

# What Colgate-Palmolive did for Nature and People

Annual report July 2022 – June 2023



Colgate-Palmolive: December 2023



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# | Our work around the world



Palm oil  
In 4 countries

## Mexico & Guatemala

Chiapas Landscape  
GREPALMA Human Rights Performance Project

## Indonesia

Riau Landscape  
Aceh Landscape

## Malaysia

Sabah Landscape



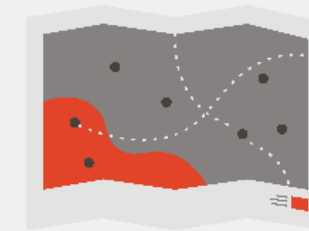
### 33 Suppliers Engaged

Engaged 13 palm oil and palm kernel oil (PKO) suppliers and 20 derivative suppliers on NDPE compliance progress .



### 24 countries

33 engaged suppliers sourcing from 24 countries across Latin America, Southeast Asia, Africa, South Asia and the Pacific.



### 790 Mills

[Updated public global mill list](#) with 790 unique mills supplying Colgate palm oil and PKO supply chain



### 2 new partnerships

Partnered with Airbus's Starling Platform for spatial monitoring and deforestation and conversion-free analysis. Collaborated with Earthworm and the Consumer Goods Forum (CGF) Forest Positive Coalition (FPC) for joint training with derivative suppliers.



### 3 new tracking tools

Began using the Implementation Reporting Framework (IRF), Airbus Starling Platform and consolidated supplier dashboard to track and measure supplier progress on NDPE implementation.



### 99% of mills monitored

Monitored deforestation alerts covering mills representing 99% of PO/PKO volumes using our monitoring reporting framework (MRF) with Starling imagery.



## Deforestation & Conversion Free

In 2023, Colgate initiated global engagement with palm and PKO suppliers using the Earthworm Foundation No Deforestation Verification (NDV) methodology. Targeting a deforestation-free supply chain by 2030, Colgate is committed to transparency and reporting DCF volumes.



## Non-Compliance Management

Colgate's grievance process is operational. Leveraging the CGF FPC's Monitoring and Response Framework (MRF) with the Airbus Starling satellite monitoring platform, Colgate is accelerating deforestation removal efforts and actively managing grievances and non-compliance cases.



## Supplier Capacity Building & Transformation

Colgate invests annually in palm oil supplier capacity building to boost Engagement for Policy Implementation (EPI) scores and supplier maturity. In 2022, Colgate supported Phase 2 of a Social Performance Project in Guatemala. Colgate also supports Earthworm Foundation landscapes in Aceh, Riau, Sabah, and Chiapas.

# Global objectives

Creating a culture of transparency and accountability, and supporting landscape-level transformation



## What we did together July 2022 to June 2023

- **In 2023, Colgate invested in the Airbus Starling and Earthworm Foundation NDV service**, assessing traceability to plantation data gaps and non-compliant deforestation cases after the December 31, 2015 cut-off date. Colgate's NDV score for palm oil and PKO is 71%, with 73% of the supply chain traceable to the plantation (Q2 2023)
- **Q2 2023 marked the rollout of the derivative supplier engagement program, with dashboards and action plans.** In addition to the development of new supplier dashboards and action plans, Colgate initiated a new collaboration with CGF FPC and Earthworm Foundation to roll out three targeted capacity-building webinars for derivative suppliers. The webinars are planned for Q3 2023.
- **Engagement for Policy Implementation (EPI) for palm oil, PKO, and derivatives continued in 2022 and 2023.** In Q3 2022, 13 palm oil and PKO suppliers, along with 10 derivatives suppliers, were engaged. Since 2020, 100% of Colgate's direct palm oil and PKO suppliers have an NDPE policy implemented and are making progress against full implementation of their policies.
- **Continuing its commitment, Colgate invested in four landscape projects in 2022 and 2023 – [Aceh](#) and [Riau](#) in Indonesia, [Sabah](#) in Malaysia, and [Chiapas](#) in Mexico.** Additionally, Colgate supported a Human Rights Social Performance Project with GREMALMA in Guatemala.
- **Colgate's grievance management process, led by a dedicated coordinator from EF, is operating efficiently.** The Deforestation Monitoring and Response Framework (MRF) is also now being implemented, aligned with the Consumer Goods Forum Forest Positive Coalition methodology. Suppliers are actively addressing prioritized cases.

