

W0. Introduction

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W0.1

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**(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, Tommy Hilfiger, M·A·C, La Mer, Bobbi Brown, Donna Karan New York, DKNY, Aveda, Jo Malone London, Bumble and bumble, Michael Kors, Darphin Paris, TOM FORD BEAUTY, Smashbox, Ermenegildo Zegna, AERIN, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, KILIAN PARIS, Too Faced and Dr. Jart+, and the DECIEM family of brands, including The Ordinary and NIOD. The Estée Lauder Companies Inc. and its subsidiaries are referred to as "The Estée Lauder Companies", "ELC", "we", "us" or "our" in this report.

At The Estée Lauder Companies our vision is to build a more beautiful and sustainable world. We are inspired to do this by the beauty around us, and our decisions and actions are driven by the Lauder family values that guide everything we do. These values include an unwavering commitment to quality and excellence, embedding creativity and innovation across our business and acting responsibly and caring for the communities we serve.

This report covers ELC's Fiscal Year 2020 (FY20) – July 1, 2019 through June 30, 2020.

W0.2

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**(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 2019	June 30 2020

W0.3

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**(W0.3) Select the countries/areas for which you will be supplying data.**

- Australia
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Czechia
- Democratic People's Republic of Korea
- Denmark
- France
- Greece
- Hungary
- Italy
- Japan
- Malaysia
- Mexico
- New Zealand
- Romania
- South Africa
- Spain
- Switzerland
- Taiwan, Greater China
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

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**(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 and are sometimes leased. Therefore, we are currently not collecting water data from lease locations since we do not consider its usage to be material or data is not available at the time of this report. We have expanded our data collection from previous years to include water usage data for all Distribution Centers, Warehouses, and Research and Development sites (which also include Return and Packaging sites) - estimating data where necessary based on facility type, size, headcount, etc. to most accurately represent our water use portfolio. For FY2020, 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 consumption volumes based on operations type. In the future, we plan to report relevant data from our two owned-salon locations though have not included them in this report due to lack of available information at this time.

## 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	Water is used as an ingredient in manufacturing our products and also used for cleaning equipment to support manufacturing. In addition, our Research and Development and Quality teams rely on sufficient amounts of good quality freshwater water to perform testing, analysis and develop new products. Water is also used for cooling equipment. Thus, having enough good quality freshwater is important to our business' direct water use. We 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. For example, water risk was considered as one of the risk criteria of the materiality assessment conducted by Business for Social Responsibility (BSR) to determine the list of priority ingredients for the development of Sustainability action plans. Water is vital 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. To help ensure we can meet our demands sustainably we are taking action to reduce our water consumption 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. Water is vital 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. 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 material operating boundaries. Retail stores and offices are currently excluded. Almost 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 quarterly. For our one location that actively draws its own groundwater, the wells are equipped with water meters that can be accessed at any time but are read at a minimum of yearly for reporting purposes. This data is accumulated across all sites on an annual basis. Water withdrawal is measured monthly by on-site meters and/or provider utility bills. Where withdrawal is not measured, we estimate water withdrawal based on facility size, facility type, headcount, and additional extrapolation inputs to most accurately represent our water use portfolio.
Water withdrawals – volumes by source	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers as part of our material operating boundaries. Retail stores and offices are currently excluded. 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 often done 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. Where withdrawal is not measured, we estimate water withdrawal based on facility size, facility type, headcount, and additional extrapolation inputs to most accurately represent our water use portfolio.
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 material operating boundaries. Retail stores and offices are currently excluded. At the facilities where water discharge is monitored, 100% of wastewater is discharged into a third-party system for treatment offsite. At these locations, total volume is monitored through invoicing from the third party that can be received at differing intervals but is often quarterly. Data is accumulated across all sites on an annual basis. Where discharge is not measured, we estimate based on water withdrawal and facility size, facility type, headcount, and additional extrapolation inputs to most accurately represent our water use portfolio.
Water discharges – volumes by destination	76-99	We currently consider Manufacturing, Research and Development, Warehouses, and Distribution Centers (which also include Return and Packaging sites) as part of our material operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. Retail stores and offices are not currently included for water reporting as ownership varies and water is primarily used for sanitation and hospitality purposes. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a third-party before discharge. This water is monitored through water bills and invoices that can be received for varying intervals but are often on a quarterly basis. This data is accumulated across all sites on an annual basis. Where discharge is not measured, we estimate based on water withdrawal and facility size, facility type, headcount, and additional extrapolation inputs.
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 material operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. Retail stores and offices are not currently included for water reporting as ownership varies and water is primarily used for sanitation and hospitality purposes. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a third-party before discharge. This water is monitored through water bills and invoices that can be received for varying intervals but are often on a quarterly basis. 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 (which also include Return and Packaging sites) as part of our material operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. Retail stores and offices are not currently included for water reporting as ownership varies and water is primarily used for sanitation and hospitality purposes. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a third-party before discharge. All ELC facilities are in compliance with local requirements regarding standard effluent parameters. This water is monitored their total discharge volume through water bills and invoices that can be received for varying intervals but are often on a quarterly basis. 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 material operating boundaries, as these location types are typically the largest water users of all operation types in our value chain. Retail stores and offices are not currently included for water reporting as ownership varies and water is primarily used for sanitation and hospitality purposes. At each of the facilities where discharge is monitored, water is pumped off site for treatment by a third-party before discharge. All ELC facilities are in compliance with local requirements regarding wastewater effluent. This water is monitored their total discharge volume through water bills and invoices that can be received for varying intervals but are often on a quarterly basis. This data is accumulated across all sites on an annual basis.
Water consumption – total volume	76-99	Water consumption is monitored for material operation sites (Manufacturing, Research and Development, Warehouses, and Distribution Centers, which also include Return and Packaging sites) and the total volume is calculated using total water withdrawal and total water discharge data which is regularly measured and monitored. Not included are offices and retail stores due to ownership variation and primary water use type (sanitation and hospitality). 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 use is monitored, water consumption is calculated by subtracting total discharge from total withdrawals. The data is mostly through invoicing that is received on a quarterly basis. This data is accumulated on an annual basis.
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 and Distribution centers in Belgium, recycled water is used and monitored through the use of meters that can be accessed at anytime. 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 WASH services in accordance with applicable building standards and health codes, monitored on a regular basis.

