2021 TCFD REPORT

COLGATE-PALMOLIVE COMPANY

I-INTRODUCTION

Colgate-Palmolive Company (we, us, our, Colgate or the Company) markets its products in over 200 countries and territories around the world and the Colgate brand is in more homes than any other. We are therefore presented with tremendous opportunities and important challenges in the area of sustainability. In November 2020, we announced our 2025 Sustainability & Social Impact Strategy, a key ambition of which is preserving our environment by accelerating action on climate change and reducing our environmental footprint. Transparency is important to us and to our stakeholders as it provides accountability and trust, and we believe this report, which includes climate-related information relevant to a broad range of stakeholders, is one step in the process. In an effort to address stakeholders' interests, we are publishing our first report aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Following the TCFD recommendations, our report is broken into four sections: Governance, Strategy, Risk Management, and Metrics and Targets. This report covers our 2021 fiscal year and utilizes information found in our annual CDP reports, Sustainability & Social Impact Reports and the governance and sustainability sections of our website, among other sources. We are continuing to assess our climate impact, risks and opportunities and to integrate our sustainability and social impact strategy across our organization while creating a healthier future for all people, their pets and our planet.

II-GOVERNANCE

Board's oversight of climate-related risks and opportunities

Board of Directors

Our Board of Directors (Board) views sustainability as being critically important to Colgate's overall business and growth strategy and our Board plays an essential role in guiding and overseeing that strategy. Our Board was deeply involved in the development of our strategic plan and receives detailed briefings throughout the year on critical aspects of its implementation. As we work to integrate sustainability into all aspects of our business, our Board addresses sustainability in its oversight of the implementation of Colgate's strategic plan, annual budget, capital expenditures, capital structure and innovation plans and is kept abreast of the company's sustainability efforts during reviews of our operating divisions and functions, product categories and competitive and marketplace trends. In further recognition of the importance of environmental, social and governance (ESG) matters to Colgate's continued success, the Personnel and Organization Committee of the Board has determined to add performance measures to the 2022 annual incentive program tied to Colgate's sustainability and diversity, equity and inclusion progress.

Nominating, Governance and Corporate Responsibility Committee

Within our Board, the Nominating, Governance and Corporate Responsibility Committee (NGCR Committee) has responsibility for overseeing our sustainability program, including our 2025 Sustainability & Social Impact Strategy, and the Personnel & Organization Committee has responsibility for overseeing our workplace and human rights practices, including diversity and inclusion and equal opportunity initiatives. The NGCR Committee was reconstituted and renamed in 2020 to heighten the Board's focus on sustainability (including climate change), social responsibility and corporate citizenship matters. The NGCR Committee receives regular updates from management on sustainability matters, risks and opportunities, including our actions to preserve the environment and to accelerate action on climate change. The NGCR Committee is scheduled to meet quarterly and a sustainability-related topic, which may include topics directly or indirectly related to climate change, is typically presented and discussed at each scheduled meeting. It is management's intention to provide the Board, through the NGCR Committee, with the highlights of our progress against the targets within our 2025 Sustainability & Social Impact Strategy, including our climate strategy, on at least an annual basis.

Audit Committee

In addition, our Board is kept abreast of climate-related risks through the Audit Committee, which oversees the Company's enterprise risk management (ERM) process and the implementation of appropriate risk monitoring and management systems. In this capacity, the Audit Committee receives regular updates from members of the Company's Enterprise Risk Management Committee (ERM Committee) (discussed in further detail below), which has identified sustainability (including as it relates to climate change) as a critical risk facing the company.

Management's role in assessing and managing climate-related risks and opportunities

We have a team of people responsible for assessing and monitoring climate-related issues, led by our Group President, Growth and Strategy, a member of our leadership team who reports to our Chairman of the Board, President and CEO, and our Chief Sustainability Officer (CSO), who reports to our Chief Supply Chain Officer and has accountability to our Group President, Growth and Strategy. This team has responsibility for our overall 2025 Sustainability & Social Impact Strategy and monitors progress against our sustainability targets, including our science-based targets related to climate change. Within our CSO's team, the Worldwide Director of Global Sustainability Fellow is responsible for our climate strategy and leads the planning and execution of our Climate Action and Net Zero Carbon Transition roadmap covering Scope 1, 2 and 3 greenhouse gas (GHG) emissions. Our CSO also helps shape the Company's supply chain strategy, which may be impacted by climate-related issues. Colgate's CSO is responsible for providing the Board, through the NGCR Committee, with quarterly updates on sustainability issues, risks and opportunities, including our progress against our science-based climate targets and other action plans to achieve our sustainability objectives.

