

Colgate-Palmolive Palm Oil Implementation Plan

Colgate is committed to the transparency of our palm oil supply chain and reporting on our progress and future plans. As detailed in our Policy on Responsible and Sustainable Sourcing of Palm Oils, we will provide biannual updates on our plans and progress through this public implementation plan supporting our activities on palm oil.

OUR PROGRESS

Colgate recognized the need to source responsibly produced palm oil beginning in 2007 when we became a member of the Roundtable on Sustainable Palm Oil (RSPO). Since that time we have made steady and measurable progress and our strategy and plan will continue to evolve.

Detailed here are key actions Colgate has taken to date:

- Developed a cross-commodity Policy on No Deforestation, highlighting palm oil as one of four commodities to target for implementation (2014)
- Communicated our policy to all our direct palm oil and PKO suppliers (2015)
- Initiated a palm oil membership with Earthworm Foundation to map our supply chain, engage our suppliers and drive transformation in the supply chain (2015)
- Identified all palm oil derivatives in our supply chain (2015)
- Issued a commodity-specific Policy on Responsible and Sustainable Sourcing of Palm Oils (2016)
- Supported transformation work and landscape projects in palm oil sourcing regions including Malaysia, Indonesia, and Latin America; focused on smallholders, conservation & forest management practices, and human rights (2017- ongoing)
- Included 100 percent of palm oil and PKO suppliers in the Engagement for Policy Implementation (EPI) program, working in collaboration with Earthworm Foundation (2018)
- Initiated use of WRI-GFW satellite monitoring system to identify potential deforestation alerts within our supplier's palm oil supply network (2018)
- Conducted a pilot using Starling-Earthworm Foundation satellite monitoring system to enhance our risk management program for palm oil suppliers (2019)
- Joined the Consumer Goods Forum - Forest Positive Coalition (2019)
- Joined the Consumer Goods Forum - Human Rights Coalition (2021)
- Requested information on traceability to mill and plantation from 100% of palm oil and palm kernel oil suppliers (ongoing)
- Engaged 87% of our palm oil derivative's volume suppliers in traceability to the mill (ongoing)
- Encouraged direct suppliers of palm oil and palm kernel oil to increase transparency and holding suppliers accountable to time-bound action plans to transform their supply chain (ongoing)

- Discontinued relations with certain suppliers who are not making adequate progress toward our policy commitments and time-bound action plan (ongoing)
- Committed to procure 100 percent certified palm oil and palm kernel oil (ongoing)

As we continue on our journey toward responsible and sustainable sourcing of palm oils, we will strive to make progress across the following areas:

TRANSPARENCY

- Continue to work with suppliers and external expert organizations to identify potential social or environmental risk in our supply chain and to address those risks through transformation actions
- Understanding that transparency in the sourcing of palm oil is very important in order to understand and address risks, Colgate-Palmolive, in collaboration with our palm oil suppliers, started the journey to achieve 100% transparency of our palm supply chain. Additionally, Colgate through our on the ground jurisdictional and landscape projects has been working with NGOs and other local stakeholders to increase the transparency and traceability of palm mills in our supply chain.
- To support such transparency, we publish our list of suppliers for palm oil and PKO and our current mill list. This snapshot reflects our palm oil and PKO supply network refresh as of June 2021. This is the mill list for 1H 2021.
 - [Colgate-Palmolive's suppliers for palm oil and palm kernel oil and mills](#)
- Colgate with support of Earthworm Foundation has conducted an initial Forest Footprint exercise for our palm oil supply chain in North Sumatra, Indonesia. Please find here a link to our [North Sumatra Forest Footprint](#). We are developing an action plan on next steps for the forest footprint and will provide progress updates via this implementation plan moving forward.
- We are working with our partner Earthworm Foundation to develop a more robust grievance management process which we will pilot in the second half of 2021 and publish in the first half of 2022.

TRACEABILITY

Colgate-Palmolive is committed to 100 percent traceability for all palm oil, PKO and derivatives.

- We plan to achieve full traceability of our direct palm and PKO volumes to the plantation by year end 2025 and for our palm oil derivatives supply chains back to the plantation by year-end 2028
- As of our latest traceability exercise for our 2020 volumes of direct palm oil and PKO we have achieved 65% traceability to the plantation

We have engaged 100 percent of our direct suppliers of palm oil and PKO to understand the source of their supply, down to the mill and plantation level.

The percentages in Table 1 below reflects the percentage of palm oil and PKO for each purchasing market that can be traced back to the origin mill. Table 2 reflects our current traceability for palm oil and PKO to the level of the plantation. Identifying the mill and plantation sources for our palm supply allows us to prioritize upstream suppliers for engagement based on associated risk. It also allows us to seek further information and respond if concerns arise against stakeholders within our supply chain.

