Estee Lauder Companies Inc. - Water Security 2022

W0. Introduction

W0.1

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

The Estée Lauder Companies Inc. is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance, and hair care products. The company's products are sold in approximately 150 countries and territories under brand names including: Estée Lauder, Aramis, Clinique, 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.

This report covers ELC's Fiscal Year 2021 (FY21) – July 1, 2020 through June 30, 2021.

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 2020	June 30 2021

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, 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 FY2021, we estimate our excluded locations account for approximately 30% of our overall water withdrawal. This estimate is based on facility type, size, and estimated water withdrawal volumes based on operations type. In the future, we plan to expand reporting to include at least two of our owned-salon locations, though we have not included them in this report due to lack of available information at this time.

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 CUSIP number	518439104

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 are: - Our Research and Development and Quality teams rely on sufficient amounts of good quality freshwater to perform testing, analysis and develop new products. - Water is also used for cleaning equipment and in cooling equipment. 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 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 has initiated projects to improve our efficiency and reduce water withdrawal and is in the process of developing 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	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. Produced water is important to the manufacture of our products, and therefore we expect that our future dependency on produced water within our direct and indirect operations will remain the same because manufacturing volumes will increase but 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	Please explain
Water withdrawals – total volumes	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries. All of our sites that we actively monitor source their water from a third-party municipal supply, where water usage is tracked through utility bills, which can be distributed at different intervals but are often invoiced periodically, at least quarterly. For one location that also actively draws its own groundwater, the wells are equipped with water meters that are read at least yearly. This data is accumulated across all sites on an annual basis. For Distribution Centers and Research and Development sites where metered data is unavailable, we annually estimate water withdrawal by using actual metered data to estimate the average water withdrawal per square meter (m3/m2).
Water withdrawals – volumes by source	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries. Most of our facilities where we monitor water usage operate on one water source so the method and frequency with which we monitor is the same as for total volumes, either invoicing or water meter readings. Invoicing can occur at different intervals depending on the locality but are done at minimum quarterly. Where applicable, groundwater wells are equipped that can be accessed at any time but are read at a minimum of annually. This data is accumulated across all sites on an annual basis. For Distribution Centers and Research and Development sites where metered data is unavailable, we annually estimate water withdrawal according to a water data accounting methodology, which leverages actual metered data to estimate the average water withdrawal per square meter (m3/m2) for the two facility types.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	76-99	The majority of our facilities operate with a municipal water supply. The municipal supplier must sample water quality to meet local regulations. Our facilities are provided with a water quality report summarizing these results at least on an annual basis.
Water discharges – total volumes	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries. At the facilities where water discharge is monitored, 100% of wastewater is discharged into a public utility system for treatment offsite. At these locations, total volume is monitored through invoicing from the public utility that can be received periodically. Data is accumulated across all sites on an annual basis. For sites where metered data is unavailable, we annually estimate water discharge according to a water data accounting methodology that leverages actual metered data to estimate a percentage of water that was discharged, by facility type (e.g., Manufacturing facilities reported an average of 82% of water withdrawn was discharged; distribution centers reported an average of 95% of water withdrawn was discharged; Research and Development reported 58% of water withdrawn was discharged).
Water discharges – volumes by destination	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a public utility system before ultimate discharge to the environment. This water discharge is monitored through water bills and invoices that can be received periodically and is accumulated across all sites on an annual basis. For sites where metered data is unavailable, we annually estimate water discharge by using actual metered data to estimate a percentage of discharge by facility type (e.g., Manufacturing facilities reported an average of 82% of water withdrawn was discharged; distribution centers reported an average of 95% of water withdrawn was discharged; Research and Development reported 58% of water withdrawn was discharged).
Water discharges – volumes by treatment method	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers (which also include Return and Packaging sites) as part of our relevant operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a public utility system before ultimate discharge into the environment. This water is monitored through water bills and invoices that can be received periodically. This data is accumulated across all sites on an annual basis.
Water discharge quality – by standard effluent parameters	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a public utility system before ultimate discharge into the environment. All ELC facilities are in compliance with local requirements regarding standard effluent parameters. Total discharge volume is monitored through water bills and invoices that can be received periodically. This data is accumulated across all sites on an annual basis.
Water discharge quality – temperature	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a public utility system before ultimate discharge into the environment. All ELC facilities are in compliance with local requirements regarding wastewater effluent. Total discharge volume is monitored through water bills and invoices that can be received periodically. This data is accumulated across all sites on an annual basis.
Water consumption – total volume	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our relevant operating boundaries. The total consumption volume is calculated using total water withdrawal and total water discharge data. 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 is monitored, water consumption is calculated by subtracting total discharge from total withdrawals. This water is monitored through water bills and invoices that can be received periodically. This data is accumulated on an annual basis. For sites where metered data is unavailable, we annually estimate consumption by using actual metered data to estimate a percentage of water consumed, by facility type (e.g. Manufacturing facilities reported an average of 18%; distribution centers reported an average of 5%; R&D reported 42% consumed in operations).
Water recycled/reused	1-25	The majority of water consumption takes place in our manufacturing locations, as water is a raw material in many of our products. At some locations, particularly Manufacturing in Belgium, recycled water is used and monitored through the use of meters that can be accessed at any time. Data is accumulated at least annually. If water is not recycled or reused, it is treated and discharged.
The provision of fully-functioning, safely managed WASH services to all workers	100%	We provide WASH services at all of 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, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1500	About the same	FY21 total water withdrawal is 2% higher than FY20 water withdrawal (FY20 restated water withdrawal = 1,464 megaliters/year), which qualifies as 'about the same' for comparison purposes. When comparing FY21 data to previous year FY20 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". In FY21 we corrected our methodology for addressing the non-contact cooling water (NCCW) at the Melville plant. In previous reporting years, NCCW was incorrectly classified as consumption and has since been corrected to be represented as discharge. We expect overall water withdrawal volume to decrease in FY22, as it is largely driven by our groundwater use at Melville and we anticipate further upgrades and improvements to our systems to be launched in FY22. We remain focused on improving water efficiency across all operations.
Total discharges	1390	About the same	FY21 total water discharge is 3% higher than FY20 water discharge (FY20 restated discharge = 1,347 megaliters/year), which qualifies as 'about the same' for comparison purposes. When comparing FY21 data to previous year FY20 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". The increase in total discharges is driven by corrected methodology in addressing the non-contact cooling water (NCCW) at the Melville plant. In previous reporting years, NCCW was incorrectly classified as consumption and has since been corrected to be represented as discharge. In the future, we expect water withdrawal and discharge volume to decrease due to the installation of a new closed-loop chiller system at key manufacturing sites to replace our current open-loop systems, and system improvements at other facilities. We remain focused on improving water efficiency across all operations.
Total consumption	110	Lower	FY21 total water consumption is 6% lower than the restated FY20 consumption (FY20 restated = 117 megaliters/year). Water consumption is calculated as water withdrawal minus water discharge. When comparing FY21 data to previous year FY20 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". The decrease in consumption is driven by corrected methodology in addressing the non-contact cooling water (NCCW) at the Melville plant. In previous reporting years, NCCW was incorrectly classified as consumption and has since been corrected to be represented as discharge. Therefore, using the formula C = W – D, consumption is lower than the previous year. ELC's primary water consumption is within our operations, where water is used as a raw material in our products. In the future, we expect this to decrease based on production volumes, on-site events (e.g. construction, cleaning), water efficiency projects and capital improvements.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	76-99	About the same	WRI Aqueduct	ELC engaged a water engineering firm to conduct a water risk screening for all of its manufacturing and research and development facilities. The water engineers used the baseline datasets from the WRI Aqueduct Water Risk Atlas Tool to score each ELC facility based on overall risk, baseline water stress and projected water stress indicators. A "Combined WRI Risk Score" was calculated as a weighted average of these indicators, emphasizing the current indicators more than the future. The Overall water risk indicator was weighted at 40%, the Baseline water stress was weighted at 40%, and the Projected water stress was weighted at 20%. Further analysis was performed by the engineering firm's Water Experts to validate the Aqueduct tool results and provide additional insights on local conditions. Local experts assigned risk scores on a 0-5 scale in categories including current business risk, future business risk, supply quantity, watershed quality, municipal infrastructure, regulations and governance, and social/media. A "Water Expert Rating" was calculated as a weighted average of these indicators, where business risk was weighted at 25%, supply quantity at 25%, watershed quality at 15%, municipal infrastructure at 10%, regulations and governance at 15%, and social/media at 10%. The final water risk screening scoring matrix blended the WRI Aqueduct Tool rating with the Engineering firm's Water Experts ratings and insights to develop a Composite water risk ranking score, which is an average of the "Combined WRI Risk Score" and the "Water Expert Rating". Facilities with a Composite Water Risk Score greater than 3.0 are considered medium to high water risk. This analysis was used by ELC to determine the water withdrawn from water stress areas that ELC operates in. When comparing FY21 data to previous year FY20 data, the following approach will be used to determine the magnitude of change: up to +/- 5% change year over year will be referred to as "about the same" and up to +/- 15% will be "lower" or "higher".