Sustainability Steering Committee

Our CSO chairs our Sustainability Steering Committee, which makes strategic decisions related to sustainability, monitors climate-related issues and works to integrate our sustainability and social impact strategy into our broader organization and to measure and meet our sustainability targets and key performance indicators (KPIs). The Sustainability Steering Committee meets quarterly and is composed of members of senior management, including Colgate's Chief of Staff, Group President, Growth and Strategy, Chief Financial Officer, Chief Legal Officer and Secretary, CSO, Chief Technology Officer, Chief Human Resources Officer, Chief Communications Officer, Chief Supply Chain Officer and Chief Investor Relations Officer and SVP, Mergers & Acquisitions. The members of the Sustainability Steering Committee were chosen due to their broad expertise and insight into every function of Colgate's business. The Sustainability Steering Committee has reviewed our climate strategy and is informed of our progress against our sustainability targets, including our science-based targets related to climate change.

Enterprise Risk Management Committee

Our ERM Committee, which includes Colgate's Chairman, President and CEO, Chief Financial Officer, Chief Human Resources Officer, Chief Investor Relations Officer and SVP, Mergers & Acquisitions, Chief Legal Officer and Secretary, Chief Supply Chain Officer, Vice President and Corporate Treasurer and other members of Colgate's senior management, monitors current and emerging risks facing our company and has identified sustainability, including as it relates to climate change, as a critical risk facing the Company. Risks identified by the ERM Committee are assigned risk sponsors who are responsible for overseeing the management of the risk and reporting back to the ERM Committee on the risk landscape and the Company's mitigation efforts. The Group President, Growth and Strategy is the risk sponsor for the sustainability risk. ERM Committee members provide the Board and its committees with regular updates on risks facing the Company.

ESG Reporting Task Force

Our ESG Reporting Task Force was formed in 2021 to address the increasing demands for additional ESG disclosure from our stakeholders. Through the ESG Reporting Task Force, management is kept abreast of climate disclosure-related issues to guide the Company on its ESG reporting. The ESG Task Force is composed of representatives from the Company's investor relations, legal, supply chain, sustainability and finance functions. The ESG Reporting Task Force's sponsors include the Company's Chief of Staff, Group President, Growth and Strategy, Chief Financial Officer, Chief Legal Officer and Secretary, Chief Investor Relations Officer and SVP, Mergers & Acquisitions, Vice President and Assistant Controller and CSO, all of whom serve on the Sustainability Steering Committee. The ESG Reporting Task Force meets on an as-needed basis and meets with the sponsors quarterly.

III-STRATEGY

Climate-related risks and opportunities

For the purpose of climate-related risk disclosures in this report, we identify short-term as between 1 and 3 years, medium-term as between 3 and 6 years and long-term as between 6 and 30 years.

Colgate has assessed climate-related issues potentially arising in each time horizon (short-, medium- and long-term) and their potential impacts on our business by using both a climate-related scenario analysis that we carried out with a third party and our ERM process. Additionally, we consult with and assess climate-related issues facing our Company with cross-functional subject matter experts both internally and externally (NGOs and climate experts). The table below provides a description of each potential risk and opportunity, as well as their time horizon and the related risk or opportunity driver.