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	1464	Lower	FY20 total water withdrawal is 7% lower than FY19 water withdrawal (FY19 water withdrawal = 1,579 megaliters/year), which qualifies as "lower" for comparison purposes. This decrease in withdrawal can be attributed to reduced reliance on groundwater cooling and operational impacts to production through COVID-19. We expect overall water withdrawal volume to decrease in the future, as it is largely driven by our groundwater use at Melville and we anticipate a change over of systems to become more efficient going forward. Please note, historic data was updated for one site that received more accurate information as part of our data collection in FY20. We remain focused on improving water efficiency across all operations. When comparing FY20 data to previous year FY19 data, the following approach will be used to determine the magnitude of change: +/- 5% change year over year will be referred to as "about the same" and +/- 15% will be "lower/higher".
Total discharges	1333	About the same	FY20 total water discharge is 4% lower than FY19 water discharge (FY19 discharge = 1,389 megaliters/year), which qualifies as "about the same" for comparison purposes. Total discharge decreased slightly due to less reliance on groundwater for cooling. The FY19 discharge volume reported in our previous CDP submittal has since been updated based on recent provision of more accurate discharge data for our Melville, NY location. In the future, we expect water discharge volume to decrease due to reduced groundwater use at our Melville facility. We expect that this reduction will be driven by efficiency and capital investment in new cooling equipment and technology. We remain focused on improving water efficiency across all operations. When comparing FY20 data to previous year FY19 data, the following approach will be used to determine the magnitude of change: +/- 5% year over year will be referred to as "about the same" and +/- 15% will be "lower" or "higher".
Total consumption	131	Much lower	FY20 total water consumption is 31% lower than FY19 consumption (FY19 = 190 megaliters/year). Total water consumption is much lower compared to last year due to a better understanding of water use at our Melville, NY site and higher quality discharge data. The FY19 consumption number reported in our previous CDP submittal has been since updated to more accurately reflect our consumption based on recent provision of more accurate discharge data for our Melville, NY location. Water consumption is calculated as water withdrawal minus water discharge. 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. When comparing FY20 data to previous year FY19 data, the following approach will be used to determine the magnitude of change: +/- 5% year over year will be referred to as "about the same" and +/- 15% will be "lower" or "higher".

**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 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 engineering firm'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 Engineering firm's 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. When comparing FY20 data to previous year FY19 data, the following approach will be used to determine the magnitude of change: +/- 5% change year over year will be referred to as "about the same" and +/- 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	762	Lower	Improved data collection efforts in FY20 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 11% lower than previous reporting year (FY19 = 855 megaliters/year) due to reduced reliance on groundwater cooling.
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	702	About the same	Improved data collection efforts in FY20 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 3% lower than previous reporting year (FY19 = 724 megaliters/year) due to lower production volumes through COVID19 impacts at our manufacturing facilities.

**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 discharge water to fresh surface water during the reporting year.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	ELC did not discharge water to brackish surface water during the reporting year.
Groundwater	Relevant	762	Lower	Improved data collection efforts included better allocation of water discharge to sources. Groundwater is relevant to our Melville, NY manufacturing location, which uses groundwater in production and as part of operational processes. Groundwater discharge volume is 11% less than previous reporting year (FY19= 855 megaliters/year). Groundwater discharge decreased in FY20 due to less reliance on groundwater for cooling.
Third-party destinations	Relevant	571	Higher	FY19 historic discharge data was updated from previous CDP reports to include an additional 187 megaliters of non-contact cooling water (NCCW) discharge to third-party from the Melville, NY location and a change in discharge versus consumption for Melville ASR. This caused the overall discharge volume to increase, as this NCCW volume is a significant contributor to overall water discharge volumes. Third-party discharge volume is 7% higher than previous reporting year (FY19 updated volume = 534 megaliters/year) partially due to lower production volumes through COVID19 impacts at our manufacturing facilities.

**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	23	This is our first year of measurement	1-10	Our manufacturing location in Oevel completes tertiary treatment of wastewater discharge. 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.
Secondary treatment	Relevant	28	This is our first year of measurement	1-10	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.
Primary treatment only	Relevant	384	This is our first year of measurement	1-10	Several manufacturing sites complete primary treatment of wastewater through interceptor filtration and pH adjustments prior to discharge.
Discharge to the natural environment without treatment	Relevant	762	This is our first year of measurement	1-10	Water used for irrigation at 2 manufacturing locations is discharged directly to the environment without treatment.
Discharge to a third party without treatment	Relevant	68	This is our first year of measurement	21-30	Several sites discharge wastewater to a third party without treatment. Sites monitor discharge as required by effluent permits. This is applicable to several manufacturing locations and all Research and Development sites.
Other	Relevant	0	This is our first year of measurement	Not monitored	We do not currently track discharge treatment level for Distribution Centers, Packaging and Assembly locations, Returns Centers, or Warehouses.

**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. Suppliers are incentivized to report to EcoVadis as ELC may not approve new suppliers that score below a certain threshold or have expired EcoVadis assessments.

**Impact of the engagement and measures of success**

We request 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 and % of suppliers reporting water management actions. We aim to have 100% of our JVC and strategic suppliers enrolled in the program. We have an internal threshold for suppliers' scores that they must meet by 2025. 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 awarding new business. In FY20, 98% of our key suppliers were engaged through EcoVadis. In FY20, 80% of our JVC 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.

