Colgate continues to demonstrate outstanding financial performance year-on-year. But “Performance” is more than just financial strength – it is our commitment to grow the business with innovative, more sustainable products that make the lives of consumers healthier and more enjoyable.

**At a Glance**

- **$17.42 Billion**
  Worldwide sales 2013
- **58.9%**
  Gross profit margin fourth quarter 2013
- **48%**
  Improved sustainability profile in over 48% of new products
- **40%**
  Approximately 40% of our packaging materials globally come from recycled sources
- **13,150**
  active patents support our innovation
- **2/3**
  of the world’s households purchase Colgate products
Financial Strength

For the full year 2013, worldwide net sales were $17,420 million, up 2 percent versus full year 2012. Our market share in both toothpaste and manual toothbrushes remains strong. Our global market share in mouthwash continues to grow, reaching a record high of 17 percent.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$15,327</td>
</tr>
<tr>
<td>2010</td>
<td>$15,564</td>
</tr>
<tr>
<td>2011</td>
<td>$16,734</td>
</tr>
<tr>
<td>2012</td>
<td>$17,085</td>
</tr>
<tr>
<td>2013</td>
<td>$17,420</td>
</tr>
</tbody>
</table>

Consumer-driven Innovation

Every day, people around the world use Colgate products to care for themselves, their families and their pets. Two-thirds of the world’s households purchase Colgate products. Colgate delights shoppers with innovative products that meet their needs, exceed their expectations and add value to their lives.

Colgate’s nine consumer innovation centers, situated close to consumers in different parts of the world, are focused on developing insight-driven innovation. We listen to consumers both as we develop products and when they are put on the shelves. Over 1,000 studies are conducted annually around the world to hear from consumers before our products are sold. We have built brand loyalty by maintaining a deep understanding of local tastes and habits across categories. Colgate investigates key consumer insights, unmet consumer needs and opportunities for performance improvement in existing products.

In 2013 Forbes named Colgate one of the World’s Most Valuable Brands, Most Innovative Companies and 25 Most Reputable Companies.

Based on consumer insights in China, Colgate launched the first ever tea-flavored mouthwash. Colgate Plax Tea mouthwash has also been highly successful in other Asian markets, Australia, Europe and South America.

Additional 2013 business highlights can be found in Colgate’s 2013 Annual Report.
Engaging Customers

Colgate partners with hundreds of thousands of retail stores, large and small, to sell our products around the world. Treating all retail customers with fairness and integrity is a priority. Working closely with our customers to share expertise and grow category sales has long been a cornerstone of Colgate’s business strategy. To ensure continued success, Colgate tracks retailer satisfaction in 20 of our largest subsidiaries every two years. We use the details provided by the survey to strengthen our performance across key markets.

Colgate also partners with key customers to advance our mutual sustainability goals. We often partner to engage consumers with programs such as our “Bright Smiles, Bright Futures” oral health education program, Operation Smile and Terracycle. We also regularly report to several retailers through product stewardship surveys.

In Brazil, Colgate has partnered with Walmart on two successful “End-to-End” projects. Making changes to a shopper pack of toothpaste and soap reduced greenhouse gas emissions, plastic and fuel use. Improved efficiency brought greater speed-to-market, a win-win for both Colgate and Walmart. In-store displays also encouraged shoppers to recycle our products through the Terracycle program.
Improving Product Sustainability

We are continuously working to develop products that have a reduced impact on the planet. Collaborative teams across the Colgate world are coming together to develop products with an improved sustainability profile that continue to meet and exceed consumer expectations.

As part of our 2011 to 2015 Sustainability Strategy, we have committed to increase the sustainability profile in all new products we produce and in the balance of our portfolio. We are embedding this goal across all categories. Each global category – Oral Care, Home Care, Personal Care and Hill’s Pet Nutrition—has specific goals built into the Technology Category Strategies. For example, Home Care has goals to improve ingredient biodegradability and to engage with suppliers on green chemistry. Within the Oral Care category, we have goals to evaluate novel materials and to expand our partnership with eco-innovator Terracycle.