Climate-Related Scenario Analysis

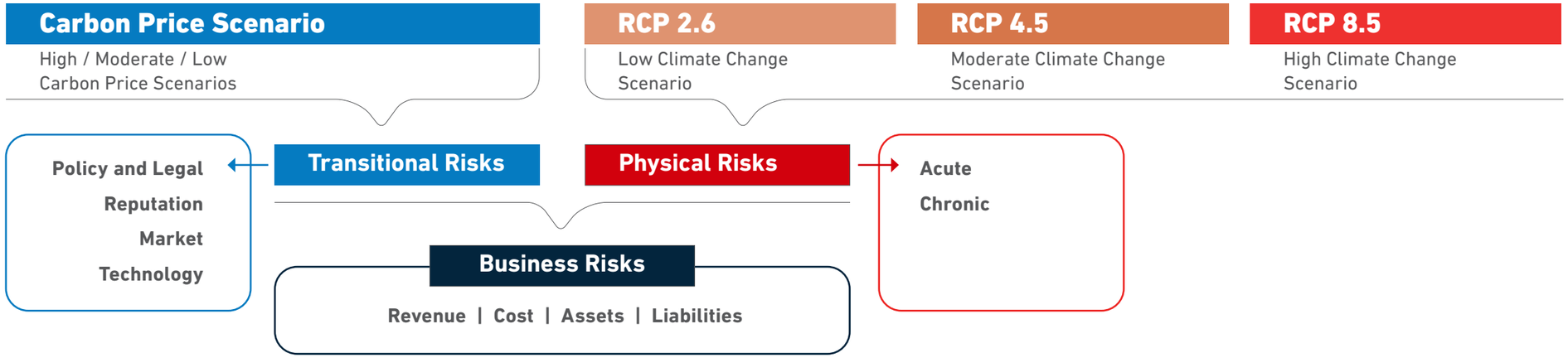
Colgate engaged with a third-party expert to conduct a climate-related scenario analysis to understand how climate change can impact our business and what types of actions can be taken to avoid climate risks or capture opportunities. The analysis covers the potential impacts of both physical risks, such as hurricanes or droughts, and transition risks, such as carbon pricing, regulatory requirements and impacts on Colgate's reputation. The information collected through this process helps 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.

For this analysis, we used research from the Intergovernmental Panel on Climate Change, the International Energy Agency (IEA) and the Organisation for Economic Co-operation and Development (OECD) to assess the potential impact of different climate scenarios on our business. Below are the details of the scenarios used for our climate scenario analysis.

Transitional Risks	
High Carbon Price Scenario	This scenario represents the implementation of policies that are considered sufficient to reduce GHG emissions in line with the goal of limiting climate change to 2°C by 2100.
Moderate Carbon Price Scenario	This scenario assumes that policies will be implemented to reduce GHG emissions to 2°C in the long-term, but with action delayed in the short-term.
Low Carbon Price Scenario	This scenario represents the full implementation of country Nationally Determined Contributions under the Paris Agreement.

Physical Risks	
Low Climate Change Scenario (RCP 2.6)	Aggressive mitigation actions to halve baseline emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100.
Moderate Climate Change Scenario (RCP 4.5)	Strong mitigation actions to reduce emissions to half of baseline levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100.
High Climate Change Scenario (RCP 8.5)	Continuation of business as usual with emissions at baseline rates. This scenario is expected to result in warming in excess of 4°C by 2100.

Climate Scenario Analysis



The selected scenarios provided a range of possible future states from low, moderate and high levels of potential impacts to conduct a thorough assessment of transition (including policy and legal, technology, market and reputation) as well as physical risks. The analysis covered a range of time horizons depending on the risk type. For example, policy risk was evaluated using 10-, 20- and 30-year timeframes to align with Colgate's renewable electricity and Net Zero emissions targets. Physical risk was evaluated using 2020 as a baseline, as well as 2030 and 2050. We considered our global operations in the analysis, with particular attention to manufacturing sites and global technology centers.

One of the Key findings is that the majority of our exposure to carbon pricing-related risks are associated with our purchased goods and services from suppliers. According to the analysis, Colgate was found to have moderate reputational risk exposure, and low technology risk exposure. Colgate, according to the analysis, is exposed to moderate physical risk with highest exposure to water stress, cold waves and heat waves. We are using this information to underscore the need for ambitious progress and continued investment in our sustainability programs, including for renewable electricity and capital budgets for sustainability projects. The analysis underscored our renewable electricity and carbon commitments, leading to a more comprehensive understanding of how our Net Zero commitment could help mitigate potential policy and reputational risks. for example, our exposure to Scope 1 and 2 carbon pricing risk reduces significantly by 2040, the target date for our Net Zero commitment. Therefore, the identified risks will be considered as we finalize our Net Zero targets and associated boundaries.

Risks

Risk Type	Topic	Time Horizon	Risk Driver	Description and Business Impact
Transition Risk / Policy Risk	Carbon Pricing	Medium-term	Increased cost due to taxes and regulations	Increased pricing on GHGs may increase our operating costs over time. We own or lease approximately 330 properties, which include manufacturing, distribution, R&D and office facilities globally. Introduction of carbon pricing and/or cap and trade schemes in regions where we operate and/or where we source our materials can increase our operating costs if our sites emit over the allowance threshold, since these sites would need to purchase allowances.
Transition Risk / Market Risk and Suppliers	Carbon Pricing	Medium-term	Increased risk on supplier operating costs	Introduction of carbon pricing and/or cap and trade schemes in regions where our key suppliers operate might impact our suppliers' operating costs. This may, in turn, directly or indirectly increase the cost of our raw and packaging materials, logistics and other necessary services. Suppliers who do not have robust GHG reduction strategies or who are otherwise unable to reduce their operating costs may face challenges continuing to operate, which may lead to disruptions to our supply chain.