**Comment**

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

**W1.4b**

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**(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 Joint Value Creation (JVC) suppliers (key 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**

The EcoVadis assessment considers measures suppliers have in place regarding water management. To measure success, we track: % of participation and % of suppliers reporting water management actions. We aim to have 100% of our key suppliers enrolled in the program. We have an internal threshold for suppliers' scores that they must meet by the end of 2025. We also track supplier progress annually. In FY20, 98% of our key suppliers (strategic/JVC suppliers) were engaged through EcoVadis. In FY20, 80% of our JVC suppliers are reporting having measures to reduce water consumption. 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.

**Comment**

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

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**W2. Business impacts**

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**W2.1**

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**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

**W2.2**

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**(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

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## W3. Procedures

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### W3.3

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

Yes, water-related risks are assessed

### W3.3a

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

##### Direct operations

###### Coverage

Full

###### 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

Tools on the market

International methodologies

Other

###### Tools and methods used

WRI Aqueduct

Other, please specify (Internal methodologies)

###### Comment

ELC identifies and assesses water-related risks to our direct operations through an annual Enterprise Risk Management process and through dedicated water risk assessments. 1. Enterprise Risk Management: ELC takes a formal approach to embedding risk management into existing practices and business processes through the company's Enterprise Risk Management ("ERM") process. Critical Corporate Risks, including climate-related risks, are identified, and addressed through a consistent and disciplined process which is appropriately integrated with ELC's strategic planning process. The ERM process includes a governance structure of Risk sub-committees and a Corporate Enterprise Risk Management Committee. 2. Water Risk Assessments: The Estée Lauder Companies engaged Antea Group to conduct water-risk assessments at 14 of our facilities. Antea used a combination of the WRI Aqueduct Water Risk Atlas Tool and Antea Group's Regional Water Expert Rating to evaluate our facilities. Antea rated ELC's facilities 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 composite risk rating. After the WRI Risk Assessment identified our Melville, New York, facility as a water-stressed location in FY19, we initiated a study to further analyze source water and watershed conditions there in FY20.

##### Supply chain

###### Coverage

Full

###### 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 (WRI Aqueduct & SASB Materiality Index, Enterprise Risk Management, EcoVadis)

###### Comment

ELC evaluates supply chain risks through the following mechanisms: 1. Enterprise Risk Management: As outlined above, ELC takes a formal approach to embedding risk management into existing practices and business processes through the Company's Enterprise Risk Management ("ERM") process. Critical Corporate Risks are identified, and addressed through a consistent and disciplined process which is appropriately integrated with ELC's strategic planning process. 2. EcoVadis Assessments: At the supplier level, we look into sustainability risks through the EcoVadis assessments, which assess environmental impacts among others. Each supplier that participates answers a questionnaire and provides supporting documentation on the EcoVadis platform. 3. Raw Ingredient Materiality Assessment: In FY19, we partnered with BSR, a global non-profit, to review our portfolio of more than 4,000 ingredients. Our objective was to develop a list of priority ingredients considered high risk from a sustainability perspective. The assessment identified the risk level on several focus areas, from none to severe. One of those focus areas was resource management, specifically targeting the degree to which ingredients were considered resource intensive on the consumption of water from raw material extraction, processes and distribution. After conducting multiple analyses, we identified certain ingredients for which we are creating robust biodiversity and social action plans.

**Other stages of the value chain**

**Coverage**

None

**Risk assessment procedure**

<Not Applicable>

**Frequency of assessment**

<Not Applicable>

**How far into the future are risks considered?**

<Not Applicable>

**Type of tools and methods used**

<Not Applicable>

**Tools and methods used**

<Not Applicable>

**Comment**

**W3.3b**

**(W3.3b) Which of the following contextual issues are considered in your organization’s water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Current water availability at a basin level is relevant to our operational facilities (manufacturing locations), as our cosmetics manufacturing relies on water availability for production. We conducted an external water risk assessment using the World Resources Institute’s (WRI) Aqueduct global water risk mapping tool and global subject matter expert insight to assess physical, social, and regulatory risks at a basin level - which included specific evaluation of water availability at a basin level. In addition, we have internal company knowledge of the regions in which we operate and possible associated risks and opportunities of working in those areas.
Water quality at a basin/catchment level	Relevant, sometimes included	Current water quality at a basin level is relevant to our operational facilities (manufacturing locations), as our cosmetics manufacturing relies on water quality for production. In addition to internal company knowledge of the regions in which we operate, we conducted an external water risk assessment using the World Resources Institute’s (WRI) Aqueduct global water risk mapping tool and global subject matter expert insight to assess physical, social, and regulatory risks at a basin level. This included evaluating water quality at a basin level.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	It is important that we effectively manage impacts in the communities where we operate, because stakeholder conflicts in these regions could cause reputational damage for our business. We review our water risks and monitor operations at a basin level for manufacturing locations. As part of our Source Water Vulnerability Assessment (SWVA) at our Melville site, we evaluated stakeholder concerns at a basin/catchment level through a stakeholder mapping exercise, which evaluated stakeholder interests, missions and values, intentions, concerns and priorities.
Implications of water on your key commodities/raw materials	Relevant, always included	Like many cosmetics companies, our products include biobased ingredients, which are dependent on water. We evaluate water risks for ingredients as part of our raw ingredient materiality assessment criteria, which utilizes the WRI Aqueduct Water Risk Atlas to analyze our key commodities and raw materials.
Water-related regulatory frameworks	Relevant, always included	Water-related regulations are relevant as they may impact our business through increased costs of production and change in demand for materials and products. We conducted an external water risk assessment using the World Resources Institute’s (WRI) Aqueduct global water risk mapping tool and global subject matter expert insight to assess physical, social, and regulatory risks at a basin level - which included specific consideration for current regulations and governance related to water use and discharge in the areas surrounding our manufacturing facilities. If water-related regulation due to stricter waste water discharge limits or water quality limits due to water pollution lead to an increased cost of water, this would increase the cost of our production because water is included in many of our formulations and critical to our manufacturing processes. We internally monitor this information at a regional level using corporate resources, and if an applicable issue is identified, it is factored into our risk mitigation process.
Status of ecosystems and habitats	Relevant, always included	The current status of ecosystems and habitats for the regions in which we source is important and considered in risk assessments for ingredient sourcing. We conducted a materiality assessment on ELC’s portfolio of ingredients to prioritize and address sustainability risks which included criteria on ecosystem health and biodiversity by utilizing industry expertise (through BSR), internal subject matter experts, and industry indexes such as SASB Materiality Map, IUCN Red List, IFC Performance Standards, and ND-Gain Country Index. Current status of ecosystems and habitats at the local level is part of the environmental aspects/impacts analysis under the ISO 14001 certification. ELC’s wholly owned manufacturing sites are certified to ISO 14001 and on an annual basis, the facility identifies its environmental aspects and impacts of its activities including ecosystems and habitats and significant aspects and impacts are considered when developing objectives and targets.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We conduct internal audits of our global supply chain facilities to ensure compliance to environmental regulations and company procedures including fully functioning WASH services.
Other contextual issues, please specify	Not considered	