In order to measure progress toward our 2015 goal, Colgate began evaluating new products using a Product Sustainability Scorecard in 2012. Colgate engaged Pure Strategies, a leading sustainability consultant to validate our Product Sustainability Scorecard and 2013 results. Pure Strategies provided the following validation statement in regard to the Colgate Product Sustainability Scorecard: “Nothing came to our attention that caused us to believe that Colgate’s Product Sustainability Scorecard could not be used to track progress on improving the sustainability profile of new products and the balance of their portfolio.” The scorecard rates products with 32 parameters across eight impact areas: Responsible Sourcing, Materials, Energy and Greenhouse Gases, Waste, Water, Ingredient Profile, Packaging and Social Impact. We improved the sustainability profile in over 48% of new products in 2013.\(^{(1)}\)

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(1) The performance results are based on representative products from the product portfolio evaluated against comparable Colgate products across eight impact areas to characterize likely improvement in the sustainability profile, based on review of quantitative and qualitative data. At the time of publication of this report, data validation of the percentage determined to be “more sustainable” was still ongoing.
2013 Product Highlights

Palmolive Antibacterial Foaming Hand Wash in the South Pacific contains the naturally-derived antibacterial ingredient lactic acid.

Softlan fabric softener in Asia has an improved preservative system.

Ajax cleaner in Europe has an improved ingredient sustainability profile, is now concentrated, requires less energy for manufacturing, reduced greenhouse gas emissions during transport, and the bottle is made from up to 60% of recycled material.

Bottles for Colgate Total Advanced Pro-Shield mouthwash in the U.S. are sourced domestically, reducing greenhouse gas emissions associated with shipping long distances. Colgate Total mouthwash kills 99% of germs.

In Latin America, we improved Colgate Luminous White Advanced toothpaste to provide consumers with a more efficacious whitening formula and reduced package weight.

Cold Power laundry detergent in the South Pacific is specially formulated to work in cold water. A “Wash Smarter” campaign and mobile app launched in 2013 provided consumers with additional resource-saving tips.
Performance

2013 Product Highlights

Hill’s Ideal Balance Grain Free dry cat food requires less energy and water for manufacturing than its predecessor.

We improved the preservative system and removed microplastic beads in Irish Spring Deep Action Scrub in North America. We also reduced waste in the manufacturing process.

A change in manufacturing across the Colgate Total line in Europe reduced energy use, water use and waste in the manufacturing process.

New Suavitel Goodbye Ironing Complete formula in Latin America is a no-rinse fabric softener that also reduces drying time – saving consumers time, water and energy.

Colgate Plax mouthwash in Latin America is alcohol free and has an improved ingredient sustainability profile and a clinically-proven germ benefit.

Colgate continues strong sales of more sustainable product options introduced in the past few years, including Palmolive Antibacterial, with lactic acid; Palmolive eco+ automatic dishwasher detergent, which is phosphate free; Palmolive pure + clear, which has no unnecessary chemicals or heavy fragrances; the Sanex Zero% range, specifically developed to contain a reduced number of chemical ingredients; the Natura Verde line of Ajax, Palmolive, Softlan and Soupline in Europe, with natural ingredients and bottles containing recycled plastic; and Tom’s of Maine brand personal and oral care products, with natural ingredients.
Focus on Packaging

Colgate is committed to improving the sustainability profile of our packaging. Our 2015 goal is to increase the amount of recycled content in our packages by 20 percent vs. 2010. Colgate’s packaging organization continually evaluates materials and processes that can improve the sustainability profile of our packages. We actively take steps to ensure the responsible design of our packages by using the minimum amount of packaging material while ensuring the package is designed to protect the product, be convenient and safe for consumer use, and maintain on-shelf presence.

We removed PVC from the packaging of the Colgate 360 Total Advanced manual toothbrush in North America, reducing packaging waste by 17% and making the packaging fully recyclable.