Risks

Risk Type	Topic	Time Horizon	Risk Driver	Description and Business Impact
Transition Risk / Reputational Risk	Contribution to climate change	Medium-term	Increased risk on reputation and intangible assets	Our stakeholders, including investors, customers and consumers, are increasingly focused on our climate impact. Despite our efforts to manage and address our climate impact, any failure to achieve our climate targets (in a timely manner or at all) or the perception (whether or not valid) that we have failed to act responsibly with respect to such matters or to effectively respond to new or additional requirements regarding climate action, could result in adverse publicity and adversely affect our reputation, business, results of operations, cash flows and financial condition.
Transition Risk / Market and Reputational Risk	Deforestation	Short-term	Increased risk on reputation due to consumer preferences and increased stakeholder concern	We have identified potential reputational risks associated with deforestation. There is strong interest from NGOs, consumers and other key stakeholders to increase the traceability of commodities, such as pulp and paper, palm oil and derivatives, soy and soy oil and beef and beef tallow, which are our four major forest commodities. Our reputation could be damaged if we do not (or are perceived not to) act responsibly with respect to the environmental and social impacts of deforestation through our procurement practices or otherwise, which could adversely affect our business, results of operations, cash flows and financial condition.
Transition Risk / Technology Risk	Substitution of products with low-emitting alternatives and increased transparency	Long-term	Increased risk of revenue or market share loss	Consumer preferences are evolving as consumers are increasingly looking for products and services from companies that are addressing their climate change-related impact by launching less carbon intensive products, packaging and services. Consumers are also demanding increased transparency on material sourcing and climate impacts of the products they purchase, including the packaging footprint. We also identified potential opportunities for assessing and communicating the carbon footprint of our products. Our ability to innovate and develop sustainable solutions to our products, such as products that require less carbon emissions during their use phase, and adjust our formulations, ingredients, packaging or supply chain to meet evolving consumer preferences in a timely manner, or at all, could hinder the growth of our business, compromise our competitive position or adversely affect our business, results of operations, cash flows and financial condition.
Physical Risk / Acute	Increased frequency of extreme weather events	Short-term	Increased cost due to damage and supply chain disruptions	Our operations, including our facilities, supply chain and our logistics networks, may be disrupted or damaged by natural disasters, such as hurricanes, typhoons, droughts, floods, water scarcity and other extreme weather events. The impacts of these acute physical risks could adversely affect our business and global supply chain, results of operations, cash flows and financial condition.
Physical Risk / Chronic	Extreme heat, drought, sea level rise and water access	Medium-term	Increased cost of materials and supply chain disruption	Changes in weather patterns, the frequency and severity of extreme weather and natural disasters and rising global temperatures have the potential to impact the cost and availability of raw and packaging materials, such as essential oils, resins, tropical oils, pulp, tallow, corn, poultry and soybeans. The predicted effects of climate change may also exacerbate challenges regarding the availability and quality of water. The impacts of these progressive physical risks could adversely affect our business and global supply chain, results of operations, cash flows and financial condition.

