



THE ESTÉE LAUDER COMPANIES INC.

ESTÉE
LAUDER
COMPANIES

2007 New Jersey Clean Energy Conference

Michael Jaklitsch, CIH, CSP

Vice President

Global Environmental Affairs & Safety

The Estée Lauder Companies Inc.





DONNA KARAN

good skin.

MAC

ESTÉE LAUDER

BOBBI BROWN

grassroots™

JO MALONE

LONDON

aramis

AVEDA®



AMERICAN BEAUTY



THE ESTÉE LAUDER COMPANIES INC.



FLIRT!

Founded in 1946



CLINIQUE



Kiton

LA MER.



DARPHIN
PARIS

PRESCRIPTIVES

gloss.com

MICHAEL KORS

Our Products



- **Skin Care:** moisturizers, creams, lotions, cleansers, sunscreens, and self-tanning products.



- **Make-up:** lipsticks, mascaras, foundations, blushes, eye shadows, nail polishes and powders.



- **Fragrance:** eau de parfum sprays, colognes, perfumes, and lotions, powders, creams and soaps based on particular fragrances; bath and aromatherapy products.



- **Hair Care:** shampoos, conditioners, styling gels and cremes, hair coloring products and hairsprays.

Types of Operations

- ☐ Research and Development (NY, MN, Canada, Japan, Belgium and China)
- ☐ Manufacturing (NY, NJ, PA, MN, Canada, UK, Belgium, and Switzerland)
- ☐ Distribution (NY, PA, MN, CA, Belgium, Canada and Switzerland)
- ☐ Affiliate Warehouse Operations (Global)
- ☐ Retail – stores, counters, field staff
- ☐ Offices

Retail

Currently operates 475+ free-standing retail stores:

- ☐ Aveda Environmental Lifestyle Stores
- ☐ Clinique
- ☐ Estee Lauder
- ☐ Jo Malone
- ☐ M.A.C.
- ☐ Origins
- ☐ The Cosmetics Company Store