**W3.3c**



(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	We always include our end-use consumers in our sustainability-related risk assessments, which include water risks, as consumers are an essential stakeholder for our business. In our Enterprise Risk Management assessment, we consider ways that sustainability-related risks may impact our consumers, such as changing consumer preferences. We have engaged with consumers through consumer insights studies, to understand which sustainability issues are most significant to them, such as water-related issues.
Employees	Relevant, always included	The success of our company is dependent upon our employees. Because of this, employees are always considered in our sustainability-related risk assessments, which include water risks. We consider employees in our Enterprise Risk Management process. For instance, we consider the impacts that natural disasters, such as flooding, could have on our employees. At our offices, we engage with employees on water-related issues through the implementation of our sustainability champions program, which includes water-saving initiatives such as reporting water leaks. At our manufacturing and distribution sites, we engage with our global supply chain employees through education and training in the company's Beauty Inspired, Values Driven narrative that focuses on the company's commitment to social impact and sustainability.
Investors	Relevant, always included	We seek to build productive relationships with our key stakeholders, including employees, consumers, investors, retailers, nongovernmental organizations (NGOs), suppliers, regulators and local communities. These relationships depend on active engagement and meaningful dialogue to strengthen bonds and expand trust. As we shape the future of beauty, we incorporate stakeholder perspectives we believe will help drive our future success. We evaluate water-related risks through our annual Enterprise Risk Management process. We have a comprehensive, strategic investor relations program to help communicate with the investment community about our company's performance and corporate values, as well as to educate current and prospective investors and the sell-side analyst community about our business strategies and performance. From time to time, we also discuss C&S commitments and initiatives with our investors. We engage with investors on water-related issues by responding to periodic investor inquiries and by responding to investor-facing disclosures, such as CDP Water and the S&P Global Corporate Sustainability Assessment (DJSI questionnaire).
Local communities	Relevant, always included	We aim to develop long-lasting, trusting and mutually beneficial relationships with the local communities where we operate and source from. We believe that our Company's long-term success is closely tied to the vitality of the communities where we have a presence. Water-related risks, such as drought and flooding could have an impact on our local communities and so we evaluated water-related risks to our local communities through the WRI Water Risk Assessment. We have engaged with local communities on water-related risks. This is especially relevant in water stressed regions. For instance, we met with the local municipality in Long Island, New York, while conducting a Source Vulnerability Assessment to discuss water-related issues.
NGOs	Relevant, always included	NGOs are important stakeholders for our company, as they can influence policy and consumer behaviors. Because of this, they are always considered in our water-related risk assessments. We evaluated NGOs through our WRI Water Risk Assessment. ELC is also a member of the US Green Buildings Council (USGBC), an NGO that promotes sustainability in building design, construction, and operation. We have engaged with the USGBC to have some of our facilities LEED certified – this certification includes water-related initiatives. Some of ELC's brands, such as Aveda and La Mer also engage with water-related NGOs through product partnerships and charitable donations. For instance in FY21 as part of our SVA at our Northec site, we met with the Delaware River Keepers Association, a local statutory interest group, to learn more about water risks in the region.
Other water users at a basin/catchment level	Relevant, always included	We consider other water users at a basin/catchment level because they may impact the quality and quantity of water available for our business, in areas where we operate. We consider other water users through our WRI Water Risk Assessment and through our Source Vulnerability Assessment at our Melville site. The Source Vulnerability Assessment considered other water users at a basin/catchment level, such as seasonal water users on the Long Island coastline. We have engaged with other users at a basin/catchment level in areas where our operations have a higher potential for water stress. For instance, we met with municipal representatives in Long Island to discuss local water-related issues.
Regulators	Relevant, always included	Regulators are important stakeholders for ELC, because they may impact our business through increased costs of production and change in demand for materials and products. We consider regulators in our Enterprise Risk Management process, which assesses sustainability risks, including water-related risks. We also consider regulators through the WRI Risk Assessment and through our Climate Scenario Analysis. We have engaged with regulators to gain approval to move forward with key water-related projects at our sites. For instance, we engaged with local regulators at our Belgian facility to gain approval for a chemical and biological waste-water treatment project that reuses over 50% of the water withdrawn.
River basin management authorities	Relevant, always included	River basin management authorities are considered in our water-related risk assessments because these authorities could have an impact on our business in areas where we operate by limiting our ability to access water. We evaluated river basin management authorities through our WRI Water Risk Assessment. For example, during our Melville SVA we identified the river basin management authority to understand the authority's future water management plans.
Statutory special interest groups at a local level	Not relevant, explanation provided	We are not currently aware of any statutory special interest groups, which ELC is required to consult with on water-related issues. Therefore they are not considered relevant for our risk assessments. We do not currently anticipate that this will change in the near future.
Suppliers	Relevant, always included	Our suppliers are an essential part of our business because we cannot manufacture our products without the raw materials and ingredients that they supply us with. As such, they are always included in our risk assessments. We consider suppliers in our Enterprise Risk Management process, which assesses sustainability risks, including water-related risks. We engage with our Strategic and Joint Value Creation (JVC) suppliers on sustainability-related issues, including water-related issues, through our EcoVadis and raw ingredient materiality assessments.
Water utilities at a local level	Relevant, always included	Water utilities are always included in our risk assessment process since their water impacts could affect the quality of the local water shed and thus impact our factories and lead to disruptions of our manufacturing processes. Factories located in water stressed areas engage the water utility in the risk assessment process to identify risks and to increase communication between the utility and the factory. ELC engaged with the local water utility for our Melville site by meeting with representatives from the utility during our Source Vulnerability Assessment to better understand the local water system.
Other stakeholder, please specify	Not considered	We have not considered additional stakeholders at this time but will likely do so in the future.

