

# Accelerate Action on Climate Change

**At Colgate, we are on a mission to create a healthy and sustainable future for all. Achieving that future means we have an important responsibility to address climate change and its threat to disrupt every aspect of our lives—from environmental impacts like weather events, water security and biodiversity, to food supply to socioeconomic stability. This makes acting on climate change a priority for our stakeholders, including our employees, customers, consumers, investors, NGOs and business partners and, in turn, a priority for Colgate.**

## Colgate's Carbon Footprint\*



Colgate has been working on climate change for over 20 years. Accelerating Action on Climate Change is a core action of our 2025 Sustainability & Social Impact Strategy and drives our intention for Net Zero carbon emissions across our growing business. Our targets align with the Science Based Targets initiative (SBTi), the Paris Agreement, our signing of the Business Ambition for 1.5°C and our commitment to Recover Better, working in concert with the UN Global Compact (UNGC).

We will make progress towards reducing emissions by working across our entire value chain, including our suppliers, operations, brands and consumers. The majority of our total GHG emissions across our four core product categories (oral care, personal care, home care and pet nutrition) are associated with the consumer use of our products—particularly related to the use of hot water for personal and home care, as well as cold water used for oral care. That's why we made an ambitious commitment to reduce the indirect use phase emissions associated with the consumer use of our products by 20% by 2025 against a 2016 baseline.

Although our own global operations contribute only about 5% of our total carbon footprint, these emissions are the ones that we have the most direct operational control over, so we continue to work hard to drive efficiency and reduce our GHGs.

\* Approximate percentages based on 2020 baseline data across Colgate-Palmolive's global categories and geographies

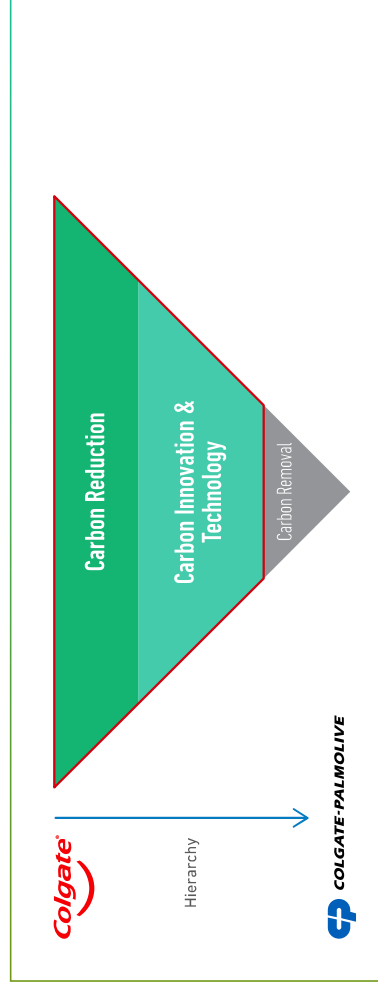
## Net Zero Carbon Transition and Targets

**Underlying Colgate’s climate commitments are science-based targets focused on a Net Zero carbon transition. Colgate’s current targets for Scopes 1, 2 and 3 emissions were approved by the SBTi in 2020. Following the release of the new SBTi Net Zero Carbon Standard in late 2021, Colgate has established additional long-term and interim climate targets for SBTi’s review and approval in 2022.**

### Net Zero Carbon Transition Approach

Our overall approach to drive our Net Zero carbon targets can be expressed in this simple graphic:

## Net Zero Carbon Approach



Our first priority is to find ways to reduce our carbon footprint and/or mitigate carbon emissions across our entire value chain. This includes investments in energy efficiency and reduction, encouraging suppliers to reduce their carbon footprint, developing less carbon intensive products and shaping consumer habits.

Next, we will continue to identify and deploy meaningful lower carbon innovations and technologies that replace more traditional carbon-intensive processes. Examples of this include increased use of renewable and carbon-free energy sources, as well as emerging technology solutions for materials, packaging, manufacturing, transportation and product use that lower the overall carbon footprint.

