We are Colgate, a caring, innovative growth company that is reimagining a healthier future for all people, their pets and our planet.

# 2024 CLIMATE STRATEGY & NET ZERO CARBON TRANSITION PLAN

COLGATE-PALMOLIVE COMPANY



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# Colgate's Corporate Climate Strategy and Transition Plan

#### Accelerating Action on Climate Change

At Colgate–Palmolive Company ("Colgate," the "Company," "Colgate–Palmolive," "us" or "we"), our purpose is to reimagine a healthier future for all people, their pets and our planet. 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 severe 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.

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# Colgate's Climate Action At A Glance: 2023 Highlights



#### In 2023, Colgate made significant progress in building our Net Zero Carbon foundation and pathway, advancing our Scope 3 Supplier Engagement strategy, and implementing meaningful carbon reduction initiatives, including the signing of a U.S.-based Virtual Power Purchase Agreement (VPPA) and continuing the global rollout of our first-of-its kind recyclable toothpaste tube.\*



#### Net Zero Carbon Pathway

Building out the foundation of our Science Based Targets initiative (SBTi) Net Zero Carbon target–aligned Transition Pathway and capabilities

#### **Renewable Electricity**

Making progress towards our target to achieve 100% renewable electricity by 2030, including by signing a U.S.based VPPA



#### Supplier Engagement

Advancing our strategy, programs and engagement with our key suppliers on Scope 3 greenhouse gas (GHG) emissions by setting clear expectations and tracking progress



#### **Eliminate Plastic Waste**

Leading the transformation of the oral care product category by driving the global roll out of our first-of-itskind recyclable toothpaste tube\* 03

Your community may not yet accept tubes for recycling. Consumers should check locally. Learn more at <a href="http://www.colgate.com/goodness">www.colgate.com/goodness</a>.



# A History of Climate Action

Colgate has been working to address climate change and disclose greenhouse gas (GHG) emissions data 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). In September 2022, Colgate announced that its Net Zero Carbon emissions reduction targets had been approved by SBTi. Colgate was the first large multinational company in the Consumer Durables, Household and Personal Products sector to have its Net Zero Carbon targets approved by SBTi, reflecting Colgate's continued climate leadership.





## **Addressing Stakeholder Interests**

For Colgate, taking action on climate change is not only what we believe is right for people and our planet, we believe it is also good business. Our strategy seeks to address climate change from two perspectives: (1) the impact that our GHG emissions can have on the environment and society (i.e. impact), and (2) the impact that the effects of climate change can have on our business (i.e. financial).

The "materiality" thresholds of the guidelines and disclosure frameworks that help inform the sustainability risks and opportunities disclosed in this report may differ from the concept of "materiality" (as defined by the U.S. federal securities laws or the rules and regulations of the U.S. Securities and Exchange Commission (SEC)) that guides much of our disclosure of sustainability matters in our SEC filings, including in our Annual Report on Form 10–K. Consequently, the use of the term "material" in this report should not be interpreted in the same manner as the use of "material" in our SEC filings, including in our Annual Report on Form 10–K.



The effects of climate change have the potential to impact different aspects of our business and, at the same time, our business can directly or indirectly impact the climate. Therefore, we believe taking action on climate change is in the best interests of Colgate, our stakeholders and our planet and accordingly have outlined key actions on climate change in our 2025 Sustainability & Social Impact Strategy.

#### Our Climate Exposure

Global supply chains extend over great distances, allowing us to source and move the materials we need for our products, but in some cases could also expose us to risks of disruption or delay due to climateinduced factors. Our customer base is global, with some located in regions particularly vulnerable to the effects of climate change. Our manufacturing base is also global and must withstand extreme weather events, sea-level rise, drought and other consequences of a warming planet. It is important that we work to understand the risks we face from climate change and how we can mitigate those risks. This is an important part of our strategy to manage a resilient, adaptable business that can address the challenges and opportunities that climate change poses.

#### Our Carbon Footprint

We estimate that our carbon footprint is approximately 15% in supplier sourcing of materials and services, 5% in our operations and 80% in consumer use and disposal of products.\*





# **Colgate's Climate Action Strategy**

To help support our ambitious targets around climate action and the Net Zero carbon transition, and to address our climate-related risks and opportunities, we focus our climate strategy on five interconnected pillars.



#### Supply Chain Engagement

The sourcing of our ingredients and packaging accounts for about 80% of Colgate's "Purchased Goods and Services" emissions. We continue working to identify the ingredients and packaging materials in our products that have the highest carbon impacts. We are working directly with our suppliers who represent the vast majority of our ingredients and packaging emissions. We are now focusing on assessing low carbon material alternatives from our suppliers in addition to encouraging them to move forward in their climate journey. This information is also used by our research and development, procurement and commercial teams to help identify and prioritize opportunities through material and supplier choice without negatively affecting consumer experience, quality or cost.

Since 2008, Colgate has requested that our key Tier 1\* suppliers participate in the CDP Supply Chain Climate Disclosure Program. We are also engaging with our suppliers to encourage and track additional climate actions, including emission reduction targets, material data accuracy and use of decarbonization levers to reduce material carbon footprints.