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<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>	ELC did not withdraw water from brackish surface water sources during the reporting year.
Groundwater – renewable	Relevant	785	About the same	Improved data collection efforts in FY21 included better allocation of water withdrawal to sources. Groundwater is relevant to our Melville, NY manufacturing location, which uses groundwater in production and as part of operational processes. Renewable groundwater withdrawal volume is 3% higher than the previous reporting year (FY20 = 762 megaliters/year) due to lower production volumes in FY20 due to COVID19 impacts at our manufacturing facilities. When comparing FY21 data to previous year FY20 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>	ELC did not withdraw water from non-renewable groundwater sources during the reporting year.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	ELC did not withdraw water from entrained water sources during the reporting year.
Third party sources	Relevant	715	About the same	Improved data collection efforts in FY21 included better allocation of water withdrawal to sources. The majority of our Manufacturing, Research and Development, Warehouses, and Distribution Centers withdrawal 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 2% higher than previous reporting year (FY20 = 702 megaliters/year) due to lower production volumes in FY20 due to COVID-19 impacts at our manufacturing facilities. When comparing FY21 data to previous year FY20 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	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	ELC did not directly discharge water to fresh surface water during the reporting year.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	ELC did not directly discharge water to brackish surface water during the reporting year.
Groundwater	Relevant	785	About the same	Groundwater is relevant to our Melville, NY manufacturing location, which uses groundwater in production and as part of operational processes. Groundwater discharge volume is 3% more than previous reporting year (FY20 = 762 megaliters/year). This value has changed slightly due to improved data collection efforts which included better allocation of water discharge to sources. Additionally, production volumes in FY20 were slightly lower due to COVID-19 impacts at our manufacturing facilities. When comparing FY21 data to previous year FY20 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	605	About the same	Third-party discharge volume is 3% higher than previous reporting year (FY20 updated volume = 585 megaliters/year). This value has changed slightly due to improved data collection efforts which included better allocation of water discharge to sources. Additionally, production volumes in FY20 were slightly lower due to COVID-19 impacts at our manufacturing facilities. When comparing FY21 data to previous year FY20 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	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	19	Much higher	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 completes tertiary treatment of wastewater discharge, in compliance with the wastewater permit standards. Wastewater undergoes primary treatment through an interceptor and basic filter, then passes through a dissolved air floatation to a membrane biological reactor. Water is able to be reused in processes as a result of reverse osmosis. Our FY21 discharge volumes increased from FY20 by 24% due to equipment changes and production ramp up from the COVID-19 impacts. When comparing FY21 data to previous year FY20 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	33	Higher	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 FY20 to FY21, secondary treatment increased by 15% due to equipment changes and production ramp up from the COVID-19 impacts. Comparing FY21 data to previous year FY20 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	414	Higher	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 pH adjustments prior to discharge, in compliance with local regulatory requirements. From FY20 to FY21, primary treatment increased by 8% due to equipment changes and production ramp up from the COVID-19 impacts. Comparing FY21 data to previous year FY20 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	816	About the same	1-10	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. Water used for irrigation at 2 manufacturing locations is discharged directly to the environment without treatment, in compliance with local regulatory requirements. Comparing FY21 data to previous year FY20 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	78	Higher	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 FY20 to FY21, discharge to a third party without treatment increased by 6% due to equipment changes and production ramp up from the COVID-19 impacts. Comparing FY21 data to previous year FY20 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	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We do not currently track discharge treatment level for Distribution Centers, Packaging and Assembly locations, Returns Centers, or Warehouses as primary water use is for sanitation / potable consumption which is not considered relevant to our overall water footprint. Comparing FY21 data to previous year FY20 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	16220000000	1500	10813333.3333333	Going forward, we anticipate that our water withdrawal efficiency will improve, resulting in a lower volume of water withdrawn per unit revenue.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100

