



MEMORANDUM OF UNDERSTANDING
Between
THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
And
THE ESTÉE LAUDER COMPANIES INC.

I. Purpose

The purpose of this Memorandum of Understanding (MOU) is to formally create a mutually beneficial working relationship between the United States Environmental Protection Agency (“EPA”) and The Estée Lauder Companies Inc. (ELC).

II. Background

The mission of the EPA is to protect human health and the environment. EPA works to develop and enforce regulations that implement environmental laws enacted by Congress. In recent years, between 40 and 50 percent of EPA's enacted budgets have provided direct support through grants to State environmental programs. At laboratories located throughout the nation, the Agency works to assess environmental conditions and to identify, understand, and solve current and future environmental problems; integrate the work of scientific partners such as nations, private sector organizations, academia and other agencies; and provide leadership in addressing emerging environmental issues and in advancing the science and technology of risk assessment and risk management. The Agency works through its headquarters and regional offices partnering with over 10,000 industries, businesses, non-profit organizations, and state, local and tribal governments, on over 40 voluntary pollution prevention programs and energy conservation efforts. EPA advances educational efforts to develop an environmentally conscious and responsible public, and to inspire personal responsibility in caring for the environment.

ELC 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 over 150 countries and territories under the following brand names: Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, M-A-C, Bobbi Brown, Tommy Hilfiger, Kiton, La Mer, Donna Karan, Aveda, Jo Malone, Bumble and bumble, Darphin, Michael Kors, American Beauty, Flirt!, GoodSkin Labs, Grassroots Research Labs, Missoni, Tom Ford, Coach, Ojon, Smashbox and Ermenegildo Zegna.

ELC owns or leases assembly, distribution, manufacturing and research facilities in California, Minnesota, New Jersey, New York and Pennsylvania, as well as corporate offices in New York and retail stores and field sales offices throughout the United States.

Our approach to environmental stewardship encompasses strong leadership commitment, employee engagement and companywide goals, policies and standards. By working together, we are making good progress in our priority areas of energy and climate change, water use and waste.

We aim to reduce our environmental impact throughout our operations - from manufacturing to retail – concentrating on:

1. Reducing our contribution to global climate change by conserving energy and cutting greenhouse gas emissions.
2. Recycling and reusing resources.

ELC has been formally managing environmental and safety issues since 1991.

The Global EAS Department is responsible for the daily management of our environmental stewardship efforts and reports regularly to Senior Management. All ELC manufacturing, packaging and distribution facilities have implemented our company-wide Environmental and Safety Management System and our manufacturing facilities are certified to ISO 14001.

Our climate change strategy is to reduce total energy use and emissions, and to switch to renewable energy where economically feasible.

III. Memorandum of Understanding (MOU) Commitments

The Parties recognize the importance of collaboration to serve the needs of society through proper design, construction, and management. Consequently, the Parties are hereby establishing a working relationship, and undertaking certain commitments with respect to infrastructure and operations as they relate to environmental issues, including, but not limited to, the following specific undertakings related to facilities and management of ELC

These include:

A) Green Chemistry

We have implemented a Green Chemistry Program which aims to reduce the environmental impact of our products over their full life cycle. This initiative is helping us apply sustainable practices throughout our operations and at our product's end of life. Specific activities and achievements under this category will be reported to EPA under the Green MOU. EPA will make ELC aware of green chemistry training, conferences, webinars and best management practices that provide guidance in moving this effort forward.

B) Packaging

We are a founding member of the Sustainable Packaging Coalition. We take a holistic approach to create responsible packaging while minimizing waste. Where possible, materials and components are recovered and reused in new packaging or other manufacturing processes.

Specific activities and achievements under this category will be reported to EPA under the Green MOU. EPA will make ELC aware of sustainable packaging training, conferences, webinars and best management practices that provide guidance in reducing the amount and increases the re-use/recycling of packaging materials.

C) Industrial and Solid Waste Re-use/Recycling and the EPA WasteWise Program

Industrial Waste - In 2011, ELC joined the EPA WasteWise Program for recycling of industrial waste at the global supply chain facilities. ELC has a “no landfill” policy. If ELC cannot recycle our industrial waste, we send the material to a waste-to-energy facility.

Cap Recycling - ELC initiated a bottle cap recycling program to build an infrastructure for post consumer polypropylene plastic #5 which is not commonly collected through municipal recycling programs.