#### No Deforestation

We recognize that deforestation and forest degradation contribute significantly to the release of GHG emissions. 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.

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Tier 1 suppliers are those which supply CP plants directly.



#### 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 manufacturing facility, logistics team, warehouse and office to do their part to help achieve this goal. The following Scope 1, 2 and 3 GHG emissions categories are the sources of emissions from our operations.

#### Emissions from our Operations



# Sustainable Products and Consumers

Because approximately 80% of our total GHG emissions are attributable to the use and end of life of our products, our strategy to reduce those emissions focuses on both influencing consumer behavior and reducing the impacts of the products themselves. Our target is to help avoid GHG emissions from consumers by 20% by 2025 against a 2016 baseline.

Our opportunity to do this lies in the design of our products and the extent to which we can influence how consumers use our products. By designing packaging that uses less material, is made with recycled content and/or is recyclable, reusable or compostable, there are opportunities for carbon avoidance benefits.



\*\*\* Scope 3

# 2024 Climate Strategy & Net Zero Carbon Transition Plan

#### **Business Resilience**

The fourth pillar in our climate strategy is focused on identifying risks and opportunities to our business operations in light of a changing global climate. 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 also working to build climate resilience into our business. We are continuing to assess our climate impact, risks and opportunities and are working to integrate our sustainability strategy across our organization while creating a healthier future for all people, their pets and our planet.



#### Climate-Related Scenario Analysis

Climate-related scenario analysis is a tool that helps assess an organization's financial exposure to climate change from both physical and transition risks and opportunities under different climate futures. In 2021, Colgate engaged with a third party to explore a preliminary climate-related scenario analysis to begin to understand how climate change can impact our business and what type of actions can be taken to avoid climate-related risks or capture opportunities. The exploration covered the potential impacts of both physical risks, such as hurricanes or droughts, and transition risks, such as carbon pricing, regulatory requirements and impacts on Colgate's reputation. We believe a climate scenario analysis may have the ability in the future to help us prioritize our risk management activities, inform our strategy and assess the materiality of a climate-related risk on our business, results of operations or financial condition, but we have not yet used scenario analysis for such purposes.

#### **Risk Management**

To assess 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, we believe 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 we believe should enable us to mitigate potential costs. Please see our 2023 Sustainability & Social Impact Report for additional information.

#### Society and Nature

As part of Colgate's work to address climate change, we recognize the social impacts of our climate change strategy — the "Just Transition" — as a relevant issue for our business, as referenced in the Paris Agreement on climate change. We are committed to support a just distribution of the benefits of our climate transition, contributing to a more equitable society. We also recognize that the burdens imposed by climate change are seen to be unequal across social groups. 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. 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 parts of 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 improve the sustainability profile of our products and packaging. Our research and development and procurement teams are also working to design products with improved sustainability profiles without negatively impacting quality, consumer experience, efficacy or accessibility. Through our Water Stewardship efforts, in particular, our activities to provide water access, sanitation and hygiene (WASH) to communities are less vulnerable in the face of climate resilience in an effort to support communities' access to water, sanitation and hygiene in the long-term and to help ensure that such programs and communities are less vulnerable in the face of climate change.



#### Nature

At Colgate, we understand that nature can act as the shelter and support system of operations, products and people. This encompasses all living entities, such as animals, species and ecosystems, as well as non-living entities like freshwater, oceans, land and the atmosphere. We also recognize that nature can affect our business and that our business activities can affect nature.

Through our long-standing work on climate change, water stewardship, responsible sourcing of forest commodities and eliminating plastic waste, Colgate has been actively working to address crucial nature-related issues including water quality, deforestation, soil pollution and climate change.

We believe our initiatives around biodegradable ingredients, landscape projects, net zero water, net zero carbon, renewable energy and zero waste operations have enabled Colgate to take important actions to protect and manage various natural resources.

Consistent with our 2025 Sustainability & Social Impact Strategy and as part of Colgate's efforts to accelerate action on climate change, we recognize that Colgate's value chain has impacts and dependencies on nature and biodiversity. These interactions present not only risks but also opportunities.



In 2023, Colgate formed an internal Nature Task Force made up of cross-functional representatives to evaluate nature and biodiversity intersections and opportunities across our 11 sustainability actions and associated targets. The Nature Task Force is actively working to explore Colgate's impacts, dependencies, risks and opportunities associated with nature and the interlinked connection between nature and our Climate Action Journey.

In order to better understand the emerging external landscape on nature and biodiversity, our Nature Task Force took into consideration the Global Biodiversity Framework (GBF) and is engaging with third party experts and initiatives, including the Task Force on Nature-Related Financial Disclosures (TNFD), Science Based Targets for Nature (SBTN) and the World Business Council for Sustainable Development (WBCSD).



#### Colgate Nature Framework

To continue progressing on our work around nature, we have explored the requirements of leading frameworks, including TNFD, SBTN and WBCSD. Based on the key elements that were most applicable to Colgate, we developed our initial Colgate Nature Framework.



This framework has been informed by the guidance available in WBCSD's Roadmaps to Nature Positive: Foundations for all businesses (page 07) which follows the underlying logic of ACT-D, TNFD, SBTN and other key frameworks.