% of total procurement spend

51-75

Rationale for this coverage

We have targeted our Strategic and Joint Value Creation (JVC) Suppliers in our EcoVadis Assessments. We define Strategic and JVC suppliers as highly critical suppliers with broad and unique capabilities, proven value creation in one or multiple pillars and highest level of collaborative partnership. These suppliers comprise more than half of our Direct Spend. As a result, we aim to create close ties with these suppliers and seek to engage with them on water-related issues; helping to align our supply chain with our ambitions. We require our key strategic partners to achieve an “advanced” score and expect other suppliers to achieve at least a “satisfactory” score. We engage with suppliers who do not achieve a “satisfactory” score to help them improve, and we reassess them each year until they meet the “satisfactory” requirement. In fiscal year 2021, more than half of strategic suppliers improved their EcoVadis scorecard performance from their previous assessment. Strategic and JVC Suppliers are incentivized to report to EcoVadis as ELC may not approve new contracts with suppliers that continuously score below "satisfactory" despite engagement from ELC, or do not agree to EcoVadis assessments.

Impact of the engagement and measures of success

We request Strategic and JVC Suppliers to report on water management through EcoVadis assessments. The EcoVadis assessment considers the measures that suppliers have in place regarding water management. To measure success, we track: % of participation in the EcoVadis questionnaires, those achieving at least a “satisfactory” score, and the % of suppliers reporting water management actions. In FY21 we met our target to have 100% of our key (Strategic and JVC Suppliers) enrolled in the program. Therefore, we use the information collected to monitor our progress towards 100% engagement and to track supplier progress annually. Supplier sustainability performance, such as EcoVadis scores, is one criteria considered when renewing or awarding new business. In FY21, 100% of Strategic and JVC Suppliers* were screened using environmental and social criteria and 71% of these are reporting measures to reduce water withdrawal such as implementing infrastructure to reuse water from operational processes and having closed-loop water cooling system in place. * Strategic and JVC 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 comprise more than half of ELC Direct Spend.

Comment

The % of suppliers by number refers to our Strategic and JVC Suppliers; % of total procurement spend relates to direct spend.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
Incentivizing for improved water management and stewardship

Details of engagement
Water management and stewardship action is integrated into your supplier evaluation

% of suppliers by number
76-100

% of total procurement spend
51-75

Rationale for the coverage of your engagement
Strategic and JVC Suppliers 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 comprise more than half of our Direct Spend. As a result, we aim to create close ties with these suppliers and seek to engage with them on water-related issues; helping to align our supply chain with our ambitions.

Impact of the engagement and measures of success
We request Strategic and JVC Suppliers to report on water management through EcoVadis assessments. The EcoVadis assessment considers the measures suppliers have in place regarding water management. To measure success, we track: % of participation in the EcoVadis questionnaires, those achieving at least a “satisfactory” score, and the % of suppliers reporting water management actions. In FY21, 100% of Strategic and JVC Suppliers * were screened using environmental and social criteria and 71% of these suppliers are reporting measures to reduce water consumption. Suppliers can report on measures to reduce water consumption such as implementing infrastructure to reuse water from operational processes and having closed-loop water cooling system in place. By requesting that our key suppliers undertake EcoVadis assessments, we have benefited from improved water management within our supply chain. We consider the consequential reduction in our indirect water usage as a beneficial outcome of these assessments, thanks to the measures put in place by our suppliers to reduce water consumption in their operations. * 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 comprise more than half of ELC’s Direct Spend.