Hillsdale Shopping Center San Mateo, CA USA

AVEDA®

CLINIQUE



J O M A L O N E

L O N D O N

M·A·C



Affiliates



Australia



Austria



Belgium



Chile



China



Czech Republic



Denmark



Dubai



France



Germany



Greece



Hong Kong



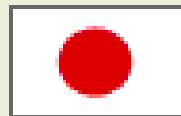
Hungary



Israel



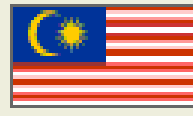
Italy



Japan



Korea



Malaysia



Mexico



Netherlands



New Zealand



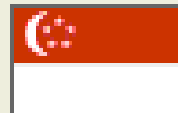
Norway



Poland



Russia



Singapore



South Africa



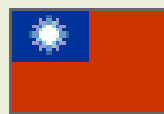
Spain



Sweden



Switzerland



Taiwan



Thailand



Turkey



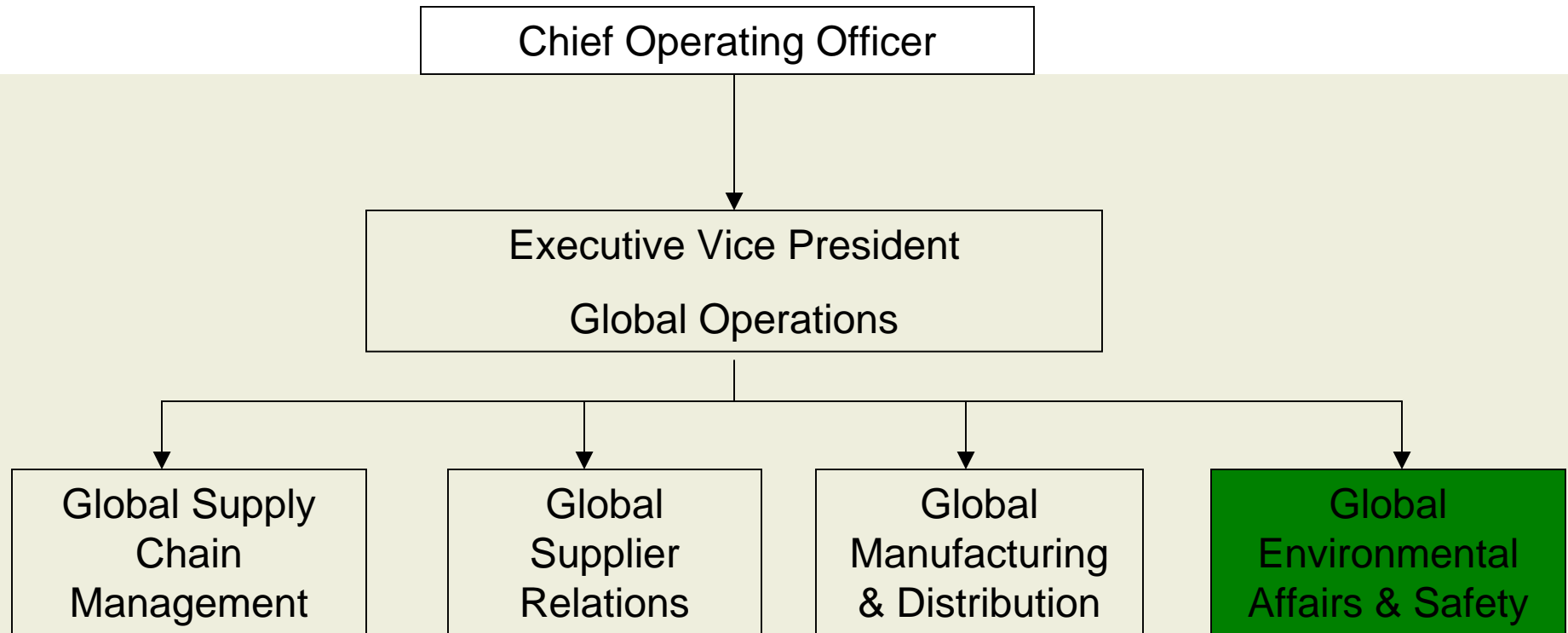
United Kingdom



United States
NY Office



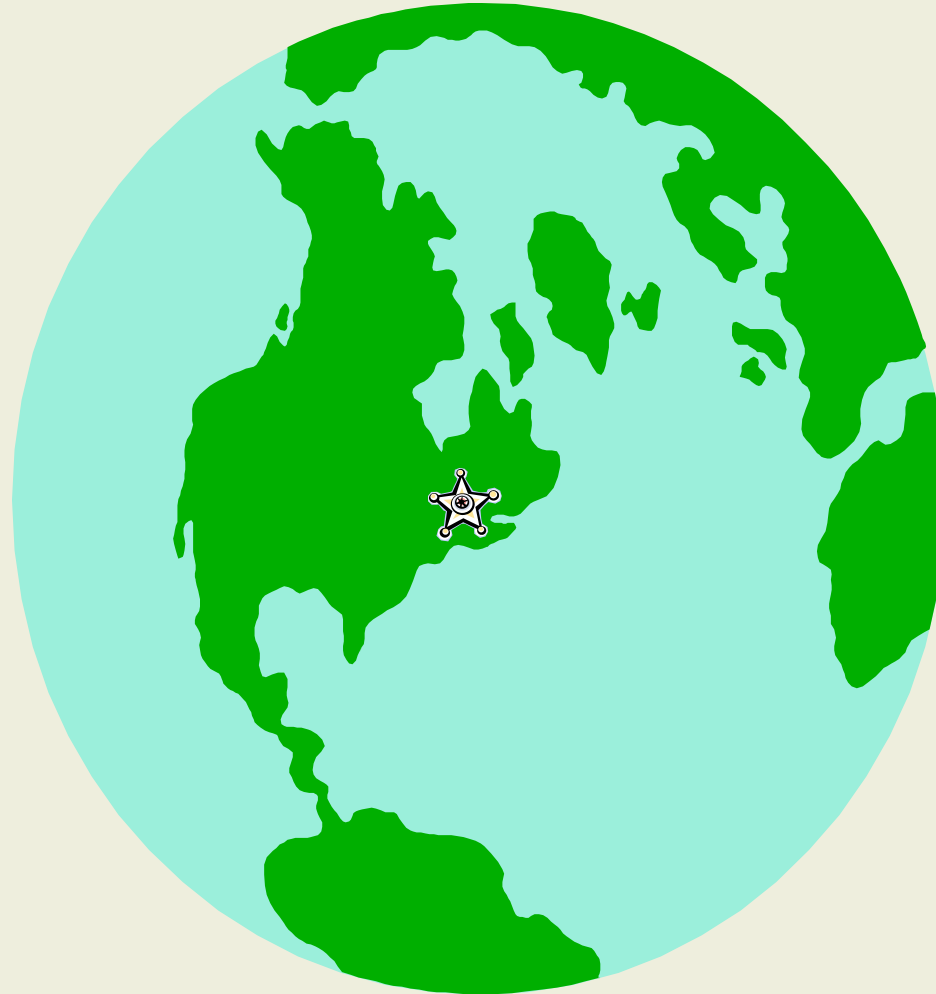
Venezuela



EHS Staff

DOMESTIC

NY, PA, NJ, MN



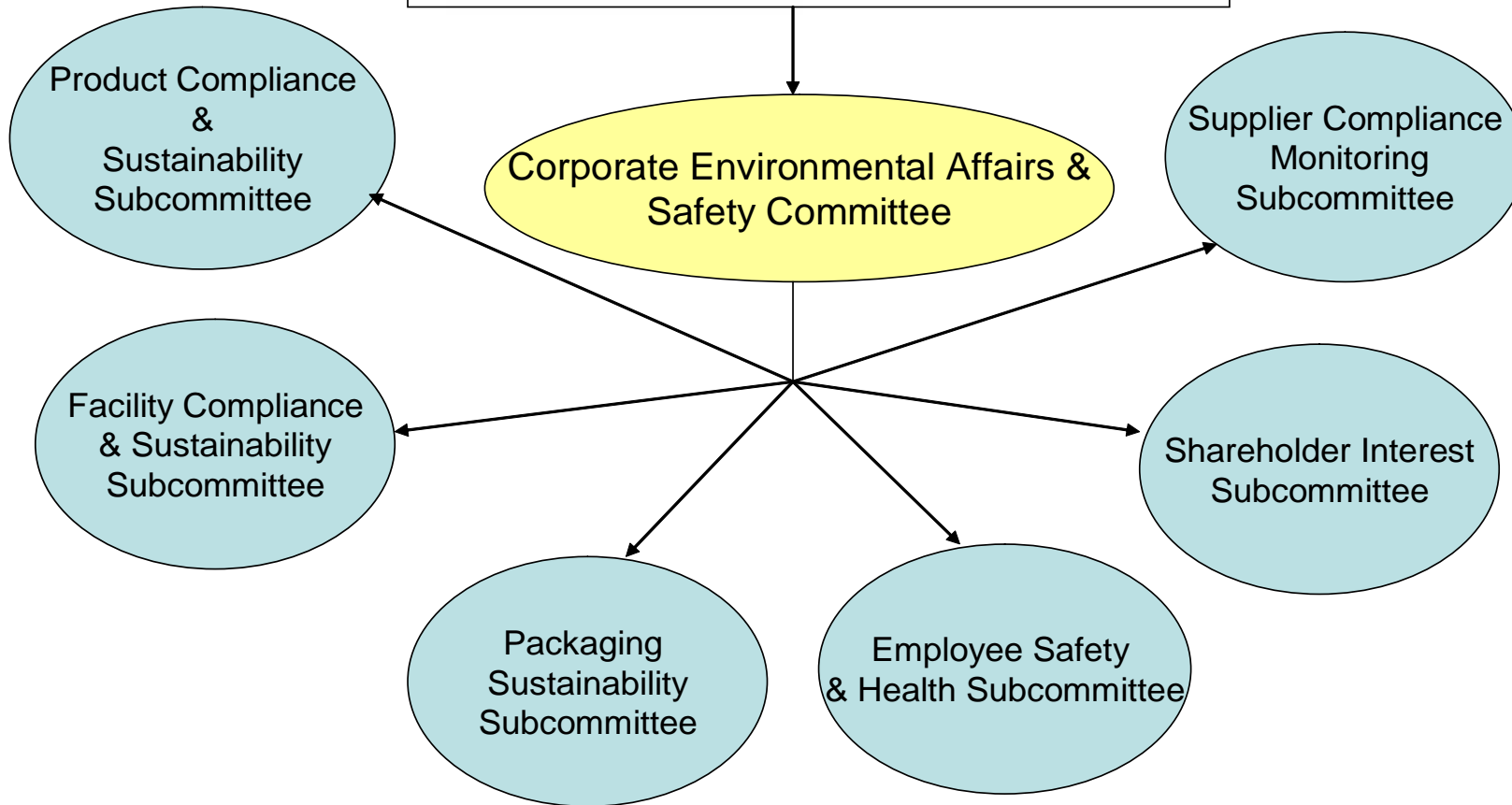
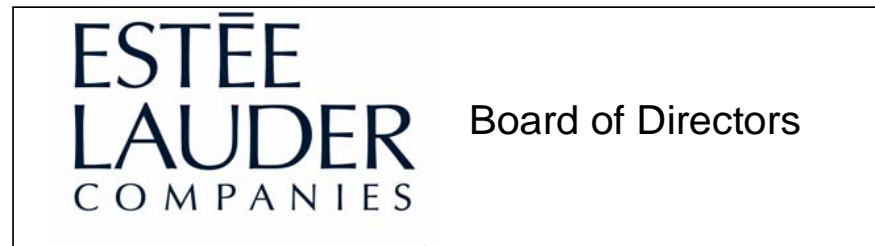
INTERNATIONAL