Solid Waste Recycling – As of July, 2012, ELC recycled over 75% of waste from operations and distribution facilities. This includes all corrugate, fiberboard, paper, wooden pallets, metal, plastic, glass and ethanol. ELC shall continue to strive for zero waste and continue to increase recycling rate. ELC will utilize the EPA Wastewise program, which provides technical assistance to members for auditing municipal solid waste (MSW) generation rates and developing MSW reduction and recycling plans. With regards to office space and outlet stores, ELC encourages the recycling of cardboard and paper as well as glass, aluminum and plastic bottles/cans and will expand this to include material for which a market exists.

Food Waste Composting - Under this agreement, ELC will consider the collection of food waste for composting, at select locations where composting facilities are available. ELC will consider joining the Food Recovery Challenge under the EPA Wastewise Program.

Electronics Recycling - All end-of-life computer equipment is sent to certified electronics waste recycling companies. ELC will consider joining the Electronics Challenge under the EPA Wastewise Program.

Re-use of Industrial Materials - ELC manufacturing and distribution facilities reuse many of their waste materials. For example, plastic trays, cardboard boxes and packaging materials are routinely reused. In order to further reduce CO2 emissions and save landfill space and energy. ELC will consider the use of industrial material products with recycled content, where appropriate, in future construction projects.

Toner and Ink Recycling - Most offices recycle toner and ink cartridges through supplier partnership.

Specific activities and achievements under the above categories will be reported to EPA under the Green MOU.

D. Energy Efficiency

ELC currently participates in the ENERGY STAR Program. In 2010, we rolled out a second round of energy efficiency studies at all of our manufacturing and distribution facilities with the aim of reducing energy use and exploring on-site renewable installations. Several projects have been recommended including energy efficiency upgrades, and equipment and lighting retrofits. In addition, ELC is investigating replacement lighting at office space locations in New York City with more energy efficient lighting. Specific energy efficiency achievements will be reported to EPA under the Green MOU.

E. Solar Installations

Solar panels have been installed at ELC facilities in Compton, CA (63 kW), Oakland, NJ (600 kW), Blaine, MN (40 kW) and most recently Melville, NY (700 kW). The Company is exploring additional solar installations.

F.) Green Power Partnership

ELC has been a Partner of the EPA Green Power Partnership and among the top 20 on the Retail Partner List. In 2008, ELC received the Green Power Leadership Award. ELC will continue to support Green Power in future projects.

G.) Hybrid Vehicles

Beginning in 2010, ELC made hybrid vehicles available in its fleet and its car services.

H.) Water Conservation

ELC will continue to select water saving fixtures in its locations, where appropriate. ELC will utilize water saving technology, which may include WaterSense products, where appropriate, in the renovation or upgrade of existing buildings as well as in any new construction projects. The use of such water saving technology ensures that ELC will be conserving precious drinking water sources.

Also, water dispensers are available at every ELC location. The use of plastic water bottles is discouraged.

I.) GreenScapes Program

Under this MOU, ELC will consider utilizing EPA's GreenScapes recommendations to reduce the need to replace landscaping materials and high maintenance plants, work towards reusing landscape materials where possible, recycle organic materials and make decisions to specify and purchase products that are environmentally preferable. We will consider EPA's GreenScapes Tip Sheets and Rebuy Checklist.

ELC will investigate additional sustainable landscape design which incorporates drought resistant and native plantings - currently in place at our Blaine, MN facility. Irrigation systems when utilized will be installed with rainfall sensors and be operated during optimum watering times.

J.) Incorporating Green Technology in New and Renovated Buildings

ELC will continue to use green technologies in new and renovated buildings and explore on-site renewable energy installations where economically feasible.

K) Green Committees

ELC sites have organized Green Committees at several locations and we will look to expand this to additional sites.

L.) Utilize Cleaner Fuel and Emission Reduction Technologies

ELC will follow EPA's Clean Construction USA Program to cooperatively promote and implement measures to effectively reduce emissions from vehicles and other internal combustion engines used in construction and operation of our facilities. Clean construction equipment reduces pollution from conventional diesel fuel-powered construction vehicles and equipment through the use of Ultra-Low Sulfur Diesel (ULSD) fuel and best available pollution control retrofit technologies. We will also consider incorporating the Northeast Diesel Collaborative Model Contract Specification for Diesel Emission Reduction Controls in Construction Projects, which requires the use of clean construction equipment and clean fuel use, in its specifications for contractors working on future construction projects. Clean construction equipment includes retrofit technologies for construction vehicles such as Diesel Particulate Filters (DPFs).