Lastly, we will work to permanently remove the residual emissions from our value chain by 2040 per the SBTi Net Zero Standard.

For each Colgate functional area, such as operations, procurement and logistics and their associated carbon scopes, we have developed clear target boundaries, glide paths and tactics to guide their associated decarbonization plans.

## Net Zero Carbon Targets

Colgate is committing to the following Net Zero carbon and other climate-related targets:

### By 2025, it is our goal to:

- Reduce Scope 3 emissions from Purchased Goods and Services by 20% against a 2020 baseline
- Reduce Scope 1 and 2 GHG emissions in operations by 20% against a 2020 baseline
- Avoid GHG emissions from consumer use by 20% against a 2016 baseline
- Reduce manufacturing energy intensity by 25% against a 2010 baseline

### By 2030, it is our goal to:

- Reach 100% renewable electricity in global operations
- Reduce Scope 3 GHG emissions from Purchased Goods and Services by 42% against a 2020 baseline
- Reduce Scope 1 and 2 GHG emissions in operations by 42% against a 2020 baseline

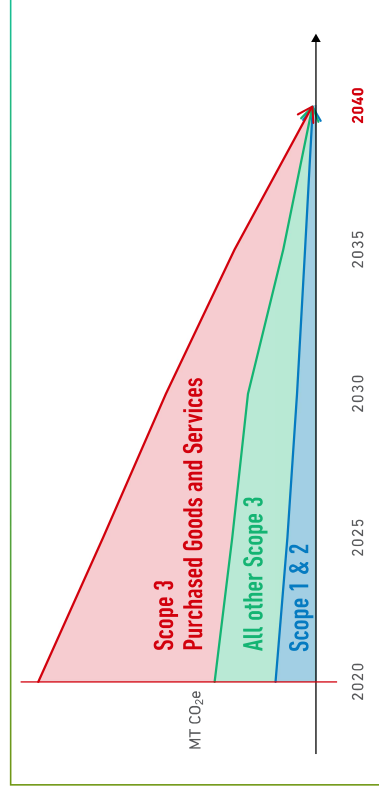
\* excludes Scope 3 Categories 2, 9, 11 & 12 per SBTi Net Zero Standard

### By 2040, it is our goal to:

- Reach Net Zero carbon emissions across the value chain
- Reduce Scope 1, 2 and 3 emissions\* by 90% against a 2020 baseline

Our Net Zero targets were established to be compliant with SBTi's Net Zero Carbon Standard with the SBTi's review and approval anticipated in 2022. We have also incorporated guidance from the Climate Action 100+ Net Zero Benchmark, which assesses the performance of companies against the initiative's three high-level goals: emissions reduction, governance and disclosure.