Canada

UK

Belgium

Switzerland



The Estée Lauder Companies Inc.

Corporate Social Responsibility Report 2007

THE BEAUTY OF SUSTAINABILITY

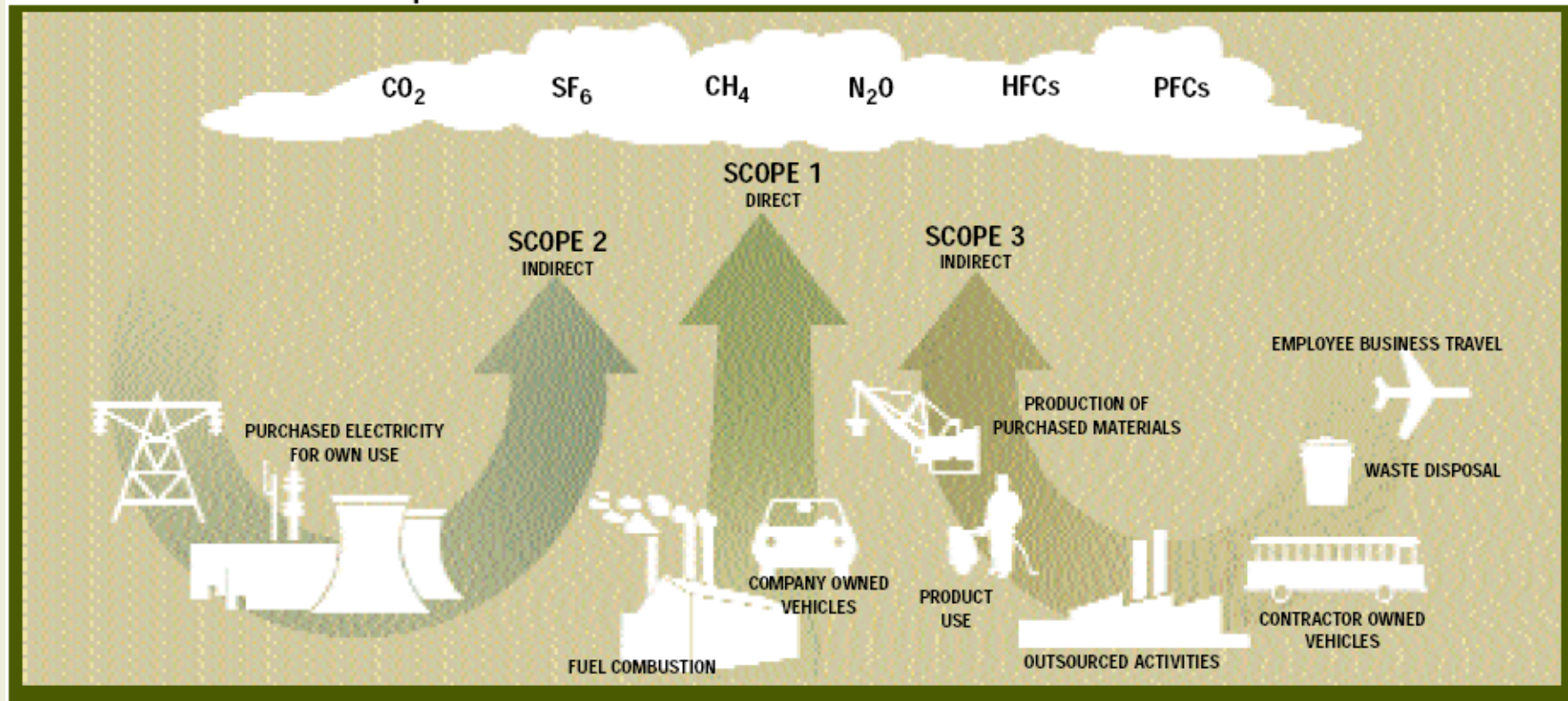


THE EMPLOYEES OF THE ESTÉE LAUDER COMPANIES ARE COMMITTED TO

- Being responsible citizens in every community we serve
- Understanding that we are part of a larger whole and that our actions have consequences
- Striving to continuously look for new and better ways to do things to constantly raise our standards
- Providing consumers with innovative cosmetic products of the highest quality and safety standards
- Delivering outstanding service by treating each individual as we ourselves would like to be treated
- Building partnerships with our stakeholders based on fairness and trust
- Pursuing profit—but never at the expense of quality, service or reputation
- Most of all, staying committed to working safely together with uncompromising ethics and integrity

EL Climate Change contributions

FIGURE 3. Overview of scopes and emissions across a value chain



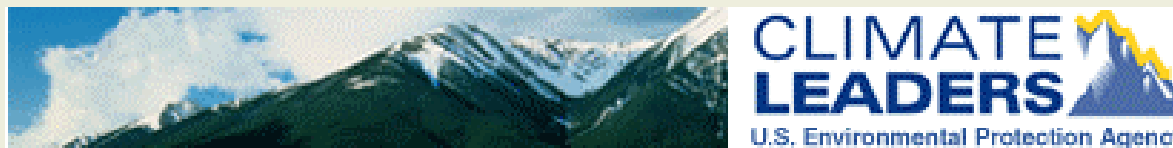
Climate Change Risks

- Limited ability to procure natural ingredients
- Limited ability to procure petroleum-based ingredients
- Change to manufacturing & distribution practices
- Increase in insurance premiums
- Rise in global cost of goods due to rising energy costs
- Increased regulatory focus



Climate Change Goals

- Calculate carbon footprint of organization
- Eliminate inefficient uses of resources internally and within supply chain
- Examine processes to determine better way to run business
- Install on-site renewable energy to power facility where economically feasible
- Offset electricity use where we cannot reduce or create our own clean energy