Table 1 Colgate Global PO and PKO Traceability to the Mill (2020 volumes)

Production Market	Palm oil (% Vol.)	Palm Kernel Oil (% Vol.)
North America	N/A	100%
Latin America	99%	99%
Thailand	100%	100%
Europe, Middle East & Africa	99%	92%
Weighted Total	99%	98%

Table 2 - Colgate Global PO and PKO Traceability to the Plantation (2020 volumes)

Production Market	Palm Oil (% Vol.)	Palm Kernel Oil (% Vol.)
North America	N/A	60%
Latin America	89%	96%
Thailand	47%	20%
Europe, Middle East and Africa	40%	43%
Weighted Total	63%	71%

Our traceability work enables us to identify from which country we source our palm oil and PKO materials. Table 3 shows our percent volumes of palm oil and PKO sourced per country or region of origin.

Table 3 Colgate Palm and PKO Global Sourcing per Region (2020 volumes)

Palm Oil and PKO Sourcing Region	% Annual Volume
Malaysia	27%
Indonesia	25%
Latin America	35%
Thailand	13%

For our Palm Oil Derivatives, in 2017 we engaged with our suppliers to begin our traceability journey in partnership with Earthworm Foundation.

We continue to engage an increasing number of our derivative suppliers on traceability of their supply to the mill and as of 2020 we have included suppliers that represent 87% of our global palm and PKO derivative volumes. As shown below in Table 4, of those derivative volumes included in traceability we have traced 64% back to the mill.

Table 4 Colgate Global Palm Oil Derivatives Traceability to the Mill (2019 volumes)

	First Importer	First Refiner	Mill
Colgate Derivatives Volume (focus on 87% of palm oil derivatives total volume)	49%	57%	64%

Based on our current derivative traceability progress and volumes mapped, 50% of our palm derived volume is sourced from Indonesia, 33% from Malaysia, 8% from Latin America and 4% from Thailand.

We will continue to work with our derivative suppliers to increase the traceability percentages and transparency in the derivatives supply network aligned with our derivative traceability goals.

ACCOUNTABILITY (PROGRESS & VERIFIED COMPLIANCE)

- Continue to reinforce the expectation that all suppliers implement their own NDPE policy at a corporate group level and publish concession maps as legally permitted

- Continue to measure and drive suppliers' conformance with Colgate's Policy on Responsible and Sustainable Sourcing of Palm Oils and NDPE expectations through our EPI program.
- Strengthen work with our direct suppliers and upstream producers to progress NDPE compliance of mills and plantations within and outside of our direct supply chain through use of the NDPE Implementation Reporting Framework (IRF)

Through our Engagement for Policy Implementation program (EPI) we have engaged 100% of our direct palm oil and PKO suppliers to evaluate their performance against our policy expectations. As of 2020, 100% of our direct suppliers have an NDPE policy implemented and are making progress against full implementation of their policies. We continue to engage with our suppliers through the EPI process to develop robust policies and sustainable palm oil programs aligned with our expectations.

Beginning in 2021, Colgate is also engaging our direct PO and PKO suppliers to better understand upstream producers and mills NDPE policy implementation and performance against our policy expectations. We are doing this through use of the NDPE Implementation Reporting Framework (IRF) and engagement with our direct suppliers. We plan to report progress on mills delivering on their NDPE compliance beginning in 2022.

CERTIFICATION & VERIFICATION

- Maintaining 100% of our direct palm oil and PKO volumes as physically certified sustainable palm oil
- Continue to purchase increasing volumes of physically certified sustainable palm oil derivatives with the goal of reaching 100% by 2023

As indicated above, Colgate-Palmolive will strive to procure only palm oil, PKO and palm oil derivatives certified by the RSPO or equivalent standard. For full year 2020 our sourcing of certified oils was as follows:

	Palm Oil & Palm Kernel Oil %	Palm Oil % Derivatives	Total
Certified Oils (% by weight)	100%	32%	
Book and Claim Certificate (% by weight)	0%	30%	
Total Coverage	100%	62%	82%

TRANSFORMATION & LANDSCAPE ENGAGEMENT

- Continue and accelerate support of landscape projects driving transformational change in the palm oil industry

To date, Colgate has prioritized engagement on deforestation and smallholder challenges in Indonesia and Malaysia, and is also engaged in projects in Latin America.

Transformation: Landscapes

In 2017, we began to support the Earthworm Foundation's Indonesia landscape initiative, APT. APT is a multi-stakeholder program that tackles environmental and social issues at scale in an important palm oil sourcing geography encompassing the unique Leuser Ecosystem in Aceh, Indonesia. APT's four objectives are: 1) Government Support and Multi-stakeholder Capacity Building, 2) Eliminating In-concession Deforestation of HCV/HCS Areas, 3) Reducing Smallholder-driven Deforestation of HCV/HCS Areas, and 4) strengthening NDPE practices among palm oil producers. Colgate has continuously supported APT for the last four years, as part of a diverse coalition of industry stakeholders.

