. This is monitored on a regular basis locally and is reviewed through internal controls.

Please explain
<Not Applicable>

Water discharges – total volumes

% verified
76-100

Verification standard used
Water discharge data has been verified by an independent entity, PricewaterhouseCoopers LLP (PwC). PwC's 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.

Please explain
<Not Applicable>

Water discharges – volume by destination

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify water discharges, volume by destination data through a third party; however, this data is reviewed through internal controls.

Water discharges – volume by final treatment level

% verified
76-100

Verification standard used
This water aspect applies to our industrial wastewater discharges, all of which requires treatment. Upon leaving the two sites referred to above, the industrial wastewater is routed to wastewater treatment plants operated by municipalities. At both locations, the industrial wastewater discharge volume sent to the municipality is monitored through local metering for compliance with the respective wastewater discharge certificate/permit. At our Melville location, a third-party consultant prepares monthly reporting who then provides our averages and maximum to the regional wastewater authority twice per year. At our Oevel location, the government authority conducts annual unannounced compliance checks.

Please explain
<Not Applicable>

Water discharges – quality by standard water quality parameters

% verified
76-100

Verification standard used
At our Melville, New York location, the local municipality collects water discharge samples twice per month for standard water quality parameters. Tri-annually, ELC and the local municipality collect samples at this location for analysis of additional water quality parameters. These samples are analyzed by a third-party laboratory. At our Oevel, Belgium location, water discharge quality sampling and analysis is completed every six months by an external, third-party laboratory. Sampling frequency and parameters for both locations are outlined in a wastewater discharge certificate/permit designed to meet local and federal regulations.

Please explain
<Not Applicable>

Water consumption – total volume

% verified
76-100

Verification standard used
Water consumption data has been verified by an independent entity, PricewaterhouseCoopers LLP (PwC). PwC's 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.

Please explain
<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?
Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain

	Scope	Content	Please explain
Row 1	Company-wide	Description of the scope (including value chain stages) covered by the policy Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to prevent, minimize, and control pollution Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to reduce water withdrawal and/or consumption volumes in supply chain Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitments beyond regulatory compliance Reference to company water-related targets Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change Other, please specify (Description of water-related standards for procurement, Commitment to collecting data and tracking performance , Continuous improvement)	ELC is dependent on water as an ingredient to make our products, as well as for cleaning and cooling manufacturing equipment. In addition, our Research and Development and Quality teams rely on water to perform testing, analysis and to develop new products. Access to high-quality water is essential to our business, and we are committed to reducing our impact on local water resources through implementation of our company-wide water stewardship strategy. Additionally, we recognize that water stewardship is important to both mitigating and adapting to the effects of climate change. Our water stewardship policy focuses on key areas where we intend to make progress: our own operations, supply chain (Third Party Manufacturers and other key suppliers of ELC), and local communities. Through our commitment to water stewardship, we are going beyond regulatory compliance to reduce our impact on local water resources. We aim to achieve our water withdrawal reduction target by improving efficiency at our manufacturing sites through water related innovation and implementation of best practices for efficient water management. In addition, we gather data at the local level to understand our impacts, risks, and dependencies with regard to the watersheds where we operate, in alignment with the Alliance Water Stewardship (AWS). Water is also important for our value chain and we've extended our efforts through a collaborative initiative with key Third-Party Manufacturers (TPMs). Through this collaboration, we aim to increase awareness of water withdrawal and reduction measures within our supply chain and promote increased water efficiency. Finally, our water stewardship strategy aligns with the UN Sustainable Development Goal (SDG) 6. We acknowledge that SDG6 refers to the human right to water and sanitation and aims to "ensure availability and sustainable management of water and sanitation for all". To that end, we aim to contribute to improving water security, including access to Water, Sanitation, and Hygiene (WASH), through stakeholder engagement and collective action in our key watersheds. To read our Water Stewardship Policy, please visit: https://www.elcompanies.com/en/our-commitments/viewpoints/water-stewardship