Comment
The % of suppliers by number refers to our JVC and strategic suppliers; % of total procurement spend relates to direct spend.

Type of engagement
Other

Details of engagement
Other, please specify (Water risk and stewardship action are topics that suppliers are requested to disclose on via CDP Supply Chain)

% of suppliers by number
1-25

% of total procurement spend
1-25

Rationale for the coverage of your engagement
ELC evaluated suppliers and launched the CDP Supply Chain (CDPSC) program with a focus on commodity areas identified to have water consumption/wastewater management risk in their business. Environmental risk was part of an assessment for sensitive supply chain commodities therefore suppliers within that program were identified as the first group to be invited to disclose as well as paper suppliers due to the water intensive nature of that sector. As a result, we aim to create close ties with these suppliers and seek to engage with them on water-related issues; helping to align our supply chain with our ambitions.

Impact of the engagement and measures of success
Inviting suppliers to disclose via CDPSC helps identify and then address water-related risks such as water scarcity, flooding, and chronic pollution. In this inaugural year the aspiration is to receive enough data about our most essential suppliers to be able to inform our enterprise strategy and set pathways to water action. To measure success, we will track % of participation and % suppliers providing water accounting. We anticipate in FY23 more targeted suppliers will enter the program and there will be conversations with strategic suppliers about water management plans. We consider the consequential reduction in our indirect water usage as a beneficial outcome of these assessments, thanks to the measures put in place by our suppliers to reduce water consumption in their operations.

Comment
The % of suppliers by number refers to our JVC and strategic suppliers; % of total procurement spend relates to FY21 direct & indirect spend.

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?
No

W3. Procedures

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
Databases

Tools and methods used
WRI Aqueduct
Enterprise Risk Management
Regional government databases

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
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

Value chain stage
Other stages of the value 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
Databases

Tools and methods used
WRI Aqueduct
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
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
Building on the FY19 and FY21 water risk assessment work, we planned an enterprise-wide multi-phased water risk assessment in FY21, which included other stages of the value chain and was executed throughout FY22. ELC engaged an external consulting firm to conduct the expanded water risk screening for all of its owned facilities and select third-party manufacturing facilities. The consultant used data from the WRI Aqueduct Water Risk Atlas Tool and scored each ELC facility based on overall risk, baseline water stress and projected water stress indicators. Further analysis was performed by the consultant's Water Experts to validate the Aqueduct tool results and provide additional insights on local conditions. The overall water risk screening scoring matrix blended the WRI Aqueduct Tool rating 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 as well as in select stages of the value chain.

Value chain stage
Supply chain

Coverage
Please select

Risk assessment procedure
Water risks are assessed in an environmental risk assessment

Frequency of assessment
Annually

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

Type of tools and methods used
Enterprise risk management
Other

Tools and methods used
Internal company methods
Other, please specify (Enterprise Risk Management, EcoVadis)

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. EcoVadis Assessments: At the supplier level, we assess and monitor sustainability risks through EcoVadis which assess environmental impacts among others. Each supplier that participates answers a questionnaire and provides supporting documentation on the EcoVadis platform.

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.

ELC identifies, assesses, and responds to risks in our direct operations and select value chain components, including the impact of these risks to our stakeholders using the following tools and methods. Identifying the water related risks to our business and incorporating details on the local context enables us to inform our internal decision-making process as we prepare and implement our water stewardship strategy.

1. Enterprise Risk Management and Internal Company Methods:

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.

The ERM process includes a) conducting risk interviews, b) updating risk documentation to assess risk and mitigation effectiveness, c) reviewing the internal strategies to identify potential emerging risks d) synthesizing outputs and commentary from committee meetings and interviews and e) reporting to the Enterprise Risk Management Committee, Board of Directors (BoD) and Audit Committee (AC) on emerging risks, Top 10 Enterprise Risks and key program changes.

Water-related risks are identified and evaluated through Water Risk Assessment and Ecovadis Assessments. These results inform the ERM process and are used to prioritize water related risks for ELC.

2. WRI Aqueduct and external consultants: (Links to 'other value chain' in 3.3a)

ELC engaged an external consulting firm to conduct water-risk assessments for our full direct manufacturing operations in FY19. An 'Overall External Risk Rating' was calculated with weighting factors applied to the key WRI Aqueduct Tool indicators. Regional Water Experts assigned risk scores on a 0-5 scale based on their knowledge of the region, regional government databases, and local media sources to capture local risk drivers related to water availability, water quality, stakeholder conflicts concerning water resources, water regulations, WASH issues, and the status of ecosystems and habitats at the catchment level, for example. By identifying the risks, including understanding the local context, the assessment enables us to inform our internal decision-making process as we prepare and implement our water stewardship strategy to reduce risks to our business and to our stakeholders as listed above. The final water risk assessment scoring matrix blended the WRI Aqueduct Tool rating with the engineering firm's Water Expert Rating as described in section 1.2d.

Building on the FY19 water risk assessment work, the WRI Aqueduct data was refreshed in FY21. The results of the risk assessments support our decision-making for Capex and Opex resource investment. For example, after the Water Risk assessment identified our Melville, New York, facility as a water-stressed location in FY19 and FY21, we initiated a Source Water Vulnerability Assessment (SVA) to further analyze local source water, watershed conditions, and important stakeholders. Next on our risk ranking was our Northtec Bristol, Pennsylvania campus. In FY21, we initiated a water efficiency study and SVA at this location. In FY22, we initiated water efficiency studies and SVAs at our Whitman Laboratories, United Kingdom and Oevel, Belgium manufacturing locations. The outputs of the studies and SVAs inform our water stewardship program and our decision-making to secure funding and implement capital projects to reduce our water-related impacts.