## Key successes



- **Traceability score improvements:** Tier 1: Increased Traceability to Mill (TTM) for palm oil and Traceability to Plantation (TTP), Tier 2: Increased in all categories, year over year.
- **Grievance process established and EF coordinator integrated** - priority past grievances brought into the process, integrating no-deforestation monitoring.
- **EPI score improvements (2022 cycle)** – 46% of suppliers improved their score, 100% of suppliers improved at least one section score, 69% of suppliers improved progress towards Level 1.
- **Derivative Supplier Dashboards developed w/ Pre-EPI data** – in addition to creating the supplier dashboards, internal socialization meetings were organized to empower regional sourcing leads to drive engagement with their suppliers.
- **Implementation Reporting Framework (IRF) profile developed for the first time** – successful collection of supplier IRF profiles during the annual traceability process, which resulted in the first Colgate IRF profile using a new template.
- **Derivative Collaboration:** Colgate initiated a derivative collaboration with the CGF FPC to develop targeted capacity-building programs for derivative suppliers and build momentum around derivatives action.

## Challenges



- **Evolving NDPE commitments:** Colgate's NDPE expectations and commitments are continuously expanding. This includes extending activities to more suppliers, involving derivatives, and incorporating new responsibilities such as spatial monitoring, Key Performance Indicator reporting, and IRF data collection. Moving forward, it is important to ensure that internal capacity supports growing demands.
- **Complying with the new EU Deforestation Regulation:** Delivering sustainability information at a per shipment level will be challenging, and the rules are still unclear. Aligning with suppliers on traceability while prioritizing smallholder inclusion will be a challenge moving forward.
- **Deforestation and Conversion Free (DCF) alignment with suppliers:** The CGF FPC will soon introduce a new palm Deforestation and Conversion Free methodology, requiring communication and collaboration with suppliers. There's a need for enhanced alignment to clearly define elements for identifying non-complaint cases and mapping these links to the company's supply chain.
- **Derivative supplier capacity for NDPE implementation:** Efforts to ensure derivatives are forest-positive are less mature. Derivatives are difficult to trace fully back to source due to the complex nature of their supply chains. PKO has additional challenges in traceability to origin; since Fresh Fruit Bunches (FFB) only yield a small amount of PKO, kernels are aggregated and processed from different sources and regions. Expectations and commitments covering derivative volumes are higher than derivative suppliers' ability to meet them.



## **Optimizing External Support:**

The infusion of external support has proven instrumental in enhancing implementation efficacy, albeit within certain limits. Colgate will continue to leverage and develop regional and local resources to support ongoing and expanding efforts.