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Chief Executive Officer (CEO)	We believe that effectively managing our social impact and sustainability work will be an important part of our future success. These efforts, including water-related initiatives and strategy are led by our Executive Chairman and our President and Chief Executive Officer (CEO) and overseen by the Board of Directors, particularly the Nominating and ESG Committee. Our Nominating and ESG Committee has oversight responsibility for our Company's environmental, social, and governance activities and practices, including social impact and sustainability matters. Senior leaders from Finance; Global Communications and Public Affairs; Global Corporate Citizenship and Sustainability (GCCS); Human Resources; Inclusion, Diversity, and Equity (ID&E); Legal; Research & Development; and Supply Chain, as well as representatives across brands, regions, channels, and functions drive our social impact and sustainability strategic initiatives and progress toward goals and commitments. Our ELC Charitable Foundation Board of Directors, which includes our Executive Chairman and CEO, approved a grant to Plastics for Change Foundation in FY22. In India, waste that would otherwise flow into the oceans is predominantly collected by marginalized waste-collectors – the majority of whom are women – who often lack basic human rights like social security and access to nutritious foods, education, or healthcare. To help address these challenges, ELCCF is supporting the work of Plastics for Change, an organization that helps improve the livelihoods of waste collectors in Hubli, South India and reduce the amount of plastic waste in our oceans. This grant aligns with ELC's water stewardship efforts and helps to mitigate ocean-bound plastic.
Board Chair	We believe that effectively managing our social impact and sustainability work will be an important part of our future success. These efforts, including climate-related initiatives and strategy are led by our Executive Chairman and our President and Chief Executive Officer (CEO) and overseen by the Board of Directors, particularly the Nominating and ESG Committee. Our Nominating and ESG Committee has oversight responsibility for our Company's environmental, social, and governance activities and practices, including social impact and sustainability matters. Senior leaders from Finance; Global Communications and Public Affairs; Global Corporate Citizenship and Sustainability (GCCS); Human Resources; Inclusion, Diversity, and Equity (ID&E); Legal; Research & Development; and Supply Chain, as well as representatives across brands, regions, channels, and functions drive our social impact and sustainability strategic initiatives and progress toward goals and commitments. Our Executive Chairman is also a member of the Board of Directors' Nominating and ESG Committee, which oversees the company's social impact and sustainability matters including water-related issues. Our ELC Charitable Foundation Board of Directors, which includes our Executive Chairman and CEO, approved a grant to Plastics for Change Foundation in FY22. In India, waste that would otherwise flow into the oceans is predominantly collected by marginalized waste-collectors – the majority of whom are women – who often lack basic human rights like social security and access to nutritious foods, education, or healthcare. To help address these challenges, ELCCF is supporting the work of Plastics for Change, an organization that helps improve the livelihoods of waste collectors in Hubli, South India and reduce the amount of plastic waste in our oceans. This grant aligns with ELC's water stewardship efforts and helps to mitigate ocean-bound plastic.
Other, please specify (Nominating & ESG Committee)	The company's Nominating and ESG Committee is a board-level committee. It is responsible for corporate governance matters and includes oversight of the company's ESG activities and practices, including social impact and sustainability matters. ESG updates, including updates on our water strategy, initiatives, and progress towards goals, are provided to the committee periodically.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing the setting of corporate targets Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy	The GCCS function provides periodic updates on the company's social impact and sustainability initiatives and performance at the Board and committee level. As of July 2019, Social Impact and Sustainability is a standing agenda item scheduled for the Nominating and ESG committee of the Board of Directors. These reports help the Board to monitor implementation and how we are performing against our water-related objectives. Water-related issues are considered as a part of ELC's sustainability strategy. For example, in FY22, our CSO provided an update on an enterprise-wide multi-phased water risk assessment for all direct operations and other parts of the value chain and Source Water Vulnerability Assessments that were conducted at our UK and Belgium manufacturing facilities. The Nominating and ESG Committee oversees the Company's social impact and sustainability matters.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	Competence on water-related issues is assessed based on the following criteria: • Board member understands how these risks and opportunities could potentially impact ELC's business. • Board member has the ability to discuss water-related matters at the Board level. Currently, ELC has Board Member(s) that have these competencies.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)
Chief Sustainability Officer (CSO)