W3.3d

**(W3.3d) 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 value chain through a number of processes:

**1. Enterprise Risk Management:**

ELC takes a formal approach to embedding risk management into existing practices and business processes through the Company's Enterprise Risk Management ("ERM") process. Critical Corporate Risks ("CCR"), including climate-related risks, are identified, and addressed through a consistent and disciplined process which is appropriately integrated with ELC's strategic planning process. The ERM process includes a governance structure of Risk sub-committees and a Corporate Enterprise Risk Management Committee ("ERMC"). The RSC members include individuals from different functions of the organization and help form a comprehensive view of the risks and mitigations. The ERMC is comprised of senior members of our leadership team who are responsible for setting the strategy for ELC.

New and updates to Critical Corporate Risks CCRs and Risk Owners are identified by the risk sub-committees RSCs and approved by the Corporate Risk Management Committee ERMC. The Risk Owners are held accountable for the management and mitigation of the CCRs. They identify and establish mitigation strategies and tasks and assign individuals with the relevant expertise owners to ensure the execution of for the mitigation strategies and tasks in a timely manner. The overall risk assessment considers risk drivers, risk scenarios, mitigation effort, mitigation effectiveness, velocity, impact and probability for each CCR.

Each year, the ERM Team generates reporting to help management assesses mitigation strategies and tasks and considers their effectiveness. The results are aggregated and presented to the ERMC, Audit Committee and Board of Directors for review and approval.

**2. Water Risk Assessments:**

The Estée Lauder Companies engaged Antea Group to conduct water-risk assessments at 14 of our facilities. Antea used a combination of the WRI Aqueduct Water Risk Atlas Tool and Antea Group's Regional Water Expert Rating to evaluate our facilities.

Antea rated ELC's facilities 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 composite risk rating. In addition, Antea Group'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.

After the WRI Water Risk assessment identified our Melville, New York, facility as a water-stressed location in FY19, we initiated a study to further analyze source water and watershed conditions there. The study delivered a 360° assessment of current and projected watershed conditions including climatic and hydrogeological conditions, water supply versus demand, and relevant regulatory implications. We also conducted a stakeholder analysis to determine water-related connections to the local community.

**3. EcoVadis Assessments:**

At the supplier level, we look into Sustainability risks through the EcoVadis assessments. EcoVadis ratings assess environmental impacts among others. Each supplier that participates answers a questionnaire and provides supporting documentation on the EcoVadis platform. We focus our risk assessment on Strategic and Joint Value Creation (JVC) suppliers, which are suppliers with broad and unique capabilities. We also identify risks through the EcoVadis program – for example, new suppliers may not be approved if their EcoVadis score falls below a certain threshold.

**4. Raw Ingredient Materiality Assessment:**

In FY19, we partnered with BSR to review our portfolio of more than 4,000 ingredients. BSR is a global nonprofit organization that works with its network of member companies and other partners on sustainability and social impact. Our objective was to develop a list of priority ingredients considered high risk from a sustainability perspective. BSR conducted a materiality assessment based on sustainability & business criteria. The assessment identified the risk level on several focus areas, from none to severe. One of those focus areas was resource management, specifically targeting the degree to which ingredients were considered resource intensive on the consumption of water from raw material extraction, processes and distribution.

After conducting multiple analyses, we identified certain ingredients for which we are creating robust biodiversity and social action plans, ensuring that we are taking a holistic perspective on maximizing plan benefits.

## W4. Risks and opportunities

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### W4.1

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**(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

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**(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 from Very Low to Very High. The ERM team is included in several internal groups to promote awareness and enable the ERM team to identify, address and escalate risks as applicable. Some examples include Strategy Development, Crisis Management, Global Sustainability initiatives, IT & Cybersecurity Steering Committee, as well as compliance committees for finance, legal/contract, and IT regulatory. Cross-functional subcommittees identify and evaluate potential risks to the company. When the subcommittee identifies risks that may be significant to the company, the committee alerts the appropriate stakeholders so that they can act.

In line with our Enterprise Risk Management framework, ELC defines financial impact on a 5-point scale ranging from very low to high. An inherent risk is considered substantive from a financial point of view when its impact exceeds 1% of annual net sales (ELC reported total net sales of \$14,294 million in FY20 as per 10K). From a strategic standpoint, we consider a risk to be substantive when the reputation of ELC or one of our brands has the potential to be impacted in a meaningful way. (e.g., loss of consumer confidence/trust, loss of sales via boycotts). The definition applies to both our direct operations and our supply chain.