We improved packaging for Colgate Sensitive Pro-Relief in Latin America, removing an inner leaflet and reducing overall packaging by 2.5 grams.

Sard Wonder Brush laundry pre-spotter in the South Pacific uses less plastic compared with previous prewash stain-stick.

In North America, a Colgate Total “unicarton” replaced “twin packs,” improving manufacturing and logistics efficiency and reducing packaging.

Recycled Content

Approximately 40% of our packaging materials globally come from recycled sources. We have achieved our goal to increase recycled content by 20%.

Policy on No Deforestation

We are taking steps to optimize the use of wood fiber in packaging, assess the risk of controversial sources of pulp and paper in our supply chain and obtain external verification for the supply in high-priority countries. See page 45 or Colgate’s Policy on No Deforestation for more information.

Softlan Magic Moments fabric softener in Asia is now concentrated, increasing the number of wash loads per bottle and reducing packaging waste.
Focus on Ingredients

Consumers trust Colgate products because of their reliability, quality and superior performance. Colgate's robust Research and Development program is designed to provide effective and safe products.

The decisions we make on ingredients are based on a thorough evaluation of the latest scientific evidence. When we choose an ingredient — whether to contribute to the performance of a product or to keep it safe against microorganisms — it is first prescreened by a team of Colgate scientists. Every ingredient is assessed alone and within a formula to ensure that nothing unexpected will occur. Our ingredient review assesses not just what happens in our laboratories but also across a range of real-world conditions — during manufacturing, in transportation, at the store, in consumers’ homes, and after consumer use.

We continuously monitor and evaluate the safety of our ingredients and we actively engage with outside experts and resources to understand emerging science and deepen our knowledge. We seek the facts so that we can make the right decisions. Where we see opportunities regarding ingredients that are raising consumer questions, we substitute with other safe ingredients that provide the same or better benefits without sacrificing quality. Through this ongoing effort, we no longer use, or are on our way to eliminating, some of the ingredients currently raising consumer questions.

Ingredient Highlights

- We comply with all aspects of the European Union’s REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemical substances). Currently, Colgate does not use any chemicals in its products classified as Substances of Very High Concern by REACH.
- We disclose in the U.S. and Canada the ingredients of our products according to the “Consumer Product Ingredient Communication Initiative” (CPICI) of the American Cleaning Institute, the Consumer Specialty Products Association and the Canadian Consumer Specialty Products Association.
- On average, on a percentage-by-weight basis, over 88 percent of organic compounds used in our products are readily biodegradable in the environment.
Product Safety Testing

Colgate has a long-standing worldwide policy to minimize and to ultimately eliminate animal testing for all consumer products. Central to this commitment are our 30-year-long efforts to encourage the development of alternatives that are scientifically valid and can be accepted by safety regulators. We are a leader in promoting, encouraging and participating in the development, validation and acceptance of alternative non-animal testing methods worldwide, investing over $1 million annually on research with non-animal alternatives. We also work closely with worldwide regulatory agencies to examine how non-animal tests can be incorporated into their safety requirements for consumer products.

Globally, there are circumstances when regulatory agencies require animal testing. In such limited instances, the tests are conducted only at external testing facilities that meet both government standards and the rigorous requirements established by Colgate with input from animal welfare groups. We look forward to a day when all necessary safety studies can be performed without the use of animals and will continue to work to make that day come sooner.

Since 2011, Colgate has been recognized on the People for the Ethical Treatment of Animals (PETA) “Working for Regulatory Change” list to promote corporate activism in alternatives research. Colgate-Palmolive was the first company to meet PETA’s stringent requirements.

Partnering to Develop Alternatives

Colgate continues our commitment to finding and using alternative testing methods through support and involvement with the European Partnership for Alternative Approaches to Animal Testing (EPAA) and the Institute for In Vitro Sciences (IIVS). We actively share our work to reduce animal use and develop alternatives, so that this information can help others in their search for ways to minimize animal use.