Water-related responsibilities of this position
Setting water-related corporate targets
Monitoring progress against water-related corporate targets
Integrating water-related issues into business strategy

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
Our CSO, who reports directly to our Executive Chairman and our President and CEO, leads the Global Corporate Citizenship and Sustainability (GCCS) function. GCCS is responsible for managing corporate-wide sustainability and social impact initiatives. Our CSO directs a dedicated team that supports corporate, brand-, and region-led sustainability strategies and commitments. In particular, our CSO guides water-related sustainability strategy and assesses and manages water-related risks and opportunities. Our CSO is scheduled to report to the Nominating and ESG Committee of the Board of Directors on a quarterly basis, providing updates on sustainability topics, including water-related issues. Our CSO also sits on the ESG management committee which oversees all sustainability efforts, including setting water-related corporate targets, monitoring progress against these targets, and integrating water-related issues into the strategy.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	ELC offers a monetary reward to the Executive Vice President of Global Supply Chain.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Corporate executive team	Reduction of water withdrawals – direct operations	We are committed to reducing water withdrawals, increasing water use efficiency, and advancing responsible water management. This is included in our Water Stewardship Policy and incorporated into executive team objectives and incentives. Water related aspects of the ESG 2025 goals include completing water efficiency studies at select manufacturing sites and implementing water conservation projects. Our water-related target to reduce our water withdrawal from our direct manufacturing sites by 20%, from a fiscal 2019 baseline, by 2025 is set at a corporate level and embedded into executive team objectives and incentives.	The Executive Vice President of the Global Supply Chain (GSC) department is expected to successfully deliver all ELC's ESG 2025 goals (along with resource requirements) with specific accountability for goals GSC is leading, and responsibility for those being supported by GSC. Reducing ELC's withdrawal volume was selected as the primary performance indicator for the Executive Vice President as water is essential within our operations, where water is used in the manufacturing of our products, as well as a raw material in our products. In the medium-term, the Executive Vice President's incentives are measured against the successful implementation of the water withdrawal reduction target including the capital plan and budget to complete by 2025.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	<Not Applicable>	No one is entitled to these incentives.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?
Yes, direct engagement with policy makers
Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