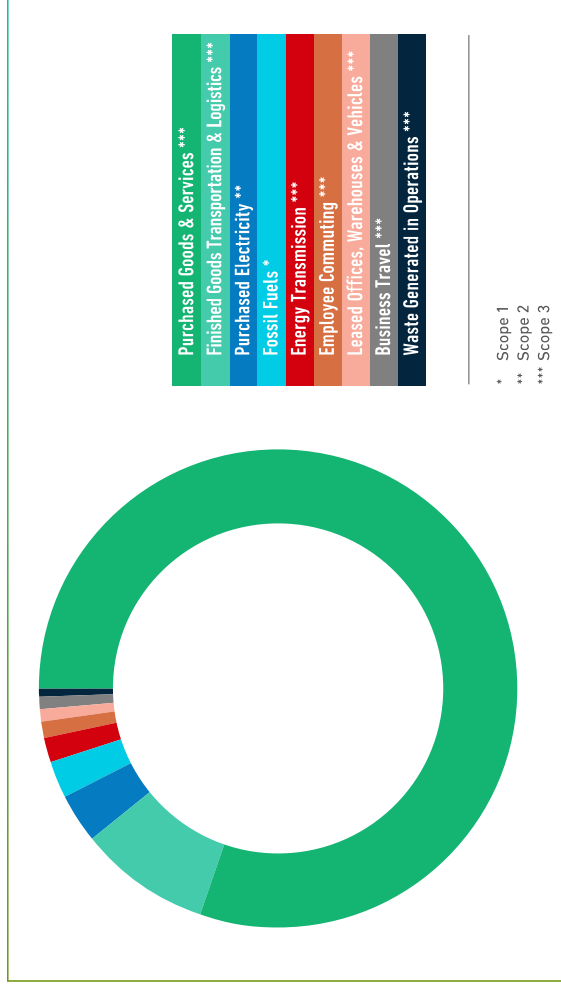
#### Colgate's Net Zero Carbon Pathway



## Net Zero Carbon Boundary

The boundary and scope of our Net Zero carbon target includes the following Scope 1, 2 and 3 categories:

### Colgate Net Zero Carbon Value Chain Boundary

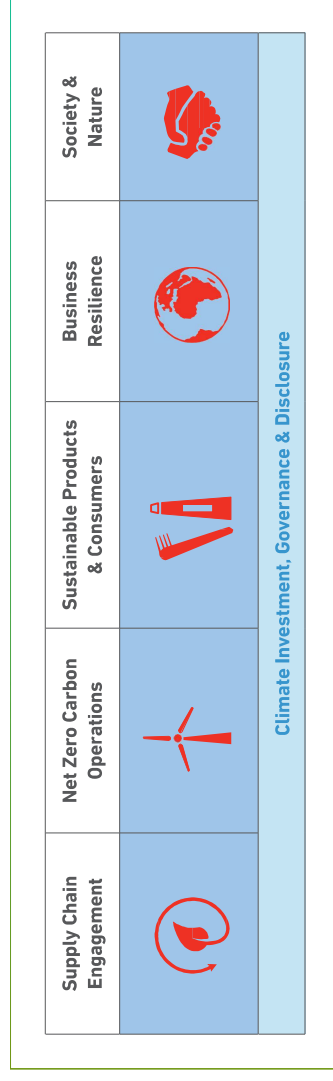


The proportions shown are based on a 2020 baseline. Based on SBTi criteria, this boundary does not include the Scope 3 categories “Capital Goods,” “Downstream Transportation and Distribution,” “Use of Sold Products” and “End-of-Life Treatment of Sold Products.” However, to ensure that we continue to drive action and measure progress, Colgate has set an additional and voluntary target to reduce emissions from the use and disposal of our sold products, which is above and beyond the SBTi requirements.

## Colgate's 2025 Climate Action Strategy

To help support our ambitious targets around climate action and Net Zero carbon transition, we are focusing our climate strategy on five interconnected pillars:

### Colgate Climate Action Strategy



## Supply Chain Engagement

**The sourcing of our ingredients and packaging accounts for about 80% of Colgate's Purchased Goods and Services emissions, so we're working directly with our suppliers to encourage them to set science-based climate targets, assess their climate and water risks, improve their energy and water efficiency and increase their use of renewable energy. In addition, our climate engagement efforts are helping suppliers innovate to provide us with lower-emissions ingredients and packaging, as well as carbon footprint data.**

### Emissions from Purchased Goods & Services



Since 2008, Colgate has requested that our key Tier 1 suppliers and, more recently, suppliers of carbon-intensive materials, participate in the CDP Supply Chain Climate Disclosure Program to help us address climate change, as well as associated risks and opportunities in our upstream supply chain.

In 2021, our procurement organization elevated its climate engagement efforts with our suppliers. To kick off the annual CDP reporting season, we invited suppliers to participate in a special webinar focused on our climate targets, CDP's role in our strategy and best practice sharing. Seventy-one suppliers attended this special webinar, during which we highlighted U.S. EPA ENERGY STAR programs, such as the Challenge for Industry, Energy Treasure Hunts, and the ENERGY STAR Guidelines. We recommended that suppliers become an ENERGY STAR Partner Company and asked them, if they're not already, to do the following:

- Measure GHG emissions and water usage
- Track annual performance against those goals
- Set short- and long-term goals to reduce emissions and water usage
- Report progress against goals via CDP climate and water surveys