This four-stage framework consists of two stages for measuring nature, two stages for taking action on nature and a transversal stage for disclosure. Utilizing this framework, we plan to identify nature-related impacts and dependencies and measure, value and prioritize our top nature impacts, dependencies, risks and opportunities. Based on those assessments, we will evaluate the need to set additional nature-related targets as well as any associated strategies and initiatives to build on Colgate's nature actions.

#### Nature's Role in Addressing Climate Change

Addressing climate change, restoring nature and protecting biodiversity are interconnected objectives. As part of our strategy, we intend for climate and nature action to work together toward a target of net zero carbon, and aspire for positive impacts on nature and equitable outcomes for society.



Diagram inspired on Bloomberg NEF, UN Environmental Programme, (<u>Biodiversity Finance Factbook</u>)

- Some of our key efforts in this intersection include:
- No Deforestation for key commodities (see page 06)
- Achieving Net Zero Carbon Operations (see pages 07, 23)
- Products with improved sustainability profiles featuring biodegradable formulas and promoting water savings (see pages 07, 20)



#### Nature and Climate Action through Landscape Projects

Forests play an indispensable role in nature conservation and are vital for achieving global climate objectives. As a member of the Consumer Goods Forum—Forest Positive Coalition, we have been actively accelerating corporate initiatives against deforestation driven by commodity production. Our current focus is on achieving a deforestation– and conversion–free palm oil supply chain, and we intend to expand our efforts in 2024 by setting additional targets encompassing key forest–risk commodities like pulp and paper and soy.

Since 2017, we have been actively involved in supporting conservation and restoration projects for palm oil in Malaysia, Indonesia and Mexico, partnering with Earthworm Foundation. We have actively supported a total of five landscape projects. Additionally, in 2023, we successfully secured a new project in Perak, Malaysia in collaboration with one of our key suppliers and a new implementation partner, Solidaridad.

Each of these projects integrates conservation and restoration elements, primarily centered on engaging local smallholders, farmers, communities and governments with a multifaceted approach. Our main goal is forest conservation, which we achieve by empowering local farmers and smallholders to improve crop yields, enhance livelihoods and improve farmers' resilience.

This includes practices such as intercropping and providing education support on cultivating alternative palm crops. Engaging all of these stakeholders drives effective nature action and seeks to improve crop yields and enhance farmers' livelihoods and resilience.

Efforts to protect, restore and sustainably manage forests are fundamental to our sustainability strategy given their multifaceted contributions to biodiversity, carbon sequestration, climate regulation and ecosystem services.





#### Investment, Governance and Transparency

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

#### Investment

Our longstanding capital program 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 (discussed in more detail on page 23) 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.

With our 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.

For more information regarding governance and transparency, please see our <u>2023 Sustainability</u> & Social Impact Report.

PHOTO'S OBTAINED FROM: EARTHWORM FOUNDATION



# Net Zero Carbon Targets and Transition Plan

#### Colgate's Net Zero Carbon Targets

We are taking the next step in our efforts to combat climate change by committing to achieve Net Zero Carbon emissions across our operations and our supply chain by 2040. Underlying Colgate's climate commitments are science-based targets focused on a transition to Net Zero Carbon emissions. Since 2015, Colgate has engaged with the SBTi to set meaningful climate targets aligned with the most ambitious designation available through the SBTi process. Colgate's initial SBTi GHG emissions reduction goals were approved in 2017 and 2020. In September 2022, SBTi approved Colgate's updated near- and long-term science-based emissions reduction targets and Net Zero science-based target, indicating our continued climate leadership. We have also incorporated guidance from various investor-facing frameworks and surveys which seek to assess the performance of companies against criteria such as emissions reduction, governance and disclosure.

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#### Colgate's Climate Transition Plan

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

- Reduce Scope 3 GHG 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
- Colgate climate targets in addition to SBTi approved targets.

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

- Increase annual sourcing of renewable electricity in global operations to 100%
- 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

#### 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\*\*\*
- Excludes Scope 3 optional emissions per SBTi Net Zero Standard.
- Excludes Scope 3 Categories 9, 11 and 12 and optional emissions per SBTi Net Zero Standard.

Note: "Global operations" for our 2030 100% renewable electricity goal is defined as all manufacturing facilities and owned Global Technology Centers, warehouses, and office facilities.



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# **Net Zero Carbon Boundary**



Colgate's 2020 baseline GHG emissions across four functional areas, in order of decreasing impact, were attributable to Product Design and Procurement, followed by Logistics, Manufacturing and Business Operations.

# Based on the guidance of the SBTi, our near-term target boundary covers:

- Scope 1 Fuels Combustion
- Scope 2 Purchased Electricity
- Scope 3 Purchased Goods and Services (includes raw materials, packaging, indirect products and services)

# Our long-term reduction target boundary covers the following Scope 1, 2 and 3 categories:

- Scope 1 Fuels Combustion
- Scope 2 Purchased Electricity
- Scope 3 Purchased Goods and Services (includes raw materials, packaging, indirect products and services)
- Scope 3 Capital Goods
- Scope 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
- Scope 3 Upstream Transportation and Distribution
- Scope 3 Waste Generated in Operations
- Scope 3 Business Travel
- Scope 3 Employee Commuting
- Scope 3 Upstream Leased Assets

Our Net Zero target boundary covers all our required Scope 1, Scope 2 and Scope 3 GHG emissions, including direct emissions from the use of power based toothbrushes and emissions from packaging end-of-life.