ELC is guided by its Water Stewardship commitment. ELC's Water Stewardship commitment is implemented by the Global Corporate Citizenship and Sustainability, Global Supply Chain, and Global Public Affairs teams and our individual brands. We elevated social impact and sustainability of these initiatives in our governance structure so that the team responsible for those efforts, led by our Chief Sustainability Officer (who reports directly to the Executive Chairman and CEO), ensures the actions taken are aligned with our commitments. This reflects our belief that social impact and sustainability are essential to our success as a business and our responsibility as a company. Further, as policymakers focus more on passing legislation related to climate change and/or water issues, the Global Corporate Citizenship and Sustainability and Global Supply Chain team will ensure alignment with internal stakeholders, such as our Global Public Affairs team, as well as external associations and partners to support or shape those efforts. Our public policy priorities are reviewed periodically with leadership for alignment with our goals and commitments.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	In our long-term business planning, we consider water-related issues such as water stress, drought, flooding, water quality, regulatory, water governance, WASH, and local policy and governance issues, for example. Any interruption to our operations involving the use of water, would be detrimental to our long-term business and water stewardship objectives which prioritize the growth of our business in a sustainable way ensuring the longevity of the business and the communities whom we share the watershed with. Our industrial site master plans are being developed and implemented over the next 11-15 years and will incorporate global engineering solutions at our manufacturing sites that will encompass water reduction, reuse, and recycling, including addressing water efficiency by establishing uniform practices and technology. For example, we are continuing to drive efficiency in manufacturing by improving water metering and monitoring, identifying and improving maintenance regimes, and replacing valves. We are also conducting studies to improve our cleaning times and improve water efficiency through product scheduling and batch campaigning. Improving our water efficiency in manufacturing will remain a part of our long-term business objectives.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	To help us meet our long-term objectives, we have identified that water stress is a focus area. In FY22, we developed a glidepath that laid out the steps for achieving an absolute water withdrawal reduction target for our manufacturing sites which consume over 90% of the company's in-scope water usage. Our manufacturing campuses are developing master plans in conjunction with the glidepath activities to help achieve our water-related business objectives in the very long-term time horizon – 50 years into the future. In addition, we have also developed more detailed plans for the next 3-5 years, and a roadmap for 6-10 years after that. To date, we completed a water accounting analysis using an external engineering consultant to identify the scope of water usage in the company by facility type to fully understand which locations are relevant for reporting. This analysis is used to inform the glidepath and the development of sustainable best practices at our manufacturing sites, which accounts for over 90 percent of our direct use of water. In addition, we anticipate that all new manufacturing buildings will meet LEED building standards, which include water efficiency and conservation. Finally, our Melville, NY and Oevel, Belgium campuses were identified as water stressed regions, and we undertook Source Vulnerability Assessments to better understand the risks factors and integrate watershed conditions into our business objectives and future local action plans.
Financial planning	Yes, water-related issues are integrated	11-15	In order to help achieve our strategy, we will need to invest in new and more efficient technologies and equipment. Water related issues such as water withdrawal and efficiency have been integrated in the development of the company's annual and internal Social Impact and Sustainability Strategy that is presented to the CEO, and as of FY19, a capital project budget has been developed to implement strategic upgrades in technology and equipment to improve water efficiency. A $3M sustainability capital funding allowance is allocated each year. Water-related funding projects are allocated against this fund and form part of the sustainability capital project planning process. Our manufacturing campuses are developing master plans in conjunction with the glidepath activities to help achieve our water-related business objectives in the very long-term time horizon – 50 years into the future. In addition, we have also developed more detailed plans for the next 3-5 years, and a roadmap for 6-10 years after that. These master plans include a financial plan to enable implementation. This financial plan includes financing for both climate- and water-related efficiencies.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-69

Anticipated forward trend for CAPEX (+/- % change)

307

Water-related OPEX (+/- % change)

92

Anticipated forward trend for OPEX (+/- % change)