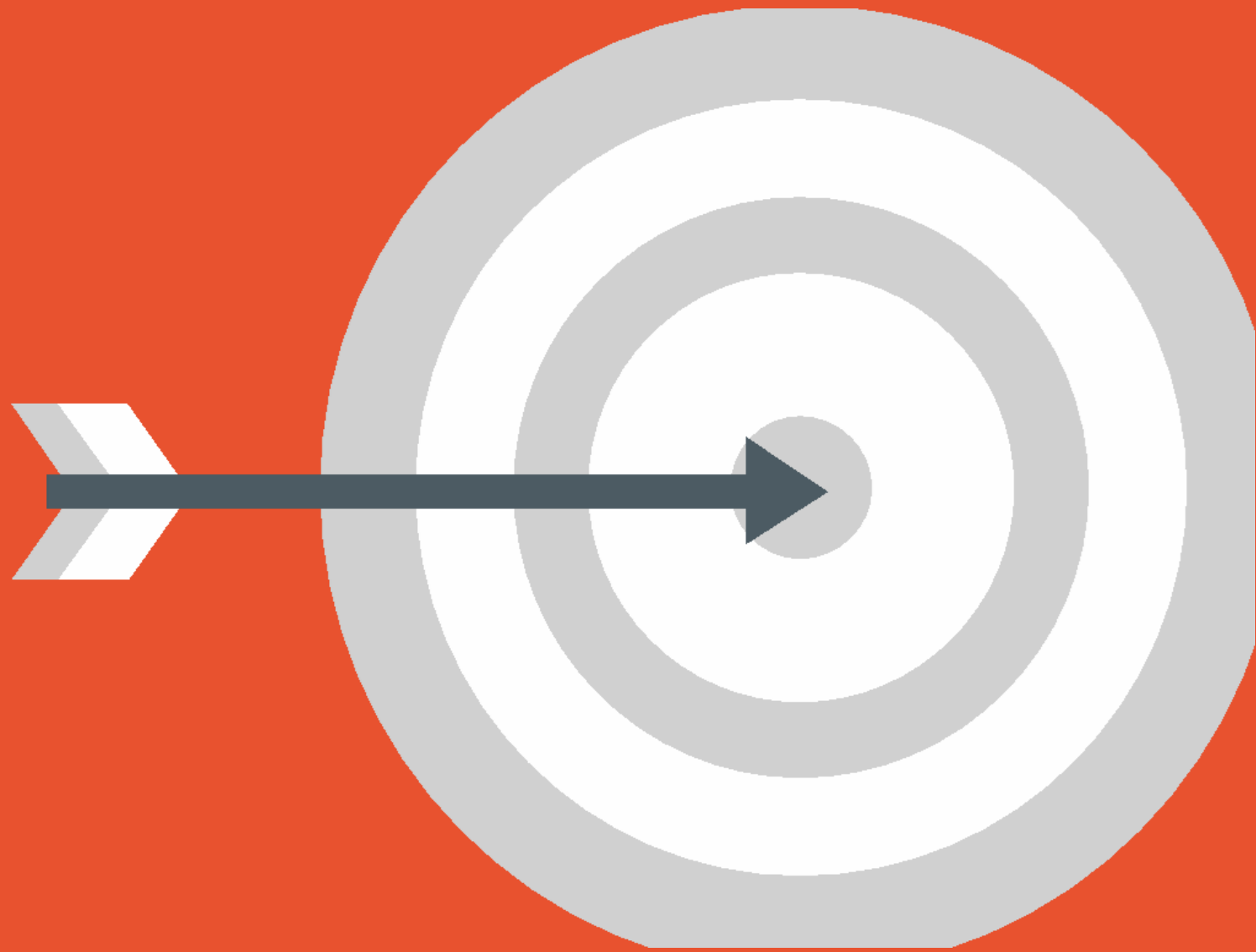
## **Strategic Collaboration Dynamics:**

While collaboration remains a valuable asset, it is imperative to acknowledge its time-consuming nature. Examples include successful collaborations with Earthworm Foundation and CGF FPC on derivatives, as well as Colgate's pivotal role in shaping FPC. Colgate also participates in Earthworm Member monthly grievance collaboration calls, which has been a valuable platform for exchanging information with other EF Members on grievance cases that are industry-wide. Colgate will continue to engage in select collaboration opportunities when they arise.

## **Streamlining Communication and Engagement Channels:**

The communication and collaboration channel between Colgate and its suppliers is becoming more time-intensive. Colgate plans to empower local business teams to drive engagement with regional suppliers to ensure the suppliers take action on their commitments and meet Colgate's expectations.





# Goals for 23'-24'

## **Creating a Culture of Transparency and Accountability**

- Publish and report against NDPE implementation Key Performance Indicators (including CGF FPC KPIs).
- Continue implementing the full Grievance-NCS and MRF process and track performance against metrics.
- Increase both palm oil and PKO and derivative traceability, focusing on traceability to plantation for palm oil and PKO and traceability to mill for derivatives.
- Publish targeted sustainability communications on landscapes, supplier capacity building, etc.

## **Engaging Suppliers and Supporting Landscape-level Transformation**

- Continue engaging and building the capacity of derivative suppliers
- Close palm oil and PKO supplier gaps in NDPE performance through better measurement, progress tracking and targeted capacity building.
- Maintain supply chain transformation via contributions to landscapes and targeted programs.
- Bolster the Sustainable Sourcing Team's capacity with training, tools, etc.

# | The way Earthworm Foundation works with Colgate

We partner with leader companies – our members - that are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental value simultaneously.

**Values** – We support the definition and internalisation of our members' values into clear policies and commitments that redefine corporate value.

