

# CLIMATE CHANGE AND EMISSIONS POLICY

## OVERVIEW

At e.l.f. Beauty, Inc. (“e.l.f.” or the “Company”), we are committed to being responsible stewards of our environment. With climate change presenting one of the biggest challenges of our time, we are working to reduce our carbon footprint.

## PROGRAMS AND PRACTICES

***we are committed to reducing our carbon footprint.***

In FY 2022, we completed our first measurement of greenhouse gas (GHG) emissions, establishing a baseline from which to develop our carbon reduction approach and establish corresponding targets.

From this starting point, in FY 2023 we made meaningful progress:

- We established and met our science-based target for Scope 1 and 2 emissions<sup>1</sup> through the Science Based Targets initiative. The target is for a 42% reduction in these emissions by 2030.
- We identified and began acting on key focus areas to reduce our carbon footprint. As we progress this work, we plan to evaluate science-based targets for our Scope 3 emissions.
- As part of our transparency and reporting efforts, July 2023 marked our first annual disclosure through CDP’s Climate Change questionnaire.

We recognize this is a journey – we plan to continue to focus our efforts, evaluate our progress and expand into additional opportunities to meet the challenge.

## GHG EMISSIONS BY SCOPE MTCO<sub>2</sub>e



- Scope 1: Direct emissions from owned or controlled sources
- Scope 2: Indirect emissions from generation of purchased electricity
- Scope 3: Indirect emissions from the value chain

<sup>1</sup> This includes emissions from electricity and natural gas used in our leased buildings.

Note: This environmental footprint covers GHG emissions following the GHG protocol. e.l.f. Beauty’s measured categories include Scope 1, 2 and 3 emissions. Of the 15 possible Scope 3 categories, we measured categories 1, 3-7, 9 and 12 as reflective of significant impact. For FY 2023 we refined our methodology for Category 1: Purchased goods and services to include the emissions associated with raw materials used in product packaging. We have restated FY 2022 emissions to reflect this methodology update

Consistent with other companies in our sector, the majority of our footprint is attributable to Scope 3, and in particular Category 1 Purchased goods and services and Categories 4 & 9 Upstream and downstream transportation and distribution. In FY 2023, while GHG emissions increased on an absolute basis relative to FY 2022, they decreased on a revenue intensity basis.

**our carbon reduction approach focuses on four key areas.**

Following our first measurement of our GHG emissions in FY 2022, we have since defined and started acting on the key areas that we believe will drive reductions in our Scope 1, 2 and 3 emissions: Operations, Product, Supplier Engagement, and Transportation & Distribution.

SCOPE	AREA	ACTIONS
<p><b>SCOPE 1 &amp; 2 EMISSIONS: DIRECT EMISSIONS</b> <i>ENERGY USED IN OWN OPERATIONS: INCLUDES ELECTRICITY AND NATURAL GAS USED IN OUR LEASED BUILDINGS</i></p> <p><b>SCOPE 3 EMISSIONS: INDIRECT EMISSIONS IN OUR VALUE CHAIN</b> <i>THIS INCLUDES OUR TWO LARGEST CATEGORIES: PURCHASED GOODS &amp; SERVICES (CATEGORY 1) AND UPSTREAM AND DOWNSTREAM TRANSPORTATION (CATEGORIES 4 &amp; 9).</i></p>	<p><b>Operations</b></p>	<p>In FY 2023, we set near-term GHG emissions targets for Scopes 1 and 2 through the Science Based Target initiative (SBTi) following a 1.5°C scenario. Concurrently, <b>we transitioned to 100% renewable electricity at all our offices and US retail distribution center</b> through a combination of utility-provided renewables and Renewable Energy Certificates, meeting our new reduction targets with the plan to continue to do so moving forward.</p>
	<p><b>Product</b></p>	<p>With the carbon life cycle impact of our products as a leading contributor to our total carbon footprint, we are taking steps to <b>gain visibility to product-level carbon impact</b> during product development. This includes implementing the Sustainable Packaging Initiative for Cosmetics (SPICE) tool to quantify and evaluate sustainability in packaging design.</p>
	<p><b>Supplier Engagement</b></p>	<p>As <b>we engage with our suppliers on sustainability</b>, GHG emissions is a key topic. We work with suppliers representing 95% of our direct spend to measure their Scope 1 &amp; 2 emissions. Beyond reporting, we are challenging our strategic suppliers to develop emission reduction plans. And, recognizing the value of shared learnings, we have instituted “supplier roundtables” centered on sustainability and plan to build this out as a key element of our supplier management program.</p>
	<p><b>Transportation &amp; Distribution</b></p>	<p>Most of our product travels by ocean from our suppliers to our distribution centers. While ocean is the least emissions-intensive mode, we will continue to <b>identify ways to reduce the impact of transportation and distribution</b>. This includes improving efficiency through light-weighting shipping materials, optimizing container loading and identifying opportunities in our distribution network, including our Ecommerce operations.</p>

## **OVERSIGHT**

This Policy applies worldwide to all employees and partners of e.l.f. Beauty. These guidelines were approved by the Board of Directors and Executive Team of the Company.

Although every one of our teammates has the responsibility of mitigating our environmental impact, the primary oversight authority on such issues lies with our Board of Directors, through the Nominating and Corporate Governance Committee. In partnership with senior management, members of the Committee provide guidance on our overall ESG programs, including our environmental strategy and setting goals on environmental-related topics.

## **MONITORING, AUDITING & VERIFICATION**

e.l.f. Beauty adheres to all local, state, and federal environmental-related legislation and guidelines. We expect our partners and third-party providers to comply with all relevant environmental legislation.

*Last updated: September 2023*