68

Please explain

CAPEX decreased in FY22 vs. FY21 due to a cooling tower replacement at our Blaine facility which was initiated in FY20 but completed in FY21. In FY22, a $190,000 investment improved the efficiency of groundwater withdrawal at our Melville, NY campus. The anticipated forward trend for CAPEX in FY23 is an increase due to investments in water metering and installation of a new wastewater treatment plant. OPEX increased in FY22 vs. FY21 due to enlisting a consultant for an enterprise-wide water risk assessment, Water Goal Setting Workshop, and studies to align with step one of the AWS Standard at our Oevel and Whitman UK manufacturing plants. New expertise was also recruited into the Global EHS team. The anticipated forward trend for OPEX in FY23 is an increase due to consulting support for water risk assessment, technical feasibility studies, SVAs and water efficiency studies at select manufacturing sites and a conceptual wastewater treatment system design for our Oevel plant.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	In FY22, we implemented an enterprise-wide multi-phased water risk assessment. The initial screening phase applied the World Resources Institute's (WRI) Aqueduct Water Risk Atlas Framework that combined quantity, quality, regulatory and reputational risks into a composite overall water risk score. Physical risks in the Aqueduct are underpinned by a global gridded hydrological model (PCR-GLOBWB 2.0) that integrates water supply and demand data, and models surface water and groundwater. The regional validation phase by external consultants produced water-related business risks ratings that were locally validated and reflected immediate (2022) and long-term conditions (up to 2030) on the ground. The site engagement phase leveraged ELC's facility level insights through a survey to pattern results and provide context. An ELC Composite Water Risk Score was produced combining the WRI Aqueduct scores, the business risk ratings, and the facility level insights.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	The FY22 expanded risk assessment considered a business-as-usual scenario, using the WRI Aqueduct framework tool. This initial screening phase produced a baseline risk score, using historical data (1960-2014) from the WRI Aqueduct. 1,574 facilities were assessed in 55 countries (1,528 global ELC locations and 46 third party manufacturers) to define and prioritize water risks and opportunities. In comparison, our second level of screening was meant to validate the results of the risk assessment at a regional and local level. This phase produced a future risk score, through a survey of 375 facilities in 22 countries globally for perceived water-related business risks in 2022 and up to 2030. The third level of screening conducted a site validation phase of 21 sites in 11 countries (USA, Canada, Chile, Mexico, South Africa, and Europe: Belgium, France, Greece, Spain, Switzerland, and UK) to more deeply understand the regulatory and social/reputational risks within context. Together, the three levels of screening produced an ELC Composite Water Risk Score through a current (2022) and future (2030) lens informing our short-term and long-term business strategy, goals and targets. ELC also conducted a climate-related scenario analysis of 23 manufacturing, distribution, and innovation sites including those in North America (Canada, USA) and Europe (Switzerland, Belgium, UK) to understand potential, relevant, climate-related physical and/or transition risks and the likelihood and magnitude of those risks under different warming scenarios. This analysis is documented in our CDP Climate response.	Infrastructure resiliency, declining water quality, and water supply resiliency are challenges identified in the risk assessment. Overall, 24% of ELC facilities are in high water risk locations. The key risk indicators are: (1) coastal eutrophication potential with approximately 38% of ELC facilities in watersheds with degraded water quality (2) water stress: 22% of ELC facilities are at high baseline water stress and are expected to increase to 25% by 2030. Coastal eutrophication could lead to environmental degradation, increased water treatment costs, and stricter regulations increasing costs. Coastal and riverine flooding could damage infrastructure at our manufacturing facilities, which would prevent us from maintaining the same level of production in 3 countries where ELC operates, increasing operating costs. Water shortages or interruptions can disrupt business operations. Water-intensive operations would shift production to other sites and may rely on tankered water in case of operational disruptions. Water quality is a high risk at ELC facilities located in 6 countries. Facilities in areas of limited access to sanitation are at risk of illness from unsafe water and poor hygiene. Our climate-related scenario analysis, as documented in our CDP Climate response, indicated that the ELC sites assessed are vulnerable to the following risks: - Extreme precipitations and river flooding - Heat waves - Increase of mean temperature - Water stress - Coastal flooding	Understanding local risks and opportunities is critical to managing immediate (2022) and short and longer-term business risk mitigation plans (up to 2030), and climate resilience and adaptation objectives. Results of the water risk assessment informed (1) which locations to focus ELC's water goals, (2) manufacturing portions of the value chain considered as hot-spots, and (3) risk drivers beyond water stress to support business continuity (water quality, municipal infrastructure, geopolitical issues). To address challenges with manufacturing, ELC recently set a public water withdrawal reduction target to be achieved by 2025, focusing on direct manufacturing sites within water stressed areas. As we implement our water stewardship strategy through 2030, we are aligning our manufacturing sites with Alliance for Water Stewardship (AWS) Standard and conducting water efficiency studies and Source Water Vulnerability assessments which inform our water stewardship program, stakeholder engagement, ELC employee education, and our decisions to secure funding for implementation of capital projects to reduce our water-related impacts. As documented in our CDP Climate response, ELC is incorporating the results from the climate-related scenario analysis into our business strategy by identifying substantive risks to our business and developing plans to mitigate these risks. These plans can include developing strategies to monitor and mitigate risks and investing in capital improvements.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

