

COLGATE-PALMOLIVE (INDIA) LIMITED
Chairman's Speech 2023

Ladies and gentlemen,

The period of 2022-2023 has been special for us. **We have successfully completed 85 years of serving the Indian market.** As we look back at this momentous journey, I'd like to begin by recounting an incident from my early days with the company. Many years ago, and like anyone young to a brand, I was looking to understand Colgate from the ground up.

I was at a local kirana store attached to a house in a remote village in Haryana. The shopkeeper's 8 year-old daughter woke up and walked to her father. The first thing he asked her was, "Beta Colgate kiya?" To which she cutely nodded and said NO. He then hugged her and said "Jao pehle Colgate karke aao, phir uncle ko namaste bolo."

It was a simple comment. But the importance of those three words, 'Beta Colgate kiya', hit me like a hurricane ! Why?!

Because 85 years ago, Colgate was just another brand on Indian shelves. How and when did we become synonymous with brushing and oral health ? How did Colgate graduate from being just a product, to becoming a verb, an action?

When did 'Beta colgate kiya' become a feeling of love and concern?!

This reinforces my belief that Colgate is not just an organization; it is an emotion! And most importantly, a responsibility which we all take very seriously.

After all, we pride ourselves on being a caring, innovative growth company that is reimagining a healthier future for people and our planet.

Colgate-Palmolive, around the world, has earned a place in more households than any other brand. The same is true for India. As much as we are proud of this fact, we understand that this gives us a unique opportunity to shape a better world.

Your company is profitable, it is growing, as you expected. But what I want to talk about as we reflect, is how fast and far we have come in terms of

BEING INNOVATIVE
BEING RESPONSIBLE and
BEING INCLUSIVE

Let me start with being INNOVATIVE

Millions of people rely on our products for their oral & personal care needs and we focus on fulfilling their expectations through our wide range of innovative offerings. Our portfolio is science-led, through careful R&D efforts and displays a keen understanding of consumer needs. We have undertaken innumerable research studies and hold a series of patents to remain ahead of the innovation curve.

Some of the recent product introductions in India include, the Colgate Visible White O2 toothpaste, Colgate Max-Fresh Charcoal toothpaste, Colgate PerioGard toothpaste, sustainability-focused KEEP toothbrush and the advanced Electric toothbrushes.

We are also thrilled to announce the relaunch of Colgate Strong Teeth, our flagship toothpaste and the leading brand in the category. Our unwavering commitment to innovation has led us to develop a breakthrough technology for superior cavity protection that is unrivaled in the category. Specifically it is our proprietary Arginine + Calcium Boost technology that enhances the process of remineralization and replenishes natural calcium - in simple words resulting in teeth that are twice as strong. Colgate Strong Teeth thus stands as a testament to our dedication to delivering superior science led offerings.

Let me show you the new advertising film we have created for this product.. I am sure you have seen this before but it's always good to see it again.

A video on Colgate Strong Teeth was played.

But it is not just product innovation. We are innovating the way we do business, and digital technology is at the heart of this innovation.

Of course, we use digital technology in marketing our products. But we go beyond and are now using innovative digital technology in driving distribution, enhancing shopper experience and streamlining our supply chain.

For example, we use data driven predictive analytics to ensure the right variety of products are available in the right stores across the country. This ensures all our consumers get their favourite product in the neighborhood store irrespective of where they live. We call this technology "SMILE STORES".

Another leap in digital transformation is our image recognition-based Artificial tool that helps us instantly diagnose a shelf in a store and help place the right products on the shelf in order to improve shopper experience. Just one photograph with the phone and the sales executive knows what needs to be changed or improved in the store. Done instantly with the help of AI and Machine learning. We call this tool "AmaZing" because it is indeed amazing! This is live in over 5000 stores right now and has analyzed over 2.5 million images.

Also, we have effectively digitized our supply chain to provide improved control and visibility over inventories and logistics and have deployed AI and ML technologies to estimate demand and optimize production, resulting in increased efficiency and cost optimization.

The second area I now want to talk about is being RESPONSIBLE

At the heart of being responsible is our ESG strategy. I am most delighted to tell you that your company continues to align the business strategy with its sustainability strategy, focusing on - Environmental Stewardship, Social Impact, and Governance Excellence.

One key idea which touches everything we do is sustainable Innovation: It represents a transformative shift in the way we approach resource utilization, waste management and our product life cycles without compromising on consumer safety and the core quality of our products.

Our sustainable innovation is not only limited to product stewardship. We are finding innovative ways to maximize our positive impact, using digital technologies and processes to improve sustainability in our manufacturing operations and supply chain.

We have intensified our efforts to reduce our carbon footprint and promote resource conservation, reduce greenhouse gas emissions, optimize water consumption, and implement renewable energy solutions across our operations and supply chain.

For example, we use Green hydroelectric energy at our Baddi manufacturing site to lower dependency on fossil fuels and reduce CO2 emissions. Our manufacturing sites in Sri City and Sanand use power generated through renewable sources like wind and on-site solar installations. Besides, we use environmentally-friendly refrigerants in all our plants. We also ensure that every time we procure new machines or equipment, they are energy efficient to optimize energy usage and reduce carbon footprint.

We aim to use 100% renewable energy by 2030 and be NET ZERO CARBON by 2040

In order to enhance trust and transparency, we started publishing our ESG report from 2022. We are overwhelmed with the positive response from all of you. And we will keep updating you on the progress. You may have seen the ESG report for this year included in your company's Annual report.