Opportunities

Opportunity Type	Topic	Time Horizon	Opportunity Driver	Description and Business Impact
Resource Efficiency	Use of more efficient production and distribution processes	Short-term	Reduced indirect (operating) costs	Using resources like energy and water more efficiently is not only an opportunity to drive savings from reducing the direct purchase costs of those resources, but also a cost avoidance opportunity if potential carbon pricing or water scarcity risks materialize. In the case of energy, the lower energy consumption and GHG emissions that we are responsible for, the lower the cost impact. In the case of water, the less water we rely on for our production process the less exposure we have to cost impacts from water scarcity events. Considering these risk mitigation opportunities by means of a shadow carbon price or shadow water price can make investments in water and energy efficiency projects more attractive and valuable.
Resource Efficiency	Reduced water usage and consumption	Short-term	Increased revenues from increased demand for products and services	The majority of our GHG emissions is associated with the consumer use of our products — accounting for about 80% of our total carbon footprint. By influencing the formulation of our products and the design of our packaging as well as consumer behavior during product use and disposal waste, we have the opportunity to help reduce both our water and carbon footprint. It is also an opportunity to work with our customers to deliver this messaging to consumers. As a way to reduce our most significant Scope 3 GHG emissions, Colgate is committed to promoting water conservation awareness to 100% of our global consumers and reducing 20% consumer product use emissions by 2025 against a 2016 baseline. We have a target to make all our packaging recyclable, reusable or compostable by 2025 alongside other packaging targets.
Energy Use	Use of lower-emission sources of energy	Medium-term	Reduced indirect (operating) costs	Colgate's targets to reduce absolute Scope 1 and 2 GHG emissions in global operations 30% by 2025 and 50% by 2030 from a 2018 base year, and to use 100% renewable electricity by 2030 will require renewable electricity implementation and procurement via on-site solar installations, Renewable Energy Credits, virtual power purchase agreements and utility green power alternatives. Not only can these measures make our energy sourcing more diversified and resilient, but they can also reduce our Scope 2 GHG emissions. This reduction also helps avoid cost impacts from potential carbon tax schemes that may affect our facilities in certain regions.

Opportunities

Opportunity Type	Topic	Time Horizon	Opportunity Driver	Description and Business Impact
Products & Services / Access to New Markets	Product and supply chain transparency	Short-term	Increased revenues from increased demand for products and services	Consumers are demanding increased transparency about the ingredients and purpose of such ingredients in our products and visibility into our products' supply chain and carbon footprint. Providing such information is an opportunity to address the needs of our consumers and maintain our market share and competitive position. With the Colgate brand in more homes than any other, we have a tremendous opportunity to influence consumer behavior to, among other things, help make sustainability an easy, everyday part of people's lives. We share ingredient information about our products where people seek that information on our brand websites as well as via SmartLabel® for many of our products. Colgate's target is to provide 100% ingredient transparency.

Impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning

The potential impacts of the climate change-related risks and opportunities on our business and our strategy to address them are described below. We are working to improve our methods for mitigating climate-related risks and we will introduce our updated climate strategy, including our Climate Action & Net Zero Carbon roadmap, which aligns with our 1.5°C commitment in the coming months. Our climate strategy addresses five key areas: supply chain engagement, Net Zero carbon operations, sustainable products and consumers, business resilience and society and nature. This roadmap includes, but is not limited to energy reduction across our operations, development and execution of a Renewable Energy Master Plan, our Renewable Energy Credit and virtual power purchase agreement structure and supplier engagement. Our climate strategy is externally aligned with the Science Based Targets initiative (SBTi).

Colgate's Strategy to Respond to Climate Risks and Opportunities

Products and Services

Consumer Preferences: To meet the demands for products that have lower climate impacts, we have launched projects that will help us improve material traceability and product footprint management. Additionally, the majority of our GHG emissions are associated with the consumer use and disposal of our products. Our R&D and procurement teams are working to design sustainable products without negatively affecting consumer experience, efficacy, quality or pricing. We evaluate the potential of reputational impacts affecting our sales, and therefore strategize our approach to product development through marketing over both the short- and medium-term time horizons.

Transparency: In order to assess the carbon footprint of our products and be able to communicate them, we are working with our stakeholders, including our suppliers, customers, consumers, industry trade associations and NGOs. Additionally, efforts to automate data collection on climate impacts of our products will enable us to gain visibility on sourcing and material sourcing opportunities to further improve our carbon footprint at the regional and product level.

Deforestation: We believe Colgate has made significant progress in policy development on commodity sourcing and deforestation. We published a No Deforestation Policy covering the following forest commodities: palm, soy, beef tallow and paper-based materials. Colgate also has a standalone policy on the Responsible and Sustainable Sourcing of Palm Oils, and established a Responsible Soy Procurement Policy in 2020. Our global sourcing teams manage the suppliers of commodities work to ensure understanding, communication and execution of our commitments. As a result of these efforts, we are better placed to understand deforestation-related risks and opportunities and reflect those in our approach to product development and packaging.