As part of our sustainability strategy, we completed an enterprise-wide water risk assessment for our direct operations and key portions of our value chain sites to identify baseline water stress projected out to 2030. An outcome of this risk assessment supports the need for continued focus on water in our Melville, NY and Oevel, Belgium campuses. As a follow-up to this assessment, ELC engaged an engineering consultant to complete a Source Water Vulnerability Assessment of these campuses to evaluate current and projected water vulnerabilities, climatic and hydrogeologic conditions, economic development and water supply versus demand, regulatory requirements and stakeholder mapping. We also conducted a water valuation analysis, including the true cost of water to address risk and water reduction within our manufacturing sites. The results of the true cost of water analysis provided justification to invest in capital projects to reduce our water withdrawal.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	<Not Applicable>	Important but not an immediate business priority	ELC will continue to assess this classification.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	Most of our discharge volume is from manufacturing sites, where treated or untreated manufacturing effluent is sent off-site for treatment by the public utility. At the one manufacturing facility with permitted discharge of treated wastewater to freshwater, effluent is sampled and analyzed monthly to confirm compliance with local requirements. This facility started operating in FY22 and was compliant with local requirements regarding wastewater effluent. This facility currently recycles treated wastewater for toilet flushing and irrigation. As this facility becomes fully operational, we will be able to increase our wastewater recycling capabilities and reduce the water discharge volume.
Water withdrawals	Yes	<Not Applicable>
Water, Sanitation, and Hygiene (WASH) services	No, but we plan to within the next two years	Our water stewardship strategy aligns with the UN Sustainable Development Goal (SDG) 6, that aims to 'Ensure availability and sustainable management of water and sanitation for all.' To that end, we aim to contribute to improving water security, including access to Water, Sanitation, and Hygiene (WASH), through stakeholder engagement and collective action in our key watersheds. As we continue to make progress, we plan to periodically review our performance to inform and evolve our water stewardship strategy, with the intention of setting new goals and targets.
Other	Please select	<Not Applicable>

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number
Target 1

Category of target
Water withdrawals

Target coverage
Business activity

Quantitative metric
Reduction in total water withdrawals

Year target was set
2022

Base year
2019

Base year figure
1546

Target year
2025

Target year figure
1236

Reporting year figure
1342

% of target achieved relative to base year
65.8064516129032

Target status in reporting year
Revised

Please explain
In 2022, our organization set a target to reduce our total water withdrawals by 20% by 2025 from a fiscal 2019 baseline, focusing on our high and extremely high water-stressed sites.* Our previous water withdrawal reduction target was focused on one manufacturing facility (Melville, New York); the target coverage has been revised and our new water withdrawal reduction target set in 2022 includes all direct manufacturing. Progress is monitored using megaliters as the unit of measurement. The motivation for the target stemmed from a corporate commitment to improve efficiency in direct manufacturing operations. The target is also in alignment with our water policy commitment to responsible water management. As we have achieved 66% of the target already, we are on track to meet this target as long as progress maintains present pace.

*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.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Data reported within W1.2 for our reporting boundary (Water withdrawal – total volume; water discharges – total volume; water consumption – total volume and W1.2d, percent withdrawn from areas with water stress) were verified by an independent entity, PricewaterhouseCoopers, LLP (PwC).	Other, please specify (independent entity, PricewaterhouseCoopers LLP (PwC))	Select data disclosed within W1.2 sub-questions has been verified by an independent entity, PricewaterhouseCoopers LLP (PwC). PwC's 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.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Please select	<Not Applicable>	

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Please select	<Not Applicable>	

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Please select	<Not Applicable>	<Not Applicable>	

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Please select	<Not Applicable>	<Not Applicable>	

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	Please select	
Production of durable plastic components	Please select	
Production / commercialization of durable plastic goods (including mixed materials)	Please select	
Production / commercialization of plastic packaging	Please select	
Production of goods packaged in plastics	Please select	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Please select	

W11. Sign off

W-FI

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

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Executive Chairman	Board chair

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No

Please confirm below

I have read and accept the applicable Terms