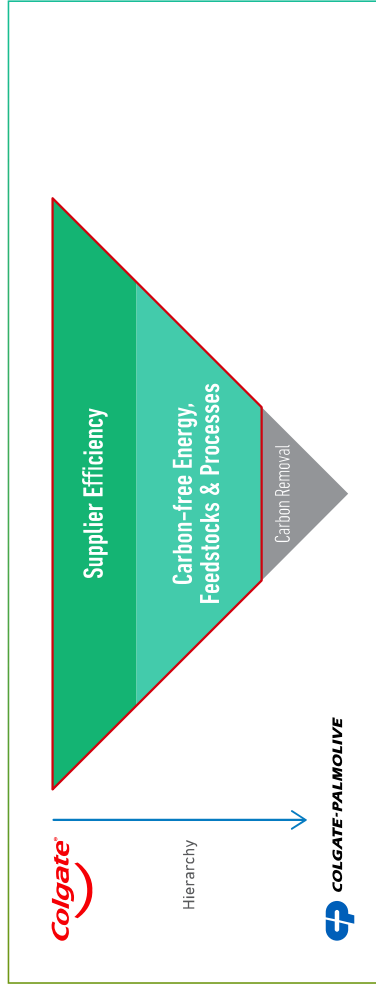
### Carbon-Intensive Materials

We have identified the ingredients and packaging materials in our product categories that have the highest carbon impacts. Our research and development, procurement and commercial teams are working to leverage this information to help them identify and prioritize opportunities through material and supplier choices without negatively affecting consumer experience, quality or cost.

## Net Zero Carbon Transition—Supply Chain

In alignment with our overall Net Zero carbon transition approach, Colgate is focused first on our supplier efficiency opportunities to decarbonize. This includes their focus on energy and transportation efficiency, as well as investments in renewable energy, lower carbon and renewable feedstocks, sustainable packaging innovations and process technology changes.

### Net Zero Carbon for Supply Chain

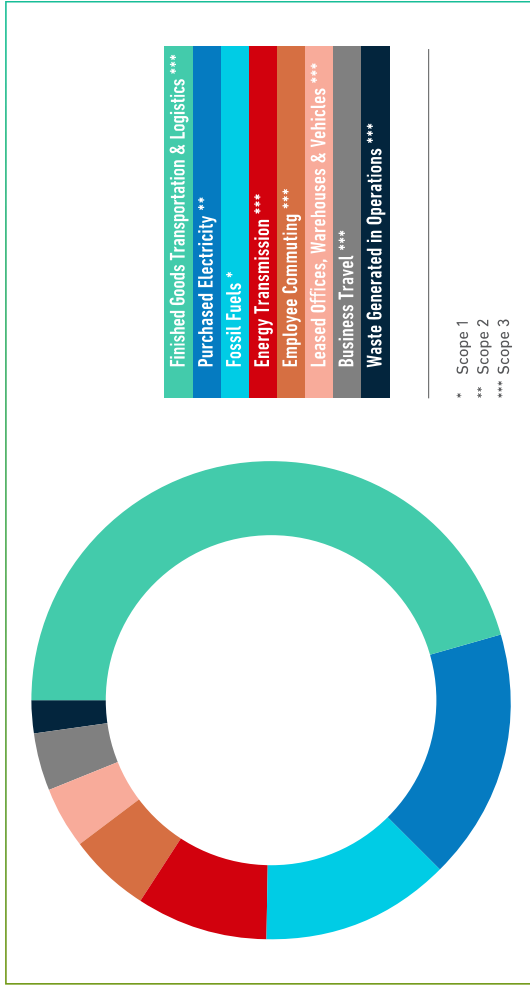


## Net Zero Carbon Operations

**We are committed to decarbonizing our operations to align with limiting global temperature rise to 1.5°C above pre-industrial levels and we encourage every Colgate factory, logistics team, warehouse and office to do their part to help achieve this target.**

The following Scope 1, 2 and 3 categories are the sources of emissions from our operations:

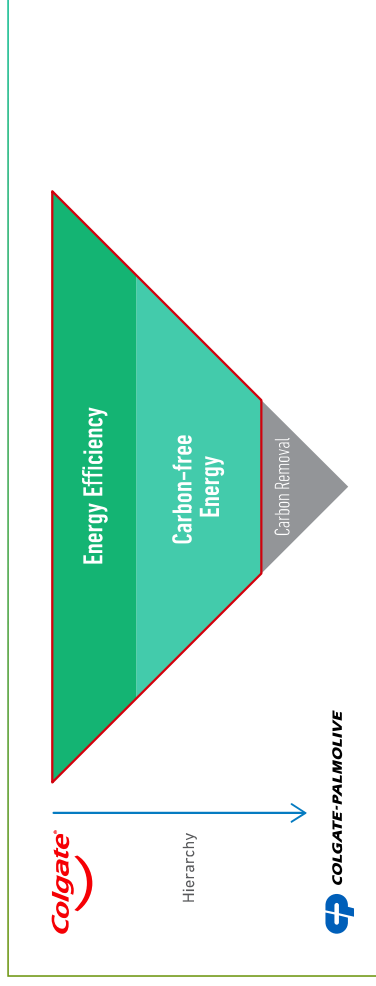
### Emissions from Our Operations



## Net Zero Carbon Transition—Operations

After the initial development of our Climate Action & Net Zero Carbon Roadmap, we held webinars to roll-out this plan to our operational teams and educate them on how to take action to decarbonize their activities and encourage them to take such action. Topics included defining Net Zero carbon and highlighting the main tactics available such as renewable energy sourcing, energy efficiency upgrades, electrification and the identification of process improvements. The overall approach for Net Zero carbon in our operations is shown below:

### Net Zero Carbon for Operations



## U.S. EPA ENERGY STAR

In 2021, Colgate was named a U.S. EPA ENERGY STAR Partner of the Year for the 11th consecutive year and was recognized specifically for Sustained Excellence, reflecting the long-standing commitment and results on increasing energy efficiency around the world. The following programs have contributed to the achievement of Colgate’s energy intensity reduction goal.

### “Top 10” Energy Actions

To help our global sites prioritize the most effective energy reduction activities, we use a “Top 10” Energy Actions program, which tracks progress against our most impactful global energy reduction opportunities.

### 5% for the Planet

Our “5% for the Planet” program helps ensure that our global manufacturing sites identify, fund and implement climate, energy, water and waste projects that deliver environmental improvement with a cost savings. The program sets an annual goal to invest a minimum of 5% of our manufacturing capital expenditure budget on cost-savings projects that deliver energy reduction, water conservation and reduction of waste to landfill, with at least 2% of the manufacturing capital budget targeted specifically toward energy efficiency projects. Since the inception of the program in 2011, Colgate has invested more than \$301 million in over 1,500 projects, delivering an estimated savings of more than \$97 million.

### Energy Treasure Hunt Program

We engage people across Colgate’s operations to participate in our Energy Treasure Hunt program. Over a three-day period, 30 to 50 participants visit all areas of a facility, searching for energy waste and brainstorming opportunities to drive continuous improvement. To date, participants in this global program have identified nearly 2,500 energy savings projects.



**In 2021, people at our Mission Hills manufacturing facility in Mexico discovered 58 energy projects to reduce the site's energy consumption.**

## Energy Reduction Teams

Colgate's Global Energy Reduction Team leads the technical implementation of Colgate's energy strategy by setting annual objectives and developing tools and programs to help our sites reach their energy reduction targets. This cross-functional global team is composed of individuals with expertise and passion for reducing Colgate's energy use and GHG emissions. For 18 years, this dedicated team has continued to focus on supporting our plants with many tools, activities and initiatives.

## Renewable Electricity

In 2021, we developed a Renewable Energy Master Plan (REMP) to help reach 100% renewable electricity across our operations. The REMP has been informed by third-party energy experts providing intelligence on the available tactics to obtain renewable electricity at each of our locations. Also, to help achieve our 100% renewable electricity by 2030 target across our operations, we have assigned responsibility for renewable energy to our division procurement leaders.