The WRI Water Risk Study indicated that our Melville site is located in a water stressed region. This could have a substantive impact on our business, if we are not able to access adequate water resources to operate our business in this area. Given these findings, we decided to conduct a Source Vulnerability Assessment at the site to further understand the water-related risks and opportunities.

### W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	2	26-50	30% of our manufacturing and innovation sites have been identified as located in a water stressed area through completion of a water risk assessment.

### W4.1c

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(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)
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Number of facilities exposed to water risk

2

% company-wide facilities this represents

26-50

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

"Medium" risk translates to a financial loss of over \$30 million Net Operating Profit (NOP) or a moderate impact on the company's ability to achieve strategic goals or execute priority initiatives. If our Melville facility were to be shut down due to a watershed failure our potential loss would be 10 MM of NOP per week the site were shut down.

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W4.2

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**(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))
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**Type of risk & Primary risk driver**

Physical	Increased water stress
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**Primary potential impact**

Disruption to sales

**Company-specific description**

We have a large manufacturing and innovation site located at our Melville campus, within this river basin area. At Melville, we manufacture skincare products and fill fragrances, which make up a substantive part of our business. Without the necessary quantity of groundwater, the Melville site would not be able to operate its chilled water distribution system, resulting in a disruption of sales.

**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)**

10000000

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

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

**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 consumption of groundwater at our plant in Melville, New York. 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. As part of a master planning process for the site, we are evaluating alternative cooling systems, which would reduce our reliance on the groundwater chillers. In addition, we have conducted a Source 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 consumption. Through these actions, we aim to preserve water for future generations for the Long Island region and mitigate the impacts of water stress on our business.

**Cost of response**

50000

**Explanation of cost of response**

This figure represents the costs spent on a Source Vulnerability Study and a combined Water/Energy efficiency study at our Melville plant. 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 and water supply versus demand, regulatory situation, 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.

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W4.2a

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**(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**

Malaysia	Other, please specify (Muar River Basin)
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**Stage of value chain**

Supply chain

**Type of risk & Primary risk driver**

Physical	Severe weather events
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**Primary potential impact**

Increased production costs due to changing input prices from supplier

**Company-specific description**

Climate change is considered a leading factor on the increase in the number of powerful storms and other extreme natural events, which can severely impact the availability of palm oil. This has the potential to drive up the prices of palm. Although ELC is a comparatively low-volume user of palm oil, palm fruit oil, palm kernel oil (PKO) and PKO derivatives, products containing palm oil make up 81-90% of our revenue and we use palm oil-derived ingredients in the formulation of many of our hair care and skin care products. The Muar River Basin river basin has been selected as a representative river basin. ELC's CY2020 palm oil traceability study found that a portion of our 2020 palm-based ingredients came from this river basin. We anticipate that climate change has the potential to impact global palm oil supply chains in a similar manner.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Low

**Likelihood**

More likely than not

**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)**

2000000

**Potential financial impact figure - maximum (currency)**

4000000

**Explanation of financial impact**

Financial impact relates to increased production cost for palm oil and derivatives globally. Historically weather-related events such as typhoons, have negatively impacted the availability of these ingredients. We would estimate that a decrease in availability could lead to an increase in market pricing of x% (not disclosed due to commercial sensitivity), which could increase our procurement costs by \$2,000,000 - \$4,000,000 globally. Because products that contain palm oil make up 81-90% of our revenue, we consider the disruption in the supply of this commodity to be a substantive strategic risk.

**Primary response to risk**

Upstream	Increase supplier diversification
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**Description of response**

To reduce this risk, ELC has set a target to purchase 100% RSPO-certified palm-based derivatives by the end of 2025\* to ensure that all purchased palm oil ingredients adhere to the RSPO criteria and ELC has more detailed information about the practices used at plantation level. To achieve this target, ELC developed a No deforestation, No peat, No exploitation (NDPE) policy in FY20, and continues to work with its suppliers to ensure that they meet the policy criteria. We look to engage with suppliers to facilitate a shift to RSPO certified materials providing them with timeframes for achieving RSPO certification. For example, in FY20, ELC negotiated with one of our current suppliers to produce a high-volume material specifically for ELC's use as no other current customers were requesting RSPO Mass Balance grade materials. This material requires an annual Minimum order Quantity and has been supplied to ELC at a higher price to enable the supplier to meet our RSPO requirements. For all new material that is coded the materials must be RSPO MB compliant or greater or they will not be coded. ELC also uses EcoVadis to complete supplier assessments against key criteria and collect information related to climate change and deforestation. \* Excludes products manufactured by Third-Party Manufacturers (TPMs) that contain palm-based ingredients not directly procured by The Estée Lauder Companies.

**Cost of response**

1400000

**Explanation of cost of response**

The cost of response includes the annual costs of our supplier engagement platform, annual costs of NGO memberships and projected annual costs for procurement of certified materials.

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

### 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 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 natural gas costs for the site, based on FY20 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 of the kettles at the site were cleaned once a day (with the exception of holidays and downtime). Cost savings could result in a 4-28% decrease in natural gas costs for the site, based on FY20 natural gas costs. This is significant because Melville is our largest manufacturing site. We consider this opportunity to be strategically substantive for our company because it will allow us to improve the efficiency of our manufacturing processes, while reducing our energy and water consumption in a water-stressed region.