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Net Zero criteria exclude the optional emissions of Scope 3 categories of "Use of Sold Products" and "End of Life." We have chosen to set an additional and voluntary target to reduce emissions from the use of our sold products, going above and beyond the SBTi requirements.

We have also determined the relevant categories of emissions across each functional area. This breakdown provides us guidance as we develop targeted approaches to reduce GHG emissions across all aspects of our business and value chain.



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# Net Zero Carbon Transition: Charting a New Pathway

Although Colgate has been taking action on climate change for decades, our new Net Zero Carbon targets were approved by the SBTi in September 2022. Because transitioning to a Net Zero Carbon emissions world is a unique challenge never before attempted by society or business, we understand that a successful transition will depend upon new thinking, continuous learning and building intentional pathways.

Achieving our new Net Zero Carbon targets will require tailored approaches to engaging internal and external stakeholders, a next generation of future-fit climate data and analytics tools, and development of strategic, action-oriented and impactful roadmaps aligned with feasible financial investments. While we are committed to achieving our Net Zero Carbon targets for 2025, 2030 and 2040, we are learning that our journey will not likely follow a strictly linear pathway, and so have developed our Net Zero Carbon Pathway to include three critical and interconnected phases:

2023 results were impacted by the GHG accounting protocol associated with the acquisitions of pet food businesses.





#### Phase 1: Building our Net Zero Carbon Foundation

Upon the SBTi approval of Colgate's Net Zero Carbon targets in September 2022, we initiated our action planning phase which we are calling "Building our Net Zero Foundation." To bring this to life, we have established internal Net Zero Task Forces across our business functions, including procurement, research and development, packaging, logistics and manufacturing. The key responsibilities of the task forces include:

- **Net Zero Mindset**: A critical aspect of meeting our targets is ensuring that our people are aware of and understand what Net Zero Carbon is, why it is important and what their role is to help deliver results.
- Data and Digital: Increased visibility into our carbon data, carbon impact and cost-related analytics, in a timely manner, is paramount to decision making and taking action on driving our Net Zero Carbon targets.
- **Net Zero Roadmaps:** With a clear understanding of intent, roles, data and targets, our functions are then enabled to develop their detailed Net Zero Carbon Roadmaps with prioritized actions and investments, which can be integrated into their existing functional strategies.

#### Phase 2: Accelerating our Net Zero Actions

We have already begun accelerating Net Zero Carbon action by leveraging existing and new technologies and approaches to advance progress on our Net Zero Carbon pathway. By maximizing energy efficiency, deploying renewable electricity, engaging our suppliers in their carbon reduction and implementing proven strategies regarding waste, business travel and logistics, we are already making meaningful progress towards our targets.

#### Phase 3: Scaling Feasible Net Zero Technologies

As we look to scale action, we expect to deploy feasible renewable thermal energy technologies, increase collaboration with suppliers to help them achieve Net Zero Carbon emissions, leverage emerging alternative fuels and vehicles for logistics, rethink how we approach commuting and business travel and strategically deploy impactful carbon removal solutions to help us close in on our Net Zero targets.

#### Net Zero Carbon Action Approach

Universal to the work of our Net Zero Task Forces is a prioritized approach to taking action. The overall path to achieve our Net Zero Carbon targets is based on carbon reduction, carbonrelated innovation, the adoption and use of new technologies and, eventually, the removal of carbon from the atmosphere.

Our first priority is to continue to find ways to reduce our carbon footprint 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 helping to shape 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.

#### Estimating the Cost of Net Zero Carbon

Critical to any company's efforts to reach Net Zero Carbon is prioritization and sound decision making based on both carbon and financial impacts. While the cost of long-term targets, such as 2040 Net Zero Carbon, is not simple to calculate, we are working on several approaches, both top-down and bottom-up, to estimate potential costs, starting with our 2030 targets.

#### Net Zero Carbon Approach





Net Zero Carbon Progress

# Net Zero Carbon Progress

The boundary of our Net Zero Carbon targets, as dictated in the SBTi's Net Zero Carbon standard, can be grouped into four functional areas: Product Design and Procurement, Manufacturing, Customer Service and Logistics, and Business Operations. Ownership for developing Net Zero Carbon tactics and roadmaps has been established through the activation of "Net Zero Task Forces" which represent each of the four functional areas.

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## **Net Zero Carbon Tactics:** Product Design and Procurement

The GHG emissions embedded in the raw materials we use, together with packaging, constitute most of our GHG emissions impacts from our products (excluding emissions from consumer use and disposal of our products). By sourcing less carbon-intensive materials and redesigning packaging to be recyclable, reusable or compostable, we believe we can make substantial progress towards our Net Zero goals. Building on this, we are also focusing on supplier efficiency opportunities to decarbonize. This includes supplier efforts on energy and transportation efficiency, as well as investments in renewable energy, lower carbon and renewable feedstocks, sustainable packaging innovations and process technology changes.