# The four primary tactics of the Renewable Energy Master Plan are:

1. On-Site Solar Generation
2. Utility Green Power
3. Verified Renewable Energy Certificates
4. Virtual Power Purchase Agreements

Our REMP provides detailed visibility into the timelines and milestones to reach 100% renewable electricity for each manufacturing site and Colgate-owned warehouse and office across the four tactics.

In 2021, five new on-site solar installations were completed at Colgate facilities in India, Turkey, Greece and two in the United States. In addition, our Burlington, New Jersey, location installed and activated solar panels that are capable of providing 100% of their onsite electricity load.



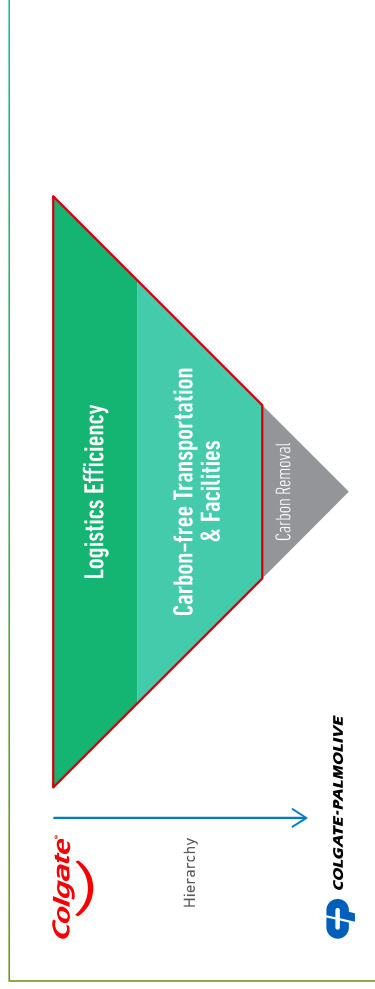


## Sustainable and Efficient Logistics

Customer service and logistics teams at Colgate continue to launch sustainable and efficient logistics initiatives around the world. These efforts are aimed at reducing costs and environmental impacts while improving customer service.

Potential tactics for the logistics Net Zero carbon transition include efficiency opportunities, such as route and load optimization, reduced packaging and shipping less water (e.g., concentrated formulas). In addition, to move towards carbon-free transportation and facilities, tactics include increased use of emerging “green” technologies, renewable energy and driving vendor climate alignment and innovation.

### Net Zero Carbon for Logistics



In 2021, we increased the reach of our Load Optimization project to Latin America (Andina and Central America). Using SAP Transportation Management—a tool currently in place in Canada, the United States, Mexico, Brazil and Vietnam—we are automatically planning shipments to their optimal capacity. This has led to more efficient load planning and minimization of the number of shipments to deliver our products in a timely fashion.

In addition, Colgate agreed to participate in the United Nations Global Compact’s Young SDG Innovator program. Three early-in-career Colgate employees from the Global Supply Chain organization from our engineering, logistics and procurement functions will collaborate with the program’s facilitators and peers through brainstorming sessions, skill trainings and workshops to define and implement an actionable roadmap to reduce Colgate’s logistics-related climate impacts and support our Net Zero carbon goal.

## Sustainable Products and Consumers

**Approximately 80% of our GHG emissions are attributable to the use and disposal of our products and packaging, so we have committed to help avoid emissions from consumers by 20% by 2025 against a 2016 baseline. Our most dramatic opportunities to shrink our climate impact therefore lie in the design of our products and influence on consumer behavior. Some examples include:**

- Designing packaging such as our first-of-its-kind recyclable toothpaste tube, that either uses less plastic, is made with recycled content, or is recyclable, reusable or compostable often has associated carbon reduction benefits.
- Raising consumer awareness of water conservation—our Save Water messaging campaign.