In FY21, we planned an enterprise-wide multi-phased water risk assessment, which was executed throughout FY22. The expanded scope of the water risk assessment includes all of our operational sites and Free-Standing Stores, Offices and key Third-Party Manufacturers.

3. EcoVadis Assessments:

EcoVadis Assessments: At the supplier level, we assess and monitor look into sustainability risks through EcoVadis which assess environmental impacts among others. Each supplier that participates answers a questionnaire and provides supporting documentation on the EcoVadis platform.

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?

In line with our Enterprise Risk Management framework, ELC defines financial impact on a 5-point scale ranging from Very Low to Very High. A residual risk is considered substantive from a financial point of view when its impact exceeds 1% of annual net sales (ELC reported total net sales of $ 16,215 million in FY21 as per 10K).

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 threshold for substantive impact is a Composite Risk Score >3.0 in the Water Risk Assessment and the associated potential financial impact could exceed 1% of annual net sales.

From a strategic standpoint, we consider a risk to be substantive when the reputation of ELC or one of our brands has the potential to be impacted in a meaningful way. (e.g., loss of consumer confidence/trust, loss of sales via boycotts). The definition applies to both our direct operations and our supply chain.

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	1	1-25	Based on a Water Risk Assessment performed in FY19 and the WRI Aqueduct data refresh in FY21, 1 manufacturing site in the reporting portfolio ranked at medium to high water risk. Medium to high water risk was assigned to facilities that had a composite score >3.0. Distribution centers, R&D, warehouses, offices, packaging & assembly, salons, schools, free standing stores, and third-party manufacturers were excluded as they are not considered to have a substantive impact on our water footprint.

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 the associated potential financial impact could exceed 1% of annual net income.

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
Disruption to sales

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 FY19, and the refresh performed in FY21, 1 manufacturing site in the reporting portfolio is exposed to medium to high water risk, our largest manufacturing site located in Melville, New York USA. 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. 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 sales.

Timeframe
More than 6 years

Magnitude of potential impact
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)
24000000

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

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

Explanation of financial impact
We manufacture skincare products, and fill fragrances at our Melville campus. All of these processes require water, so if the Melville campus was without water for two weeks and unable to operate, the financial burden could be as high as 24 MM based on Net Operating Income. We understand this may be a risk to our company because Long Island shows high stress levels for both water quality and quantity based on: An increase in population; 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 FY19 we started to investigate ways to reduce our withdrawal of groundwater at our plant in Melville, New York, as it is located in a water stressed region. Currently, the Melville plant uses a groundwater chilling system to provide comfort cooling, which derives most of its cooling from water extracted from two open-loop groundwater wells. To reduce our water withdrawal, we planned a well water bypass reduction system in FY21 that was implemented in FY22. In addition, we have conducted a Source Water Vulnerability Assessment and a combined energy/water efficiency study at the site to understand the local watershed conditions and ways that we can reduce our water withdrawal. Through these actions, we aim to help preserve water for future generations for the Long Island region and help mitigate the impacts of water stress on our business. Timescale of Implementation: The well water by-pass reduction system was implemented in FY22 and will continue to operate for the foreseeable future. We are continuing to implement additional processes on an ongoing basis to reduce our exposure to these risks.

Cost of response
235000

Explanation of cost of response
This figure represents the sum of costs spent on a Source Water Vulnerability Assessment (SVA) and a combined Water/Energy efficiency study ($50,000) at our Melville plant, as well as costs spent to implement a well water bypass reduction system ($185,000). The SVA included a comprehensive/360° baseline assessment of current and projected watershed conditions considering source water options and vulnerabilities, climatic and hydrogeologic conditions, economic development, water supply versus demand, regulations, and stakeholder mapping. The energy/water efficiency study identified and prioritized optimization opportunities and provided initial investment quantifications for prioritized opportunities. As part of this process, consultants visited our Melville site for three days, to see the facility first-hand and to speak with our local team members. In addition, as part of this project, our consultants provided a summary presentation of the SVA and efficiency study results for senior site management.

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 work 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
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 will encourage is to work with a consultant to conduct a Source Water Vulnerability Assessment to understand the local watershed and related risks, in addition to a Water efficiency study. In our experience, these studies take approximately 3 to 6 months to complete. 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 a Source Water Vulnerability Study to understand the local watershed and related risks. Also, conservation and efficiency studies to identify opportunities for improvements in water efficiency, water reuse and recycling and to fully understand the site water balance on how and where water is being used.