Addressing Climate Risks & Reducing Carbon Footprint



- Implemented a large-scale energy conservation program based on the US Energy Star Buildings Program
- Installing on-site renewable energy
- Purchasing renewable electricity to off-set retail, manufacturing and distribution activities
- Work with Forest Ethics to protection old-growth forests
- Developed green building standards and purchasing guidelines
- Developed global freight reduction programs to minimize shipments between suppliers and manufacturing sites
- Replacing virgin paperboard with high PCR content
- Calculating our carbon footprint to establish emissions reduction targets

Energy Conservation

- 1998 - partnered with US EPA Energy Star program
 - Lighting
 - Motors
 - HVAC Systems
 - Equipment Specifications
- Program achievements
 - 18% Reduction in baseline energy use
 - Removal of over 450,000 tons of CO2 from atmosphere
 - 20% savings in Operations energy costs (\$1.7 million/yr)



On-site Renewable Energy

- 600-kilowatt solar energy system at Oakland, New Jersey manufacturing site
- Swiss facility installed small solar array



Benefits of Oakland Solar System

ESTÉE
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COMPANIES



- 600 kW capacity
- 3,000 panels
- > 650,000 kWh per year
- Offset over 10,000 tons of CO₂ in 25 year lifespan
- Provides 40% of building's electricity
- Cost stability

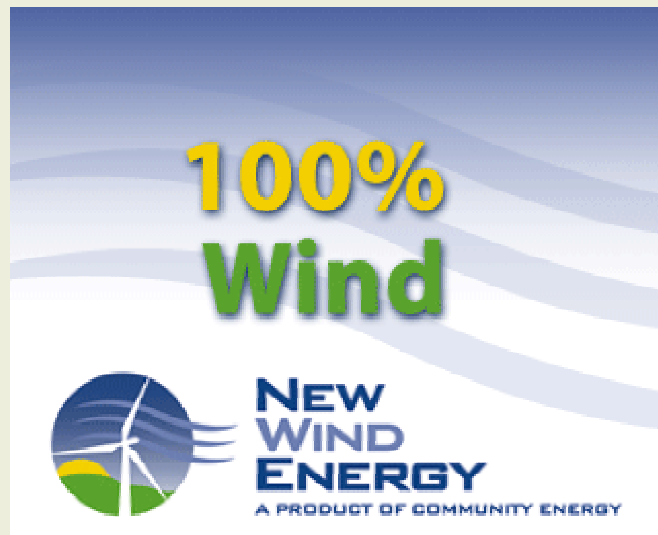


100% Purchase of Renewable Electricity

- Aveda's purchase
- Origins' purchase
- Global Ops' purchase
 - Wind Power
 - Hydropower
 - Solar energy



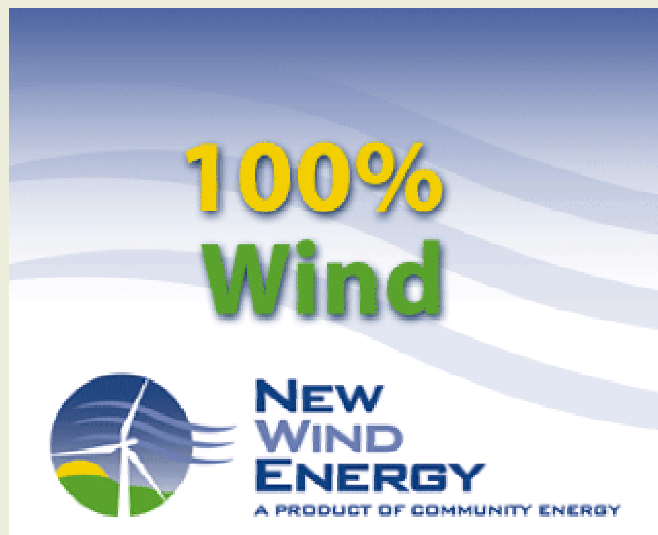
Origins Wind Power Purchase



- Purchase of > 7.1 Million kWh / year of clean electricity
 - 10% regional (New York) new wind energy (lack of existing infrastructure)
 - 90% national (primarily mid-west) wind energy