## Business Resilience

We acknowledge that the impact of climate change poses potential short-, medium- and long-term risks to our business. As we accelerate the decarbonization of our value chain to help limit global temperature rise to 1.5°C, our teams are building climate resilience into our global business activities. We are continuing to assess our climate impact, risks and opportunities and to integrate our sustainability strategy across our organization while creating a healthier future for all people, their pets and our planet.

## Climate Scenario Analysis

### High / Moderate / Low Carbon Price Scenarios



### Low Climate Change Scenario

### Moderate Climate Change Scenario

### High Climate Change Scenario

## Climate-Related Scenario Analysis

Climate-related scenario analysis is a tool that helps assess an organization's financial exposure to climate change, both for physical and transition risks under different climate futures.

Colgate engaged with a third-party expert to conduct a climate-related scenario analysis to better understand how climate change may impact our business and what type of actions can be taken to avoid climate risks or capture opportunities. The analysis covered the potential impacts of both physical risks, such as hurricanes or droughts, and the transitional risks, such as carbon pricing, regulatory requirements and impacts on Colgate's reputation. For more information on

the key findings of the climate-related scenario analysis conducted, please see our report aligned with the [TCFD](#) recommendations.

The information collected through this process will help us prioritize our risk management activities, inform our strategy, create capacity to set an internal carbon price, better assess the return on investment for sustainability related capital investments, align with new public reporting and disclosure frameworks and respond in a more complete way to investor requests about the potential climate risks to our business model.

We are continuing our work to conduct further climate scenario analyses, including pilot projects to quantify and monetize the climate and water risks.

## Mitigation and Adaptation

To address the physical risks of climate change to our operations, Colgate has a long-standing operations risk management process that includes managing the effects of episodic climatic events, such as storms, floods, droughts and temperature extremes, to our facilities and supply chain. Colgate is committed to developing a long-term strategy to mitigate risks from climatic events. As part of our property loss-prevention program, our strategic manufacturing sites are highly protected against risks. Third-party assessments on property loss control are conducted annually for all strategic sites. Additionally, we develop and routinely update category contingency product sourcing plans to respond to, among other things, climatic events, including their impact on the availability of raw and packaging materials and logistics.

To address the transition risks of climate change, such as carbon pricing, markets and technology, we are, among other things, reducing our energy usage and, in turn, our GHG emissions which enable us to mitigate potential costs. To learn more about Colgate's strategy to respond to climate-related risks and opportunities, please see our report aligned with the [TCFD](#) recommendations.

## Society and Nature

### Climate Justice and Equity

As part of Colgate's work to address climate change and transition to a Net Zero economy, we recognize the potential social impacts of our climate strategy as a relevant issue for our business, as referenced in the Paris Agreement on climate change. Often those with the smallest contribution to climate change are the worst affected by it. The livelihoods of the world's most vulnerable are often threatened by the adverse effects of climate change, as well as mitigation measures.

Through work that we conduct with our partner Earthworm Foundation supporting our Palm Oil Program; we engage with small holder farmers, communities and local governments in Indonesia, Malaysia and Latin America. These projects focus on building capacity with farmers and communities to implement good forest management practices, implementing conservation practices for existing forests and engaging with governments to ensure beneficial land use planning to protect standing forests.

In addition, we are working to embed sustainability into all our products and brands. Our R&D and procurement teams are working to design sustainable products without negatively affecting consumer experience and the products' efficacy, quality or pricing. This can help enable more equitable access to low-carbon products as markets shift with the transition to Net Zero.

## Nature

In 2021, Colgate began engaging with GlobeScan on their Nature Agenda Project, which is a shared research and engagement program launched in 2021 with the support of 26 member companies. The program includes consumer insights across 11 countries and research with stakeholders across sectors on expectations and good practices for how companies address nature-related issues, risks and opportunities. Program findings are intended to help member companies develop and strengthen their strategies and programs to protect and restore nature.

Colgate is also engaged with several organizations, such as the Water Resilience Coalition (part of the UNGC's CEO Water Mandate), the World Resources Institute, Gartner and GlobeScan to better understand the role of Natural Climate Solutions in our Climate Strategy to address multiple environmental and social co-benefits such as biodiversity, water security, social impact and overall business resilience.