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 FY21, ELC undertook a water and energy optimization study at our Melville manufacturing site. During this study, we identified an opportunity to improve water efficiency in our manufacturing operations by installing more efficient kettles and implementing uniform clean-in-place (CIP) procedures. In FY21, we also completed a water mass balance and true cost of water analysis at our Northtec Bristol manufacturing site that identified opportunities to utilize automatic supply shutoffs during kettle washing, reuse of CIP water from kettle and barrel washing, and installation of low-flow fixtures (e.g., restrooms). This opportunity originated from the development of our long-term water strategy that outlines our goals and the actions we need to take to deliver water efficiency improvements at facility, corporate, and watershed levels. ELC uses atmospheric kettles to manufacture some of our products, such as creams and lotions. Currently, cleaning these kettles requires ELC to use a substantive amount of water, and one of our manufacturing facilities is in a region with high water stress. Therefore, by establishing uniform clean-in-place procedures and replacing our current kettles with a more efficient technology, ELC has the opportunity to progress our water-related targets and goals, reduce our direct water-related costs, and reduce the risk of water-related disruption at our manufacturing sites. Water and energy efficiency are especially important at our Melville site as a recent Water Risk assessment identified it as a water-stressed site, and we anticipate that climate change impacts could exacerbate water stress in this region. Therefore, in FY21, the Melville plant team specified water-efficient technologies in all new kettle installations. In FY22, two atmospheric kettles (1000L and 700L) were replaced with two pressurized kettles (3500L and 2200L). We also installed four additional new efficient, pressurized kettles (two 3500-liter and two 5000-liter kettles). Our new kettles allow for larger product batches while using water more efficiently to clean and sanitize. We also installed a centralized CIP in Melville to support the development of a global standardized CIP process (e.g., chemical dosing, quantity, time, water usage, etc.). From this design shift and best practice sharing, we will expand the learnings to other manufacturing facilities and will install more efficient kettles at additional manufacturing sites through FY25.

Estimated timeframe for realization
More than 6 years

Magnitude of potential financial impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
16000

Potential financial impact figure – maximum (currency)
107000

Explanation of financial impact
Based on initial engineering estimates, we expect that we would save between $16,000 and $107,000 per year in energy and water savings by improving the efficiency of our kettle-cleaning procedures at our Melville site. This cost savings includes the cost of water used in the cleaning processes and the cost of natural gas used to heat the water for cleaning and sanitization. Cost savings could result in a 4-28% decrease in water and natural gas costs for the site, based on FY20 water and natural gas costs. The potential financial impact range is dependent on how frequently the kettles are cleaned – the maximum potential financial impact could be realized if all the kettles at the site were cleaned once a day (except for holidays and downtime). Kettles need to be cleaned less than the previous kettles because they have more efficient spray nozzles and they are larger, allowing for the processing of bigger batch sizes. This is significant because Melville is our largest water user. We consider this opportunity to be strategically substantive for our company because it will allow us to improve the efficiency of our manufacturing processes, while reducing our energy and water withdrawal in a water-stressed region.

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)
1151

Comparison of total withdrawals with previous reporting year
About the same

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
785

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
367

Total water discharges at this facility (megaliters/year)
1138

Comparison of total discharges with previous reporting year
About the same

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
785

Discharges to third party destinations
353

Total water consumption at this facility (megaliters/year)
13.7

Comparison of total consumption with previous reporting year
Higher

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 non-contact cooling water (NCCW) are about the same (3% higher) as the previous reporting year (FY20 restated = 761.8 megaliters/year). When combined with our withdrawal from our municipal supplier, overall withdrawal and discharge volumes increased from FY20 by approximately 5%. However, consumption values increased by approximately 21% as compared to the previous reporting year (FY20 restated = 11.3 megaliters/year). The increase in consumption as compared to FY20 is attributed to an increase in products manufactured and a decrease in water intensity in FY21. In FY21 we corrected our methodology for addressing the non-contact cooling water (NCCW) at the Melville plant. In previous reporting years, NCCW was incorrectly classified as consumption and has since been corrected to be represented as discharge. We expect overall water withdrawal volume to decrease in FY22, as it is largely driven by our groundwater use at Melville and we anticipate further upgrades and improvements to our systems to be launched in FY22. 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) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water withdrawals – volume by source

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water withdrawals – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water discharges – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water discharges – volume by destination

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water discharges – volume by final treatment level

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water discharges – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

Water consumption – total volume

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
ELC does not currently verify its water data through a third party, however it is reviewed through internal controls.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy, but it is not publicly available

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	At ELC, we recognize that water is an essential shared resource, however many regions around the world face water scarcity, which is worsening due to climate change. 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. Therefore, our approach to water is company-wide reflecting our goal to reduce our impact on local water resources. Through our commitment to water stewardship, we are going beyond regulatory compliance to significantly reduce our impact on local water resources. We plan to achieve our goal by reducing water consumption and improving efficiency at our manufacturing sites through water related innovation and implementation of best practices for efficient water management. Our commitment to water stewardship supports SDG 6, 'Ensure availability and sustainable management of water and sanitation for all'. 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 therefore we are assessing suppliers' sustainability initiatives, including measures to reduce water consumption.

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	Please explain
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 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. Senior leaders from Finance; 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 other 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 in our value chain.
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 water-related initiatives 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. Senior leaders from Finance; 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 other 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 citizenship 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 in our value chain.

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 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	Our Nominating and ESG Committee has oversight responsibility for our company's environmental, social, and governance activities and practices, including citizenship and sustainability matters. The SVP GCCS attends meetings of the Nominating and ESG Committee and provides updates on topics such as climate, progress toward goals, and other related matters, as appropriate. In addition, the SVP GCCS periodically presents at Board meetings. Water-related issues are considered as a part of ELC's sustainability strategy. For example, in FY21, the SVP, GCCS provided an update on a new water-related risk assessment for our global manufacturing sites and on a Source Water Vulnerability Assessment conducted at our Northtec campus.