Low Carbon Product Design



Climate-Engaged Suppliers



Sourcing Less Carbonintensive Materials

### Baseline Emissions from Product Design and Procurement



#### Low Carbon Product Design

An opportunity to reduce GHG emissions lies in the design of our products and the extent to which we can influence how consumers use our products. By designing packaging that uses less material, is made with recycled content and/or is recyclable, reusable or compostable, we believe there are opportunities for carbon avoidance benefits.

While our first-of-its-kind recyclable toothpaste tube was developed primarily to support our action to eliminate plastic waste, we also estimate that our conversion to recyclable toothpaste tubes has additional carbon avoidance benefits.\*

At the same time, through our Save Water campaign, we are educating consumers in how to use products, including in a manner that contributes to saving substantial amounts of water. This water savings is important, particularly when one considers the energy and GHG avoidance that result from needing to purify and possibly heat that much less water.

#### Colgate Recyclable Tube: Additional Benefits

Estimated average sustainability impact per tube from transitioning to our recyclable tube.





#### Climate/Water Nexus

Colgate's Save Water campaign has increased consumer awareness globally to impact water usage and GHG emissions associated with the use of our products. We estimate that billions of gallons of water were saved

and millions of metric tons of GHG emissions were avoided as a result of changed consumer behavior driven by the campaign between 2016 and 2021.\*\*



www.colgate.com/savewater

Estimated percentage calculated by comparing global averages of the difference between Colgate's non-recyclable and recyclable tubes in terms of raw materials production, tube components production, transportation from consumer to disposal site, and end of life (based on regional waste disposal rates, weighted by Colgate sales globally.) Percentages are not representative of an entire cradle to grave comparison. "Recyclable Toothpaste Tube Handprint" 2022 study conducted by independent third party based on applicable ISO standards.

Estimates based on consumer surveys conducted in select countries between 2016 and 2022 and calculation methodology applied by an independent third party. Consumer surveys measured awareness of the Save Water campaign and averaged reported changes in consumer behaviors when using certain oral care, personal care and home care products. Calculation methodology takes into account quantities of product, water, and energy consumed per product use event, as well as emission factors for electricity grids and energy/carbon impacts associated with water supply.



#### Holistic Supply Chain Decarbonization Strategy

The GHG emissions embedded in the raw and packaging materials we select and source to make our products constitute the majority of our overall company carbon footprint (excluding emissions from consumer use of our products).

In addition, Purchased Goods and Services represent the largest portion of our Net Zero Carbon Target boundary and therefore successful supplier engagement with a focus on climate action is imperative for us to achieve our targets.

We have defined a holistic supply chain decarbonization strategy, which is based on our Supplier Climate Expectations (see below). These include four crucial aspects across a defined range, allowing us to assess the climate maturity of our suppliers and to engage them accordingly to help enable progress.



Our holistic supply chain decarbonization strategy is a three-step process followed by a scale-up plan:

- Step 1, Supplier Identification: Our execution strategy is to prioritize engaging with suppliers who will provide the maximum impact. We select suppliers based on

   highest emission contribution and (2) provision of high carbon intensity and critical materials. This approach has helped us identify a critical initial shortlist of raw material suppliers who are collectively responsible for approximately 46% of our purchased goods and services emissions.
- Step 2, Supplier Climate Maturity Assessment: We then carry out a climate maturity assessment for all the identified suppliers. This enables us to define next steps for decarbonization based on their current level of maturity.
- Step 3, Supplier Climate Action: We engage with suppliers to work on various climate actions, including (1) encouraging suppliers to set public carbon emission reduction targets, (2) collecting primary material data from suppliers through climate lifecycle assessments or our proprietary Emission Factor Estimation Survey, (3) engaging with suppliers to increase use of renewable energy, (4) tracking suppliers' Scope 1 and 2 emissions reduction and plans and (5) shifting to low Product Carbon Footprint (PCF) material alternatives provided by suppliers. These low PCF alternatives can be the result of various decarbonization levers used by our priority\* suppliers.

We have also devised multiple enablers to help accelerate execution at scale:

- Artificial Intelligence–Enabled Digital Platform: Operationalizing and standardizing our global data workflows.
- Regional Climate Champions: Implement our global climate strategy across our procurement divisions and engage with our suppliers locally.
- Climate Education: Develop internal capabilities across our global procurement organization.
- Annual "Sustainability Days" Meetings: Deep dive meetings with priority suppliers each year helps us to understand the steps we can take to motivate our suppliers on decarbonization.
- Internal Task Forces: Forming essential crossfunctional collaborations with our product formulation teams and renewable energy teams to expedite actions.
- External Industry Collaborations: Participating in external industry collaborations enables us to ensure alignment with the ever-changing industry, share learnings with our peers and scale our supplier engagement efforts.

2024 Climate Strategy  $\&\ensuremath{\aleph}$  Net Zero Carbon Transition Plan



#### Reducing the Carbon Footprints of the materials we source

#### Engaging with suppliers for Low Product Carbon Footprint (PCF) Material Alternatives

Our actions in 2024 will include working on absolute emission reduction by sourcing low PCF material alternatives. For this, we are engaging with our global and regional suppliers and encouraging them to use multiple levers to lower the carbon footprint of existing materials we source from them. The three levers we see as major contributors are to (1) increase renewable energy at the supplier's facility, (2) change feedstock and (3) increase process efficiency. For example, there are regenerative agriculture techniques for our agriculture-based raw materials. To expedite the first two contributors, we have formed internal task forces with the Renewable Energy Team and Formulations Team.



