

Estée Lauder supports consumers and employees during Covid-19 pandemic

**The Estée Lauder Companies is undertaking a series of initiatives to support employees, consumers, stockholders and communities during the Covid-19 crisis.**

As the world confronts the impacts of the Covid-19 pandemic, The Estée Lauder Companies is helping to limit the spread of the virus. It is also striving to ease the related economic hardships faced by those it affects.

The company, its brands and foundations have made several donations and commitments. These include a \$2m grant to Doctors Without Borders/Médecins Sans Frontières, in support of its continued life-saving response to the coronavirus in under-resourced and highly impacted countries.

In New York City, where the company is headquartered, a grant was provided to support the establishment of The NYC Covid-19 Response & Impact Fund, administered by the New York Community Trust.

The new \$75m fund, jointly formed through contributions from multiple philanthropic partners, will provide support for New York City's social services and cultural community organisations.

#### **IN-KIND DONATIONS**

In China, over \$800,000 was awarded to relief efforts. Funds will support the Red Cross Society of China, Shanghai Charity Foundation and Give2Asia. Additionally, \$1.4m worth of in-kind donations were provided to the China Womens Development Foundation to support front-line medical staff.



**Executive Chairman, William Lauder, The Estée Lauder Companies has taken a 50% pay cut, as the company prioritises areas of growth and cash generation during the Covid-19 crisis.**



**The crowds were out in force as Estée Lauder, in partnership with China Duty Free Group started the 2019 holiday season by returning to CDF's Haitang Bay Sanya complex for a celebration.**

The Estée Lauder brand is also donating two million surgical masks for front-line workers in New York, as part of its continued effort towards Covid-19 relief.

In addition, Clinique is donating 50,000 skincare products to thanks doctors and nurses in New York City's hospitals, while Mac Cosmetics Viva Glam Fund will allocate \$10m to 250 local organisations worldwide, which are providing essential needs and services to people at higher risk during the Covid-19 pandemic.

The Estée Lauder Companies is also contributing to the broader Covid-19 relief efforts by producing hand sanitiser in its United States, United Kingdom and Belgium manufacturing facilities. These are for high-need groups and populations, including front-line medical staff.

Fabrizio Freda, President and Chief Executive Officer, The Estée Lauder Companies said: "As Covid-19 has expanded globally in recent weeks, we remain first and foremost focused on the health and well-being of our employees, beauty advisors and consumers.

"We are continuing to find meaningful ways to lend our support as the world fights this health crisis and are also taking action to optimise our cost structure. This is in light of ongoing temporary store closures in many regions and also to enhance our liquidity during this unprecedented time."



He added: “I am inspired by the continued resilience, collaboration, creativity and most importantly the heart of our employees, which are guided by our company values. In this moment, their commitment and the desirability of our brands and their hero franchises are leading to an acceleration of our online sales growth.

“I am confident that the actions we are taking will enable us to effectively navigate this challenging environment with agility and position us well for the recovery, which we are starting to see in our Asia Pacific region, as stores reopen.”

In order to contain the spread of Covid-19, the company has modified its business practices, guided in part by legislation, executive orders and advice from government entities and healthcare authorities (*collectively and through “Covid-19 directives”*). Directives include the temporary closure of non-essential businesses, travel bans and restrictions, social distancing and quarantines.

## **ONLINE SALES ACCELERATION**

As a result of Covid-19 Directives, most retail stores in the Americas and Europe and the Middle East & Africa, whether operated by the company or its customers, have been closed since mid-March. With air travel remanning largely curtailed, this has primarily impacted the companys travel retail business.



Online sales, however, have accelerated globally, as previously mentioned and several retail outlets have reopened in Asia Pacific in recent weeks.

In the meantime, the company will continue assessing when its Americas and European and Middle Eastern and African stores can reopen, in accordance with guidance from governments and healthcare authorities. Once stores reopen, the company will support its retailers, like it has in Asia Pacific.

As the company prioritises areas of growth and cash generation among its geographic regions, product categories, brands and distribution channels it has taken a series of actions. These include 50% salary reductions for Executive Chairman, William Lauder and President & Chief Executive Officer Fabrizio Freda (*pictured left*), a 30% salary reduction for the Executive Team and 10% to 20% salary reductions for other management.

The Board of Directors will also forgo their cash retainers through November 2020 and salary reductions of nearly 100% will be handed to Leonard A. Lauder, Chairman Emeritus and Ronald S. Lauder, Chairman Clinique Laboratories. These reductions are effective 1 May 2020 through 31 October 2020.

Meanwhile, regional decisions are being made for point of sale and field employees in locations where retail operations are closed or are experiencing slow recovery. This includes unpaid temporary leaves of absence, which allows employees to maintain healthcare benefits and access Covid-19 support where permissible.

Expanded cost controls measures have also been implemented. These include optimising advertising and promotion spending, delaying certain capital investments, restricting business travel and ceasing non-essential hires and certain professional services.

Other measures include the temporary suspension of share repurchases of its Class A Common Stock and suspension of the next quarterly cash dividend on its Class A and Class B Common Stock, which would have been paid in June 2020.

Moving forward, The Estée Lauder Companies will continue monitoring the impact of Covid-19 and consider adjusting its action plans as the situation progresses.