

# SECOND PARTY OPINION

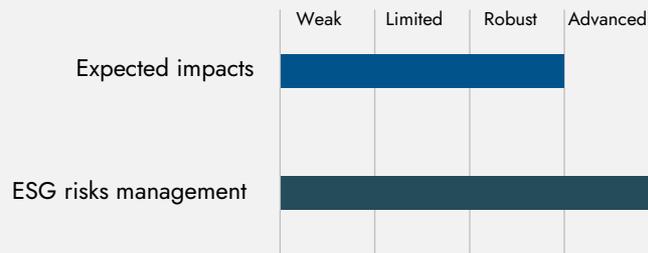
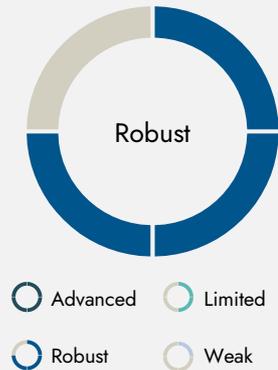
on the sustainability of Colgate-Palmolive’s Sustainable Financing Framework

V.E considers that Colgate-Palmolive’s Framework is aligned with the four core components the Green Bond Principles 2021 (“GBP”), Green Loan Principles 2021 (“GLP”) and Social Bond Principles 2021 (“SBP”).



## Framework

Contribution to Sustainability:



SDG Mapping

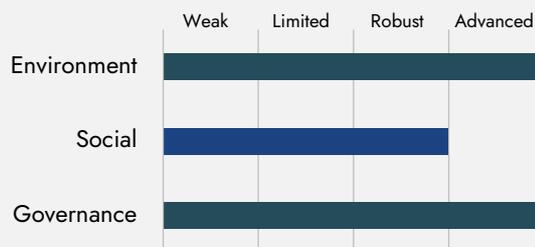


Characteristics of the Framework

Green and Social Categories	⇒ Five Green Project Categories ⇒ Two Social Project Categories
Project locations	Global operations in the five continents
Target Population	Vulnerable population & Diverse SMEs
Existence of framework	Yes
Share of refinancing	To be communicated before each issuance
Look back period	24 months

## Issuer

ESG Performance as of September 2021



Controversial Activities

The Issuer appears to be involved in one of the 17 controversial activities screened under our methodology:

- |  |  |   |  |
|--|--|---|--|
| <input type="checkbox"/> Alcohol                   | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography             |
| <input checked="" type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal                  | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine   |
| <input type="checkbox"/> Cannabis                  | <input type="checkbox"/> Gambling              | <input type="checkbox"/> Military                   | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Chemicals of concern      | <input type="checkbox"/> Genetic engineering   | <input type="checkbox"/> Nuclear power              | <input type="checkbox"/> Tobacco                 |
| <input type="checkbox"/> Civilian firearms         |  |   |  |

ESG Controversies

Number of controversies	7
Frequency	Occasional
Severity	High
Responsiveness	Reactive

## Coherence

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with Colgate-Palmolive’s strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer’s sustainability commitments.



## Key Findings

V.E considers that Colgate-Palmolive's Sustainable Financing Framework is aligned with the four core components of GBP, GLP & SBP.

### Use of Proceeds - aligned with GBP, GLP & SBP

- Eligible Projects are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social projects and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, these are relevant all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing for each Sustainable Instruments. The lookback period for refinanced Eligible Projects will be equal or less than 24 months from the issuance date, in line with good market practices.

### Evaluation and Selection - aligned with GBP, GLP & SBP and best practices identified by V.E

- The Process for Project Evaluation and Selection has been clearly defined by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, monitoring of Eligible Projects). The roles and responsibilities clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework and in this SPO.
- Eligibility criteria (selection and exclusion) for projects selection have been clearly defined by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered advanced: it combines monitoring, identification and preventive measures for all categories.

### Management of Proceeds - aligned with GBP, GLP & SBP

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the framework and in the herewith SPO.
- The allocation period will be 36 months or less.
- Net proceeds of the Sustainable Instruments will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Sustainable Instruments are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Project Categories during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Framework within 24 months.



#### Reporting - aligned with GBP, GLP & SBP

- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be publicly available until Sustainable Instruments maturity. If the report is externally verified, this verification will also be made publicly available.
- The reporting will cover relevant information related to the allocation of Sustainable Instruments proceeds and to the expected sustainable benefits of the Eligible Project Categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Project Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Project Categories until full allocation. Indicators used to report on environmental and social benefits of the Eligible Project Categories will be verified internally by the Issuer.

#### Contact

Sustainable Finance Team | [VESustainablefinance@vigeo-eiris.com](mailto:VESustainablefinance@vigeo-eiris.com)

# SCOPE

---

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainable Financing Instruments<sup>1</sup> (“Sustainable Instruments”) to be issued by Colgate-Palmolive (the “Issuer”) in compliance with the Sustainable Financing Framework (the “Framework”) created to govern their issuances.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”), Social Bond Principles (“SBP”) – both edited in June 2021 and LMA’s Green Loan Principles (“GLP”) – edited in February 2021 - voluntary guidelines, (referred together as the “GBP, SBP & GLP”).

Our opinion is built on the review of the following components:

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental and social commitments, the Sustainable Instruments’ potential contribution to sustainability and its alignment with the four core components of the GBP, SBP & GLP.
- Issuer<sup>2</sup>: we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities<sup>3</sup>.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

We carried out our due diligence assessment from June 9<sup>th</sup> to October 25<sup>th</sup>, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

## Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

<sup>1</sup> The “Sustainable Financing Instruments” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “Sustainable Financing Instrument” has been decided by the Issuer: it does not imply any opinion from V.E.

<sup>2</sup> Colgate-Palmolive is part of V.E rating universe - the last ESG rating was performed in September 2021.

<sup>3</sup> The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

# COHERENCE

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with Colgate-Palmolive's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

The impact of cosmetics and toiletries companies on the environment stems mainly from the production processes of products, during which energy and water are consumed, the later also constituting one of the most-used ingredients. For the Issuer sector, the manufacture of many chemical products involves high-temperature reactions, making chemical production particularly energy-intensive.

The development of comprehensive approaches to eco-design to reduce both the environmental impacts from the products and their packaging is also increasingly seen as a way to reduce product costs whilst enhancing the reputation of company. Driven by eco-design, a circular economy eliminates waste and pollution, keeps products and materials in use, and regenerates natural systems. Adopting these principles can reduce the use of raw materials by up to 99%, contributing to protect biodiversity<sup>4</sup>. According to Ellen Macarthur Foundation<sup>5</sup>, the circular economy plays a crucial role in the climate crisis, since the reduction in packaging using virgin plastic can reduce significantly the GHG emission.

Colgate-Palmolive appears to acknowledge the role of the sector to support projects with social and environmental benefits and decarbonizing its activities. As part of the Issuer commitments, Colgate-Palmolive seeks to implement action on climate change and reducing our environmental footprint, working with its partners and operations to eliminate waste, decrease plastic usage, save water, and conserve natural resources.

The Issuer has publicly disclosed its Environmental commitments, which include:

- Climate Change: To achieve net zero carbon in their operations by 2040 and 100% renewable electricity for their global operations by 2030.
- Conserve Water: The 2020 target was to reduce the Issuer's manufacturing water intensity by 50% (baseline year 2002). In addition, they commit to achieve net zero water at their manufacturing sites in water stressed areas by 2025, and all by 2030.
- Packaging: Increase recycled content in packaging using at least 25% post-consumer recycled plastic in packaging by 2025. In addition, to achieve 100% recyclable packaging for all categories, to include breakthrough innovation in oral care packaging by 2025.
- Zero waste: Colgate-Palmolive seeks to operate high-efficiency, low-impact, zero waste facilities and achieve 100% zero waste operations.
- Sustainable Sourcing: to source sustainably and strive for net zero deforestation, prioritizing palm and soy.
- Responsible Sourcing: Colgate is committed to sourcing materials and services responsibly, focus on four key pillars: protection of the environment, ethical labor practices, the health and safety of people, and business integrity.

By creating a Framework to finance or refinance new or existing eligible green and/or social activities and assets related to Eco-Efficient and/or Circular economy adapted products, production technologies, and processes, Pollution Prevention and Control Energy Efficiency, Sustainable Water and Wastewater Management, Access to essential services and Socioeconomic advancement and empowerment, the Issuer coherently aligns with its sustainability strategy and commitments and addresses important sustainability issues of the sector.

<sup>4</sup> [Circular Economy Coalition launched for Latin America and the Caribbean \(unep.org\)](#) – Accessed in July 2021.

<sup>5</sup> [Completing The Picture: How The Circular Economy Tackles Climate Change V3 26 September.pdf \(ellenmacarthurfoundation.org\)](#) – Accessed in July 2021.

# FRAMEWORK

---

The Issuer has described the main characteristics of the Sustainable Instruments within a formalized Sustainable Financing Framework which covers the four core components of the GBP, SBP & GLP (the last updated version was provided to V.E on October 25<sup>th</sup>, 2021). The Issuer has committed to make this document publicly accessible on Colgate-Palmolive's website, in line with good market practices.

## Alignment with the GBP, SBP & SLP.

### Use of Proceeds



The net proceeds of the Sustainable Instruments will exclusively finance or refinance, in part or in full, Eligible Projects falling under five Green Categories and two Social Categories ("Eligible Projects Categories"), as indicated in Table 1.

- Eligible Projects are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social projects and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing for each Sustainable Instrument. The lookback period for refinanced Eligible Projects will be equal or less than 24 months from the issuance date, in line with good market practices.

#### BEST PRACTICES

- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing for each Sustainable Instrument.
- ⇒ The lookback period for refinanced Eligible Projects will be equal or less than 24 months from the issuance date.

Table 1. V.E' analysis of Eligible Projects Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: Capex, Opex and R&D.
- Location of Eligible Projects/Assets: Worldwide.

ELIGIBLE GREEN PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Eco-Efficient and/or Circular economy adapted products, production technologies, and processes	<p>Expenditures related to purchases directly or via Colgate's intermediary suppliers such as:</p> <ul style="list-style-type: none"> <li>- Post-consumer recycled material to be used in packaging (including rPET, bio-based PET), this includes converting plastic packaging to materials that are more efficiently recycled.</li> <li>- Materials to reach target for 100% of product formulation packaging to be recyclable, reusable or compostable material by 2025 (e.g., creating the first-of-its-kind recyclable toothpaste tube in the market). <ul style="list-style-type: none"> <li>o Any compostable package must meet American Society for Testing and Materials ("ASTM") standards and European Standards ("EN") that include disintegration, biodegradation and non-toxicity.</li> <li>o Verification of its certified and verified recyclable materials is conducted as part of an annual risk assessment conducted with its suppliers and the Rainforest Alliance, the international non-governmental organization.</li> </ul> </li> <li>- Certified agriculture products, specifically pulp and paper, certified by Forest Stewardship Council ("FSC"), Sustainable Forestry Initiative ("SFI") or The Programme for the Endorsement of Forest Certification ("PEFC").</li> </ul>	<p><u>Circular economy</u></p> <p>Reduction of virgin plastic in the packaging used.</p> <p>Promotion of compostable and biodegradable packaging.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The issuer has stated that the proceeds will finance investments in increasing recyclable content in its HDPE and PET packaging.</p> <p>The Environmental Objective is clearly defined and is relevant for all of the Eligible Projects; it is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>

ELIGIBLE GREEN PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Pollution Prevention and Control	<p>Investments and expenditures related to:</p> <ul style="list-style-type: none"> <li>- R&amp;D and Capex to reduce waste in the production process of products and reducing absolute material loss.</li> <li>- Costs related to zero waste initiatives to eliminate waste to landfills.</li> <li>- Packaging reduction or elimination initiatives.</li> <li>- Initiatives relating to refillable and reusable packaging.</li> </ul>	<p><u>Circular economy</u> Reduction of plastic waste. Promotion of 'Zero Waste' facilities.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Issuer has stated that they will finance investments in start-up ventures and partnerships to experiment and scale refillable and reusable packaging.</p> <p>The Environmental Objective is clearly defined and is relevant for all of the Eligible Projects; it is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>
Energy Efficiency	<p>Expenditures related to the improvement of energy efficiency across Colgate's manufacturing and non-manufacturing operations, including:</p> <ul style="list-style-type: none"> <li>- Improvements to manufacturing processes such as meters, controls, automation and high efficiency motors <ul style="list-style-type: none"> <li>o installing new high efficiency motors to reduce energy consumption.</li> <li>o replacing variable speed drive system on compressors to enable capacity variation by 50% thus avoiding start-stop operations and reducing energy consumption.</li> </ul> </li> <li>- Technology investments in its manufacturing facilities to improve energy efficiency in utility systems including heating, ventilation and air conditioning upgrades and other projects that may result in a potential increase of energy efficiency of 30%. <ul style="list-style-type: none"> <li>o e.g., Adding high efficient blowers, upgraded air chillers and boilers.</li> </ul> </li> </ul>	<p><u>Energy efficiency</u> Increase of energy savings.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Environmental Objective is clearly defined and is relevant for all of the Eligible Projects; it is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>



ELIGIBLE GREEN PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	<ul style="list-style-type: none"> <li>- Energy efficiency projects in offices, warehouses and other facilities through building retrofits, energy management and automation systems, and smart and light-emitting diode (LED) lighting.                             <ul style="list-style-type: none"> <li>o e.g., At Issuer's Mission Hills, Mexico, facility the Company is replacing current lighting with LED high-efficiency lighting and controls to achieve reducing source energy by 1,350 MWh/yr.</li> </ul> </li> <li>- Constructing buildings that achieve LEED certification level of gold or higher.</li> </ul>		
Renewable Energy	<p>Expenditures in renewable energy generation and procurement to support its Net Zero Carbon and 100% Renewable Electricity targets, including:</p> <ul style="list-style-type: none"> <li>- On-site solar and wind renewable energy projects including converting its R&amp;D headquarters in Piscataway, New Jersey to solar lighting.</li> <li>- Long-term power purchase agreements (PPAs) or virtual purchase power agreements (VPPAs) with renewable energy providers with a term of at least 7 years.</li> <li>- When other options are not viable or practical, purchase of Renewable Energy instruments, such as RECs, GOOs, etc.</li> </ul>	<p><u>Climate change mitigation</u></p> <p>Promotion of renewable energies in the grid.</p> <p>Avoidance of GHG emissions.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Issuer states that for the off-site energy, they will use solar wind and hydropower energy, following the criteria of the US EPA Green Power Partnership and 'Green Power' criteria, which consider small hydropower plants with low environmental impact<sup>6</sup>. Additionally, the Issuer has established that the hydropower procured will not surpass the 100gCO<sub>2</sub>/kWh in its generation.</p> <p>In terms of mechanisms to supply renewable energy, the Issuer follows the RE100 criteria<sup>7</sup> and the United States Environmental Protection Agency's Green Power Supply Options<sup>8</sup>. The mechanism decided for each facility will depend on the feasibility of them.</p> <p>Of note, the Issuer and V.E has a lack of visibility on the fact that the construction and/or operations of the renewable energy purchased is financed with other green instruments. Therefore, V.E cannot ensure</p>

<sup>6</sup> For more details, please check the 'Partnership requirements': [https://www.epa.gov/sites/default/files/2016-01/documents/gpp\\_partnership\\_reqs.pdf](https://www.epa.gov/sites/default/files/2016-01/documents/gpp_partnership_reqs.pdf) - Accessed in July 2021.

<sup>7</sup> RE100 Technical Criteria\_March 2021.pdf (there100.org) - Accessed in July 2021.

<sup>8</sup> Green Power Supply Options | US EPA - Accessed in July 2021.



ELIGIBLE GREEN PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
			<p>the avoidance of a potential double counting of environmental benefits with another green financial instrument.</p> <p>The Environmental Objective is clearly defined and is relevant for all the Eligible Projects; it is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>
Sustainable Water and Wastewater Management	<p>Investments and expenditures related to solutions that promote the sustainable management of water resources, including:</p> <ul style="list-style-type: none"> <li>- Water efficiency projects &amp; technologies                             <ul style="list-style-type: none"> <li>o e.g., Ecolab equipment to automate and optimize chemical cleaning leading to water reduction</li> </ul> </li> <li>- Wastewater treatment &amp; management.</li> <li>- Nalco equipment to digitize water quality monitoring and automate optimized treatment to avoid overconsumption of water.</li> <li>- Water source reduction projects including rainwater harvesting, recycling and reuse systems.</li> <li>- Water source replenishment/reinjection.</li> <li>- Development and implementation of watershed health strategies across worldwide supply chain.</li> </ul>	<p><u>Sustainable use of water</u></p> <p>Increase the water savings.</p> <p>Reduce the pollution in water.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Environmental Objectives is clearly defined and are relevant for all of the Eligible Projects.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>



ELIGIBLE SOCIAL PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
<p>Access to essential services</p>	<p>Investments and expenditures related to messaging and promoting sustainable habits and behavior change, including:</p> <ul style="list-style-type: none"> <li>- Investments to reach 2 billion children with Bright Smiles, Bright Futures to help improve oral hygiene education and wellbeing.</li> <li>- Raise awareness globally through its #SaveWater program, investments in communication to all consumers via messaging associated with Turn off the tap while brushing on every carton of toothpaste sold.</li> <li>- Assisting in community relief efforts with donations of Hill's and Colgate-Palmolive products.</li> </ul> <p>Colgate will use no more than 5% of the proceeds of each issuance towards this category.</p> <p><u>Target population:</u> Underserved and undereducated children through elementary schools globally.; Pet shelters across the US.</p>	<p><u>Socioeconomic advancement and development</u></p> <p>Promotion of an oral hygiene culture</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures, the target population and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Issuer communicated to V.E that the target populations will be (i) school children in underprivileged communities. These projects include Oral hygiene education, oral ambassadors and mentorship and (ii) Oral hygiene Fellows in Dental school programs (university). Colgate-Palmolive will invest in education of oral hygiene, stimulating interest in STEM programs, supporting dental school candidates.</p> <p>The Social Objective is clearly defined and is relevant for all of the Eligible Projects; these are set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>
<p>Socioeconomic advancement and empowerment</p>	<p>Expenditures related to investing in the communities where we live and work to improve diversity, education and health &amp; wellbeing</p> <ul style="list-style-type: none"> <li>- Achieve 10% spend with diversity owned suppliers in North America.</li> <li>- Focused investment behind building a truly diverse workforce - achieve minority representation equal to labor force statistics across the markets where we operate.</li> <li>- Participate in projects in Asia to improve livelihood of farmers through training on safe work practices,</li> </ul>	<p><u>Socioeconomic advancement and development</u></p> <p>Promote the growth of SMEs.</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures, the target population and the eligibility criteria of Eligible Projects and will communicate their location for each transaction.</p> <p>The Issuer states that the supply chains supported under this category are 'Small'<sup>9</sup> companies.</p> <p>The Social Objective is clearly defined and is relevant for all of the Eligible Projects; it is set in coherence with sustainability objectives defined in international standards.</p>

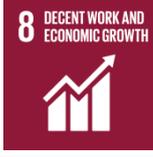
<sup>9</sup> Definition of 'Small' companies vary depending on the different regulations where the Issuer operates.



ELIGIBLE SOCIAL PROJECTS CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	<p>improving resilience of farmers and crop productivity, and implementation of good forest management practices to protect local communities and the environments in which they live and work.</p> <p><u>Target population:</u> Minority-owned, female-owned, veteran-owned, LGBTQIA+ -owned suppliers and employees, Job seekers and employees from underrepresented minority groups.</p>		<p>The expected Environmental Benefits are clear, these are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>

### SDG Contribution

The Eligible Categories are likely to contribute to nine of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Access to essential services	 <p>3 GOOD HEALTH AND WELL-BEING</p>	3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
Socioeconomic advancement and empowerment	 <p>5 GENDER EQUALITY</p>	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
Sustainable Water and Wastewater Management	 <p>6 CLEAN WATER AND SANITATION</p>	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Renewable Energy	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	7.2 Increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency		7.3 Double the global rate of improvement in energy efficiency.
Socioeconomic advancement and empowerment	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises.
Energy Efficiency Sustainable Water and Wastewater Management	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Socioeconomic advancement and empowerment	 <p>10 REDUCED INEQUALITIES</p>	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Sustainable Water and Wastewater Management	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.2 achieve the sustainable management and efficient use of natural resources.
Eco-Efficient and/or Circular economy adapted products, production technologies, and processes Pollution Prevention and Control		12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.  12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.



ELIGIBLE CATEGORY	SDG	SDG TARGETS
Renewable Energy		UN SDG 13 consists of taking urgent action to combat climate change and its impacts. Corporates can contribute to this goal by investing and/or demanding low carbon energy.



## Evaluation and Selection of Eligible Projects



- The Process for Project Evaluation and Selection has been clearly defined by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, monitoring of Eligible Projects). The roles and responsibilities clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework and in this SPO.
- Eligibility criteria (selection and exclusion) for projects selection have been clearly defined by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered advanced: it combines monitoring, identification and preventive measures for all categories.

### Process for Project Evaluation and Selection

- The Issuer's Sustainability Steering Committee (the "Committee") is responsible for overseeing the selection and monitoring of Eligible Projects. The Committee is chaired by the Issuer's Chief Sustainability Officer and includes senior leaders from the following functions:
  - Finance team,
  - Corporate Sustainability team,
  - Legal team,
  - Human Resources team,
  - Investor Relations team,
  - Research and Development team, and
  - Supply Chain team.
- The Committee's responsibilities include:
  - Selecting the Eligible Projects to be included in the Sustainability Instruments according to a selection of potential Eligible Projects made by different Colgate-Palmolive's project teams. These recommendations of Eligible Projects will be submitted in a semi-annual frequency by the different project teams. Additionally, the Issuer has implemented an initiative called 'Energy Treasury Hunt', where 30 to 50 participants visit all areas of a facility, searching for energy, waste opportunities for continuous improvement in the facility process. Eventually, some actions proposed in this initiative might be an Eligible Project to be assessed.
  - The Committee will screen and assess that the Eligible Projects meet the selection and exclusion criteria established in the Framework. In addition, the Committee will verify the compliance of the Eligible Projects with Colgate's Sustainability Policies and Procedures.
  - Colgate-Palmolive will be documenting and tracking all Eligible Projects identified for use of the Sustainable Instruments proceeds. This documentation will be reviewed and attested to via an assurance report on the allocation of the Sustainable Financing Instrument proceeds to Eligible Projects, provided by Issuer's external auditor.



- The traceability and verification of the selection and evaluation of the Eligible Projects is ensured throughout the process:
  - The Sustainability Steering Committee will annually review the list of Eligible Projects against the selection and exclusion criteria. If a project no longer meets the eligibility criteria set forth in this Framework, the project will be removed from the register and replaced as soon as a substitute has been identified.
  - In terms of Risk Management, the responsibility for the day-to-day management of risk lies with Colgate's management. Each year, Issuer's Enterprise Risk Management Committee, which is comprised of a cross-functional group of its most senior executives, identifies what it believes are the top individual risks facing Colgate. These risks are then reviewed with the Board. The Enterprise Risk Management Committee meets at least quarterly to review the prioritization of the identified risks. In addition, the Global Ethics and Compliance function, headed by a corporate officer who provides reports directly to the Audit Committee, oversees compliance with these standards and periodically reviews and updates the Code of Conduct in conjunction with the Issuer's Global Legal Organization.

When significant events and potentially critical situations arise, they are also communicated electronically to senior management through Colgate-Palmolive's internal process to share alerts related to critical situations. As a result, the Sustainability Steering Committee will consider any such matters in its review of eligible projects.

  - The decision-making process on Eligible Project Categories will be documented post the Sustainability Steering Committee meetings.

### Eligibility Criteria

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives defined for the Eligible Project Categories.

- The selection criteria are based on definitions in Eligible Categories defined Table 1 in the Use of Proceeds section.
- The exclusion criteria include the following activities: (i) fossil fuel energy, (ii) nuclear energy, (iii) single use of plastics and packaging.

We consider that the exclusionary criteria are relevant, since it covers the main issues related to environmental responsibility in the sector, in line with good market practices.

#### BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for project selection are clearly defined and detailed for all of the Eligible Categories.
- ⇒ The Issuer reports that it will monitor compliance of selected projects with eligibility and exclusion criteria specified in the Framework throughout the life of the instruments and has provided details on content/ frequency/duration and on procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects/assets throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project.



### Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the framework and in the herewith SPO.
- The allocation period will be 36 months or less.
- Net proceeds of the Sustainable Instruments will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Sustainable Instruments are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Project Categories during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Framework within 24 months.

### Management Process

- Colgate-Palmolive’s treasury team will manage the allocation of an amount equivalent to the net proceeds of its Sustainable Financing Instruments to Eligible Project Categories. The proceeds of the Sustainable Instruments will be credited in the general treasury of Colgate-Palmolive.
- Colgate-Palmolive will track each debt issuance separately via its treasury management system. The project spend will be tracked, and maintained on an internal register, by its Finance team and reviewed by the Sustainability Steering Committee.
- The unallocated funds would be held in accordance with temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Colgate-Palmolive’s treasury management policies. Colgate-Palmolive has committed to use temporary placements for the balance of unallocated proceeds which do not GHG intensive or controversial activities, in line with best market practices.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to replace the no longer Eligible Project by a new Eligible Project, within a 12-24-month timeframe.

BEST PRACTICES
⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Framework within 24 months.

## Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be publicly available until Sustainable Instruments maturity. If the report is externally verified, this verification will also be made publicly available.
- The reporting will cover relevant information related to the allocation of Sustainable Instruments proceeds and to the expected sustainable benefits of the Eligible Project Categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Project Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Project Categories until full allocation. Indicators used to report on environmental and social benefits of the Eligible Project Categories will be verified internally by the Issuer.

### Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are clear and relevant.

#### REPORTING INDICATORS

- ⇒ Net proceeds of outstanding Sustainable Financing Instruments.
- ⇒ Amount of net proceeds allocated to Eligible Project Categories as defined in the Use of Proceeds section of the Framework.
- ⇒ [Subject to confidentiality considerations] A list of the Eligible Projects financed through Colgate-Palmolive's Sustainability Financing Instruments, including a description of the projects, allocated amounts.
- ⇒ The remaining balance of unallocated proceeds, if any.
- ⇒ The proportional allocation of proceeds between existing projects (refinancing) and new projects.



- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are clear and relevant.

ELIGIBLE GREEN PROJECT CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Eco-Efficient and/or Circular economy adapted products, production technologies, and processes	<ul style="list-style-type: none"> <li>- % of packaging that is Recyclable, Reusable or Compostable</li> <li>- Any compostable package must meet American Society for Testing and Materials standards and/or European Standards that include disintegration, biodegradation, and non-toxicity within a specific time-frame</li> </ul>	<ul style="list-style-type: none"> <li>- % Reduction of Virgin / New Plastic used vs 2019 virgin plastic packaging baseline</li> </ul>
Pollution prevention and control		<ul style="list-style-type: none"> <li>- % of Colgate-Palmolive Global Operations TRUE Zero Waste Certified</li> </ul>
Energy efficiency		<ul style="list-style-type: none"> <li>- % Reduction of carbon emissions in global operations</li> <li>- % Reduction of Manufacturing Energy intensity (Energy used for manufacturing Issuer products)</li> <li>- % of new manufacturing sites with LEED certification</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>- % of renewable electricity utilized in its global operations (baseline of 35%; target of 100% by 2030)</li> </ul>	
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>- % of Issuer sites that achieved Net Zero Water (sites in water stressed regions)</li> </ul>	<ul style="list-style-type: none"> <li>- % Reduction of Manufacturing Water Intensity (Water used for manufacturing Issuer products)</li> </ul>

ELIGIBLE SOCIAL PROJECT CATEGORIES	SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Access to essential services	<ul style="list-style-type: none"> <li>- Number of people reached through water, sanitation systems and health/hygiene education (i.e., Colgate Bright Smiles, Bright Futures)</li> </ul>	
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> <li>- % of women and minorities in workforce globally</li> <li>- Number of women and minority owned business in total spend</li> </ul>	



Additionally, the Issuer states that it will provide environment and social indicators separately from the other Corporate indicators provided in the usual Sustainability Reports, in order to separate the environmental and social benefits of the Bonds from other benefits generated with other financial sources.

Areas for improvement identified include:

- Adding indicators to measure the 'absolute' performance in some categories.
- Reporting on the variation compared to a baseline (increase/decrease) of the indicators in some categories.
- Committing to an external verification of the indicators used to report on environmental benefits of the eligible projects.

#### BEST PRACTICES

- ⇒ The Issuer report will be publicly available at least until bond maturity.
- ⇒ The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Project Categories will be disclosed publicly.

## Contribution to sustainability

### Expected Impacts

Colgate Palmolive transparently communicates that a minor portion of the net proceeds of any Green and/or Sustainability Instrument is expected to be allocated to Access to essential services Category. Therefore, V.E considers that the potential positive impact of the eligible projects on environmental and social objectives is considered to be Robust.

ELIGIBLE PROJECT CATEGORY	EXPECTED IMPACT	ANALYSIS
Eco-Efficient and/or Circular economy adapted products, production technologies, and processes	ROBUST	<p>According to V.E methodology, waste packaging and products sourcing are key sources of environmental footprint for the industry. Aiming at reducing primary plastic use and sourcing certified agriculture products is relevant with the eco-design issue of the sector. Additionally, the increase in the use of post-consumer recycled material contributes indirectly to the reduction of GHG emissions due to the manufacture of packaging using only virgin plastics. This category is aligned with the Issuer commitment with the Ellen Macarthur Foundation's new plastic economy initiative, which provides support to reach goals established by the Issuer in terms of plastic packaging. Biodegradable and compostable packaging intends to contribute to waste management in consumers.</p> <p>The Issuer has established relevant certification and standards to the materials purchased under this category, such as FSC, SFI, PEFC, ASTM, EN and AS. However, potential negative impacts might remain in the medium term, as the recycled material used in packaging might be used in packaging which may be non 100% recyclable.</p>
Pollution prevention and control	ROBUST	<p>According to V.E methodology, packaging, products sourcing and waste treatment, are key sources of environmental footprint for the sector. By aiming at reducing primary plastic use through reaching initiatives and R&amp;D, the category tackles a relevant issue. The Issuer intends to contribute to different measures and scalable projects to reduce the waste generated by the packaging and promoting circular economy. Although these activities do not have a 'lock-in' effect, the real magnitude of the impact of these initiatives will depend on the development and success of each project financed. This category is aligned with the Issuer commitment with the Ellen Macarthur Foundation's new plastic economy initiative, which provides support to reach goals established by the Issuer in terms of plastic packaging.</p>
Energy efficiency	ROBUST	<p>As the sector is intensive in energy consumption in the manufacture process, one of the sector challenges is improving continuously on energy efficiency of its operations. Of note and as reference, of the total GHG emissions from the Issuer's operations, less than 2% come from Scope 1<sup>10</sup>.</p> <p>The Issuer will finance manufacture and non-manufacture improvements in energy efficiency. In terms of non-manufacture, the company is aiming to finance buildings with LEED certifications in the Gold and Platinum level as well as retrofits to enhance the energy performance.</p>

<sup>10</sup> <https://www.colgatepalmolive.com/content/dam/cp-sites/corporate/corporate-2021/reports/2018/2018-climate-cdp-responses.pdf>

ELIGIBLE PROJECT CATEGORY	EXPECTED IMPACT	ANALYSIS
		On the manufacture side, the Issuer has provided examples of technologies to be improved compared to business as usual. Additionally, to the examples provided in the description of the category, the Issuer will finance energy efficiency improvements with a minimum threshold of 30% in energy savings compared to the baseline.
Renewable Energy	ROBUST	<p>The transition to a low carbon energy mix is a challenge for highly energy consuming industries for the manufacture process. Of note, of the total GHG emissions from the Issuer's operations, less than 2% come from Scope 2<sup>11</sup>.</p> <p>The Issuer will finance on site plant with a long-term benefit in terms of generation of renewable energy based in solar and wind. In addition, the Issuer will seek long term agreements to purchase green energy, increasing the demand of renewable energy in the grid. Where not feasible (onsite or long terms agreements), RECs and GOOs will be implemented to contribute to the increase in the demand of green renewable energy. RECs and GOOs may have hydropower complying with international standards in green energy, it means, with a carbon intensity lower than 100gCO<sub>2</sub>/kWh.</p>
Sustainable water and wastewater management	ROBUST	Water is constituting one of the most used resources in the industry. Reducing water consumption especially in water scarce areas is considered a major stake for the sector. No lock-in effect is expected. The category will finance projects especially in the areas identified with a water stress situation. Although a positive impact is expected compared to business as usual, the Issuer has not provided details on the minimum water efficiency or minimum water loss reduction or expected GHG emissions for water management of the assets financed to be considered eligible.
Access to essential services	ROBUST	<p>This category is considered to contribute through philanthropy to the society. Although philanthropy may be considered as a short-term positive impact, it will be focus on underserved population identified by the Issuer in the places it operates and related with the products and core business of the Issuer. The program covers more than 80 countries, including developing countries where the access to prevention services is relevant. The Issuer informed that they have specialized teams in each market to identify vulnerable population to support.</p> <p>In case the Issuer will finance project under this category, the Issuer is committed to finance a maximum of 5% of each Bond issuance.</p>
Socioeconomic advancement and empowerment	ROBUST	Major challenges remain in the United States to reduce inequalities. The category targets a vulnerable population, focusing on small companies with diversity characteristics in their composition (Led by women, veterans, LGTB and others). The Issuer has demonstrated a sustainable relation with small suppliers (see page 24, ESG factors in the procurement). There is no visibility on extra commercial support to these small suppliers.
OVERALL ASSESSMENT	ROBUST	

<sup>11</sup> <https://www.colgatepalmolive.com/content/dam/cp-sites/corporate/corporate-2021/reports/2018/2018-climate-cdp-responses.pdf>

## ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Project Categories are considered advanced<sup>12</sup>.

	ELIGIBLE PROJECT CATEGORIES	
	ELIGIBLE GREEN PROJECT CATEGORIES	ELIGIBLE SOCIAL PROJECT CATEGORIES
Eco-design	X	N/A
Animal testing	X	N/A
Energy efficiency and GHG emissions	X	N/A
Prevention of pollution and environmental accidents	X	N/A
Human Rights	X	N/A
Health and Safety	X	N/A
ESG factors in the procurement	X	X
Ethics risks	X	X
OVERALL ASSESSMENT	ADVANCED	ADVANCED

<sup>12</sup> The "X" indicates the E&S risks that have been activated for each Eligible Category.



### Eco-design

Colgate-Palmolive measures the sustainability profile of its products across their life cycle using a sustainability product index questionnaire across the following focus areas: Product, Packaging and Consumer communications about usage and disposal. According to the Issuer criteria, products are considered sustainable if they meet the criteria set in the Issuer's 2025 Sustainability and Social Impact Strategy. Performance results are based on representative products from the product portfolio evaluated against the Issuer's 2025 Sustainability and Social Impact Strategy targets across the impact areas to characterize the sustainability profile, based on review of quantitative and qualitative data.

Additionally, Colgate-Palmolive strives to choose raw materials or components that have a lower environmental footprint. The Issuer makes choices based on an ingredient's environmental profile and carbon and water footprint. The environmental evaluation process includes aquatic toxicity, biodegradability and bioaccumulation potential. A preference for natural and naturally derived ingredients is included in the innovation pipeline. New information on ingredients is evaluated by the Ingredient Review Committee which meets at least four times per year. This committee consists of experts from multiple functions (i.e., product safety, regulatory, R&D, product sustainability, etc.).

Finally, product development considers ingredient biodegradability during the design phase of a new product. Colgate-Palmolive assesses biodegradability and environmental fate of ingredients the Issuer uses and strives to choose biodegradable alternatives when available.

Annually, Colgate-Palmolive reports to the Ellen MacArthur Foundation on its plastic usage, the percentage of recyclable plastic packaging and the percentage of post-consumer recycled content used in its packaging.

### Animal testing

Colgate-Palmolive has a policy to minimize and eliminate animal testing associated with development of oral care, personal care and home care products.

When studying how a nutrient is absorbed, distributed, stored, used and released by a dog's or cat's body, Colgate Palmolive only uses research methods that are the veterinary equivalent of human nutritional or medical studies. Over 99% of internal requests for safety assessments of its products are addressed by using available databases and non-animal alternatives.

In addition, Colgate-Palmolive supports the European Partnership for Alternative to Animals, the Johns Hopkins Center for Alternatives to Animal Testing and the Institute for In Vitro Science, which are organizations that are focused on developing and promoting the use of non-animal methods.

### Energy efficiency and GHG emissions

Colgate-Palmolive's energy management system is modelled after the U.S. EPA's ENERGY STAR program and is implemented globally. As of 2020, Colgate's global energy programs have already resulted in the reduction of energy per ton of products by 37 percent compared to a 2002 baseline.

In order to improve the carbon efficiency performance of its logistics operations, in 2020 Colgate-Palmolive focused on tactics such as: load optimization, zero empty miles, container utilization, paperwork reduction, energy efficiency in warehouses, fuel efficiency in ships and trucks, and distribution network optimization.

In terms of GHG emissions, Colgate's next generation science-based climate target for scopes 1, 2 and 3 was approved by the Science-Based Target Initiative in 2020.

Colgate-Palmolive's Global Energy Reduction team leads the reduction of energy usages and GHG emissions. As part of its strategy to track and reduce GHG emissions, Colgate-Palmolive tracks direct and indirect CO<sub>2</sub> emissions as well as direct nitrous oxide, sulfur hexafluoride, HFC and PFC emissions.

Colgate has reduced absolute greenhouse gas (GHG) emissions from manufacturing (scope 1 & 2) by approximately 38% vs. 2002, reduced GHG intensity of outbound logistics (scope 3) by 3% vs. 2019 and reduced absolute GHG avoided from consumers by saving water to be estimated (scope 3) by more than 17% from 2016-2020.



Colgate-Palmolive has a Renewable Electricity Master Plan focused on: On-site solar generation, utility green power, renewable energy certificates, and power purchase agreements. Colgate-Palmolive has been a U.S. EPA Green Power Partner since 2014. Colgate has also aligned with the Consumer Goods Forum's resolution on refrigerants, which calls on Food and Beverage supply chains to phase out hydrofluorocarbons.

#### Prevention of pollution and environmental accidents

Colgate Palmolive's Environment, Health and Safety Policy statement outlines Issuer's commitment to maintaining healthy and safe working conditions in its facilities as well as keeping its business operations environmentally sound. The Issuer's goal is zero environmental incidents. Colgate-Palmolive performs formal Environmental, Health and Safety (EHS) audits under the supervision of the Corporate EHS Department with a 3rd party provider. The objective is to verify compliance with EHS Regulations and consistency with EHS Company Policy, Standards, and Procedures, in functional (technical) areas and in the implementation of management systems. Individual audits are typically three-five days in length and involve 1-4 internal and 1-3 third party auditors. Additionally, all facilities are required to conduct documented EHS self-assessments, against all Corporate EHS Standards and governmental regulations every eighteen months, at a minimum. The self-assessments are required to have a program of follow-up action to address identified findings or concerns.

In addition, Colgate-Palmolive's EHS Management System requires sites to assess critical site task risks on an annual basis, including environmental elements. Moreover, Colgate has an Enterprise Risk Management Program and an Enterprise Risk Management Committee, in charge of identifying risks and performing assessments through the property Loss Control assessment. Property Loss Control assessments include risk assessments as management programs, emergency response, fire protection, process hazards and special hazards.

Finally, Colgate-Palmolive's EHS Incident Response Planning Standard requires each facility to have an Environmental Health and Safety Incident Response Plan. The standard also outlines the requirements for emergency response drills to ensure we are prepared in the event of unforeseen circumstances. A site's Incident Response Plan covers many types of emergencies including chemical spills/releases, fire, medical, etc. and is audited as part of the formal EHS audit program.

#### Human Rights

Colgate-Palmolive's Code of Conduct communicates its commitment to oppose the illegal use of child labor, human exploitation and all other forms of unacceptable treatment of workers. Colgate-Palmolive requires that 100 percent of salaried and clerical employees complete the Code of Conduct training each year, with all additional employees completing the course every other year. The Code of Conduct training reinforces Colgate-Palmolive's commitment to respecting workers' human rights, fair labor practices, and protection of the environment. Training is mandatory and is linked to compensation for certain employee populations. The Colgate Ethics Line provides a means for employees and external parties to ask questions and obtain guidance or report any suspected violations of the Code of Conduct.

Through the development of the Issuer's Human Rights strategy, Colgate-Palmolive has identified salient issues and the groups most vulnerable to human rights abuses. These groups include individuals working in "high risk" geographies or industry sectors, particularly where migrant or temporary workers are utilized. Such issues were: freedom of association, forced labor, child labor, health and safety, hours and wages, harassment, land rights, and diversity and inclusion.

Colgate-Palmolive has completed risk assessments at 96% of Colgate-Palmolive manufacturing facilities and conducted social compliance audits using the Sedex Members Ethical Trade Audit (SMETA) protocol at 93% of its manufacturing facilities operating in countries identified as high-risk according to Verisk-Maplecroft global risk indices on labor practices, human rights, worker health & safety and environmental management. Where areas of noncompliance were identified a corrective and preventive action plan is implemented. Findings are verified as closed by third-party verification.



### Health and Safety

The EHS Management System contains key provisions for its requirements that include self-assessments and inspection, management of change, training, documentation, and EHS leadership expectations. Colgate-Palmolive annually evaluates its EHS Management System with a third-party vendor to ensure it is equivalent to benchmark consensus standards, such as ISO 45001:2018.

Colgate-Palmolive maintains an EHS audit program that is executed by employees and a third-party vendor. Gaps identified during the audit process are input into a global system, with appropriate actions assigned by the site. Sites update their action plans on a quarterly basis.

Colgate-Palmolive established appropriate Occupational Medical Standards designed to assess medical surveillance requirements/needs for employees potentially exposed to chemical, physical and/or biological agents.

Colgate-Palmolive has a safety-related incentive mechanism by linking compensation to leading indicating metrics to drive a robust safety culture. These metrics include training completion, physical inspections, corrective action completion, behavioral observations, and participation in activities that engage employees.

### ESG factors in the procurement

Colgate-Palmolive's Third-Party Code of Conduct conveys Issuer expectations regarding the ethical conduct that Colgate Palmolive expects from its suppliers and business partners, and all other third parties with whom. Through Colgate Palmolive's Supplier Responsible Sourcing Assessment (SRSA) program, suppliers and business partners complete a self-assessment focused on these topics. Risk factors considered in the selection of suppliers to participate in the program include geographic risks, Colgate-Palmolive's in-country knowledge, industry-associated risks and business criticality to its operations. Using a supplier risk assessment scorecard, selected suppliers and business partners are scored against critical risk factors to determine the need to conduct a social compliance audit. When a supplier is assessed as high risk, a third-party audit of its facility is required.

In addition, Colgate-Palmolive uses the Sedex Members Ethical Trade Audit (SMETA) protocol when required to assess suppliers' compliance with laws covering freedom of association, forced and child labor, health and safety, wages and benefits, working hours and discrimination as well as environmental and business ethics matters.

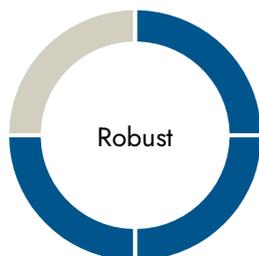
Moreover, Colgate-Palmolive has relevant commitments and measures to address deforestation, sourcing responsible palm oil, soy-based material sourced and conflict minerals. If a supplier is not able to meet the expectations outlined in Colgate-Palmolive policies, the Issuer will work with them to develop an action plan with time-bound commitment. In case a supplier is unable or unwilling to take the necessary actions to conform to the expectations outlined in Issuer's policies, Colgate-Palmolive may terminate the business relationship with the supplier.

### Ethics risks

Annual Code of Conduct acknowledgement and training is mandated for all managers globally working in Colgate-Palmolive. Colgate's Global Business Practices Guidelines provide further information to its employees on select topics in its Code of Conduct. Employees who are found to have violated the Code of Conduct face disciplinary action up to and including termination of employment. The Code of Conduct is available in 42 local languages. The Colgate EthicsLine provides a means for employees and external parties to ask questions, obtain guidance or report any suspected violations of the Code of Conduct. All reporting activity provided when Colgate People reports a violation of the Code is reviewed and the matter is investigated by Global Ethics & Compliance and/or the Global Legal Organization. Colgate Palmolive audit firm audits a cross-section of these certifications on an annual basis.

Third Party Code of Conduct has been developed to convey Issuer expectations regarding the ethical conduct that Colgate-Palmolive expects from its suppliers and 'third party partners'. Failure to adhere to this Third-Party Code of Conduct or any applicable law is grounds for Colgate to terminate the business relationship.

# ISSUER



Colgate-Palmolive (Colgate) was founded in 1806 and is headquartered in the United States. It is a consumer products company that markets its products throughout the world. The Company's products include toothpaste, toothbrushes, shampoos, deodorants, bar and liquid soaps, dishwashing liquid, and laundry products, as well as pet nutrition products for cats and dogs. In January 2020, the Company acquired Hello Products (an oral care business). In July 2019, the Company announced the acquisition of Filorga Cosmétiques - Skincare, an anti-aging skin care brand focused primarily on facial care. In January 2018, Colgate-Palmolive acquired all of the outstanding equity interests of Physicians Care Alliance, and Elta MD Holdings, which are professional skin health businesses.

## Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmark.

As of September 2021, Colgate-Palmolive displays an overall robust ESG performance, ranking 1<sup>st</sup> in our "Luxury Goods & Cosmetics North America" sector which covers 11 companies. The Company's performance is considered advanced in the Environmental pillar, robust in the Social pillar and advanced in the Governance pillar, above the sector average.

DOMAIN	COMMENTS	OPINION
Environment	<p><u>Colgate-Palmolive's performance in the Environment pillar is considered advanced.</u></p> <p>The Company has issued a formalized commitment to environmental protection in its Environment, Health &amp; Safety Policy Statement and its Code of Conduct which covers accidental pollution prevention throughout the life-cycle of its products, water and energy use as well as the transportation of its products. Colgate Palmolive has committed to avoid the use of animal testing for its products except only where required by law. In addition, the Company discloses quantified targets reportedly related to its energy use, greenhouse emissions, water consumption, transportation and eco-design. The Company has set up significant measures to back up its commitments that appear to be allocated to all responsibilities in terms of environmental protection, especially in terms of the use and disposal of products' packaging. In addition, the Company discloses quantified targets reportedly related to its energy use, greenhouse emissions, water consumption, transportation and eco-design. Moreover, the Company's commitment to the integration of environmental factors in the supply chain seems to be supported by comprehensive measures such as training programs and supplier questionnaires.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p><u>Colgate-Palmolive's performance in the Social pillar is considered robust.</u></p> <p>Colgate appears to address product safety by allocating significant measures including internal audits and the improvement of product traceability to limit the risks of counterfeiting.</p> <p>The Company displays a formalized commitment and reports on significant measures to optimize its impact on local economic and social development. In fact, Colgate reports on the Supplier Responsible Sourcing Assessment (SRSA) program to ensure responsible relations with suppliers. Moreover, Colgate reports on programs to support women and promote gender equality. Although, the Company reports only on gross taxes paid.</p>	Advanced
		Robust



	<p>The Company discloses a commitment to social dialogue. Moreover, the Company reports that employees have regular performance assessment and career counselling interviews. Also, Colgate’s training hours per employee and the employee turnover show a positive trend. Furthermore, the Company discloses significant measures to ensure employees’ health and safety as well as to reduce stress at work including training programs and job redesign initiatives.</p> <p>Although the Company appears to commit to informing and consulting employee representatives on responsible reorganizations, still no commitment to manage reorganizations responsibly is visible.</p>	Limited
		Weak
Governance	<p><u>Colgate-Palmolive’s performance in the Governance pillar is considered advanced.</u></p> <p>Besides that less than half of the Board of Directors members are independent, a CSR committee is reportedly part of the Board. In addition, the Company appears to publish significant CSR reporting on key material issues, with an independent third-party assessment. CSR issues are reviewed at Board meeting. The Board is elected annually, and its performance is evaluated regularly, but with no disclosure on the results.</p> <p>Major restrictions have been identified to convene an EGM. Colgate is transparent on all of executive remuneration elements, and bonuses are said to be linked to CSR performance objectives.</p> <p>Moreover, Colgate appears to set up internal controls to prevent corruption and anti-competitive practices. Finally, the Company reports on its lobbying budget.</p>	Advanced
		Robust
		Limited
		Weak

## Management of ESG Controversies

As of September 2021, Colgate-Palmolive faces seven stakeholders related ESG controversies, linked to three of the six domains we analyze:

- Business Behavior, in the criteria of “Product Safety”, “Information to Customers”, “Environmental Standards in the Supply Chain”, and “Labor Standards in the Supply Chain”.
- Environment, in the criteria of “Animal Testing”, and “Eco-design of products and packaging”.
- Community Involvement, in the criterion of “Social and Economic Development”.

**Frequency:** The controversy faced are considered “occasional”<sup>13</sup>; below the sector average.

**Severity:** The severity of the case, based on the analysis of the impact on both the Issuer and its stakeholders, is considered “high”<sup>14</sup>; in line with the sector.

**Responsiveness:** Colgate-Palmolive is considered overall “reactive”<sup>15</sup>; in line with the sector.

<sup>13</sup> VE scale of assessment: Isolated / Occasional / Frequent / Persistent.

<sup>14</sup> VE scale of assessment: Minor / Significant / High / Critical.

<sup>15</sup> VE scale of assessment: Non-communicative / Reactive / Remediative / Proactive.



## Involvement in Controversial Activities

As of September 2021, the Issuer appears to be involved in one of the 17 controversial activities screened under our methodology, namely:

**Major involvement in Animal Welfare:** Colgate-Palmolive has an estimated turnover from the production of cosmetic and non-cosmetic products tested on animals which is below 5% of total turnover. The Company states being committed to working toward the elimination of laboratory testing using animals. Since 1999, it reports to have declared a voluntary moratorium on all animal testing of [their] adult Personal Care Products and the ingredients used in these products. However, Colgate-Palmolive may still conduct tests on animals. According to the Issuer, animal testing is only conducted where specifically required by regulatory agencies or where alternative testing methods are unavailable to ensure the safety of its products<sup>16</sup>.

The Issuer appears to be not involved in any of the other 16 controversial activities screened under our methodology, namely: Alcohol, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

---

<sup>16</sup> <https://www.colgatepalmolive.com/en-us/who-we-are/our-policies/our-commitment-to-animal-welfare>

# METHODOLOGY

---

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council.

## COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

## FRAMEWORK

### Alignment with the Green and Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

*The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2021 ("GBP"), the Social Bond Principles - June 2021 ("SBP"), the Loan Market Association's Green Loan Principles – February 2021 ("GLP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.*

### Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

### Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

### Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

### Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

## Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

### Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;<sup>17</sup>
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

### ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analyzed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

## ISSUER

### Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

*NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by V.E.*

The Issuer's ESG performance has been assessed by V.E on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

### Management of stakeholder-related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable<sup>18</sup> sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications

<sup>17</sup> The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

<sup>18</sup> 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.



or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

### Involvement in controversial activities

17 controversial activities have been analyzed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.



**V.E'S ASSESSMENT SCALES**

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

**Statement on V.E' s independence and conflict-of-interest policy**

Transparency on the relation between V.E and the Issuer/Borrower: V.E has not carried out any audit mission or consultancy activity for Colgate-Palmolive. No established relation (financial or commercial) exists between V.E and Colgate-Palmolive. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond/Loan, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer/Borrower's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.



# DISCLAIMER

---

© 2021 Vigeo SAS and/or its licensors and subsidiaries (collectively, "V.E"). All rights reserved.

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

V.E'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. V.E'S ASSESSMENTS AND OTHER OPINIONS INCLUDED IN V.E'S RESEARCH ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. V.E'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. V.E ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

V.E'S RESEARCH IS NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE V.E'S RESEARCH WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. V.E'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT V.E'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY V.E FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. V.E IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, V.E and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "V.E Parties") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any V.E Party, arising from or in connection with the information contained herein or the use of or inability to use any such information.

Any Second Party Opinion, Climate Bond Initiative (CBI) Verification Report or other opinion issued by V.E: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

Any Second Party Opinion or other opinion that falls within the definition of "advising on securities" under the Hong Kong Securities and Futures Ordinance ("SFO") is issued by Vigeo Eiris Hong Kong Limited, a company licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities in Hong Kong. This Second Party Opinion or other opinion that falls within the definition of "advising on securities" under the SFO is intended for distribution only to "professional investors" as defined in the SFO and the Hong Kong Securities and Futures (Professional Investors) Rules. This Second Party Opinion or other opinion must not be distributed to or used by persons who are not professional investors.

Copyright V.E 2021 – Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of V.E and is protected by the provision of the French Intellectual Property Code.