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 has a strong understanding of the water-related risks and opportunities facing businesses today. • 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 meet these criteria.	<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)
Other C-Suite Officer, please specify (EVP, Global Supply Chain; SVP, Global Corporate Citizenship and Sustainability)

Responsibility
Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

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

Please explain
We consider C-Suite to be our executive leadership team. ELC's SVP, Global Corporate Citizenship and Sustainability (GCCS) is therefore considered to be a member of our C-suite; this position reports directly to the Executive Chairman and CEO. In this role, the SVP is responsible for leading efforts to integrate citizenship and sustainability into business strategy and operations. In particular, the SVP, GCCS guides water-related sustainability strategy and assesses and manages water-related risks and opportunities. The SVP, GCCS 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. For example, in FY21, the SVP, GCCS provided an update on a new water-related risk assessment for our global manufacturing sites and on a Source Water Vulnerability assessment conducted at our Northtec campus.

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	Please explain
Monetary reward	Corporate executive team	Reduction in consumption volumes	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. Water related aspects of the ESG 2025 goals include completing water efficiency studies at select manufacturing sites and implementing water conservation projects. Reducing ELC's consumption volume was selected as the performance indicator for the Executive Vice President as primary water consumption is essential within our operations, where water is used as a raw material in our products. ELC uses an environmental consultancy to calculate our water accounting data each year. By our definition, we consider water consumption as water withdrawal minus water discharge. This gives us an indication of how much water is consumed to manufacture ELC products. Reducing our water consumption, therefore, reduces the water footprint of our products, which is ELC's long-term goal. In the medium-term, the Executive Vice President's incentives will also be measured against the successful implementation of a water withdrawal reduction goal including the capital plan and budget to complete for FY26.
Non-monetary reward	Corporate executive team	Reduction in consumption volumes	The Executive Vice President of the Global Supply Chain (GSC)'s annual performance review and associated performance rating includes successful delivery of all of ELC's ESG 2025 goals (along with resource requirements). Water-related aspects of the ESG 2025 goals include completing water efficiency studies at select manufacturing sites and implementing water conservation projects. Reducing ELC's consumption volume was selected as the performance indicator for the Executive Vice President as primary water consumption is essential within our operations, where water is used as a raw material in our products. By our definition, we consider water consumption as water withdrawal minus water discharge. This gives us an indication of how much water is consumed to manufacture ELC products. Reducing our water consumption, therefore, reduces the water footprint of our products, which is ELC's long-term goal.

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?
No

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 identified an opportunity to improve the efficiency of our kettle-cleaning processes by installing more efficient kettles and implementing uniform clean-in-place procedures. Improving our water efficiency in manufacturing through kettle upgrades for example 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, therefore currently, we are developing a glidepath that lays out the steps for achieving absolute water goals 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 analysis using an external engineering consultant to identify the scope of water usage accounting in the company by analyzing water usage data for types of facility locations to fully understand water accounting and determine 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. In addition, we anticipate that all new manufacturing buildings will meet LEED building standards, which include water efficiency and conservation. Finally, our Melville campus was identified as a water stressed region and we undertook a Source Vulnerability Assessment to better understand the risks factors and integrate watershed conditions into our business objectives.
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 Citizenship and Sustainability Strategy presented to 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 and 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)

-68

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

100

Water-related OPEX (+/- % change)

50

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

200

Please explain

CAPEX decreased in FY21 vs. FY20 due to a particularly large project in FY20 where the cooling tower was replaced at our Blaine facility. In FY22 $190,000 was invested in improving the efficiency of well water withdrawal at Melville which will reduce withdrawal from this source by 50%. OPEX increased in FY21 due to enlisting Consultant support for supporting water risk studies and to align with step one of the AWS standard at our Melville and Northtec Bristol manufacturing plants. OPEX increased in FY22 due to enlisting Consultant support for a water risk screening assessment, Water Goal Setting Workshop, and supporting studies to align with step one of the AWS standard at our Oevel and Whitman UK MFG plants. New SME resources were also recruited into the Global EHS team. The forward trend originates from a greater understanding of risks and opportunities in our operations and need for additional funding to ensure business continuity and build business resiliency.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	In FY21, we planned an enterprise-wide multi-phased water risk assessment, which was executed throughout FY22. The initial screening phase applied the World Resources Institute's (WRI) Aqueduct Water Risk Atlas Framework that combines 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
Row 1	Water-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.	Infrastructure resiliency, declining water quality, and water supply resiliency are overarching challenges identified in the risk assessment. Overall, 24% of ELC facilities are in high water risk locations. The key risk indicators for ELC are: (1) coastal eutrophication potential with approximately 38% of ELC facilities in watersheds with degraded water quality related to point-source and nonpoint-source pollution and (2) water stress: 22% of ELC facilities are at high baseline water stress currently and are expected to increase to 25% in 2030. Coastal eutrophication could lead to environmental degradation, increased water treatment costs, and stricter regulations increasing costs. Coastal flooding and riverine flooding are likely to cause damage to 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 challenges related to non-point source and point-source pollution are a high-water quality 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.	Understanding local risks and opportunities is critical to managing immediate (2022) short and longer-term business risk mitigation plans (up to 2030), and climate resilience and adaptation objectives. Results of the water risk assessment has informed (1) which locations to focus ELC's water goals where to focus ELC's water goals, (2) manufacturing portions of the value chain considered as hot-spots and (3) identifying risk drivers beyond water stress to support business continuity (water quality, coastal eutrophication potential, municipal infrastructure, geopolitical issues). To address challenges with manufacturing, ELC is considering a range of initiatives including building awareness for ELC employees, setting site specific action plans, developing formal water management plans following the AWS guidance, and evaluating water governance.