## Tracking supplier Scope 1 and 2 reduction & plans

In 2023, we engaged with our priority suppliers to understand their progress across Scope 1 and 2 GHG emissions, including renewable energy targets and progress. In 2024, we plan to develop an energy program across specific suppliers. This program will aim to enable suppliers to increase energy efficiency and renewable energy.

#### Decarbonizing our Supply Chain

With a focus on absolute emission reduction through climate action and increasing overall supplier climate maturity, we are already directly engaging with suppliers who represent about half of our Purchased Goods and Services emissions and working on material decarbonization. Some examples of material decarbonization include bio-based propylene glycol, rice grown using regenerative agriculture techniques and green aluminum.

Other tasks we aim to work on include digitizing our climate engagement and actions with suppliers, participating in WBCSD's PACT supplier material data exchange and assessing potential internal carbon pricing related to suppliers.



Some examples

**Energy Efficiency** 

programs include:

of Colgate

# **Net Zero Carbon Tactics: Manufacturing**

The footprint associated with our manufacturing operations is primarily composed of GHG emissions from the usage of purchased electricity to run our facilities and fossil fuels, such as natural gas and fuel oil for heating, with smaller contributions from employee commuting and waste. Consequently, our overall approach to achieve Net Zero Carbon in our manufacturing operations has a strong energy focus. First, we build off of our longstanding, award-winning energy efficiency programs. We also continue to maximize energy efficiency through the use of innovative measuring and submetering technologies as well as utility system optimization and upgrades in order to continue reducing our energy consumption. At the same time, we seek to source renewable energy using a portfolio-based approach, including renewable electricity sources like wind and solar as well as renewable thermal sources like solar thermal. Lastly, we will explore carbon removal options to eliminate any remaining emissions from our portfolio in the future.

By approaching energy decarbonization in this way we believe we can make substantial progress in our journey to Net Zero Carbon emissions while supporting the broader net zero transition globally. Beyond our focus on energy, other efforts can include: encouraging less energy intensive employee commuting methods, such as public transport or ride sharing, and providing electric vehicle chargers for employees who drive electric vehicles (and sourcing the electricity for them from renewable sources), and continuing to monitor existing Heating Ventilation and Air Conditioning (HVAC) systems for leaks, working to proactively phase out high-impact refrigerants and accelerate transition to low Global Warming Potential (GWP) and natural refrigerant based systems and processes.



#### 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 and often cost savings. The program sets an annual goal to invest a minimum of five percent of our manufacturing capital expenditure budget on energy reduction, water conservation and reduction of waste to landfill, with at least two percent of the manufacturing capital budget targeted specifically toward energy efficiency projects.

#### 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. Through 2023, participants in this global program have identified over 2,500 energy savings projects.

#### **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 over 20 years, this dedicated team has continued to focus on supporting our manufacturing plants with many tools, activities and initiatives. Division energy teams continue to meet regularly to benchmark, implement innovative solutions and monitor progress.







#### Commitment to Green Buildings

To further reduce the energy and carbon intensity of our operations, Colgate has committed to obtaining the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) certification for all new construction and expansion projects at our owned manufacturing facilities, global technology centers, warehouses and offices around the world. Since 2013, we have used the LEED green building rating system as one way to reduce our overall exposure to water and climate change-related issues and offer a healthier, more comfortable work environment.

#### Reducing Waste Reduces GHG Emissions

Achieving Total Resource Use and Efficiency (TRUE) certification for zero waste at 100% of our global operations, which we define as our manufacturing facilities, owned and operated warehouses, global technology centers and strategic offices, is one of our 2025 sustainability goals. This program targets diversion of all solid waste from landfill, incineration (waste to energy) and the environment. The TRUE certification for zero waste program is administered by Green Business Certification Inc. (GBCI). Currently, our manufacturing facilities and certain offices and warehouses are using the TRUE certification for zero waste approach and tools. Facilities that have achieved TRUE certification for zero waste also meet high standards with respect to energy and water efficiency.

#### As of December 31, 2023, Colgate has

# achieved TRUE certification for zero waste at 36 sites in 21 countries on 5 continents.

#### Renewable Energy Master Plan (REMP)

For the energy aspects of our Net Zero Carbon target for manufacturing, we will need to deploy both renewable electricity and renewable thermal energy solutions. A global network of procurement, environment, health and safety (EHS), sustainability and engineering team members have developed and are implementing a comprehensive global Renewable Energy Master Plan (REMP).