Suppliers and Consumers

Suppliers: Approximately 15% of our carbon footprint across our value chain is generated as a result of our Scope 3 purchased goods and services and capital goods. Our reduction efforts with our suppliers can have global impacts by improving the carbon footprint of many other businesses beyond our operations. We have set science-based targets to reduce our carbon emissions across our entire value chain. We are encouraging our key material suppliers to set science-based climate targets, assess their climate and water risks, improve their energy efficiency and increase their use of renewable electricity. 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. We also have contingency plans for our procurement team to address any climate impacts disrupting our suppliers' ability to deliver raw and packaging materials.

Customers and Consumers: We are working to design sustainable products and focusing on messaging which helps consumers build healthier and more sustainable habits for life. Since consumers are key stakeholders within our value chain, as a way to reduce our most significant Scope 3 GHG emissions, we developed our worldwide Save Water campaign in 2016, which aims to increase consumer awareness through messaging on our packaging, online and in stores. The Save Water message appears on packaging for our toothpaste, toothbrushes, soaps and cleaning products. Thanks to the ongoing efforts of Colgate People around the world, we are helping to drive greater awareness of water issues among consumers, customers and Colgate People. Through our Save Water campaign, we estimate that our consumers have contributed to the avoidance of approximately 206 billion gallons of water and 10.8 million metric tons of CO_2 emissions since its launch in 2016.

Colgate's Strategy to Respond to Climate Risks and Opportunities

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 have set a Net Zero carbon target for our global operations by 2040 as well as a 100% renewable electricity in our global operations by 2030. We have held webinars to roll out our targets and strategy to our operational teams to 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 electricity sourcing, energy efficiency upgrades and the identification of process improvements. Based on the release of the new SBTi Net Zero Carbon Standard in late 2021, we are establishing additional long-term and interim Net Zero climate targets, beyond our operations, for SBTi review and approval in 2022.

Several initiatives, many already in progress, will drive progress toward our Net Zero carbon target. Benchmarking the sustainability of our operations through third-party certifications and recognitions gives our efforts more credibility. As of December 31, 2021, we have achieved 27 LEED Certifications and, since 2011, 90 U.S. EPA ENERGY STAR® Challenge for Industry Awards have been achieved by Colgate manufacturing sites, with three awards achieved in 2021. As of December 31, 2021, we had 26 TRUE® Zero Waste facilities in 16 countries on five continents, more than any other company. The "Top 10" Planet Actions program is an internally developed program that prioritizes energy, water and waste actions that all Colgate manufacturing and technology sites can complete. These actions are identified as those that support sustainability initiatives as well as global engineering initiatives. In the area of climate, these actions are focused on, for example, improving energy efficiency by implementing submetering, continuous steam traps monitoring systems and performing compressed air leak inspections. 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 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.

To address the physical risks of climate change to our operations, we have 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. We are committed to developing a long-term strategy to mitigate risks from climatic events. As part of this process, we assess potential climate vulnerabilities and risks to ensure our business is able to respond to and recover 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.

Colgate's Strategy to Respond to Climate Risks and Opportunities

Investment in Research and Development

As a way to reduce our most significant Scope 3 GHG emissions, we first committed to increasing the recycled content of our packaging to 50% by 2020, achieving 52% recycled content by the end of 2020. We then enhanced our target, committing to design and deliver zero plastic waste solutions for our products to eliminate one-third of new (virgin) plastics by 2025. Our R&D and procurement functions also help design and manage product formulations to minimize both risk and costs. We are designing products that allow consumers to use less water or temperate water, evaluating options to replace carbon intensive materials and strategically sourcing and using commodities in a way that minimizes the deforestation risk. These efforts require significant investment in research and development to achieve, with the time horizon of influence ranging from short- to long-term depending on the effort. For example, we conducted a full value chain carbon footprint analysis that has provided us valuable insight into the environmental impacts of our products. One of the outcomes was our target for all of our packaging to be recyclable, reusable or compostable by 2025, and to drive sustainability with transformational product and process innovation. After five years in the making, we launched a first-of-its-kind recyclable toothpaste tube in 2019, the first oral or personal care tube to be recognized by the Association of Plastic Recyclers. A life cycle assessment conducted by a third party concluded that Colgate's first-of-its-kind recyclable toothpaste tube avoids up to 26% carbon emissions as compared to our former standard toothpaste tube. The recyclable toothpaste tube debuted under the Tom's of Maine brand in the United States and the Colgate Smile for Good brand in Europe and we are working to transition the remainder of our toothpaste portfolio by 2025. We are continuing with our research to convert all of our toothpaste tube caps into a material more compatible with the HDPE stream. Consistent with our commitment to sustainability, we are making this innovative technology available to interested third parties, including competitors, as part of our efforts to increase the recyclability of toothpaste tubes.