IV) Status Report

ELC will submit a status report to EPA once per year starting twelve months after the official signing of this MOU. The report will include an update and data on the various activities identified in the agreement. EPA will use this information to assess the environmental benefits and carbon footprint reduction associated with ELC "green" activities.

V) Terms and Conditions

This MOU is not a contractual or a financial obligation instrument. Nothing in this MOU shall obligate EPA or ELC to expend appropriations or to enter into any contract or other obligations or be cited as the basis for the promise or transfer of funds. Collaboration under this MOU shall be in accordance with applicable statutes and regulations.

This MOU does not restrict EPA or ELC from participating in similar activities or arrangements with other entities or Federal agencies (domestic or foreign).

Either Party may unilaterally withdraw at any time from this MOU by issuing a signed written notice to that effect to the other Party. By mutual agreement, which may be either formal or informal, the Parties may modify the list of intended activities set forth in Paragraph III, above, and/or determine the practical manner by which the goals, purposes and activities of this MOU will be accomplished. Modification to other written parts of this MOU must be made in writing and signed by both Parties, or their designees.

Nothing in this MOU shall be construed to authorize or permit any violation of any Federal, State or local law, including, but not limited to, any environmental law administered and/or enforced by EPA.

Access to all documents generated pursuant to the activities set forth in this MOU that constitute agency records for purposes of the Freedom of Information Act ("FOIA"), 5 U.C.S. 552 shall be governed by the provisions of the FOIA.

ELC agrees that it does not expect, nor will they ever seek to compel from EPA in any judicial forum, the payment of money, services or other thing of value based upon the terms of this MOU. The foregoing provision does not in any way affect any legal rights accruing to ELC by virtue of any other law, contract and/or assistance agreement.

ELC understands and acknowledges that, as an institution of the Federal Government, EPA has a duty to refrain from providing any commercial entity an exclusive privilege without receiving payment therefore and, as a consequence, that EPA's relationship with ELC in no way affects, alters or otherwise constrains EPA's right to provide similar (or identical) services to, or establish similar (or identical) relationships with, any other entity.

ELC understands that EPA's participation in this MOU does not constitute an endorsement, express or implied, of (a) any policy advocated by ELC or (b) any goods or services purchased, offered or sold by ELC or (c) any product or products solely by virtue of carrying the Watersense or ENERGY STAR label.

The Parties agree that any copyrightable subject matter, including but not limited to journal articles, training, educational or informational material or software, created jointly by the Parties from the activities conducted under the MOU may be copyrighted by ELC. ELC hereby grants to EPA a royalty-free, nonexclusive, irrevocable right to, following consultation with ELC, reproduce, distribute, make derivative works, and publish the work(s) publicly, or to authorize others to do the same on its behalf.

The EPA enters into this MOU under the authority of Section 103 of the Clean Air Act, 42 U.S.C. §7403, Section 104 of the Clean Water Act, 33 U.S.C. §1254, and Section 8001 of the Solid Waste Disposal Act, 42 U.S.C. §6981, Section 6604 of the Pollution Prevention Act, and Section 324A of the Energy Policy and Conservation Act, which provide EPA with authority to undertake cooperative efforts with other organizations to promote the coordination and acceleration of research, studies, training, and other efforts to prevent, reduce and eliminate pollution.

This MOU does not create any right or benefit, substantive or procedural, enforceable by law or equity against ELC or EPA, their officers or employees, or any other person. This MOU does not direct or apply to any person outside of EPA and ELC.

Effective Date and Administration

This MOU will become effective upon signature by the Regional Administrator of EPA Region 2 and the Vice President of Global Environmental Affairs and Safety, The Estée Lauder Companies Inc. It may be modified or amended by written agreement signed by both Parties. Unless otherwise terminated by one of the Parties this MOU will terminate at the end of five (5) years from the date of signature unless revised or extended at that time by written agreement of the Parties. This MOU may be terminated at any time by either Party upon the issuance of a written notice to the other Party. The Parties will annually review the provisions of this MOU and its implementation.

Signed:

Judith A. Enck
Regional Administrator
U.S. EPA Region 2

Michael Jaklitsch
Vice President, Global Environmental Affairs
The Estée Lauder Companies Inc.