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 a high-level water risk assessment for our manufacturing and innovation 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 campus. As a follow-up to this assessment, ELC engaged an engineering consultant to complete a Source Water Vulnerability Assessment of the Melville campus to evaluate current and projected water vulnerabilities, climatic and hydrogeologic conditions, economic development and water supply versus demand, regulatory requirements and stakeholder mapping. We are conducting a water valuation analysis, including the true cost of water to address risk and water reduction within our manufacturing sites.

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) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	We set water goals and targets based on a water risk assessment and analysis that we completed using a baseline year of FY19. As part of this process, we completed an analysis using external engineering consultants to identify relevant reporting boundaries by facility. A comprehensive facility list was evaluated, and a relative impact score was assigned based on factors such as operation type, historic water consumption quantity, type of facility, and building size. Overall risk screening and analysis results identify local water risks and inform the company's water stewardship strategy and company-wide targets and goals. For instance, after a recent WRI risk assessment identified that our Melville campus is in a region of high-water risk, we developed a goal to reduce groundwater withdrawal at this site. In addition, we used the results of the water risk assessment to prioritize where we will conduct water efficiency and/or Source Vulnerability assessments, focusing first on the highest risk sites. In FY22, we continued to deepen our understanding of our dependence on high quality water as a important ingredient for our products and essential for manufacturing and product development; and assessed shared water challenges at certain operation sites to enhance our relationship with relevant stakeholders. To align with Alliance for Water Stewardship (AWS), we continuously review and enhance our targets to drive water efficiency through innovation and implementation of internationally recognized best practices for efficient water management and multi-stakeholder engagement within our communities as identified by our water risk study.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water withdrawals

Level
Site/facility

Primary motivation
Risk mitigation

Description of target
By January 1, 2026 we plan to reduce groundwater withdrawal from our wells at our Melville manufacturing facility by 50%. Reducing groundwater withdrawal will reduce the stress of water demand on the Magothy Aquifer for the Melville watershed, and subsequently help to ensure business continuity at our facility. We selected this target because a recent WRI Watershed Risk assessment identified Melville as a water-stressed site. We understand this may be a risk to our company because Long Island shows high stress levels for both water quality and quantity. We anticipate that climate change impacts could exacerbate water stress in this region. Reducing our reliance on groundwater will help to mitigate the potential risk of closing our Melville manufacturing site temporarily due to water stress, which would have a substantive strategic impact for ELC, given that Melville is our largest manufacturing site.

Quantitative metric
% reduction of water withdrawals from groundwater

Baseline year
2018

Start year
2018

Target year
2026

% of target achieved
21

Please explain
The Melville Manufacturing site is undergoing an Industrial Site Master Plan to deliver a long-term planning strategy to guide future production growth and development. Sustainability initiatives will be built into the planning process including manufacturing optimization, water and energy efficiency, water stewardship and zero waste in accordance with the Supply Chain's sustainability strategy. Groundwater withdrawal from two on-site wells is currently used for HVAC building cooling and has been reduced by 21% from FY18 to FY21 due to the installation of dedicated CAPEX cooling equipment.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal
Other, please specify (Conduct water efficiency studies at manufacturing facilities)

Level
Business

Motivation
Water stewardship

Description of goal
We set a goal to conduct water efficiency studies at 100% of our manufacturing sites. Manufacturing sites account for approximately 90% of our reported water withdrawal, and one is located in a water-stressed region. Therefore, our water stewardship goal is paramount to us, as water is important for both products and operational use. Understanding the current state of water use is essential to better water management and will help inform our water stewardship strategy and ensure that we can source sufficient quantities of water for our operations while also reducing our impact on the watershed and environment. To implement this goal, we are working with external partners to conduct 1-2 water efficiency studies at our manufacturing facilities each year. In FY20, we selected our largest manufacturing facility Melville, located in a region of high-water risk, for this study. We combined the water efficiency study with the Source Water Vulnerability Assessment for the Melville campus. In FY21, we completed a combined water efficiency study and Source Water Vulnerability Assessment at our Northtec Bristol plant and in FY22, we conducted these combined studies at our Oevel and Whitman campuses. We set aside budget for consultants to perform the studies at the remaining manufacturing locations. In addition, we identified personnel resources both at the corporate and site level to support the efficiency studies and implementation of water efficiency initiatives in operations.

Baseline year
2018

Start year
2018

End year
2025

Progress
Our indicator to assess goal progress is the number of facilities that have undergone water efficiency studies. Our aim is for 100% of our manufacturing sites to complete these studies, so that we can identify areas of opportunity. To implement this goal, we are working with external partners to conduct 1-2 water efficiency studies at our manufacturing facilities each year. Therefore, we consider it a success if we conduct at least one study per year. Since 2018, when we first identified this goal, we have conducted water efficiency studies at our Melville, Northtec and Agincourt sites. We believe that we are on track to achieve this goal by 2025. Another progress indicator is the number of manufacturing sites that have undergone Source Water Vulnerability Assessments (SVA). We aim to conduct these studies for each of our manufacturing campuses. In FY20 we conducted an SVA at our Melville manufacturing facility. The learnings from this important study are informing our water stewardship strategy and will be cascaded to our other manufacturing facilities. In FY21, we initiated an SVA at our Northtec Campus, Bristol, PA, to understand the impact that water stress and water quality may have on the watershed and the long-term sustainability of water supply. We selected this site because it came up as a potential water-risk location in our WRI risk assessment. In FY22, we conducted SVAs at our Oevel and Whitman campuses.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
No, we do not currently verify any other water information reported in our CDP disclosure

W10. 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.

W10.1

(W10.1) 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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].
No

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 confirm below

I have read and accept the applicable Terms