

# Colgate-Palmolive



Following nearly two years of engagement as the lead for the Climate Action 100+ (CA100+) collaborative engagement with Colgate-Palmolive, the company published its first report aligned with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.

## Background

Colgate-Palmolive is an American multinational consumer products company that specialises in the production, distribution and provision of household, health care, personal care and veterinary products. It markets its products in over 200 countries and territories and the Colgate brand is in more homes than any other.<sup>1</sup>

Due to its global presence and the millions of families and homes that use its products, Colgate has tremendous opportunities and important sustainability challenges. Driven by its potential for climate impact, Colgate was identified as a CA100+ focus company.<sup>2</sup>

In March 2021, CA100+ launched the Net Zero Company Benchmark<sup>3</sup> to assess the performance of focus companies against the initiative's three high-level goals: emissions reduction, governance, and disclosure. A key component of the benchmark's high-level agenda is for companies to provide enhanced corporate disclosure in line with the recommendations of the TCFD. This enables investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below 2°C, and to improve investment decision-making.

**We encouraged the company to consider linking its 2025 sustainability targets to executive compensation to drive greater accountability**

<sup>1</sup> Sustainability Strategy | Colgate-Palmolive ([colgatepalmolive.com](https://colgatepalmolive.com))

<sup>2</sup> Companies | Climate Action 100+

<sup>3</sup> Climate Action 100+ issues its first-ever net zero company benchmark of the world's largest corporate emitters | Climate Action 100+




## Engagement objectives:

 **Environmental:**  
TCFD reporting

## Sustainable Development Goals:



## Top three successes:

-  Colgate-Palmolive published its first report aligned with the TCFD recommendations.
-  The report includes climate-related scenario analysis to understand how climate change can impact the company's business and what types of actions can be taken to avoid climate risks or capture opportunities assessing both physical and transition risks.
-  The board has added performance measures to the 2022 annual incentive programme tied to Colgate's sustainability and diversity, equity and inclusion progress.

## Our engagement

In 2019, as the lead engager for the CA100+ collaborative, we had a call to introduce the initiative to the vice president of global sustainability and the senior vice president of investor relations. We shared the initiative's goals, including strong climate change governance, action to limit global warming to well below 2°C and disclosure in line with the TCFD. Later in 2019, we encouraged the company to consider linking its 2025 sustainability targets to executive compensation to drive greater accountability and to provide greater disclosure on physical climate risks.



We continued to engage with the company through the period 2019-2022, in both EOS-exclusive and CA100+ engagements. This included sending a note to the investor relations team highlighting a letter addressed to the CEO and lead independent director calling on the company to take urgent action and disclose a net zero strategy, while also introducing the upcoming CA100+ Net Zero Company Benchmark.

**We submitted a statement at the company's 2021 annual meeting urging the board and senior management to engage in a proactive dialogue with EOS and CA100+.**

We followed up on this letter in an EOS-exclusive meeting with investor relations and the chief sustainability officer. We encouraged Colgate to report against the recommendations of the TCFD as a means for disclosing its strategy for managing climate-related risks and opportunities. The company explained that it was using the framework internally but was not ready to commit to public TCFD reporting.

We submitted a statement at the company's 2021 annual meeting urging the board and senior management to engage in a proactive dialogue with EOS and CA100+. We asked the chair when we could expect climate-related disclosures aligned with the TCFD framework and urged the company to set short- and medium-term targets to support its commitment to achieve net zero carbon by 2040, covering all scopes of emissions across the company's value chain.

**In December 2021, during an EOS-led group call with CA100+, we again encouraged a public TCFD-aligned report.**

In December 2021, during an EOS-led group call with CA100+, we again encouraged a public TCFD-aligned report. The company had initiated discussions with a third party to conduct a scenario analysis and committed to formalising the link between its climate strategy and executive compensation. It also explained that it had sustainability-related goals tied to all employees' compensation. In a meeting with CA100+ in Q4 2021, we were pleased to learn that the company was working towards publishing its first TCFD report, with publication expected in H1 2022.

**We look forward to Colgate's updated Climate Action & Net Zero Carbon roadmap, which aligns with its 1.5°C commitment.**

## Changes at the company

The company published its inaugural TCFD report in April 2022 which outlined the company's strategy for managing climate-related risks and opportunities. We appreciate this increased transparency and believe the company will benefit from aligning its disclosure with the full recommendations of the TCFD.

The report highlighted key areas of progress, including the formation of an ESG Reporting Task Force to address the increasing demands for additional ESG disclosure from its stakeholders and 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.

**The company published its inaugural TCFD report in April 2022 which outlined the company's strategy for managing climate-related risks and opportunities.**

We look forward to Colgate's updated Climate Action & Net Zero Carbon roadmap, which aligns with its 1.5°C commitment. Colgate's climate strategy addresses five key areas: supply chain engagement, Net Zero carbon operations, sustainable products and consumers, business resilience and society and nature and is externally aligned with the Science Based Targets initiative.



## Next steps

**We continue to engage the company on disclosing the results of 1.5°C, 2.0°C and 4.0°C scenario analyses, with a focus on the potential impacts to the business under each scenario, as well as more information on its strategy for reducing its Scope 3 emissions to net zero by 2050.**



**Emily DeMasi**  
Engagement  
EOS

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