

Particulars

About Your Organisation

1.1 Name of your organisation

The Estee Lauder Companies Inc.

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- ☐ Palm Oil Grower
- ☐ Processor and/or Trader
- ☒ Consumer Goods Manufacturer
- ☐ Retailer
- ☐ Bank and/or Investor
- ☐ Social and/or Development NGO
- ☐ Environmental and/or Conservation NGO
- ☐ Affiliate

1.3 Membership number

4-0596-15-000-00

1.4 Membership category

Consumer Goods Manufacturers

1.5 Membership sector

Ordinary

Consumer Goods Manufacturers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- ☐ Food Good Manufacturer - own brand
- ☐ Food Good Manufacturer - third-party brand
- ☒ Home & Personal Care Good Manufacturer - own brand
- ☐ Home & Personal Care Good Manufacturer - third-party brand
- ☐ Ingredient Manufacturers
- ☐ Biofuels
- ☐ Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

2.1 Please list down all operations and subsidiaries using palm oil that are owned and/or managed by the member, including those under Group Membership

Fully-owned

2.1.1 In which markets does your company sell goods with palm oil and oil palm products?

Applies globally

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	0.0
Total volume of crude/refined palm kernel oil (tonnes)	0.0
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	4026.05
Total	4026.05

2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Palm oil-based derivatives and fractions	20.0
Palm kernel oil-based derivatives and fractions	80.0

2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.0	0.0	0.0	704.0
RSPO Credits from Independent Smallholder	0.0	0.0	0.0	1007.0
Mass Balance (MB)	0.0	0.0	0.0	2313.24
Segregated (SG)	0.0	0.0	0.0	1.81
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	4026.05

2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Certified Palm oil-based derivatives and fractions	20.0
Certified Palm kernel oil-based derivatives and fractions	80.0

2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:

100.00%

2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?

Yes

2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:

Countries/Regions	Percentage
Europe	18.0
North America	35.0
Malaysia	0.0
Indonesia	0.0
China	13.0
India	1.0
Latin America	2.0
Africa	1.0
Rest of World	30.0

3. TimeBound Plan

3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2021

3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2015

3.2.1 If the previous target year for CG.3.2 has not been met, please explain why.

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3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2015

3.3.1 If the previous target year for CG.3.3 has not been met, please explain why.

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3.4 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

2030

3.4.1 If the previous target year for CG.3.4 has not been met, please explain why.

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3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

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4. Trademark Use

4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- ☐ Challenging reputation of palm oil
- ☐ Confusion among end-consumers
- ☐ Costs of changing labels
- ☐ Difficulty of applying for RSPO Trademark
- ☐ Lack of customer demand
- ☒ Limited label space
- ☒ Low consumer awareness
- ☒ Low usage of palm oil
- ☐ Risk of supply disruption
- ☒ Others

Others

Trademark usage on our products is calculated on a case by case basis. At this time, we do not have plans to use the RSPO trademark on our product packaging.

5. Actions for Next Reporting Period

5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

The Estée Lauder Companies has committed that by 2025, at least 90% of our palm-based ingredients (palm oil and its derivatives) will be certified from RSPO physical supply chains. (Formulas manufactured by Third-Party Manufacturers (TPMs) are currently excluded). To meet this commitment, we will continue to substitute existing palm-based ingredients with RSPO-certified Mass Balance alternatives by partnering with strategic suppliers on our palm oil sourcing policy. We will conduct due diligence of our palm oil sourcing to ensure compliance with our NDPE policy. We will begin this process by conducting key commodity supplier compliance assessments, which will then further inform commodity-specific action plans. We will report on this process annually as appropriate.

6. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

6.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

6.1.1 Does the policy cover:

- ☒ No discrimination
- ☒ Wage and working conditions
- ☒ Freedom of association
- ☒ No child labour
- ☒ No harassment
- ☒ No forced or trafficked labour

6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

No

Ethical Conduct & Human Rights

6.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

6.2.1 Does the policy cover:

- ☐ Recruitment
- ☒ Contractors
- ☒ Sub-Contractors & Third-Party Contractors

6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

No

Land Use

6.3 Does your company have a publicly-available Policy covering Land Use?

Yes

6.3.1 Does the policy cover:

- ☐ Free Prior and Informed Consent (FPIC)
- ☐ Compensation

6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

No

Occupational Health & Safety**6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

No

Climate Change & Greenhouse Gas (GHG)**6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

6.5.1 Does the policy cover:

- ☒ Identification and assessment of GHG
- ☒ Public reporting of GHG footprint
- ☒ Monitored implementation plan to reduce or minimise GHG emissions

6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

No

Complaints & Grievances**6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaints/>

Yes

Smallholders**6.7 Does your company support oil palm independent smallholder groups?**