## 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)
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### 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)**

1089

**Comparison of total withdrawals with previous reporting year**

Lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

762

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

327

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

1078

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

762

**Discharges to third party destinations**

316

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

11

**Comparison of total consumption with previous reporting year**

Lower

**Please explain**

Groundwater is relevant to our Melville, NY manufacturing location, which uses groundwater in production and as part of operational processes. Groundwater discharge volume is 11% less than previous reporting year (FY19= 855 megaliters/year). FY19 historic discharge data was updated from previous CDP reports to include an additional 138 megaliters of non-contact cooling water (NCCW) discharge to third-party from the Melville, NY location. This caused the overall discharge volume to increase, as this NCCW volume is a significant contributor to overall water discharge volumes. When combined in one facility, overall withdrawal, discharge, and consumption volumes decrease from updated FY2019 volumes by an average of 5%.

**Facility reference number**

Facility 2

**Facility name (optional)**

Melville, NY- Research & Development (Innovation)

**Country/Area & River basin**

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

40.773541

**Longitude**

-73.406393

**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)**

20

**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

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

20

Total water discharges at this facility (megaliters/year)

7

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

7

Total water consumption at this facility (megaliters/year)

13

Comparison of total consumption with previous reporting year

Lower

**Please explain**

Water consumption at this location decreased from FY19 to FY20 by 13%, partially due to implementation of stewardship initiatives.

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W5.1a

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

**Water withdrawals – total volumes**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water withdrawals – volume by source**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water withdrawals – quality**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water discharges – total volumes**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water discharges – volume by destination**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water discharges – volume by treatment method**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water discharge quality – quality by standard effluent parameters**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water discharge quality – temperature**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water consumption – total volume**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

**Water recycled/reused**

% verified  
Not verified

What standard and methodology was used?  
<Not Applicable>

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**W6. Governance**

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**W6.1**

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**(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 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 severe water scarcity, which is worsening due to climate change. ELC are 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 water policy is company-wide and outlines 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. Our water policy outlines that we will 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'. 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)	The sustainability strategic pillar is sponsored by our CEO and our Executive Chairman. The Sustainability Executive Committee is composed of senior leaders from Finance, Supply Chain, Human Resources and Corporate Citizenship and Sustainability, along with additional representation across brands, regions and other functions. This committee drives citizenship and sustainability strategy including water-related issues. Citizenship and sustainability work is led by the Senior Vice President (SVP) of Global Corporate Citizenship and Sustainability (GCCS), who reports to our President and Chief Executive Officer (CEO). The SVP directs a dedicated team that leads corporate-wide sustainability strategy; citizenship efforts; and strategic planning and communications around citizenship and sustainability, including supporting brand-led sustainability strategies. GCCS establishes corporate-wide goals and objectives for our company on an annual and long-term strategic basis, in partnership with key internal functions regarding sustainability. The SVP of GCCS provides periodic updates on the company's citizenship and sustainability performance to the Board's Nominating and Governance Committee.
Board Chair	The sustainability strategic pillar is sponsored by our CEO and our Executive Chairman. The Sustainability Executive Committee is composed of senior leaders from Finance, Supply Chain, Human Resources and Corporate Citizenship and Sustainability, along with additional representation across brands, regions and other functions. This committee drives citizenship and sustainability strategy. Citizenship and sustainability work is led by the Senior Vice President (SVP) of Global Corporate Citizenship and Sustainability (GCCS), who reports to our President and Chief Executive Officer (CEO). The SVP directs a dedicated team that leads corporate-wide sustainability strategy; citizenship efforts; and strategic planning and communications around citizenship and sustainability, including supporting brand-led sustainability strategies. Our Executive Chairman is also a member of the Board of Directors' Nominating and Governance Committee, which oversees the company's citizenship and sustainability matters including water-related issues, such as guiding strategy and managing investors' expectations.

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 Setting performance objectives	Water-related issues are considered as a part of ELC’s sustainability strategy. Our SVP of Global Corporate Citizenship and Sustainability briefs the Nominating and Governance Committee of the Board of Directors on important sustainability matters. Starting in FY20, sustainability topics are a scheduled standing agenda item for this committee. ELC has selected Waste and Water as a Select Citizenship and Sustainability Programmatic Focus Area, meaning that progress on water-related issues are scheduled to be reviewed at meetings of the Board’s Nominating and Governance Committee.

**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 (SVP, Global Corporate Citizenship and Sustainability)

**Responsibility**

Both assessing and 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 integrating 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 Governance Committee of the Board of Directors on a quarterly basis, providing updates on sustainability topics, including water-related issues. For example, in FY20, the SVP, GCCS provided an update on the water-related risk assessment ELC had conducted to assess water quantity, availability and quality.

**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 conservation 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 employees use 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 conservation 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	5-10	The company has embedded Citizenship and Sustainability into our business practices, and we have focused on accelerating our environmental goals including water. Currently, we are developing a water glidepath that lays out the steps for achieving water intensity goals for our manufacturing sites which consume over 80% of the company's water usage. We completed a water materiality 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 material for reporting. This analysis is used to inform the water intensity glidepath and the development of sustainable best practices which we have established for our offices and retail operations. In addition, we anticipate that all new buildings will meet green building standards, which include water efficiency and conservation. For our manufacturing sites we are integrating end to end engineering solutions that will encompass water reduction including addressing water efficiency by establishing uniform practices and technology. A high-level water risk assessment identified our Melville factory 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.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	We are developing a roadmap for achieving our long-term water stewardship strategy which includes water withdrawal, efficiency and risks and water-related issues are integrated. For example, we completed a Source Vulnerability Assessment for our Melville facility to understand the risk factors and hydrogeological conditions of the watershed for long-term business objectives.
Financial planning	Yes, water-related issues are integrated	5-10	Water related issues such as water withdrawal and efficiency have been integrated in the development of the company's Citizenship and Sustainability Strategy and as of FY19 a capital project budget has been developed to implement strategic upgrades in technology and equipment to improve water efficiency.

### 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)

415

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

96

Water-related OPEX (+/- % change)

20

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

1000

#### Please explain

CAPEX is increasing as we accelerate our focus on water consumption for our manufacturing and R&D facilities and develop water efficiency opportunities. Water-related OPEX is increasing to provide support for water stewardship studies and facility based assessments.

