

# Estée Lauder Inc.

Date: **13 April 2017**  
Subject: **Foundation for Strategic Sourcing – AuditOne Initiative**

Dear Trusted Supplier,

Please accept this letter as notification that Estée Lauder Inc. and its affiliates **are participating in the AuditOne Global Program** to meet our supplier assessment requirements effective immediately. Once you post an audit on the interactive portal, we and potentially a number of your other customers may no longer have to perform an onsite quality assessment.

The *AuditOne Global* program has been developed through collaboration with the *Foundation for Strategic Sourcing (F4SS), Johnson and Johnson, Procter and Gamble, Unilever, L'Oréal, Kimberly Clark and Estee Lauder*. This industry standardization initiative focuses on improving compliance to quality standards and Agency regulations, while reducing supply chain burden and consumer risk.

As a supplier to the global consumer products industry, you are expected to implement and maintain effective quality systems. You are continuously under the scrutiny of multiple customers, with their expectations that your systems result in the delivery of quality materials produced in a compliant manner.

Today, you likely host multiple customer audits each year, consuming significant time and resources in preparation, execution, observation closure, follow-up, and paperwork. Also, it is likely, that this process is burdened by the need to manage the many unique expectations of the customers you service. The AuditOne Global program is designed to streamline and simplify this customer audit process, freeing up your valuable time and resources.

The consumer products companies participating in the AuditOne Globally -sponsored program have agreed to a set of single audit standards. These are published standards, generated by known quality standard organizations. In select cases, the standard will be coupled with an addendum detailing expectations not specifically called out in the standard.

The program has been designed to use 3rd party audit firms (certification bodies) to conduct the required audits. Audit firms were selected and vetted by the consumer products companies that collaborated in the development of this initiative. The firms were chosen based on experience, geographic coverage, and the robustness of their internal quality systems. The audit firm will work directly with you, the supplier, to fully understand any observed gaps and to develop a holistic and sustainable CAPA plan.

The audit results and CAPA plan are owned by the supplier and you decide which of your customers may have access to them via a secure and interactive webplatform

To better describe how the program works, please review these steps:

STEP		WHO
1	Register for inclusion in the AuditOne Global Program at <a href="http://www.auditoneglobal">www.auditoneglobal</a> registration details are located there.	Both participating customer and supplier
2	Select the applicable audit standard for business based upon the product type being manufactured. If multiple product types are manufactured, the standard selected will be to the highest standard available.	Supplier
3	Determine the audit cost from the list of approved audit firms. Make a selection based upon cost, timing, geographic coverage, and capability to perform audit against the standard selected.	Supplier – <b>this is a supplier-funded program.</b>
4	Notify customers participating in the program utilizing the AuditOne interactive web platform that an AuditOne Global audit has been scheduled, indicating exact date(s) or month/year. Also supply name of audit firm and auditor (if known at time).	Supplier
5	Based on STEP 4 notification, customers may conduct a pre-audit conference with the auditor to communicate any Customer-specific audit requests. These communications	Customer and Audit Firm

	will be facilitated on the interactive platform.	
<b>6</b>	Supplier with conduct a pre-audit conference with auditor to: <ul style="list-style-type: none"> <li>• review the Quality Standard selected for the audit</li> <li>• align on audit process expectations</li> <li>• detail supplier’s responsibilities to prepare required documentation</li> </ul>	Supplier and Audit Firm
<b>7</b>	Conduct the audit. Ensure the quality systems are both well designed and effective. Effectiveness is determined through objective evidence gathered from interviews, reports, and observation. The AuditOne Global program utilizes in-depth compliance audits, that assess both the robustness of the system design and the successful integration and application of the system within the operation.	Supplier and Audit Firm
<b>8</b>	Complete final audit report and post to the AuditOne Global interactive web platform.	Audit Firm
<b>9</b>	Develop a CAPA plan, due 30 days from audit report issue, inclusive of immediate corrections, any mid to long-term preventative actions, and associated due dates.	Supplier and Audit Firm
<b>10</b>	Approved CAPA plan will be posted to the AuditOne Global platform. You will grant access to your participating AuditOne Global customers through the platform..	Supplier
<b>11</b>	Notification to Participating customers will occur, based upon the permissions you have established, that the audit and approved CAPA plan are posted and available for review on the interactive platform.	Supplier
<b>12</b>	Update CAPA plan with milestone activities and status to the AuditOne Global Platform.	Supplier

The list of AuditOne harmonized standards, with links to the actual standard, can be found at [www.F4SS.org](http://www.F4SS.org) and [www.auditoneglobal.com](http://www.auditoneglobal.com) ..

These are the standards you will be audited to, if you engage in the AuditOne initiative at this time.

At this site, [www.auditoneglobal.com](http://www.auditoneglobal.com) you will also find step by step instructions, registration process, and the opportunity to execute request for quotes directly to the participating audit firms.

As a participant of this innovative and valuable initiative, Estée Lauder is delighted to bring this opportunity to our supplier base. We are certain this program will bring resource optimization to our extensive supply chain, while improving the compliance level that regulators demand. We do emphasize that your participation in the F4SS AuditOne program still requires you to adhere to Estée Lauder’s contractual obligations, inclusive of meeting all requirements in our Quality Agreement. While our intent is to accept the results of AuditOne audits, we reserve the right to perform focused audits on your facility.

Ultimately, we wish to shift our focus to collaborating with suppliers to improve and reduce customer risk rather than conducting excessive and repetitive site audits.

Should you have any specific questions regarding the mechanics of the program, please feel free to reach our the AuditOne Global Program Manager – Dave Hempson at [dave.hempson@f4ss.org](mailto:dave.hempson@f4ss.org)

Thank you for your attention and partnership

Respectfully submitted,

Carol A. Ciszek  
SVP, Global Quality Assurance

Roberto Magana  
SVP, Chief Procurement Officer