Yes

6.7.1 Does this support cover:

- ☒ Fair and transparent dealings with Smallholders
- ☒ Improved Smallholder livelihoods

6.7.2 How is your company supporting them?

The Estée Lauder Companies is supporting smallholders in several ways. ELC purchased a total of 1,007 IS credits (342-ISCSP, 665-IS CSPKO) equivalent to about 25% of our annual palm volumes in 2019. With these purchases, ELC has supported 1,145 independent smallholders in Indonesia, Malaysia and Thailand. ELC purchased 342 Crude/ Refined Palm (CSPO) IS credits from Wild Asia's Group Scheme (WAGS), which supported 335 independent oil palm small producers in Perak, Malaysia, who are producing a total of 25,625 metric tonnes of certified Fresh Fruit Bunches (FFB), equivalent to about 5,125 metric tonnes of CPO and 1,281 metric tonnes of PKO (as of May 2020). In addition, ELC purchased 525 CSPKO IS credits through Fortasbi, supporting 468 independent smallholders managing a total of 1,475.83 hectares of RSPO-certified plantations in the Jambi and South Sumatra provinces of Indonesia, and 140 credits purchased from Nueakhleng-Khaophanom Community Enterprise Thailand that supports 342 farmers. Additionally, The Estée Lauder Companies, BASF and the Roundtable on Sustainable Palm Oil (RSPO) are partnering with the civil society organization Solidaridad to promote sustainable palm oil and palm derivatives production in the district of Waykanan, Lampung, Indonesia. The project supports independent Indonesian smallholder farmers to improve their livelihoods and their sustainable production of palm oil and PKO. The program achieves these goals by offering continuous education and technical support on implementing and maintaining sustainable palm oil practices. The project's target is that a minimum of one-third of the supported smallholder farmers become certified according to the Smallholder Standard of RSPO at the end of three years. The project partners are collaborating with the Indonesian government to foster a sustainable palm oil production supply chain in Lampung that is free from deforestation and competitive in the global market, while increasing the social and economic benefits for farmers.

7. Challenges

7.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- ☐ Awareness of RSPO in the market
- ☐ Difficulties in the certification process
- ☒ Certification of smallholders
- ☐ Competition with non-RSPO members
- ☒ High costs in achieving or adhering to certification
- ☐ Human rights issues
- ☐ Insufficient demand for RSPO-certified palm oil
- ☒ Low usage of palm oil
- ☐ Reputation of palm oil in the market
- ☐ Reputation of RSPO in the market
- ☐ Supply issues
- ☒ Traceability issues
- ☐ No challenges faced
- ☒ Others

Others

The Estée Lauder Companies predominantly sources PKO-derived materials, similar to most other personal care products companies. The complexity of the PKO derivative ingredient supply chain continues to pose significant challenges to establishing source traceability for the Company, as well as to our tier 1 direct suppliers. Additionally, we are working to increase procurement of certified sustainable PKO-derived ingredients through physical supply chains in a market environment that offers limited availability of RSPO-certified PKO and PKO-derived ingredients. Resolution/Mitigation Efforts: The Estée Lauder Companies is collaborating with stakeholder groups and other companies to identify mechanisms to improve traceability in the PKO and PKO derivatives supply chain with a goal to increase our procurement of CSPKO ingredients and collectively engage key actors along the supply chain. Through our membership in the Action for Sustainable Derivatives (ASD) collaborative initiative, we are working to establish traceability to the point in the supply chain where suppliers can demonstrate that the palm ingredients meet our sourcing principles. (see CG.7.2 for additional details on ASD). In addition, we have joined the North American Sustainable Palm Oil Network (NASPON) to support the goal of reaching 100% CSPO in the market. (see CG.7.2 for additional details on NASPON). The Estée Lauder Companies is also continuing to search for greater volumes of Mass Balance products as the oleo-chemical industry evolves to meet growing demand for CSPO/PKO materials. We are continuing to develop a responsible sourcing framework that will help ensure the sustainable use of materials from biodiversity. This effort is planned to further strengthen our corporate commitment to sustainable sourcing practices.