Capital Expenditure and Investments

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 electricity, energy efficiency, water efficiency, zero waste and product recycle, reduce and reuse projects. Additionally, our well-established "5% for the Planet" initiative 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. Planet projects deliver energy and carbon reduction, enabling us to maintain emission levels below regulatory thresholds in most geographies.

We also developed a Renewable Energy Master Plan in 2021, which helps us identify and prioritize renewable electricity opportunities at our facilities around the world. Within the Renewable Energy Master Plan, our divisions develop and evaluate various renewable electricity options, such as on-site solar, utility green power, Renewable Energy Certificates and virtual power purchase agreements. This exercise helped us identify and prioritize renewable electricity opportunities at all of our facilities around the world, and helps facilitate planning for capital allocations and investment for the coming years.

In addition, in support of our 2025 Sustainability & Social Impact Strategy, in November 2021, we issued €500 million of eight-year notes at a fixed coupon rate of 0.300% (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.

IV-RISK MANAGEMENT

Processes for identifying, assessing and managing climate-related risks

Enterprise Risk Management

Colgate uses an Enterprise Risk Management (ERM) program to identify, prioritize and manage risks. Risks are collectively identified across the organization and are classified within the strategic, financial, operational, information technology, legal & compliance and emerging risk categories. Each risk category is assigned to a member of Colgate's ERM Committee, who is ultimately accountable for managing the identified risk.

For each risk identified, the appropriate teams are engaged to develop and implement a plan that includes process definition, communication plan requirements, ongoing measurement/monitoring as well as improvement plans and training to enhance risk mitigation. Each risk sponsor updates the ERM Committee on their respective risks mitigation plans and results for discussion and oversight. Each risk is assessed to determine probability and severity of the risk and assigned a score accordingly. These risk scores allow Colgate to determine the relative significance of each risk in relation to other risks.

As it relates to climate risks, the risk sponsor engages with our sustainability and supply chain functions, and other internal and external stakeholders, to understand the level of importance and potential climate-related impacts related to brand reputation, operational disruption, supply availability and cost, customer/consumer awareness and NGO/regulatory activity.

We evaluate matters on a case-by-case basis to determine whether they have a substantive financial or strategic impact on our business over the short-, medium- and long-term. When evaluating particular matters, we consider, among other factors, the size of the business units impacted, the size of the impact on those business units, whether the impact to the Company's business is continuing and whether the Company is able to offset such impact and the potential for stakeholder or reputational impact.

Water Security Task Force

One of the main physical risks of climate change is water scarcity, yet identifying the water scarcity risk alone is not enough to understand water risks holistically and ensure water security. This is why in 2021 we set up a Water Security Task Force with the primary objective to develop a comprehensive water security framework and recommend water security assessment tools for Colgate's global operations. This framework considers, for each location, the water availability at the source, water rights and regulations, utility infrastructure and reliability and local water governance. The task force is composed of representatives from the following functions: sustainability, manufacturing, engineering, facilities, risk management and legal. Together, they are gathering data, both internally and with external partners, for each of the four components to assess overall water security at each site. The risk of water availability at the source is identified using the World Resources Institute (WRI) Aqueduct Water Risk Atlas. The Aqueduct tool uses open-source, peer-reviewed data to map water risks, such as floods, droughts and stress. We consider sites to be "water stressed" when the Aqueduct tool classifies the location as "Extremely High Risk" in the Baseline Water Stress indicator.

Consideration of existing and emerging regulatory requirements related to climate change

As a global company, we are subject to extensive governmental regulations, including environmental rules and regulations, in the U.S. and abroad. It is our policy and practice to comply with all government regulations applicable to our business. We monitor the existing and evolving legal and regulatory requirements, including those intended to reduce or mitigate the effects of climate change on the environment and relating to GHG (e.g., carbon pricing), alternative energy policy and additional disclosure requirements. In addition to our legal and regulatory functions, we have an ESG Reporting Task Force with representatives from the investor relations, legal, supply chain, sustainability and finance functions. This task force is monitoring emerging regulatory requirements and/or guidance, including from the Securities and Exchange Commission, the European Union and International Sustainability Standards Board.