In Malaysia, Colgate is supporting Earthworm's collaborative Prioritized Landscapes initiative in Sabah. Colgate is contributing to the development of landscape driven initiatives in Malaysia by supporting spatial diagnostics and multi-stakeholder engagement. The foundation built by these activities will facilitate evidence-based, multi-stakeholder transformation interventions in the future.

Transformation: Smallholders

Colgate has supported Rurality, an Earthworm Foundation smallholder initiative, in Riau Indonesia for the last three years. Colgate's support advances the following two goals in this important palm oil sourcing region: 1) Create a safe environment and working conditions for farmers, families and workers, and 2) Develop youth interest and capacity to adopt stable and sustainable farming businesses.

Rurality facilitated the provision of basic personal protective equipment (PPE) such as helmets and boots to farmers' groups, expanding across three villages and ten farmers' groups in 2019. Rurality also delivered training on Best Management Practices, including Occupational Health and Safety, to 226 farmers.

With Colgate's support, Rurality launched an agricultural education program in a junior high school, including a ½-hectare demonstration lab. Rurality partnered with Soedirman University to create an agricultural education curriculum for youth, and trained 16 junior high school teachers to deliver the curriculum. Through 2020, over 57 intra-curricular sessions had been conducted with a total of 167 teachers and students participating.

Transformation: Human Rights and Social Resilience

Colgate also supported a Centre of Social Excellence (CSE) training in Aceh Tamiang, Indonesia, which strengthened APT implementation. Aceh Tamiang is a province with remarkable biodiversity and natural resources, which are vital to the livelihoods of local people and to regional economic development. CSE is an educational initiative focused on cultivating the skills of social practitioners in order to create an enabling environment for social harmony and respect for human rights. With Colgate support, CSE convened a multi-stakeholder workshop in Indonesia, focused on improving stakeholders' understanding of land use planning issues, discussing natural resource management, and building relationships between local actors. Approximately fifty representatives attended from over two dozen local and national government offices, palm oil companies, communities, and civil society organizations. This event was instrumental in enabling stakeholder collaboration, including the local government inviting Earthworm to lead stakeholder engagement for local land use planning, and later announcing that new palm oil concessions would be halted until verified that they would not lead to deforestation.

Moving into 2021, the above programs in Aceh, Riau and Sabah have now evolved beyond local or jurisdictional programs into full landscape programs focused on Forests & Ecosystems, Thriving Communities, Resilient Farmers, Worker Welfare, Responsible Local Businesses, and Multi-Stakeholder Participation. In the first half of 2021 the first phase of a landscape diagnostic was conducted which consisted of a desktop-based component to establish critical baseline data, develop a more clear understanding of the current state of the landscape, including the identification of at-risk areas; and lastly to develop a clear strategy on how landscape activities would generate positive impacts for the landscapes. The second and final phase of the diagnostic, the field based component, will be carried out in the second half of 2021 to help refine the baseline analysis through additional data collection and direct consultations with public, private, and civil society actors within the wider landscapes. We will provide an update on the landscape projects progress in subsequent updates to this plan.

In Latin America, Colgate has collaborated with a direct supplier to strengthen existing efforts to respect and promote human rights in their operations. Earthworm Foundation will support in identifying and prioritizing challenges and opportunities in alignment with the United Nations Guiding Principles on Business and Human Rights, and creating an action plan to address salient human rights issues.

We also continue to partner with our key strategic suppliers to drive changes on the ground and transform practices. In collaboration with Wilmar, Business for Social Responsibility (BSR) and several palm oil buyers, we continued our support of collective actions to improve working conditions and livelihoods of workers across the wider palm oil supply chain in Indonesia. This transformation project included a series of workshops to heighten awareness on wages, employment contract status and

grievance mechanisms in Indonesia. A key deliverable from this project with BSR and Wilmar is a new Child Protection Policy Implementation Manual that will be rolled out in plantations in Indonesia and Malaysia beginning in late 2021.

Aligned with our commitment to engage beyond supply chains and to drive transformation of the palm oil industry, Colgate will continue to evaluate opportunities to further engage in landscape projects.

MONITORING & RESPONSE

- Execute Implementation of satellite monitoring systems across our supply chain in all high-risk production landscapes
- Implement human rights due diligence processes across supply chain operations in forest risk commodities, including palm oil

To monitor our palm oil supply chain, we have piloted both Global Forest Watch Pro and Starling. Beginning in 2021 we will implement a formal satellite monitoring solution to monitor our global palm oil supply chain. We are also working with our direct palm oil and PKO suppliers to ensure they have monitoring mechanisms implemented and currently 100% of our Indonesia and Malaysia palm oil and PKO supply is covered under satellite monitoring.

Through our membership in the CGF - Human Rights Coalition we are working collectively to engage and implement a human rights due diligence process with our shared palm oil suppliers and upstream producer groups. Progress on this initiative will be provided in our next implementation plan update.

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