7.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- ☒ Engagement with business partners or consumers on the use of CSPO
- ☐ Engagement with government agencies
- ☐ Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- ☐ Promotion of physical CSPO
- ☐ Providing funding or support for CSPO development efforts
- ☐ Research & Development support
- ☐ Stakeholder engagement
- ☐ No actions taken
- ☒ Others

Others

In December of 2019, The Estée Lauder Companies became one of the founding members of the Action for Sustainable Derivatives (ASD), a collaborative initiative co-managed and co-facilitated by BSR and Transitions, to promote responsible sourcing and collective action to increase sustainable production of palm oil and palm oil derivatives. ASD participants aim to scale up efforts towards compliance with No Deforestation, No Peat, No Exploitation (NDPE) principles and to positively transform the palm oil industry. By harmonizing requirements, standardizing tools and methodologies, and mutualizing efforts, ASD intends to increase the transparency of the global derivatives supply chain, collectively monitor risks and activities along the supply chain, and implement collective action projects to address social and environmental issues on the ground. Additionally, The Estée Lauder Companies joined the RSPO's North American Sustainable Palm Oil Network (NASPON) which aims to educate, build momentum, and accelerate collaboration within the North American market for the uptake of Certified Sustainable Palm Oil. ELC has been an active member of the derivatives working group to collaboratively address common challenges in the palm derivatives supply chain.

7.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

The Estée Lauder Companies (ELC) Palm Oil Viewpoint: <https://www.elcompanies.com/en/our-commitments/viewpoints#palm-oil>
 ELC FY19 Corporate Responsibility Report: <https://media.elcompanies.com/files/e/estee-lauder-companies/universal/our-commitments/2019-cr-report/elc-fy19-cr-report.pdf>
 NDPE policy: <https://www.elcompanies.com/en/our-commitments/viewpoints/ndpe>
 Ethical Conduct & Human Rights Policies: ELC has two policies that address ethical conduct and human rights -- the ELC Code of Conduct (COC) and the ELC Supplier Code of Conduct (SCOC). The Estée Lauder Companies' processes are aligned with RSPO's grievance mechanism in that our process (i) provide employees with several avenues to raise questions or concerns about whether any behavior is consistent with the law, our Code of Conduct, or Company's policies, (ii) ensure that reports about inconsistent conduct are reviewed, investigated, and remediated, (ii) protect our Company's commitment to conducting business with uncompromising ethics and integrity, (iii) protect reporters who in good faith raise questions or concerns about potential violations or who assist in an investigation of a reported violation from retaliation or discrimination, (iv) allow non-employees to report concerns through our Company's Compliance Helpline. Our processes differ from the RSPO's grievance mechanism in that our processes ensure that questions and concerns are treated confidentially to the greatest extent possible and reporters are allowed to raise questions and concerns on an anonymous basis where permitted by law.
 ELC Supplier Code of Conduct and Supplier Sustainability Guidelines: <https://www.elcompanies.com/en/our-commitments/working-with-our-suppliers/supplier-code-of-conduct>
 ELC Code of Conduct (including grievance mechanism): <https://media.elcompanies.com/files/e/estee-lauder-companies/universal/investors/corporate-governance/governance-principles/elc-code-of-conduct.pdf>
 GHG Policy: <https://elcompanies.sharepoint.com/:b/s/ElCGCCS/EUtbYmdqMr1FoUV8cLUnBUcB-V5CGyrbXcTuSsFUQyN1og?e=KaLE0X>
 ELC 2019 CDP Climate Disclosure: <https://media.elcompanies.com/files/e/estee-lauder-companies/universal/our-commitments/2019-cr-report/elc-cdp-climate-change-questionnaire-2019.pdf>
 Although we do not have a public policy covering climate change and GHG, we continue to work to address the challenges and opportunities associated with climate change. This is a critical decade for climate action and, as a signatory of the Paris Agreement, The Estée Lauder Companies (ELC) is part of the global business community committed to taking bold action to address climate change. The company set ambitious sustainability goals for 2020, is on track to achieve them, and has its sights set on progressing its climate mitigation strategy through 2030. After signing onto RE100 in 2018 with the aim of achieving 100% renewable electricity by the end of 2020, ELC reached this goal in the US and Canada one year ahead of schedule. Now, the company is on track to hit both 100% renewable electricity and Net Zero carbon emissions at the global level by the end of 2020. This progress is in part due to the rapid expansion of ELC's renewable energy portfolio. ELC has invested in a portfolio of green energy solutions from building on-site solar arrays at ELC facilities to bringing new renewable energy sources to the electric grid. In November 2019, ELC signed a virtual power purchase agreement (VPPA) for the Ponderosa wind farm in Beaver County, Oklahoma, making it the first prestige beauty company to execute a VPPA and sealing the company's largest renewable energy agreement to-date. ELC is working to set science-based targets (SBTs) for emissions reduction throughout its value chain, reinforcing its commitment to the Paris Agreement by aligning its carbon reduction targets to the current scientific consensus to keep global temperature rise below 2 degrees Celsius. Occupational Health & Safety: Pages 58-61 of FY2019 CR Report
<https://elcompanies.sharepoint.com/:b/s/ElCGCCS/ESctmWQJPqhHiAlSmAhaX2sB4VGMmmlbGZsAgin97logDw?e=gXkGh6>