Some of the recent highlights include

- Colgate is the **world's first company to manufacture recyclable toothpaste tubes**. That's not all. We've shared this technology with our competitors as well for a better future for all.
- Our KEEP toothbrushes come with a reusable metal handle so that only the brush head needs to be replaced. This helps reducing the use of plastic by almost 80%.
- Currently, 80% of all our packaging (primary & secondary) is recyclable.
- Last year, we achieved 120% plastic neutrality in India i.e. we recovered and removed from the environment more plastic than we introduced into the market.

- We are 50% Water Positive in our industrial sites (Goa & Sricity). What this means is that we give back more water to the environment than we use. We aim to be 100% Water Positive by 2025.
- We have also replenished 350 million liters of water via relevant water augmentation programs in the states of Maharashtra & Rajasthan.
- Last but not the least, we are happy to highlight that all our industrial sites in India are **TRUE® certified for Zero Waste**.

And now I come to the third area of focus and that is being INCLUSIVE

Your Company is committed to creating an inclusive workplace that promotes diversity, equity, and inclusion (DEI). We recognise the value of a diverse workforce and are dedicated to providing equal opportunities for all employees, regardless of their race, ethnicity, gender, sexual orientation, age, religion, gender identity, disability, economic and social status or any other characteristic. We have 26% women representation across STEM functions, 44% women representation across the Customer Development leadership team & 33% of our new hires are women. We are proud to share that we were recently recognized by Economic Times' as one of the Best Places to work for women.

We have enhanced women's representation across functions, levels and roles, welcomed people from under-represented groups, and ensured processes and policies for unbiased performance management, development and growth, while also equipping our managers with training to manage diverse teams and inclusive workplaces.

94% of our employees have attended training related to 'Unconscious Bias'.

I am also proud to share that last year your company designed a Human Rights policy and conducted training across all our business operations. We covered 100% of our employees, workers and security personnel at our plants and the Head Office and made them aware of human rights and the governance mechanism supporting them. We also conducted Human Rights training sessions with over 135 major suppliers. We did a human rights assessment across all our plants and office locations and had ZERO reported incidents of child labour, lack of freedom of association and violations against indigenous people.

Corporate Social Responsibility (CSR)

I am happy to see how your company prioritizes community engagement and social responsibility. We are actively involved in various initiatives supporting oral health awareness, education, women empowerment and water augmentation.

Our commitment to oral health in India is unparalleled. It is a commitment that goes all the way back to the mid-1970s, with our pioneering school program, **Colgate Bright Smiles, Bright Futures®**, that has so far touched the lives of over 171 million children in India in their formative years of 6-12 years, when habits are formed.

Another program that has been impacting young lives is the **Colgate Keep India Smiling Scholarship & Mentorship Program** that we launched in 2019 focused on helping meritorious but financially constrained students. This scholarship is in the area of Education, Sports and community betterment. And so far over 2700 scholars have been supported. Over 56% of them are girls and over 80% of them come from families having an income of less than 1 lakh rupees per annum.

Last year we also added a new category of 'Dental Scholarships', and we would like to encourage young girls & boys to pursue Dentistry as a profession.

Also, we have empowered about 20,000 rural women in digital and financial literacy last year. Our long term goal is to empower over 1 lac women in rural and tribal regions with the same skills by 2030.

At this moment, I want to share with you a short video capturing our flagship CSR program, BSBF.

A video on BSBF was played.

Now let me move to our FINANCIAL PERFORMANCE

We are the world's most preferred oral care brand and India's most penetrated FMCG brand, reaching almost nine out of ten households, a feat never achieved in a nation of such proportions, population and diversity. Hence, despite the volatile market due to global headwinds, our financial performance has been resilient.

Before we start with the June quarter results that we announced yesterday, let me provide you a quick glance on our annual performance for the financial year 2022-23.

We reported a Net Sales of Rs. 5,187.9 crore, an increase of 2.4% in comparison to the previous year. Reported Net Profit after tax for the Financial Year 2022-23 was Rs. 1,047.1 crores. Our EPS reported was 38.50.

With regard to our results for the quarter ended June 30, 2023, we reported Net Sales growth of 10.8% over the same quarter of previous year aggregating to Rs. 1314.7 crore for the quarter ended June 30, 2023. We reported a net profit of Rs. 273.7 an increase of 30.5% over the same quarter of the previous year. We are pleased with our sequential growth momentum quarter on quarter backed on our strategy focussed on growing the oral care category in India

But I have a confession to make. As a company, we want more! The reason is that despite all this, India is still behind the rest of the world in oral care. Our per capita toothpaste consumption is still low. If India uses x grams per annum, the Philippines uses 1.8x; and Brazil 3x. A detailed analysis reveals that only 20% of urban consumers brush twice a day while alarmingly 55% of rural households do not brush daily.

We are thus a nation where oral health habits can improve significantly thereby improving the quality of life of our people. We have a role to play and until we get there, we will be dissatisfied.

So, in CONCLUSION

Proud as we are of all that has been achieved, we are equally humbled and thankful for the opportunities. None of this would have been possible without your trust, loyalty and continued patronage of Colgate-Palmolive. We thank you with all our hearts for this. With our science, technology, collective energy and resources, we are committed to keep powering a billion more smiles every day.

Finally, I end where I began: by reiterating and reassuring that we are fully committed to living our responsibility towards everyone involved: you - our shareholders, our customers, our retailers, our distributor partners, suppliers, our employees, and most importantly, to Incredible India. We are here, for this nation and we look forward to serving you even better, so that 85 years from now, a parent will still ask a child...

Beta Colgate Kiya?

And the child will show her dazzling Colgate smile and say... Haan Papa!