### W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	Yes	We have conducted climate-scenario analysis.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	RCP 2.6	Water stress - more than half of ELC's sites are exposed to water stress in the future following scenario RCP 8.5. Coastal flooding of roads surrounding some ELC sites - roads surrounding 4 ELC sites located in the USA and UK are exposed to a 50% risk of coastal flooding in the future due to sea level rise. Extreme precipitation events leading to river flooding - 5 ELC sites are exposed at a high risk of extreme precipitations following the scenario RCP 8.5. ELC will also be at risk of increased likelihood of drought across several of its operational sites. In FY19, we conducted climate-scenario analyses at site level. The following site was at risk of drought: Melville, New York The likelihood of water stress occurring at Melville between present day and 2050 under RCP 2.6 is high, according to analysis using the WRI World Resources Institute Aqueduct. The gross water stress magnitude of impact is medium overall. Droughts are expected to increase with the worsening impact of climate change and the population in New York state is expected to increase. These combined factors could lead to water resource scarcity, which might generate more frequent periods of water use restriction. This drought and water shortages stresses on the importance of decreasing water withdrawals in at our Melville manufacturing site.	Our climate-related scenario analysis work is ongoing and ELC will incorporate water-related outcomes into future business planning once the evaluation process is complete. In response to the high likelihood of water stress occurring at Melville in the future, ELC has focused its attention of reducing the dependency on water withdrawals for manufacturing at this site. We have reduced our usage of groundwater by 21% from FY18 to FY20. The facility is currently undergoing an industrial site master plan and sustainability factors will be built into the planning process including the local watershed stewardship.

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 indicated that our Melville campus was ranked as a high-water risk region. As a follow-up to this high-risk assessment, ELC engaged an engineering consultant to complete a Source 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 exploring water valuation practices including the true cost of water to address risk and water reduction within our manufacturing sites.

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 materiality analysis that we completed using a baseline year of FY19. As part of this process, we completed a materiality analysis using external engineering consultants to identify material 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. The water risk screening was refreshed in FY21, to analyze each manufacturing and innovation site for water scarcity, water stress and water risk. Sites were evaluated based on the WRI Aqueduct Indicators and the local watershed hydrogeological insights from our engineering consultants. Overall risk screening 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 located 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.

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 ground water withdrawal at our Melville manufacturing facility by 50%. Reducing water withdrawal will reduce the stress of water demand on the Magothy Aquifer for the Melville watershed. We selected this goal because a recent WRI Watershed Risk assessment identified Melville as a water-stressed site. Long Island shows high stress levels for both water quality and quantity based on an increase in population and an increase in water pollution from nitrogen and 1,4 dioxane and regulation in New York State is increasing and water utility infrastructure is getting older. 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 oldest and 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 is currently used for HVAC building cooling and has been reduced by 21% from FY18 to FY20 due to the installation of dedicated CAPEX cooling equipment.

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**Target reference number**

Target 2

**Category of target**

Water use efficiency

**Level**

Company-wide

**Primary motivation**

Risk mitigation

**Description of target**

By the end of our FY23, ELC plans to deploy sustainability best practices across 100% of our offices. These sustainability best practices include water conservation measures, such as reporting water leaks and reviewing utility bills to detect leaks. Offices are also encouraged to install water fixtures that meet efficiency standards as outlined in our green buildings guidelines and to pursue sustainable landscaping that includes the use of efficient irrigation, equipment and controls, as well as native and drought-tolerant species.

**Quantitative metric**

Other, please specify (% of offices that have implemented sustainability best practices )

**Baseline year**

2020

**Start year**

2020

**Target year**

2023

**% of target achieved**

0

**Please explain**

ELC is addressing water conservation at our offices by instituting sustainability best practices. Offices are required to implement core best practices and are encouraged to pursue additional aspirations to reduce their water use. We have started to implement the best practices at our offices in 2020 and aim to deploy them at 100% of our offices by the end of 2023.

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**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 conservation studies at manufacturing facilities)

**Level**

Business

**Motivation**

Water stewardship

**Description of goal**

We set a goal to conduct water conservation studies at 100% of our manufacturing sites. As part of the company's environmental and safety management system our manufacturing sites develop environmental objectives and targets each year taking into account the organization's significant environmental aspects, associated compliance obligations and risks and opportunities to continuously improve environmental performance. Our water stewardship goal is important to us, as water is vital for both products and operational use. By completing water conservation studies at our manufacturing sites, we will be able to identify opportunities to reduce water usage and minimize our impact on the watershed and the environment. Although the majority of our operations are not water-intensive, we recognize our responsibility to conserve precious water resources. Understanding the current state of water use across our operations is essential to better managing this vital resource and will help inform our water stewardship strategy and share best practices with our manufacturing facilities. To implement this goal, we are working with external partners to conduct 1-2 water conservation studies at our manufacturing facilities each year. In FY20, we selected our Melville manufacturing facility, our largest manufacturing facility located in a region of high-water risk to undergo this study. We combined the water conservation study with the Source Vulnerability Assessment for the Melville campus.

**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 conservation 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 conservation studies at our manufacturing facilities each year. Therefore, we consider it a success if we conduct at least one study per year. Since we identified this goal in 2018, we have conducted conservation studies at our Melville, Northtec and Agincourt sites, representing 3 of our 7 manufacturing campuses. 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 a Source Vulnerability Assessment. We aim to conduct SVAs for each of our manufacturing sites that could be at risk of experiencing water stress, as identified by our WRI Risk Assessment. In FY20 we implemented a Water Optimization and 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 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-stressed location in our WRI risk assessment.

**W9. Verification**

**W9.1**

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

In progress

**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

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms