Planet Tracker

ENGAGEMENT SHEET

Colgate-Palmolive Co (CL:US) – Climate Transition Analysis

Questions for investors and lenders to ask management of companies concerning their 2030 climate ambitions (or targets)

Recommended Questions	
Q.1	**How does Colgate-Palmolive explain its average annual increase of close to 13% in Upstream emissions from 2017 to 2021, when its revenue grew by an average of 3% annually over the same period?** **Background**: Colgate-Palmolive has experienced a faster increase in mandatory mitigation-required emissions than its revenue growth in the past five years. These Scope 3 emissions, which would amount to 98% of its projected total GhG emissions by 2030, lead the company (if not mitigated further) to exceed the recommended limit set by the SBTi by a factor of seven. (p.6&10 Planet Tracker's report).
Q.2	**Will the company revise its engagement strategy, specifically when it comes to its suppliers?** **Background**: Colgate-Palmolive's emissions from 'Purchased Goods' have risen by 58% in absolute terms from 2017 to 2022. This could be due to inadequate follow-up and investment in emissions mitigation strategies after target setting, data collection and reporting activities (p.11&24). Also, the company has a limited engagement in addressing deforestation and its deforestation-free commitment is not time-bound, nor does it disclose progress (p.25).
Q.3	**Does Colgate-Palmolive plan to disclose quantified risks for its management initiatives and investment to achieve its Scope 3 mitigation goals?** **Background**: Unlike its peers, Colgate-Palmolive provides only a qualitative assessment and management of climate change and transition risks, without disclosing any investment related to mitigation efforts (p.22,24-25).

Report's Key Takeaways

- Colgate-Palmolive's present pathway for total GhG emissions by 2030 is seven times higher than the recommended level set by the SBTi – unless there is additional mitigation.
- The company's value chain engagement strategy has notable shortcomings, as the main sources of GhG emissions targeted by it registered a considerable expansion over the past half-decade, while the engagement strategy is unchanged.
- Colgate-Palmolive fails to provide quantified financial impacts and metrics for managing climate change and transition risks and lack investment disclosure and a clear strategy to reduce its future main source of emissions, i.e., Scope 3 upstream activities, putting it on a trajectory to over 3°C by 2030.

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