## No Deforestation

We recognize that deforestation and forest degradation contribute significantly to the release of GHGs. Our efforts to protect the environment through our sourcing practices are focused on key forest risk commodities including palm oil, soy-based products, pulp and paper-based packaging and beef (tallow). We have developed and implemented commodity specific policies for palm and soy that outline our expectations for suppliers of these materials and have an overarching [No Deforestation Policy](#) that applies to the four key forest risk commodities we source. We work closely with external partners, stakeholders and our peers to take action to protect at risk ecosystems and forests and work closely with local farmers, communities, governments and our supply chain to mitigate the risks of deforestation. One such example is through the work we conduct as a member of the [Consumer Goods Forum – Forest Positive Coalition](#).

## Climate Investment, Governance and Transparency

**Underpinning our entire Climate Action Strategy are the critical elements of investment, governance and transparency.**

### Investment

Our longstanding capital program strategic framework recognizes and prioritizes investments in projects that support our sustainability goals. Specifically, the capital program recognizes and supports the investments we make in the areas of renewable energy, energy efficiency, water efficiency, zero waste and packaging recyclability, reusability and compostability projects. Additionally, our well-established “5% for the Planet” program helps ensure that our global manufacturing sites identify, fund and implement climate, energy, water and waste projects that deliver environmental improvement and often cost savings.

In addition, in support of our 2025 Sustainability & Social Impact Strategy, in November 2021, we issued the Sustainability Bond. An amount equal to the net proceeds of the Sustainability Bond will be used to finance or refinance, in part or in full, new and existing projects and programs with distinct environmental and/or social benefits pursuant to our Sustainable Financing Framework, which is available on the investor center section of our website. The framework includes projects that help achieve our climate targets.

With the recent establishment of our new science-based climate targets, which are aligned with the Paris Agreement's objective of limiting global warming to 1.5° Celsius, we are committed to align future overall capital expenditure plans with our long-term Net Zero GHG reduction targets.

## Governance

Colgate's CSO chairs our Sustainability Steering Committee, which makes strategic decisions related to sustainability, monitors climate-related issues and works to integrate our sustainability strategy, including climate change, into our broader organization and meet our sustainability targets and KPIs. For more information regarding how sustainability is governed from a Board and management perspective, please see [Sustainability Governance](#).

## Transparency and Disclosures

Transparency is important to us and to our stakeholders, as it provides accountability and trust. In this report, we provide climate-related information relevant to a broad range of stakeholders. As discussed above, Colgate formed an ESG Reporting Task Force in 2021 to address our stakeholders' increasing demands for additional ESG and climate-related disclosure.

More information is available on our climate governance, strategy, risk management, metrics and targets in our CDP surveys, [TCFD](#) report, SASB report and our KPI table.

## Partnering for Climate Leadership

**We understand that addressing climate change cannot be done by a single entity and will require collaborative action across the board. This makes our engagement and collaboration with external partners an important element of our sustainability strategy, and through these partnerships we can complement our strong internal capabilities to create a healthier planet.**

We are working with partners and organizations to accelerate action on climate change, eliminate waste, lead with zero waste facilities and drive sustainable sourcing. Colgate is proud to contribute to and learn from the collective intelligence of our partners in sustainability. These include:

- USEPA Green Power Partnership
- World Resources Institute
- USEPA ENERGY STAR Award 2021; Partner of the Year, Sustained Excellence
- The Consumer Goods Forum
- Dow Jones Sustainability Indices
- UN Global Compact
- U.S. Green Building Council
- CDP

In 2021, Colgate continued to work with Walmart's Project Gigaton to support their goal to work with their suppliers to reduce one billion metric tons of GHG emissions from the global value chain by 2030. Through Project Gigaton, Colgate has committed to GHG goals in six areas: emissions, energy, waste, deforestation, packaging and product use. Colgate reports against these goals annually and has been recognized by Walmart as a "Giga-Guru supplier."

All of these organizations are helping Colgate to accelerate climate action on a global scale.