Benefits



- Reduction of 4,304 metric tons of CO₂ emissions
- Equivalent to removing 894 cars from the road or planting 850,000 trees



Global Operations' 100% Renewable Electricity



EcoLogo®
Program

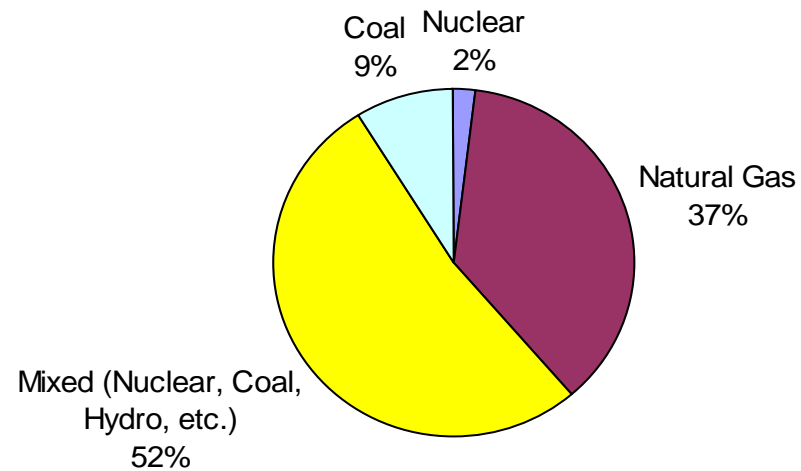


programme
Eco-Logo™



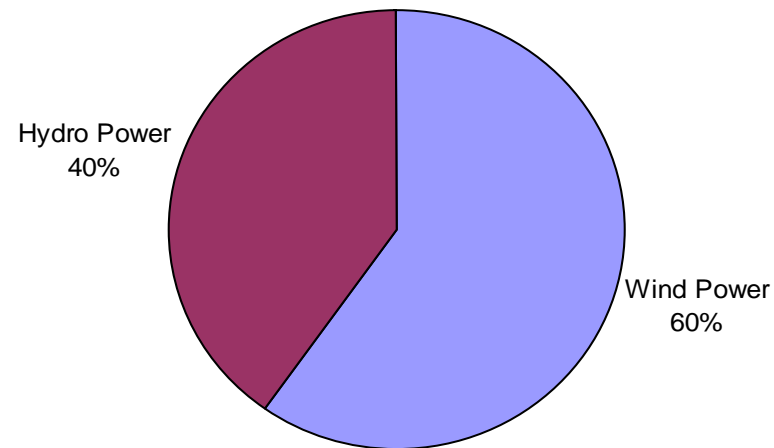
2007 Electric Supply by Type

Estee Lauder Companies 2007 Operations Electric Supply by Type



2008 Electric Supply by Type

Estee Lauder Companies 2008 Operations Electric Supply by Type



100% Renewable Energy Purchase

- 60,300,000 kWh
- 50,000,000 pounds of CO₂ reduction
- \$352,000 cost increase



Paperboard and Paper Products



FORESTETHICS

Because protecting forests is everyone's business

- Protection of Old Growth Forests
 - Products supplied to the Estee Lauder Companies will contain only wood fibers that originate from managed, sustained yield forests or recycled paper/fiber product. Products derived from the clear cutting of ancient rainforest or undisturbed virgin frontier (Frontier Forest) are not acceptable to the Estee Lauder Companies.



