



BE IT RESOLVED: Shareholders request that Estee Lauder Companies Inc. (“Estee Lauder”) publicly disclose data that demonstrates the effectiveness of its diversity, equity, and inclusion efforts. This data should be shared at reasonable expense, exclude proprietary information, and provide transparency on outcomes, using quantitative metrics for hiring, retention, and promotion rates of employees by gender, race, and ethnicity.

SUPPORTING STATEMENT Quantitative data is sought to assess and compare companies’ diversity, equity, and inclusion programs.

WHEREAS: As of May 11, 2023, Estee Lauder has not shared sufficient quantitative inclusion data - hiring, retention, and promotion rates - to allow investors to determine the effectiveness of its human capital management programs.

Findings from McKinsey, *The Wall Street Journal*, *Harvard Business Review*, Credit Suisse, and others have pointed to the benefits of a diverse workforce, including a positive association between diversity in management and cash flow, net profit, revenue, and return on equity.¹

Diverse employees face barriers across their careers. Results of a meta-analysis of hiring practices found that White applicants received an average of 36 percent more callbacks than Black applicants and 24 percent more callbacks than Latino applicants.²

For every 100 men who are promoted, only 86 women are. Women of color comprise 17 percent of the entry-level workforce and only four percent of executives.³

Retention rates indicate the trust diverse employees have in their company.⁴ High turnover rates, however, may indicate operational inefficiency and mismanagement.

Estee Lauder is lagging companies that release inclusion data. Forty-two percent of companies in the S&P 100 have released, or have committed to release, data on Black

¹ <https://www.asyousow.org/report-pages/workplace-diversity-and-financial-performance>

² <https://hbr.org/2017/10/hiring-discrimination-against-black-americans-hasnt-declined-in-25-years>

³ https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf

⁴

https://www.dropbox.com/s/qubn1fgnh8xsaon/Diversity%2C%20Equity%2C%20and%20Inclusion%20Report%202023.pdf?utm_medium=email&_hsmi=257640585&_hsenc=p2ANqtz-9_LVHYDWuc2aeM6kmI71eIIXIONaZ_4bYIlg8EK4pav15TuCuZWvKn-H4sSm1sUdNSbYWnG_MEEIvhS8R4Ga-6rwuvZRdQXL57iAI5Pq7kIV20gR6U&utm_content=257640585&utm_source=hs_email



employee hiring rates; twenty-seven percent have done so for retention rates; and twenty two percent have done so for promotion rates.

This data provides valuable insights, such as whether a company is masking a toxic workplace or diverse employee churn via its hiring practices. Companies with better inclusion data transparency than Estee Lauder include Hasbro, Lululemon, Procter & Gamble, Nike and Victoria's Secret.

Estee Lauder publishes extensive narrative content and impressive programmatic descriptions related to its diversity and inclusion intentions, stating: "We feel a strategic imperative to cultivate and maintain a culture of inclusion and belonging, and continue to expand our commitments and programmatic efforts to drive equity across our organization globally."⁵

Estee Lauder also reports that, within its employees, "85% rate social impact as extremely or very important, with Inclusion and Diversity ranking as the most important topic (96%)."⁶

However, Estee Lauder's lack of quantitative data on its diversity and inclusion programs may lead stakeholders to become concerned that the company's statements are corporate puffery -- language described by the United States Federal Trade Commission as marketing exaggerations intended to "puff up" products and not able to be relied upon by employees, consumers, and investors.

These concerns are warranted, as the company has weathered scandals related to racism and sexism.^{7,8}

⁵ <https://www.elcompanies.com/~media/files/e/estee-lauder-companies/universal/our-commitments/2022-si-s-report/sis-report-2022.pdf>, p. 38

⁶ <https://www.elcompanies.com/~media/files/e/estee-lauder-companies/universal/our-commitments/2022-si-s-report/sis-report-2022.pdf>, p. 21

⁷ <https://www.nytimes.com/2022/06/08/fashion/john-demsey-meme-estee-lauder.html>

⁸ <https://www.eeoc.gov/newsroom/estee-lauder-companies-pay-11-million-settle-eeoc-class-sex-discrimination-lawsuit>