V-METRICS AND TARGETS

Our GHG and Energy Key Performance Indicators

Below are our annual GHG emissions and related key performance indicator (KPI) definitions from 2014 to 2020. We are in the process of gathering and verifying data on our GHG emissions for 2021. This information will be included in Colgate's 2021 KPIs table and made available on the sustainability section of our website.

KPI	Unit	2014	2015	2016	2017	2018	2019	2020
Emissions								
Scope 1 (without fugitives)	Thousand MT of CO2-e	209	203	203	195	190	191	186
Scope 1 (including fugitives)	Thousand MT of CO2-e	—	—	—	—	196	198	191
Scope 2 (market-based)	Thousand MT of CO2-e	418	389	324	316	302	283	251
Scope 3 Emissions	Thousand MT of CO2-e	1,256	54,155	54,710	51,570	48,299	48,680	41,966
Energy								
Total Energy Consumption per MT	MWh/ MT of Product Shipped	0.38	0.37	0.36	0.36	0.36	0.35	0.33
Renewable Electricity Usage (%)	Expressed as % of Purchased Electricity	1%	8%	22%	24%	27%	28%	35%

Definitions and Explanations on KPIs	
Scope 1 (without fugitives)	Scope 1 emissions include CO2-e emissions attributable to fossil fuels consumption from our manufacturing and global technology centers operations. Does not include fugitive emissions.
Scope 1 (including fugitives)	Scope 1 emissions include CO2-e emissions and fugitive emissions attributable to fossil fuels consumption from our manufacturing and global technology centers operations.
Fugitive Emissions	Emissions that are not physically controlled but result from the intentional or unintentional releases of GHGs. They commonly arise from operation of certain equipment and processes such as refrigeration and air conditioning systems, fire suppression systems, and the purchase and release of industrial gasses.
Scope 2 (market-based)	Scope 2 emissions include CO2-e emissions that are associated with purchased electricity and purchased steam. They were determined via the market-based method.
Scope 3	Includes Scope 3 emissions from relevant categories. Includes an estimate of the impact of our Save Water campaign after 2016. 2014 data does not include Scope 3 emissions from Use of Sold Product.
Total Energy Consumption	Includes energy attributable to fossil fuel consumption + purchased electricity + purchased steam + onsite renewable electricity that is generated and consumed.
Total Energy Consumption/ MT	Includes total energy consumption divided by net manufactured for shipment.
Renewable Electricity Usage (%)	Includes renewable electricity that is generated onsite and is consumed onsite + purchased Renewable Energy Certificates (RECs) expressed as a percentage of purchased electricity. This definition will be updated in 2022 to reflect our Renewable Energy Master Plan.

Our Climate Targets

Underlying Colgate's climate commitments are science-based targets focused on a Net Zero carbon transition. Our current targets for Scopes 1, 2 and 3 GHG emissions were approved by the SBTi in 2020, and are aligned with a 1.5°C decarbonization pathway. Following the release of the new SBTi Net Zero Carbon Standard in late 2021, we are establishing additional long-term and interim climate and Net Zero targets for the SBTi's review and approval in 2022.

The following are our current targets, as approved by the SBTi:

- Reduce absolute Scope 1 and 2 GHG emissions in global operations 30% by 2025, and 50% by 2030 against a 2018 baseline;
- Source 100% renewable electricity for our global operations by 2030;
- Reduce absolute Scope 3 GHG emissions from purchased goods and services 30% by 2025 against a 2018 baseline; and
- Reduce indirect use phase emissions associated with the consumer use of our products 20% by 2025 against a 2016 baseline.

We have also committed to these additional climate-related targets:

- Net Zero carbon in our global operations by 2040; and
- Reduce 25% manufacturing energy intensity by 2025 against a 2010 baseline.

As of the issuance of this report, we are in the process of gathering and verifying data relating to our 2021 GHG emissions and energy consumption; this information will be included in our Key Performance Indicators table and available on the sustainability section of our website.

Legal Notice: 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 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" 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 April 7, 2022 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 guarantees of future performance and that actual events or results may differ materially from these statements due to a number 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 Statement on Forward-Looking Statements” in Colgate’s Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent Quarterly Reports on Form 10-Q.

The inclusion of climate-related risks in this report should not be construed as a characterization regarding materiality or the anticipated financial impact of these risks. Issues identified as material for the purposes of this report may or may not be considered material for SEC reporting purposes. For a discussion of risks that Colgate has determined could be financially material, please see our Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent SEC filings.