#### **Renewable Electricity**

Achieving 100% renewable electricity by 2030 is a central element of our approach to achieve Net Zero Carbon emissions in our operations. To drive this 100% renewable electricity target, our global procurement and sustainability teams work together with our divisions to develop annual goals to increase volumes of renewable energy sourced and plans to achieve them. The plans provide detailed visibility into the timelines and milestones to reach 100% renewable electricity by 2030, and include projected roadmaps at both the site and geographical division level. Overall, for renewable electricity, we are deploying four major tactics:



In 2023, five new on-site solar installations were completed at Colgate facilities in Colombia, Thailand, China, Netherlands and Greece. These additional solar panel installations in 2023 bring the total number of sites with on-site solar to 24, and demonstrates Colgate's commitment to invest in renewable energy across our global operations and the communities where we live and work. These projects, along with utility green power sourcing and verified renewable energy certificate purchasing, have helped Colgate to achieve 60% of our electricity needs being sourced by renewables as of December 31, 2023.





#### Virtual Power Purchase Agreements (VPPAs)\*

Through the efforts of a cross-functional team in the U.S., in 2023, Colgate signed a long-term VPPA for a solar energy farm outside of Waco, Texas. The new 209-megawatt Markum Solar Farm will be a long-term source of clean, renewable energy in the U.S. Upon completion, the project is expected to produce the equivalent of 100% of Colgate's U.S.-based operational electricity needs.

VPPAs are a critical aspect of our Renewable Energy Master Plan and are seen as one of the key levers allowing us to maintain our projected path to our 2030 target of 100% renewable electricity. For this reason, a cross-functional team was formed in 2023 to begin exploring similar opportunities in our Europe division and is working toward completing an agreement for a new wind or solar farm. The various VPPA teams, as well as renewable energy division leads, will continue to explore opportunities for long-term strategic renewable energy sourcing contracts, such as virtual or physical power purchase agreements, including turning their sights to other divisions such as Latin America and Asia Pacific going forward.



One of our newest roof mounted solar PV projects was installed in 2023 at our Hill's Etten Leur Netherlands site

With the completion of this roof mounted system by our team members in our Athens, Greece facility, the site became the first in the Colgate network to feature both solar photovoltaic (PV) and thermal technology on site



Our Tom's of Maine team achieved another first in 2023 with the contracting of a 10-year Community Solar subscription in Maine. Partnering with Ampion Renewable Energy, the cross-functional stewardship, procurement and sustainability team identified two community solar projects the site now supports, helping to ensure clean energy access for thousands of residents in Maine



#### **KEY MEMBERSHIPS:**

Colgate joined the Clean Energy Buyers Alliance (CEBA) in 2021 and utilized their robust community of more than 400 member organizations to inform and inspire the achievement of our 100% renewable energy by 2030 target globally.



#### Renewable Thermal Energy

As we progress on our journey to Net Zero Carbon emissions, we recognize the enormous potential reducing fossil fuel combustion to generate heat could have on our overall manufacturing carbon footprint. To help accelerate our work in this area, Colgate joined the Renewable Thermal Collaborate (RTC) in 2022 to learn from industry experts, institutions and peer companies alike about the latest technologies, approaches and trends to reduce heating loads, electrification of heating load and use of renewable energy and alternative fuel sources to generate thermal needs for our facilities and operations.

We have learned much and made great progress since then, and initiated a Net Zero Carbon Manufacturing Task Force to help bring the lessons learned and thought leadership to our global teams. Launched in 2023, a cross-functional team of global and divisional engineering, procurement, EHS and sustainability professionals is working to simultaneously build a long-term strategy while learning from opportunities for short-term pilot projects to make progress towards decarbonizing this challenging sector of our emissions. By the end of 2024, the team anticipates completing electrification assessments at multiple sites globally to better understand opportunities for "test-and-learn" applications, such as electric boilers and heat pumps, as well as renewable technologies, such as solar thermal and geothermal.



#### Project Overvi

HIGHLIGHTS

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#### Project Description

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#### **KEY MEMBERSHIPS:**

Colgate joined the Renewable Thermal Collaborate (RTC) in 2022 and utilizes this robust community of thermal energy users to learn from other members about advancements and opportunities in renewable heating and cooling.



# **Net Zero Carbon Tactics:** Customer Service and Logistics

#### Sustainable and Efficient Logistics

Reducing or eliminating the emissions from transportation of our finished products is a major opportunity to make substantial progress towards our Net Zero Carbon target. We are already working with providers of logistics services as well as our own internal teams to optimize routes and vehicle loading. Furthermore, by partnering with vehicle and service providers to encourage the use of alternative fuel powered vehicles we can further reduce the emissions from these sources.

Network and logistics teams at Colgate have launched various logistics carbon initiatives around the world. These efforts are aimed at both reducing costs and environmental impacts while improving customer service. Sourcing carbon-free renewable electricity is a central element of our plan to achieve Net Zero Carbon emissions in our logistics warehouse operations.

Potential long-term tactics for reducing the GHG impacts from logistics include efficiency opportunities, such as route and load optimization, reduced packaging and shipping less water (e.g. concentrated formulas). In addition to moving towards carbon-free transportation and facilities, tactics include increased use of emerging low-carbon technologies, renewable energy and driving vendor climate alignment and innovation.