Packaging Environmental Initiatives

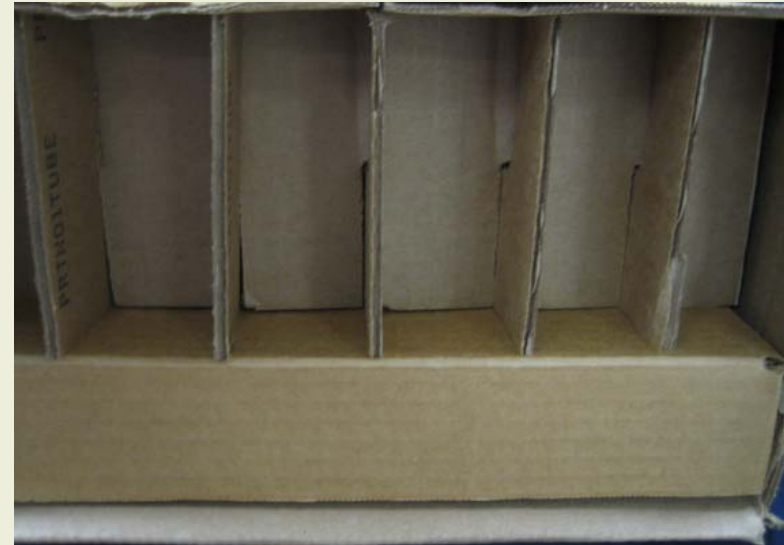
- Increase recycling
- Increase PCR content
- Decrease package weight
- Use friendlier materials



SUSTAINABLE PACKAGING
COALITION

Old Version of Shippers

Old shipper required
a bottom tray and
partition

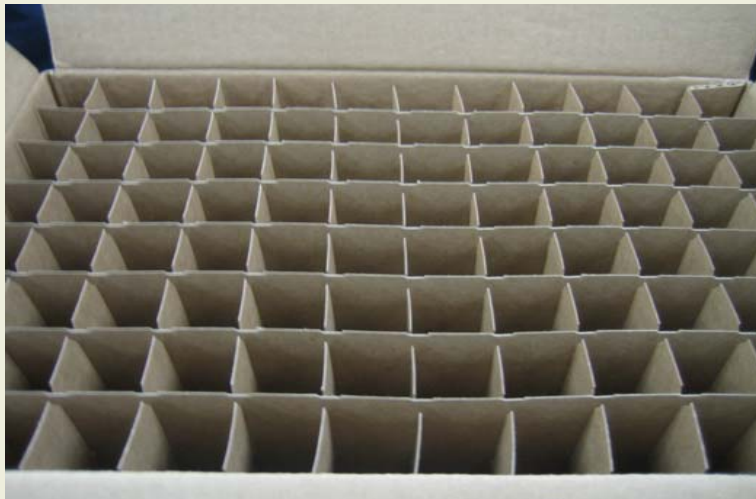


Only 48 cells per shipper

New Version of Shippers

Partition changed from
corrugate to chipboard

Shipper resized to
eliminate bottom tray



Increased pack out to 96
cells per shipper

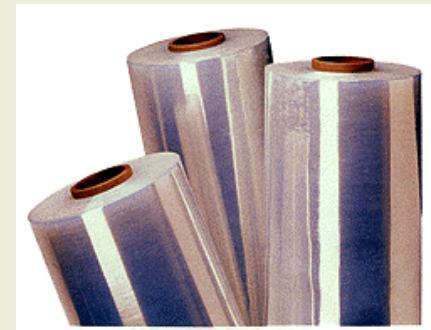
Benefits of redesigned Shipper

- 90-100% PCR shippers
- 700,000 trees saved
- No additional cost to increase % of PCR
- Increased pack out resulted in a \$400,000 savings for one brand



Recycling and Reuse

- Corrugate and Paper
- Plastics
 - Components
 - Wrapping
 - Trays
- Glass
- Metals
- Ethyl Alcohol
- Computers
- Batteries



Waste Management

- Reuse
- Recycling
- Energy Recovery

(No landfill policy)



ECO Chic Store Designs





- Employee Reforestation Efforts
 - Almost 20,000 trees planted on Long Island by employees

Thank you

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