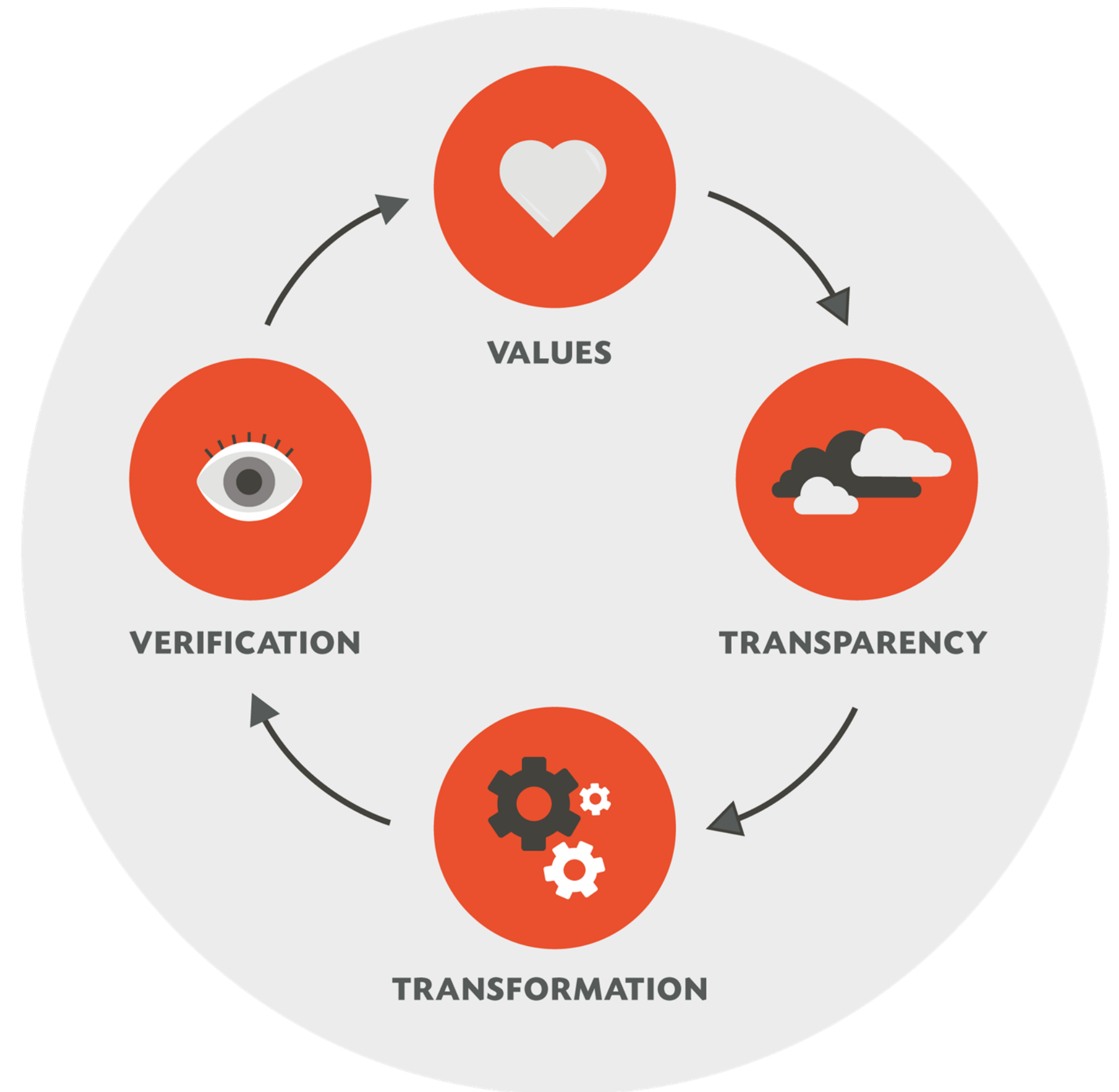
**Transparency** – We help map supply chain actors and geographies to chart strategies and foster accountability through publication of data and progress updates.

**Transformation** – We collaborate to implement tools and processes that transform the way business operates.

**Verification** – We innovate on solutions to measure impact, assess progress and ensure accountability.

## About Colgate

Colgate-Palmolive is entering its ninth year of partnership with Earthworm Foundation. During the first eight years, we have together made significant strides on policy, traceability, and transparency, and CP continues to grow its investment in transformation.



“ Scaling up our efforts to meet 2030 commitments