Optimized Network and Logistics

Climate-engaged Logistics providers





**Energy Efficiency and Renewable Energy** 

**Powered Warehouses** 



In 2022, our logistics team began doing market research and engaging with companies offering electric trucks solutions for drayage operations in the United States. This team also participated in environmentalrelated initiatives with Colgate's ocean transportation providers using biofuels such as Green November by Geodis. We continue performing truck and container utilization analysis and measuring the related key performance indicators to improve vehicle utilization and sustainability. In warehousing, we are advancing renewable electricity, such as on-site solar in regions like India, Italy, Greece and Turkey. We will continue working to develop the roadmap to achieve our 2030 and 2040 targets.

**Logistics** Carbon **Reduction examples** 



- Partnering with Kuehne & Nagel on green import / export drayage in California
- Pilot shipments completed and charging station construction to be completed soon



- Partnered with Orange EV to launch five electric yard rucks at Hill's Kansas-area facilities
- Estimated 1.110 metric tons of CO<sub>2</sub> emissions to be saved



# **Net Zero Carbon Tactics: Business Operations**

Business travel is a component of the GHG emissions attributable to our business operations. We will continue to work to optimize our business travel and engage our travel services providers in data collection, identification of opportunities and implementation of lower carbon solutions aligned with business needs. In addition, for the fleet vehicles that we own or lease for employees, we will continue to offer lower carbon vehicle options. Lastly, by increasing energy efficiency and implementing renewable energy options in our offices, we can make more progress towards our Net Zero targets.



Energy Efficiency



Renewable Electricity

**Travel Footprint** Reduction





Fleet



Many of our facilities around the world have been exploring options to support employees transitioning to EV/Hybrid Car Fleets including installing electric vehicle (EV) charging stations right on premises for employees to utilize. Our global technology center in Piscataway, New Jersey features over 30 charging stations for employees to access, all free of charge.







# **Carbon Removal and Neutrality**

#### Corporate Net Zero Carbon

With the SBTi approval of Colgate's Net Zero Carbon target, we remain focused on prioritizing projects and initiatives aimed at cutting emissions and decarbonizing our global operations. Based on this approach, we do not currently utilize carbon credits as a tactic to reduce our CO<sub>2</sub> emissions and reach our near-term or long-term climate targets. Over time, we expect there will remain a residual amount of GHG emissions that originate from our business activities. In order to address such emissions, we will explore various options, including carbon removal and sequestration tactics as a supplement to our emissions reduction efforts to realize our corporate Net Zero Carbon target by 2040.

If we do utilize carbon removal, we intend to favor proven nature-based solutions, such as reforestation initiatives. Carbon removal credits from these projects are capable of providing a wide range of benefits to the regions they are developed in and exist above and beyond the GHG mitigation and removal benefits. We believe they have the potential to contribute to ecosystem health, biodiversity and, in some cases, local economic development, which can also result in local community and economic resilience. Our intent is to only support verifiable projects provided by reputable and well-established partner organizations who are experienced in the development, management and accounting for such projects producing the highest-quality validated carbon removal credits possible, aligned with leading technical standards.

Over time, we anticipate more technological solutions for carbon removal and sequestration will be developed and scaled, and will continue to monitor this market to identify potential partnership and project opportunities.

#### Carbon Neutrality

Some of our brands, products and division commercial teams may choose to pursue carbon neutrality claims or certifications by working to reduce and remove their carbon emissions in a manner consistent with their brand purpose and growth plans. To claim an initiative, product or brand as "certified carbon-neutral," our teams need to first assess the GHG emissions within a defined boundary, consistent with best practices for lifecycle assessments and in alignment with our Sustainable Product Index protocols. Based on this, we then require the effort to plan for and demonstrate emission reductions within that boundary, and then work to remove and sequester the residual emissions consistent with our carbon credit strategy, supporting only the highest-quality, verified and permanent credits in accordance with local regulations and industry accepted practices.

Carbon credits acquired for such commercial initiatives will then be permanently retired or canceled against a verified registry, consistent with industry best practices, so that the initiative is never double-counted. Investment in credits for this purpose will not go towards year-on-year carbon emission reduction accounting. Instead, these initiatives are viewed as beneficial projects and programs that go above and beyond our own value chain emission reduction and carbon removal efforts in order to contribute to accelerating decarbonization and the global net zero transition.

#### **Cautionary Statement on Forward-Looking Statements**

All statements in this report that are not historical, including targets for and projections for future results, the expected achievement and effect of our sustainability strategies and initiatives, including our 2025 Sustainability & Social Impact Strategy, and our 2023 Climate Transition & Net Zero Action Plan, and the amounts and timing of their expected impact are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the U.S. Securities and Exchange Commission (SEC). Forward-looking statements generally can be identified by words such as "believes," "expects," "estimates," "intends," "plans," "strives," "may," "could," "projects," "should," "will," "continue," "targets," "goals" and other similar expressions, and are based on management's views and assumptions as of the date they were made. This report is issued as of September 16, 2024 and except as required by law, we undertake no obligation to update these statements as a result of new information and we make no representation, express or implied, that the information is still accurate or complete. We caution that such forward-looking statements are not pushed by the caution that such forward-looking statements are results for an umber of factors. Information about factors that could impact our business and cause actual results to vary, possibly materially, from these forward-looking statements, can be found in this report and in our filings with the SEC, including the information set forth under the captions "Risk Factors" and "Cautionary Statements" in Colgate's Annual Report on Form 10–Q.